EQTEC plc (Formerly REACT Energy plc)

Annual Report and Accounts 2017

EQTEC plc (Formerly REACT Energy plc)

Contents

EQTEC plc (Formerly REACT Energy plc)

Chairman and Chief Executive's Report

The Company presents the 2017 Annual Report, which is issued in conjunction with an Admission Document which details the proposed acquisition (the "Acquisition") of EQTEC Iberia SL ("EQTEC Iberia"), a proposed placing of 246,153,847 new ordinary shares (the "Placing Shares") at 0.65p per share (the "Placing Price"), admission of the resulting Enlarged Share Capital to trading on AIM (the "Admission") and a Notice of Extraordinary General Meeting. The Admission Document will be posted to Shareholders at the same time as this Annual Report.

The Board is pleased to inform Shareholders that terms have been agreed for the proposed acquisition of the entire issued share capital of EQTEC Iberia, an engineering company founded in 1997 and headquartered in Barcelona (Spain) specialising in the design, construction, operation and maintenance of power plants. EQTEC Iberia is 66.99 per cent owned by EBIOSS, which currently also holds 50.03 per cent of EQTEC plc. The total consideration for the Acquisition is £14 million which will be satisfied by the issue of 833,864,531 New Ordinary Shares on Admission. In addition, in order to fund the working capital needs of the Enlarged Group and the continued development of its near term pipeline the Company is undertaking a Placing to raise £1.6 million (before expenses) by the issue of the Placing Shares. Given the scale of the Acquisition, when compared to the existing Group, the transaction is a Reverse Takeover under the AIM Rules and therefore requires the Company to issue this new admission document and obtain shareholder approval for the Acquisition. Under the Irish Takeover Rules (Rule 40) it is also a Reverse Takeover requiring that a circular be posted to the Company's Shareholders. Accordingly, the Acquisition is conditional, *inter alia*, on the approval by shareholders of the resolutions to be proposed at the Extraordinary General Meeting (the "Resolutions"), which is being convened for 11.30 a.m. on Wednesday 20th December 2017, notice of which is set out in the enclosed Admission Document.

The Group was established with a view to take advantage of the growing opportunities in the clean energy sector and is now a diversified renewable energy company with assets in the UK and Ireland. The Group, to this point, focused on projects in the Biomass, Electricity and Heat sector in the UK. The Group also has assets in the wind sector in Ireland and has focused on the delivery of projects from green field opportunities, through the planning, grid and construction phases and into cash generating assets.

We believe that the Acquisition represents a transformational step in refocusing the Group's strategy to the Energy from Waste ("EfW") market in the UK and Europe. Pursuant to the Acquisition the Enlarged Group would combine EQTEC Iberia's patented gasification technology with a strong pipeline of projects and solid relations with some of the market leaders in the energy sector. Together with a combined experienced management, resulting from the Acquisition, and solid knowledge in the UK and Europe of the renewable energy marketplace, it will place the Enlarged Group in an advantageous position to become a leading technology provider in the EfW sector using its progressive energy recovery technology.

The current project portfolio of the Company will be assessed and dealt with in light of the revised strategy as set out in the Admission Document. The Company's existing project pipeline which includes Newry Biomass Limited will be converted where possible to use of Refuse Derived Fuel as the feedstock source in line with EQTEC Iberia's pipeline of UK based projects. The Company will not pursue the Enfield Biomass Limited project under this revised strategy. The Company will seek to exit its Biomass Heat only projects in the UK and its Wind Electricity Generation projects in Ireland as these are now seen as non-core. With this in mind the Company is at the final stages of completing the disposal of the Pluckanes single wind turbine in Ireland.

In conjunction with the Acquisition, the Company is proposing to raise approximately £1.6 million, before expenses, through the issue of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 18 per cent of the Enlarged Share Capital on Admission. The Placing and the Acquisition are conditional upon, inter alia, the Resolutions being passed at the Extraordinary General Meeting and Admission. On Admission, the Company will have a market capitalisation of approximately £8.8 million based on the Placing Price.

Chairman and Chief Executive's Report – continued

The Directors, having considered the advice provided to them by the Company's Nominated Advisor consider that the Acquisition is in the best interests of the Company and the Shareholders as a whole and unanimously recommend that the Shareholders vote in favour of each of the Resolutions.

Should Shareholders not vote in favour of the Resolutions and/or Admission does not take place, the Directors believe that the future sustainability and viability of the business is at serious risk in that EcoFinance and/or Altair have the right to call in their respective loans. In light of recent history and the financial challenges faced by the business the support of EcoFinance and Altair will be crucial to the progress of the business enterprise. However, the Directors are highly confident that the shareholders will approve the Resolutions and that the Admission will take place.

Dermot O'Connell
Chairman

Gerry Madden
Chief Executive

EQTEC plc (Formerly REACT Energy plc)

Directors

Dermot O'Connell, *Non-Executive Chairman*

Dermot O'Connell is a former director of EQTEC's shareholder, Farmer Business Developments plc. He joined the Board as a Non-Executive Director in March 2011 and was appointed as Non-Executive Chairman in October 2011.

Gerry Madden, *CEO*

Gerry Madden has been in the role of Chief Executive of EQTEC plc since March 2011, having previously joined the company in May 2007 as Finance Director. He previously set up and operated a corporate finance practice between 1998 and 2007, advising UK and Irish companies on corporate finance activities and business strategy. During this period he also acted as a Non-Executive Director for companies in the technology, healthcare, retail and renewable energy sectors. He originally worked for 16 years with international accountants KPMG and was auditor and adviser to listed companies, multinationals and private companies operating in Ireland and internationally. He is a Fellow of the Institute of Chartered Accountants in Ireland and is a graduate of University College Cork.

Brendan Halpin, *Executive Director and Company Secretary*

Brendan Halpin joined the Group in February 2006 as Financial Controller and joined the Board as Executive Director in March 2011. Brendan is a Fellow of the Institute of Chartered Accountants in Ireland, having qualified as an accountant with PricewaterhouseCoopers in 1998. His current responsibilities include inter alia, finance management, project management and treasury functions.

EQTEC plc (Formerly REACT Energy plc)
Advisors and other information

Nominated Adviser
Northland Capital Partners Limited
60 Gresham Street
London EC2V 7BB
United Kingdom.

Corporate Brokers
VSA Capital Limited
New Liverpool House, 15-17 Eldon Street,
London EC2M 7LD,
United Kingdom.
Northland Capital Partners Limited
60 Gresham Street,
London EC2V 7BB,
United Kingdom.

Financial Public Relations
Luther Pendragon Limited
48 Gracechurch Street
London EC3V 0EJ,
United Kingdom.

Auditors
Grant Thornton,
Chartered Accountants and Statutory Audit Firm,
Molyneux House, Bride Street,
Dublin 8, Ireland.

Banks
Bank of Ireland,
32 South Mall, Cork,
Ireland.

Allied Irish Banks,
Main Street, Carrigaline,
Co. Cork, Ireland.

Solicitors
McEvoy Corporate Law
22 Fitzwilliam Place, Dublin 2,
Ireland.

Registrar
Link Asset Services, Link Registrars Limited,
2 Grand Canal Square, Dublin 2,
Ireland.

Registered Office
Building 1000, City Gate,
Mahon, Cork,
Ireland.

Company Registration Number
462861

Directors' Report

The directors present their annual report and the audited financial statements of the company and its subsidiaries, collectively known as 'the Group' for the financial year ended 30 June 2017.

Principal Activities

The principal activities of the Company and the Group are to identify, develop, build, own and operate power plants in the UK and Ireland using clean energy technologies. The Group's business strategy remains one of focusing the Group's resources on delivering projects to financial closure and managing the implementation and operation of those projects. The intention is to retain a long-term income stream linked to profits generated by projects in addition to receiving a development fee from third parties in exchange for project equity. The Group has projects at an advanced stage that are ready to be developed, and the development of these projects can be enabled by strategic partnerships and funding provided from existing and third party investors.

Review of Business and Future Developments and Key Performance Indicators

A review of the Group's business and future developments and key performance indicators is contained in the Chairman and Chief Executive's Report on pages 3 to 4.

Results and Dividends

The results for the year are set out on page 22. No dividends have been proposed by the directors (2016: €Nil).

Principal Risks and Uncertainties

The Group has a risk management structure in place, which is designed to identify, manage and mitigate business risk. Risk assessment and evaluation is an essential part of the Group's internal control system.

Information about the financial risk management objectives and policies of the Group, along with exposure of the Group to credit risk, liquidity risk and market risk, are disclosed in Note 5 of the notes to the consolidated financial statements.

The Group is exposed to a number of other risks and uncertainties. These break into three categories:
1. General risks impacting the business.
2. Project development related risk.
3. Going concern – this is discussed in Note 3 of the financial statements.

General Risks
Electricity market
The Group's plans are exposed to electricity market price risk through variations in the wholesale price of electricity. The Group manages this risk by entering into long term power purchase agreements.

Legislative risk
The Group is exposed to adverse changes in legislation that may impact the income for renewable energy power plants. The directors monitor possible changes to legislation and where possible engage in the consultation process to safeguard the Group's interests. Projected project revenues could be affected by changes to the renewable legislation including for example; the number of Renewable Obligation Certificates awarded per MWh of generation under the Renewable Obligation or price received under the Feed in Tariff Contract for Difference (FiT CfD). Any negative changes to these projected revenues could impact the ability of the Group to secure debt and equity for projects.

Principal Risks and Uncertainties - continued

Liquidity
The cash requirements of the Group are forecast by the Board annually in advance and reviewed monthly by management, enabling the Group's cash requirements to be anticipated. The cash forecast includes assumptions with respect to working capital, development spend and the timing of planning consents and financial close of projects. Significant delays in these expected timings may lead to a requirement for additional cash and impinge on going concern.

Project development risks
Site evaluation and procurement
Securing sites for the development of renewable energy power plants is a key requirement in further developing the business. This relies upon the ability of the Group to locate, evaluate, select, develop and realise appropriate opportunities, and to be able to negotiate and complete land agreements and related access/connection agreements at a cost that allows profitable projects to be developed.

The Group manages these risks by continually reviewing a large number of sites in the UK and Ireland such that it is not focused on any one particular landowner or location.

Planning and development consent
Once a site is secured, a planning and development consent is sought, together with any other necessary permits to allow a renewable energy power plant to be constructed and operated. During this stage of the process the Group is exposed to the following specific risks:

- consents may be subjected to delays beyond the Group's control, which may subsequently cause the project to be delayed or aborted. There are no guarantees that any or all of the necessary consents will be granted;
- consents granted may be subject to conditions that affect the economic or operational viability of the proposed project. These could in turn impact the Group's ability to raise project finance, or reduce the value of a project in the case of a sale;
- delays or onerous planning conditions may lead to unforeseen costs which the Group may need to raise finance for; and
- legislative changes may influence the acceptability of the site or the economic viability of the project.

The Group manages these risks through securing sites on which it believes it can secure planning and development consent, employing suitably qualified and significantly experienced staff to manage the consenting process and ensure compliance with the latest legislation, as well as ensuring maximum engagement of local authorities and interested stakeholders from a very early stage.

The Group has significant experience of securing planning consents for renewable energy power plants and knowledge of the important criteria involved. The Group uses this experience when selecting sites for development.

Principal Risks and Uncertainties - continued

Contract negotiation
This stage of the development process involves the negotiation of contracts for the construction of the renewable energy plant, the sale of electricity and related products produced by the plant, the procurement of fuel for the plant and the operation of the plant. This stage begins during the early stages of the planning and development and concludes at the point of financial close. During this stage the Group is exposed to the following specific risks in addition to those outlined above:

- the ability to secure fixed price contracts for the construction of each power plant with the required level of guarantees that allow project finance to be secured; and
- significant changes to inflation impacting the costs of building and operating renewable energy power plants and therefore the profitability of renewable energy power plants.

The Group manages these risks through soliciting bids from a number of different suppliers for the equipment required to construct the plant and any other materials or equipment required to ensure the plant can operate profitably.

Financial close
This stage relates to the crystallisation of the project into the construction stage. This may involve either the sale of the project, in whole or part, or securing project finance enabling the project to be constructed.

During this stage the Group is exposed to the additional risks:

- the general availability of finance to fund the construction of power plants, and the level of lending that can be secured;
- changes to interest rates which may impact the cost of financing power projects;
- the ability to secure equity on acceptable terms for the construction of projects once debt is in place; and
- depressed market for the sale of projects, leading to low prices or no willing buyers.

It is the Board's view that once the project has planning and development consent, these risks are mitigated by the potential to sell a project for at least its book value.

The Group has experience in negotiating financial arrangements for power plants and understands the contract structures required to secure project finance. Additionally the Group has relationships with a number of project finance banks, utility and large industrial companies allowing project finance or sale discussions to be initiated.

Construction
This stage is reached once financing, both debt and equity, is secure and all project contracts are entered into. During this stage the Group is exposed to the following specific risks:

- cost overruns by contractors or claims made may result in a need for additional equity or debt funding;
- delays to the construction programme leading to higher than planned interest charges during the construction programme and may delay the commencement of operating cash flows to fund the Group's on-going activities;
- failure of the completed plant to operate as planned; and
- supplier insolvency.

Principal Risks and Uncertainties - continued

The Group seeks to mitigate these risks through the negotiation of fixed price contracts with reputable contractors and by ensuring the financial plans include adequate levels of contingency to accommodate cost overruns. Additionally, the Group seeks to appoint an owner's engineer with significant experience to oversee the project programme once construction commences.

Going Concern

The directors have assessed going concern. See Note 3 for further details.

Directors

The following directors held office during the financial year:
Dermot O'Connell
Gerard Madden
Brendan Halpin

Directors' and Secretary's Interests in Shares

The directors and secretary of EQTEC plc who held office at 30 June 2017 had the following interests in the shares of the Company:

	Number of Ordinary Shares at 30 June 2017	Number of 'A' Ordinary Shares at 30 June 2017	Number of Deferred 'B' Ordinary Shares at 30 June 2017	Number of Ordinary Shares at 1 July 2016	Number of 'A' Ordinary Shares at 1 July 2016	Number of Deferred 'B' Ordinary Shares at 1 July 2016
Brendan Halpin	1,142,910	3,261,873	1,142,910	1,142,910	3,261,873	-
Gerry Madden	817,140	14,926,161	817,140	817,140	14,926,161	-
Dermot O'Connell	570,109	-	570,109	570,109	-	-

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain people of the highest calibre who can bring their experience and independent views to the policy, strategic decisions and governance of the Group.

In setting remuneration levels the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders. Details of directors' remuneration are included in Note 27 of the notes to the consolidated financial statements.

Accounting Records

The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to the keeping of accounting records by employing persons with appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the Company's business address at Building 1000, City Gate, Mahon, Cork.

Subsequent Events

Details of events occurring since 30 June 2017 which impact on the Group are included in Note 28.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' compliance statement

To ensure that the company achieved material compliance with its relevant obligations, the directors confirm that they have:

- drawn up a compliance policy statement setting out the company's policies respecting compliance by the company with its relevant obligations.
- put in place appropriate arrangements and structures that are designed to secure material compliance with the company's relevant obligations.
- conduct a review, during the financial year, of the arrangements and structures, referred to above.

Auditors

The auditors, Grant Thornton, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act, 2014.

Approved by the Board on 24 November 2017.

Dermot O'Connell	**Gerry Madden**
Chairman	Director

Statement of the Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs for the Company. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act, 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at all times the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Dermot O'Connell
Chairman

Gerry Madden
Director

Date: 24 November 2017

Corporate Governance Report

The Company is not subject to the Combined UK Corporate Governance Code applicable to companies with full listing on the London Stock Exchange. The Company does however intend, so far as is practicable and desirable, given the size and nature of the business, to follow the recommendations on corporate governance for AIM companies (the 'QCA Guidelines') issued by the Quoted Companies Alliance ('QCA').

The Board
The board of directors of the Company is responsible to shareholders for leadership in all aspects of the business. The board comprises three members. One independent non-executive director contributes individual experience from a diverse background. Two executive directors are responsible for the implementation of all board decisions and oversee the management of the Group on a day-to-day basis.

In accordance with the articles of association, one-third of directors retire by rotation each year. Each director must be subject to re-election at least every three years.

Role of the Board
The Company has adopted a schedule of matters reserved for consideration by the whole board, including, for example: approval of the Group's long-term objectives and commercial strategy; approval of the annual operating and capital expenditure budgets of the Group (and any material changes thereto); changes relating to the Group's structure; major changes to the Group's corporate structure; approval of the Group's annual report and accounts; approval of the dividend policy; major capital projects; changes to the structure, size and composition of the board; determination of the remuneration for the directors, the Company Secretary and executive management; division of responsibilities between the Chairman, the Chief Executive and other executives of the board; and the making of political donations or political expenditure.

The Board is also responsible for ensuring maintenance of sound systems of internal control and risk management and the directors confirm that they continually review the effectiveness of the system of internal control, covering all material controls including financial, operational and compliance controls and risk management.

In accordance with QCA Guidelines, the board has established audit and remuneration committees, as described below, and utilises other committees as necessary in order to ensure effective governance.

Audit Committee
The Company's Audit Committee previously comprised Dermot O'Connell as the Chairman and Edward Barrett. The Audit Committee currently consists of Dermot O'Connell and will continue to do so until board numbers are increased. The Audit Committee meet at least two times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Finance Director normally attends meetings of the Committee and the Chief Executive Officer attends as necessary. The external auditors are invited to attend meetings of the Audit Committee on a regular basis.

Audit Committee - continued

The terms of reference for the Audit Committee include the following responsibilities:

- Monitoring the integrity of the reported financial performance of the Group, including its preliminary results announcement, annual report and interim report;
- Reviewing the effectiveness of the Group's internal financial controls;
- Making recommendations to the board on the appointment and removal of the external auditors and the audit fee; and
- Monitoring the objectivity and independence of the external auditors.

Remuneration Committee

The Company's Remuneration Committee previously comprised Edward Barrett as the Chairman and Dermot O'Connell. The Remuneration Committee currently consists of Dermot O'Connell and will continue to do so until board numbers are increased. The role of the Remuneration Committee is to review the performance of the executive directors and other senior executives and to set the scale and structure of their remuneration, including the implementation of any bonus arrangements, with due regard to the interests of Ordinary Shareholders. The Remuneration Committee also administers and establishes performance targets for share incentive schemes and determines the allocation of share incentives to employees.

Nomination committee

The Company does not have a nomination committee. Any appointments to the Board are considered by the Board as a whole.

In considering the appointment of a new director, the Board identifies the characteristics, qualities, skills and experience that it believes would complement the overall balance and composition of the Board.

Relations with Shareholders

The Company believes that effective communication with shareholders is of utmost importance. It has an established cycle for communicating trading results at the interim and year end stages and, as appropriate, of providing business updates via the Regulatory News Service and press releases.

The Company makes information available through regulatory announcements and its interim and annual reports. Copies of all such communications can be found on the Company website, www.eqtecplc.com.

The board has adopted a code for dealings in the Company's securities by directors and applicable employees, which conforms to the requirement of the AIM Rules (Share Dealing Code). The Company will be responsible for taking all proper and reasonable steps to ensure compliance by the directors and applicable employees with the Share Dealing Code and the AIM Rules. The Company complies with the corporate governance obligations applicable to Irish registered public companies whose shares are quoted on the AIM market of the London Stock Exchange.

Dermot O'Connell
Chairman

Gerry Madden
Director

Date: 24 November 2017

Grant Thornton

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc)

Opinion

We have audited the financial statements of EQTEC Plc (formerly REACT Energy Plc) for the financial year ended 30 June 2017, which comprise Consolidated statement of profit or loss, Consolidated statement of other comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity, Company statement of cash flows and the related notes.

The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the consolidated financial statements give a true and fair view in accordance with IFRSs as adopted by European Union, of the assets, liabilities and financial position of the Group at 30 June 2017 and of its loss and cash flows for the financial year then ended;
- the parent Company statement of financial position gives a true and fair view, in accordance with IFRSs as adopted by European Union as applied in accordance with the provisions of the Companies Act 2014, of the parent Company's assets, liabilities and financial position of the Company as at 30 June 2017 and of its cash flows for the financial year then ended; and
- the financial statements have been properly prepared and in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Grant Thornton

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and therefore we do not provide a separate opinion on these matters.

In arriving at our audit opinion on the consolidated financial statements, the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Carrying value of property, plant and equipment

Risk
The Group has significant construction in progress recorded under property, plant and equipment amounting to €9,464,911 arising from the acquisitions of the gasifier equipment of the Group in relation to its new business model in place during the year. Recoverability of these assets is based on forecasting and discounting future cash flows, which are highly judgmental. This is one of the key judgemental areas that our audit has concentrated on.

Our response
For this risk, our audit procedures included testing of the following:

- Challenged the underlying assumptions and significant judgments used in management's impairment model such as revenue and cash flows projections, useful economic lives and discount rates;
- Verified the historical and mathematical accuracy of management's budgets and forecasts by comparing them to actual performance of the cash flow models;
- Performed sensitivity analysis to assess whether an impairment would be required if a range of more conservative assumptions were adopted; and
- Assessed the adequacy of related disclosures in the Group's financial statements.

Grant Thornton

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Key audit matters *(continued)*

Going concern basis of accounting

Risk
The significant continuing losses may create a substantial doubt about the Group's and parent Company's ability to continue as a going concern. The Group and Parent Company financial statements were prepared on a going concern basis. Management's statement in respect of going concern is set out in Director's report and on pages 32 and 33 of the Annual Report.

Our response
For this risk, our audit procedures included testing of the following:

- Analysed management's report to gain an understanding of the inputs and process underpinning the cash flow model prepared for the purpose of the going concern assessment;
- Verified that the cash flow model accurately reflects the approved 2018 budget and that the assumptions underpinning the 2017 cash flows are consistent with those in the 2018 budget;
- Challenged the external inputs and assumptions within the going concern model by comparing them to assumptions and estimates used elsewhere in the preparation of the financial statements and benchmarking them against observable external market data;
- Challenged the sensitivities and stress testing that management performed on the going concern forecast; and
- Assessed the possible mitigating actions identified by management in the event that actual cash flows are below forecast.

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon, including the Chairman's Report, Chief Executive's Report and Directors' Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Grant Thornton

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Other information *(continued)*

In addition, we are required to report if, in our opinion,

- the statement given by the Directors on pages 13 to 14 in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and Group's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.
- the section of the Annual Report on pages 13 to 14 as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have nothing to report in this regard.

The Directors' assessment of the prospects of the Company and the principal risks that would threaten the solvency or liquidity of the Company

Under ISAs (Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- the Directors confirmation on pages 7 to 11 of the Annual Report in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity.
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- the Directors' explanation on pages 32 to 33 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and a statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

Matters on which we are required to report by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by section 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Responsibilities of the auditor for the audit of the financial statements *(continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group and Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves a true and fair view.

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

We report on the audit of the Group, and we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the audit, and we remain solely responsible for the auditor's opinion.

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

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

Independent auditor's report to the members of EQTEC Plc (formerly REACT Energy Plc) *(continued)*

Corporate governance statement

In our opinion, based on the work undertaken in the course of our audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with applicable law.

Based on our knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Murray
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm

Dublin 8

Date: 24 November 2017

	Notes	2017	2016
		€	€
Revenue	8	40,762	46,188
Cost of sales		-	-
Gross profit		40,762	46,188
Operating expenses			
Administrative expenses	9	(1,007,363)	(597,022)
Impairment of property, plant and equipment	15	(180,640)	(307,759)
Impairment of amounts due under construction costs	18	(151,722)	-
Foreign currency gains/(losses)		42,096	(163,721)
Operating loss		(1,256,867)	(1,022,314)
Finance costs and income	10	(559,978)	(559,700)
Loss before taxation	12	(1,816,845)	(1,582,014)
Income tax	13	-	-
Loss for the year from continuing operations		(1,816,845)	(1,582,014)
Profit for the year from discontinued operations	25	24,575	41,970
		(1,792,270)	(1,540,044)
Loss attributable to:			
Owners of the company		(1,590,914)	(1,041,035)
Non-controlling interest		(201,356)	(499,009)
		(1,792,270)	(1,540,044)

		2017 € per share	2016 € per share
Basic loss per share:			
From continuing operations	14	(0.014)	(0.016)
From continuing and discontinued operations	14	(0.013)	(0.015)
Diluted loss per share:			
From continuing operations	14	(0.014)	(0.016)
From continuing and discontinued operations	14	(0.013)	(0.015)

The notes on pages 30 to 75 form part of these financial statements.

	2017	2016
	€	€
Loss for the financial year	(1,792,270)	(1,540,044)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on retranslation of foreign operations	(389,829)	(603,466)
	(389,829)	(603,466)
Total comprehensive loss for the financial year	(2,182,099)	(2,143,510)
Attributable to:		
Owners of the company	(1,815,266)	(1,327,723)
Non-controlling interests	(366,833)	(815,787)
	(2,182,099)	(2,143,510)

The notes on pages 30 to 75 form part of these financial statements.

EQTEC plc (Formerly REACT Energy plc)
Consolidated statement of financial position
At 30 June 2017

	Notes	2017	2016
ASSETS		€	€
Non-current assets			
Property, plant and equipment	15	9,464,911	9,524,726
Investments in associate and joint ventures	16	-	-
Financial assets	16	-	-
Total non-current assets		9,464,911	9,524,726
Current assets			
Amounts due under construction contracts	18	-	150,847
Trade and other receivables	19	293,482	137,108
Cash and cash equivalents	20	286,769	193,741
		580,251	481,696
Assets included in disposal group classified as held for resale	25	1,344,503	1,426,519
Total current assets		1,924,754	1,908,215
Total assets		**11,389,665**	**11,432,941**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	17,563,409	17,453,246
Share premium	21	28,678,913	21,863,190
Retained earnings/(deficit)		(41,954,438)	(40,139,172)
Equity/(capital deficiency) attributable to the owners of the company		4,287,884	(822,736)
Non-controlling interests	22	1,377,947	1,639,780
Total equity		5,665,831	817,044
Non-current liabilities			
Borrowings	23	893,622	3,379,621
Total non-current liabilities		893,622	3,379,621
Current liabilities			
Trade and other payables	24	1,143,755	5,366,550
Borrowings	23	2,606,203	694,880
		3,749,958	6,061,430
Liabilities included in disposal group classified as held for resale	25	1,080,254	1,174,846
Total current liabilities		4,830,212	7,236,276
Total equity and liabilities		**11,389,665**	**11,432,941**

The financial statements were approved by the Board of Directors on 24 November 2017 and signed on its behalf by:

Dermot O'Connell
Chairman

Gerry Madden
Director

The notes on pages 30 to 75 form part of these financial statements.

EQTEC plc (Formerly REACT Energy plc)
Consolidated statement of changes in equity
for the financial year ended 30 June 2017

	Share capital	Share premium	Retained earnings	Deficit 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 year	-	-	(1,041,035)	(1,041,035)	(499,009)	(1,540,044)
Unrealised foreign exchange losses	-	-	(286,688)	(286,688)	(316,778)	(603,466)
Balance at 30 June 2016	17,453,246	21,863,190	(40,139,172)	(822,736)	1,639,780	817,044
Issue of ordinary shares in EQTEC plc (Note 21)	17,461	1,125,288	-	1,142,749	-	1,142,749
Change in ownership interest without a loss of control (Note 23)	-	-	-	-	105,000	105,000
Conversion of debt into equity (Note 21)	92,702	5,978,242	-	6,070,944	-	6,070,944
Share issue costs	-	(287,807)	-	(287,807)	-	(287,807)
Loss for the financial year	-	-	(1,590,914)	(1,590,914)	(201,356)	(1,792,270)
Unrealised foreign exchange losses	-	-	(224,352)	(224,352)	(165,477)	(389,829)
Balance at 30 June 2017	17,563,409	28,678,913	(41,954,438)	4,287,884	1,377,947	5,665,831

The notes on pages 30 to 75 form part of these financial statements.

EQTEC plc (Formerly REACT Energy plc)
Consolidated statement of cash flows
for the financial year ended 30 June 2017

	Notes	2017 €	2016 €
Cash flows from operating activities			
Loss for the financial year		(1,816,845)	(1,582,014)
Adjustments for:			
Depreciation of property, plant and equipment	15	24	138
Impairment of property, plant and equipment	15	180,640	307,759
Impairment of amounts due from customers under construction contracts		151,722	(1,246)
Unrealised foreign exchange movements		20,706	(583,265)
Operating cash flows before working capital changes		(1,463,753)	(1,858,628)
Decrease/(Increase) in:			
Amounts due from customers under construction contracts		(875)	-
Trade and other receivables		(158,014)	134,099
Increase in:			
Trade and other payables		206,464	160,354
Cash used in operating activities - continuing operations		(1,416,178)	(1,564,175)
Finance costs		559,978	559,700
Net cash used in operating activities - continuing operations		**(856,200)**	**(1,004,475)**
Net cash generated from operating activities - discontinued operations	25	124,298	154,069
Cash used in operating activities		**(731,902)**	**(850,406)**
Cash flows from investing activities			
Additions to property, plant and equipment		-	(311,490)
Net cash generated from/(used in) investing activities – continuing operations		**-**	**(311,490)**
Net cash generated from investing activities – discontinued operations	25	11	15
Net cash generated from/(used in) investing activities		**11**	**(311,475)**
Cash flows from financing activities			
Proceeds from borrowings		293,000	2,101,631
Loan issue costs		(33,750)	(484,476)
Proceeds from issue of ordinary shares		1,142,690	-
Share issue costs		(259,351)	(128,081)
Interest paid		(206,081)	(156,286)
Net cash generated from financing activities – continuing operations		**936,508**	**1,332,788**
Net cash used in financing activities – discontinued operations	25	(125,864)	(58,599)
Net cash generated from financing activities		**810,644**	**1,274,189**
Net increase in cash and cash equivalents		**78,753**	**112,308**
Cash and cash equivalents at the beginning of the financial year		323,649	211,341
Cash and cash equivalents at the end of the financial year	20	**402,402**	**323,649**
Cash and cash equivalents included in disposal group	25	(116,899)	(130,454)
Cash and cash equivalents for continuing operations	20	**285,503**	**193,195**

Details of non-cash transactions are set out in Note 29 of the financial statements.

The notes on pages 30 to 75 form part of these financial statements.

EQTEC plc (Formerly REACT Energy plc)
Company statement of financial position
At 30 June 2017

	Notes	2017	2016
ASSETS		€	€
Non-current assets			
Investment in subsidiary undertakings	16	4,409,954	1,772,676
Total non-current assets		4,409,954	1,772,676
Current assets			
Trade and other receivables	19	292,631	454,806
Cash and bank balances	20	271,567	191,927
Total current assets		564,198	646,733
Total assets		**4,974,152**	**2,419,409**
EQUITY AND LIABILITIES			
Equity			
Share capital	21	17,563,409	17,453,246
Share premium	21	47,612,993	40,797,270
Retained earnings/(deficit)		(64,006,844)	(59,936,851)
Equity/(capital deficiency) attributable to the owners of the company		1,169,558	(1,686,335)
Non-current liabilities			
Borrowings	23	893,622	3,379,621
Total non-current liabilities		893,622	3,379,621
Current liabilities			
Borrowings	23	2,606,203	589,880
Trade and other payables	24	304,769	136,243
Total current liabilities		2,910,972	726,123
Total equity and liabilities		**4,974,152**	**2,419,409**

The financial statements were approved by the Board of Directors on 24 November 2017 and signed on its behalf by:

Dermot O'Connell
Chairman

Gerry Madden
Director

The notes on pages 30 to 75 form part of these financial statements.

EQTEC plc (Formerly REACT Energy plc)
Company statement of changes in equity
for the financial year ended 30 June 2017

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 July 2015	13,006,149	39,647,716	(56,330,844)	(3,676,979)
Conversion of debt into equity under examinership settlement	3,747,097	1,977,634	-	5,724,731
Issue of equity under rights of equity kicker	700,000	(700,000)	-	-
Share issue costs	-	(128,080)	-	(128,080)
Loss for the financial year (Note 30)	-	-	(3,606,007)	(3,606,007)
Balance at 30 June 2016	17,453,246	40,797,270	(59,936,851)	(1,686,335)
Issue of ordinary shares in EQTEC plc (Note 21)	17,461	1,125,288	-	1,142,749
Conversion of debt into equity (Note 21)	92,702	5,978,242	-	6,070,944
Share issue costs	-	(287,807)	-	(287,807)
Loss for the financial year (Note 30)	-	-	(4,069,993)	(4,069,993)
Balance at 30 June 2017	17,563,409	47,612,993	(64,006,844)	1,169,558

The notes on pages 30 to 75 form part of these financial statements.

	Notes	2017 €	2016 €
Cash flows from operating activities			
Loss before taxation		(4,069,993)	(3,606,007)
Adjustments for:			
Finance costs		559,978	559,675
Provision for impairment of investment in subsidiaries		2,883,009	2,445,939
Provision for impairment of trade and other receivables		(10,146)	269,906
Foreign currency losses arising from retranslation of borrowings		334,944	(298,517)
Operating cash flows before working capital changes		(302,208)	(629,004)
Increase in trade and other receivables		(164,808)	(371,583)
Increase/(decrease) in trade and other payables		177,548	(314,873)
Net cash used in operating activities		**(289,468)**	**(1,315,460)**
Cash flows from financing activities			
Proceeds from borrowings		293,000	2,101,631
Funds advanced to inter-company loans		(578,265)	-
Repayment of inter-company loan		10,146	104,194
Proceeds from issue of ordinary shares		1,142,690	-
Share issue costs		(259,351)	(128,081)
Loan issue costs		(33,750)	(484,476)
Interest paid		(206,082)	(156,261)
Net cash generated from financing activities		**368,388**	**1,437,007**
Net increase in cash and cash equivalents		**78,920**	**121,547**
Cash and cash equivalents at the beginning of the financial year		191,381	69,834
Cash and cash equivalents at the end of the financial year	20	**270,301**	**191,381**

The notes on pages 30 to 75 form part of these financial statements.

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, Republic of Ireland. These financial statements for the financial year ended 30 June 2017 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as 'the Group').

The principal activity of the Group is to identify, develop, build, own and operate renewable energy electricity and heat generating power plants in the UK and Ireland. The Group focuses on both large and small scale projects, providing flexibility to maximise existing land positions while diversifying development and technology risks.

On 20 October 2008, the Company's shares were admitted to trading on the London Stock Exchange's AIM market.

With effect from 6 February 2017, the name of the Company was changed from REACT Energy plc to EQTEC plc.

On 17 July 2017, trading on AIM for the under-mentioned securities has been temporarily suspended, pending an announcement and publication of an admission document (see Note 28 for detailed information).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016, endorsed by the European Union on 24 November 2015). These amendments have no effect on the Company as the Company has no acquisitions of interest in joint operations during the financial year.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after 1 January 2016, endorsed by the European Union on 2 December 2015). These amendments have no effect on the Company's financial position of performance.

Amendments to IAS 27 *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016, endorsed by the European Union on 18 December 2015). These amendments have no effect on the Company's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle (effective for annual periods beginning on or after 1 January 2016, endorsed by the European Union on 15 December 2015). These amendments have no effect in the Company's financial position and performance.

Amendments to IAS 1 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016, endorsed by the European Union on 18 December 2015). These amendments have no effect in the Company's financial position and performance.

Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities: Applying the Consolidation Exception* (effective for annual periods beginning on or after 1 January 2016; endorsed by the European Union on 22 September 2016). These amendments have no effect on the Company as the Company has no investment entities applying the consolidation exception.

Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (effective for annual periods beginning on or after 1 January 2016; endorsed by the European Union on 23 November 2015). These amendments have not effect to the Company as the Company does not have any bearer plants.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) - continued

The following new and revised Standards and Interpretations have not been adopted by the Group, whether endorsed by the European Union or not. The Group is currently analysing the practical consequences of the new Standards and the effects of applying them to the financial statements. The related standards and interpretations are:

IFRS 9 *Financial Instruments* and subsequent amendments (effective for annual periods beginning on or after 1 January 2018, endorsed by the European Union on 22 November 2016);

IFRS 15 *Revenue from Contracts with Customers* and subsequent clarifications
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018;

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019, not yet endorsed by the European Union);

IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2021, not yet endorsed by the European Union);

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after 1 January 2017, not yet endorsed by the European Union);

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods beginning on or after 1 January 2017, not yet endorsed by the European Union);

Amendments to IAS 7 *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2017, not yet endorsed by the European Union);

Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions* (effective for annual periods beginning on or after 1 January 2018; not yet endorsed by the European Union);

Amendments to IFRS 4 *Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'* (effective for annual periods beginning on or after 1 January 2018; not yet endorsed by the European Union);

Annual Improvements to IFRS Standards 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by the European Union);

Amendments to IAS 40 *Transfers of Investment Property* (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by the European Union);

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (effective for annual periods beginning on or after 1 January 2018, not yet endorsed by European Union); and

IFRIC 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019, not yet endorsed by the European Union);

The Group has not assessed the impact of the adoption of these standards and interpretations on its financial statements on initial adoption.

3. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation and Going Concern

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') and effective at 30 June 2017 for all periods presented as issued by the International Accounting Standards Board.

The consolidated financial statements are prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value. The principal accounting policies set out below have been applied consistently by the parent company and by all of the Company's subsidiaries to all periods presented in these consolidated financial statements.

The financial statements of the parent company, EQTEC plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') effective at 30 June 2017 for all periods presented as issued by the International Accounting Standards Board and Irish Statute comprising the Companies Act, 2014.

The Group incurred a loss of €1,792,270 (2016: €1,540,044) during the year, and had net current liabilities of €2,905,458 (2016: €5,328,061) and net assets of €5,665,831 (2016: €817,044) at 30 June 2017.

Terms have been agreed for the proposed acquisition of the entire issued share capital of EQTEC Iberia SL ("EQTEC Iberia"). The total consideration for the Acquisition is £14 million which will be satisfied by the issuance of 833,864,531 New Ordinary Shares on Admission. In addition, in order to fund the working capital needs of the Enlarged Group and the continued development of its near term pipeline the Company is undertaking a Placing to raise £1.6 million (before expenses) by the issue of the Placing Shares. Given the scale of the Acquisition, when compared to the existing Group, the transaction is a reverse takeover under the AIM Rules and therefore requires the Company to issue a new admission document and obtain Shareholder approval for the Acquisition. Under the Irish Takeover Rules (Rule 40) it is also a Reverse Takeover requiring that a circular be posted to EQTEC shareholders. Accordingly, the Acquisition is conditional, inter alia, on the approval by Shareholders of the Resolutions (as required by the AIM Rules) to be proposed at the Extraordinary General Meeting, which is being convened for 11.30 a.m. on Wednesday 20th December 2017.

In conjunction with the Acquisition, the Company is proposing to raise approximately £1.6 million, before expenses, through the issue of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 18 per cent of the Enlarged Share Capital on Admission. The Placing and the Acquisition are conditional upon, inter alia, the Resolutions being passed at the Extraordinary General Meeting and Admission of shares on AIM stock exchange.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The validity of the going concern basis is dependent upon the approval by Shareholders of the Resolutions being passed at the Extraordinary General Meeting approving the acquisition of EQTEC Iberia and placing of new shares in order to fund the working capital needs of the Enlarged Group and the continued development of its near term pipeline The Directors are highly confident that the shareholders will approve same and 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 financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Basis of Preparation and Going Concern - continued

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 have 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.

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2017. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Step Acquisitions

Business combination achieved in stages is accounted for using acquisition method at acquisition date. The components of a business combination, including previously held investments are remeasured at fair value at acquisition date and a gain or loss is recognised in the consolidated statement of profit or loss.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale (see also policy on non-current assets and liabilities classified as held for sale and discontinued operations below and Note 25).

3. STATEMENT OF ACCOUNTING POLICIES - continued

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. When the Group's share of losses on an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of future losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Euro, which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Euro are translated into Euro upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Euro at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Income and expenses have been translated into Euro at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Segment reporting

The Group has one operating segment: the power generation segment. In identifying this operating segment, management generally follows the Group's service lines representing its main products and services.

Each operating segment is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's central administration costs and directors salaries.

Revenue

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

Rendering of services

The Group generates revenues from after-sales service and maintenance, consulting, and construction contracts for renewable energy systems. Consideration received for these services is initially deferred, included in other payables, and is recognised as revenue in the period when the service is performed. In recognising after-sales service and maintenance revenues, the Group determines the stage of completion by considering both the nature and timing of the services provided and its customer's pattern of consumption of those services, based on historical experience. Where the promised services are characterised by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis. Revenue from consulting services is recognised when the services are provided by reference to the contract's stage of completion at the reporting date in the same way as construction contracts for renewable energy systems described below.

Construction contracts for renewable energy systems

Construction contracts for renewable energy systems specify a fixed price for the design, development and installation of biomass systems. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Contract revenue is measured at the fair value of consideration received or receivable. When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred. In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

A construction contract's stage of completion is assessed by management by comparing costs incurred to date with the total costs estimated for the contract (a procedure sometimes referred to as the cost-to-cost method). Only those costs that reflect work performed are included in costs incurred to date. The gross amount due from customers for contract work is presented within trade and other receivables for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

3. STATEMENT OF ACCOUNTING POLICIES - continued

Revenue - continued

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates and joint ventures, are recognised at the time the right to receive payment is established.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer below for a description of impairment testing procedures.

Non-controlling interests

Non-controlling interests that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation may be initially measured either at fair value of at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value, or, when applicable, on the basis specified in another IFRS.

Property, plant and equipment

Land and buildings and plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Leasehold buildings, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of leasehold buildings and plant and equipment. The following useful lives are applied:

• Leasehold buildings: 5-50 years
• Office equipment: 2-5 years
• Wind Turbine: 20 years
• Heat boilers: 15-20 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Leased assets

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impairment testing of goodwill and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets at FVTPL - continued

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued

Derivative financial instruments and hedge accounting - continued

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

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

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current assets and liabilities classified as held for sale and discontinued operations
Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (See also policy on profit or loss from discontinued operations above).

Equity, reserves and dividend payments
Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity
Other components of equity include a reserve for deferred consideration on the acquisition of businesses by the Group.

Retained earnings include all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Share-based payments
All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Provisions, contingent assets and contingent liabilities
Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Going concern
As described in the basis of preparation and going concern in Note 3 above, the validity of the going concern basis is dependent upon the Company sourcing finance required to develop projects. After making enquiries and considering the matters referred to in Note 3, the Directors have a reasonable expectation that the Company will source this financing and 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 financial statements.

Determination of functional currency
The determination of a company's functional currency often requires significant judgement where the primary economic environment on which it operates may not be clear. The Company's financial statements are presented in Euro, the primary economic environment of the Company.

Control assessment in a business combination.
As disclosed in Note 17, the Group owns 50.02% of the voting rights in Newry Biomass Limited. One other company owns the remaining voting rights. Management has reassessed its involvement in Newry Biomass Limited in accordance with IFRS 10's revised control definition and guidance and has concluded that it has control of Newry Biomass Limited.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY - continued

Assets held for disposal
In April 2017, Reforce Energy Limited ("Reforce"), a wholly-owned subsidiary of the Company, entered into a heads of agreement ("Heads of Agreement") with a private limited company incorporated and registered in Ireland ("Buyer"), wherein the Buyer is willing to buy all the issued shares of Pluckanes Windfarm Limited, a wholly owned subsidiary of Reforce subject to the agreement and signature by the parties of a detailed legally binding acquisition agreement, which is the Share Purchase Agreement. The Buyer and Reforce are in the process of negotiating a definitive Share Purchase Agreement. Operations of Pluckanes Windfarm Limited are classified as a disposal group held for sale. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- Pluckanes Windfarm Limited is available for immediate sale and can be sold to the buyer in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage.

For more details on the discontinued operation, refer to Note 25.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of goodwill and non-financial assets
Determining whether goodwill and non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment may arise. The total property, plant and equipment impairment during the year as included in Note 15 amounted to €180,640 (2016: €307,759).

Recoverability of amounts due under construction contracts
The directors considered the recoverability of the Group's balances due under construction contracts which is included in the balance sheet at 30 June 2017 at €Nil (2016: €150,847). The directors have reviewed the relevant costs incurred to date and expected costs for completion. They have also been in contact with the ultimate beneficiaries of the construction contracts and have considered the ability of these customers to have the relevant facilities available to pay for these contracts. Based on these reviews, the directors are satisfied that an impairment cost of €151,722 (2016: €Nil) should be recognised at the balance sheet date.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY - continued

Provision for impairment of financial assets
Determining whether the carrying value of financial assets has been impaired requires an estimation of the value in use of the investment in subsidiaries and joint venture vehicles. The value in use calculation requires the directors to estimate the future cash flows expected to arrive from these vehicles and a suitable discount rate in order to calculate present value. After reviewing these calculations, the directors are satisfied that a net impairment cost of €Nil (2016: €Nil) should be recognised in the group accounts and €2,872,863 (2016: €2,711,584) should be recognised in the Company accounts of EQTEC plc. Details of this impairment are set out in Note 16.

Allowances for impairment of trade receivables
The Group estimates the allowance for doubtful trade receivables based on assessment of specific accounts where the Group has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship. At 30 June 2017, provisions for doubtful debts amounted to €Nil which represents 0% of trade receivables at that date (2016: € Nil– 0%).

Deferred tax assets
Deferred tax is recognised based on differences between the carrying value of assets and liabilities and the tax value of assets and liabilities. Deferred tax assets are only recognised to the extent that the Group estimates that future taxable profits will be available to offset them.

Useful lives of depreciable assets
The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Fair value measurement
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.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY - continued

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at year-end.

30 June 2017	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Trade and other receivables	-	293,482	-	293,482
Cash and cash equivalents	286,769	-	-	286,769
Financial liabilities				
Trade and other payables	-	(1,143,755)	-	(1,143,755)
Investor loans	-	(3,498,559)	-	(3,498,559)
Bank overdrafts	(1,266)	-	-	(1,266)
	285,503	(4,348,832)	-	(4,063,329)

30 June 2016	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Amounts due from customers under construction contracts	-	150,847	-	150,847
Trade and other receivables	-	137,108	-	137,108
Cash and cash equivalents	193,741	-	-	193,741
Financial liabilities				
Trade and other payables	-	(5,366,550)	-	(5,366,550)
Investor loans	-	(3,968,955)	-	(3,968,955)
Business Expansion Scheme ("BES") Shares	-	(105,000)	-	(105,000)
Bank overdrafts	(546)	-	-	(546)
	193,195	(9,152,550)	-	(8,959,355)

5. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies
The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The Group's financial risk management programme aims to manage the Group's exposure to the aforementioned risks in order to minimise the potential adverse effects on the financial performance of the Group. The Group seeks to minimise the effects of these risks by monitoring the working capital position, cash flows and interest rate exposure of the Group. There is close involvement by members of the Board of Directors in the day-to-day running of the business.

5. FINANCIAL RISK MANAGEMENT - continued

Many of the Group's transactions are carried out in Pounds Sterling. The Group's exposure to price risk is not a significant risk as the Company does not currently hold a portfolio of securities which may be materially impacted by a decline in market values.

Credit risk
The Group's maximum exposure to credit risk is represented by the balance sheet amount of each financial asset:

	2017	**2016**
	€	**€**
Amounts due from customers under construction contracts	-	150,847
Trade and other receivables	293,482	137,108
Cash and cash equivalents	286,769	193,741

The Group's credit risk is primarily attributable to its amounts due from customers under construction contracts and to its trade and other receivables.

The amounts due from customers under construction contracts represents the total costs incurred to date on the Group's projects less recognised losses to date. These customers are jointly controlled entities in which the Group is a 50% partner. The directors of the Group are in constant contact with the other partners of the jointly controlled entities. The Group's exposure to credit risk arises from the failure of the ultimate customer to raise the appropriate finance, with a maximum exposure equal to the carrying amount of the related costs.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure to credit risk arises from defaulting customers, with a maximum exposure equal to the carrying amount of the related receivables. Provisions are made for impairment of trade receivables when there is default of payment terms and significant financial difficulty. On-going credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The Group does not have significant risk exposure to any single counterparty. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the financial year. The Group defines counterparties as having similar characteristics if they are related parties.

Exposure to credit risk on cash deposits and liquid funds is monitored by directors. Cash held on deposit is with financial institutions in the Ba rating category of Moody's. The directors are of the opinion that the likelihood of default by a counter party leading to material loss is minimal.

Liquidity risk
The Group's liquidity is managed by ensuring that sufficient facilities are available for the Group's operations from diverse funding sources. The Group uses cash flow forecasts to regularly monitor the funding requirements of the Group. The Group's operations are funded by cash generated from financing activities, borrowings from banks and investors and proceeds from the issuance of ordinary share capital.

5. FINANCIAL RISK MANAGEMENT - continued

The table below details the maturity of the Group's liabilities as at 30 June 2017:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total €
Trade and other payables	24	1,143,755	-	-	1,143,755
Investor loans	23	2,604,937	893,622	-	3,498,559
Bank overdrafts	23	1,266	-	-	1,266
		3,749,958	893,622	-	4,643,580

The table below details the maturity of the Group's liabilities as at 30 June 2016:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total
Trade and other payables	24	5,366,550	-	-	5,366,550
Investor loans	23	589,334	3,379,621	-	3,968,955
BES Shares	23	105,000	-	-	105,000
Bank overdrafts	23	546	-	-	546
		6,061,430	3,379,621	-	9,441,051

Interest rate risk
The primary source of the Group's interest rate risk relates to bank loans and other debt instruments. The interest rates on these assets and liabilities are disclosed above.

Bank borrowings and other debt instruments (excluding amounts in the disposal group) amounted to €3,499,825 and €4,074,501 in 2017 and 2016, respectively.

The interest rate risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group does not engage in hedging activities. Bank loans and certain debt instruments are arranged at floating rates which are mainly based upon EURIBOR and the prime lending rate of financial institutions thus exposing the Group to cash flow interest rate risk. The other remaining debt instruments were arranged at fixed interest rates and expose the Group to a fixed cash outflow.

These bank loans and debt instruments are mostly medium-term to long-term in nature. Interest rates on loans received from investors and shareholders are fixed in some cases while others are a fixed percentage greater than current prime lending rates. 'Medium-term' refers to bank loans and debt instruments repayable between 2 and 5 years and 'long-term' to bank loans repayable after more than 5 years.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

5. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk -continued
If interest rates have been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2017 would increase/decrease by €5,158 (2016: decrease/increase by €5,584). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings, which are primarily included in the disposal group. The Group's sensitivity to interest rates has decreased during the current year mainly due to the reduction in variable rate debt instruments.

Foreign exchange risk
The Group is exposed to future changes in the Sterling relative to the Euro. These risks are managed by monthly review of Sterling denominated monetary assets and monetary liabilities and assessment of the potential exchange rate fluctuation exposure. The Group's exposure to foreign exchange risk is not actively managed. Management will reassess their strategy to foreign exchange risk in the future.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2017	**2016**	**2017**	**2016**
	€	**€**	**€**	**€**
Sterling	3,785,023	3,622,703	508,574	74,909

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against Sterling. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in the currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Euro strengthens 10% against Sterling. For a 10% weakening of the Euro against Sterling, there would be a comparable impact on the loss and other equity, and the balances below will be negative.

	Sterling Impact	
	2017	**2016**
	€	€
Profit or loss	330,954	358,363

The Group's sensitivity to foreign currency has increased during the current year mainly due to the rise in the Euro to sterling exchange rates as a result of the British decision to exit the EU in June 2016.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, which are detailed above. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of financial liabilities, cash and cash equivalents and equity attributable to the equity holders of the parent company.

The Group's management reviews the capital structure on a periodic basis. As part of the review, management considers the cost of capital and risks associated with it. The Group's overall strategy on capital risk management is to continue to improve the ratio of debt to equity.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES - continued

The gearing ratio of the Group for the year presented is as follows:

	30 June 2017	30 June 2016
	€	€
Debt	3,499,825	4,074,501
Cash and bank balances	(286,769)	(193,741)
Net debt	3,213,056	3,880,760
Equity	4,287,884	(822,736)
Net debt to equity ratio	75%	(472%)

Debt is defined as financial liabilities and borrowings of the Group while equity includes all capital, reserves and retained earnings attributable to equity holders of the parent.

The movement in the net debt to equity ratio is as a result of the conversion of €6.07 million of debt into equity.

7. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the products and services sold to customers. The Group's reportable segment under IFRS 8 *Operating Segments* is as follows:

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

The chief operating decision maker is the Chief Executive Officer.

7. SEGMENT INFORMATION - continued

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

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

	Segment Revenue		Segment Profit/(Loss)	
	2017	**2016**	**2017**	**2016**
	€	€	€	€
Power Generation	40,762	45,996	(258,004)	(94,659)
Total from continuing operations	40,762	45,996	(258,004)	(94,659)
Central administration costs and directors' salaries			(708,597)	(456,175)
Impairment of property, plant and equipment			(180,640)	(307,759)
Impairment of amounts due under construction contracts			(151,722)	-
Foreign currency losses/(gains)			42,096	(163,721)
Finance costs			(559,978)	(559,700)
Loss before taxation (continuing operations)			(1,816,845)	(1,582,014)

Revenue reported above represents revenue generated from jointly controlled entities and external customers. Inter-segment sales for the year amounted to €Nil (2016: €Nil). Included in revenues in the Power Generation Segment are revenues of €40,762 (2016: €45,996) which arose from sales to GG Eco Energy Limited, an associate undertaking of EQTEC plc. This represents 100% (2016: 100%) of total revenues in the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. 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 profit or loss of jointly controlled entities, profit on disposal of jointly controlled entities, interest costs, interest income and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

7. SEGMENT INFORMATION - continued

Other segment information:

	Depreciation and amortisation		Additions to non-current assets	
	2017	2016	2017	2016
	€	€	€	€
Power Generation – continuing operations	24	138	672,079	5,320,952

In addition to the depreciation and amortisation reported above, impairment losses of €180,640 (2016: €307,759) were recognised in respect of property, plant and equipment. These impairment losses were attributable as follows: Power Generation Segment, €180,640 (2016: € 307,759).

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 Associates and External Customers		Non-current assets*	
	2017	2016	2017	2016
	€	€	€	€
Republic of Ireland	-	-	-	-
United Kingdom	40,762	46,188	9,464,911	9,524,726
	40,762	46,188	9,464,911	9,524,726

*Non-current assets excluding goodwill, 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.

8. REVENUE

An analysis of the Group's revenue for the year (excluding interest revenue), from continuing and discontinued operations, is as follows:

	Continuing		Discontinued	
	2017	2016	2017	2016
	€	€	€	€
Revenue from the generation of wind	-	-	178,862	200,675
Revenue from the generation of heat	-	192	-	-
Revenue from consultancy fees associated with the generation of heat	40,762	45,996	-	-
	40,762	46,188	178,862	200,675

9. ADMINISTRATIVE EXPENSES

	Continuing		Discontinued	
	2017	2016	2017	2016
	€	€	€	€
Employee expenses	448,993	451,423	-	-
Office and operating expenses	198,233	85,894	37,358	37,453
Marketing expenses	2,233	1,525	-	-
Professional fees (including release of accruals)	239,035	34,631	4,832	4,800
Depreciation of property, plant & equipment	24	138	72,866	73,134
Travel and subsistence	44,085	49,863	-	-
Provision against other receivables	4,024	40,071	-	-
Other miscellaneous expenses	4,787	2,837	59	58
Examinership and reorganisation costs	-	(150,842)	-	-
Regulatory expenses	65,949	81,482	-	-
	1,007,363	597,022	115,115	115,445

10. FINANCE COSTS AND INCOME

	Continuing		Discontinued	
	2017	2016	2017	2016
	€	€	€	€
Finance Costs				
Interest on loans, bank facilities and overdrafts	559,978	559,508	39,183	43,275
Interest on Revenue liabilities	-	192	-	-
	559,978	559,700	39,183	43,275
Finance Income				
Interest receivable on bank deposits	-	-	11	15

11. EMPLOYEE DATA

	2017	2016
	€	€
Employee costs (including executive directors):		
Salaries	386,500	386,000
Social insurance costs	41,378	35,796
	427,878	421,796
	No.	No.
Average number of employees (including executive directors)	3	3
Company		
Average number of employees (including executive directors)	2	2

Capitalised employee costs in the financial year amounted to €Nil (2016: €Nil).

12. LOSS BEFORE TAXATION

	2017	2016
	€	€
Loss before taxation on continuing operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Notes 7 and 9)	24	138
(Gain)/loss on foreign exchange	(42,096)	163,721
Directors' remuneration: for services as directors (Note 27)	18,000	28,000
for other services (Note 27)	336,000	335,500
Impairment losses of amounts due under construction contracts	151,722	-
Impairment losses of property, plant and equipment charged to profit and loss (Note 15)	180,640	307,759

	2017	2016
	€	€
Auditor's remuneration:		
Audit of group accounts	40,000	37,500
Tax advisory services	11,000	10,000
	51,000	47,500

13. TAX EXPENSE

	2017 €	2016 €
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense	-	-
Adjustment for prior periods	-	-
Tax credit	-	-

	2017 €	2016 €
Loss before taxation	(1,792,270)	(1,540,044)
Applicable tax 12.50% (2016: 12.50%)	(224,034)	(192,506)
Effects of:		
Amortisation & depreciation in excess of capital allowances	9,111	9,826
Expenses not deductible for tax purposes	15,950	38,470
Losses carried forward	198,973	144,210
Actual tax expense	-	-

The tax rate used for 2017 and 2016 reconciliation above is the corporate rate of 12.5% payable by corporate entities in Ireland on taxable profits under tax law in that jurisdiction.

14. LOSS PER SHARE

	2017 € per share	2016 € per share
Basic loss per share		
From continuing operations	(0.014)	(0.016)
From discontinued operations	0.001	0.001
Total basic loss per share	(0.013)	(0.015)
Diluted loss per share		
From continuing operations	(0.014)	(0.016)
From discontinued operations	0.001	0.001
From continuing and discontinued operations	(0.013)	(0.015)

14. LOSS PER SHARE- continued

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

	2017	2016
	€	€
Loss for year attributable to equity holders of the parent	(1,590,914)	(1,041,035)
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	24,575	41,970
Losses used in the calculation of basic loss per share from continuing operations	(1,615,489)	(1,083,005)
Weighted average number of ordinary shares for the purposes of basic loss per share	118,378,906	69,684,580
Weighted average number of ordinary shares for the purposes of diluted loss per share	118,378,906	69,684,580

Dilutive and anti-dilutive potential ordinary shares

The following potential ordinary shares were excluded in the diluted earnings per share calculation as they were anti-dilutive.

	2017	2016
Share warrants in issue	39,088,960	35,245,833
Convertible loans in issue	10,000,000	9,166,667
Total anti-dilutive shares	49,088,960	44,412,500

15. PROPERTY, PLANT & EQUIPMENT	**Office equipment €**	**Wind Turbine €**	**Construction in Progress €**	**Total €**
Cost				
At 1 July 2015	-	1,453,759	8,773,680	10,227,439
Additions	166	3,565	5,320,786	5,324,517
Foreign currency adjustment	(16)	-	(1,917,063)	(1,917,079)
At 30 June 2016	150	1,457,324	12,177,403	13,634,877
Held for sale or included in disposal group (Note 25)	-	(1,457,324)	-	(1,457,324)
At 30 June 2016	150	-	12,177,403	12,177,553
At 1 July 2016	150	1,457,324	12,177,403	13,634,877
Additions	-	-	672,079	672,079
Foreign currency adjustment	(9)	-	(744,745)	(744,754)
Held for sale or included in disposal group (Note 25)	-	(1,457,324)	-	(1,457,324)
At 30 June 2017	141	-	12,104,737	12,104,878
Accumulated depreciation				
At 1 July 2015	-	109,046	2,916,549	3,025,595
Impairment	-	-	307,759	307,759
Charge for the year	138	73,134	-	73,272
Foreign currency adjustment	(13)	-	(571,606)	(571,619)
At 30 June 2016	125	182,180	2,652,702	2,835,007
Held for sale or included in disposal group (Note 25)	-	(182,180)	-	(182,180)
At 30 June 2016	125	-	2,652,702	2,652,827
At 1 July 2016	125	182,180	2,652,702	2,835,007
Charge for the year	24	72,866	-	72,890
Impairment	-	-	180,640	180,640
Foreign currency adjustment	(8)	-	(193,516)	(193,524)
Held for sale or included in disposal group (Note 25)	-	(255,046)	-	(255,046)
At 30 June 2017	141	-	2,639,826	2,639,967
Carrying amount				
At 30 June 2016	25	-	9,524,701	9,524,726
At 30 June 2017	-	-	9,464,911	9,464,911

15. PROPERTY, PLANT & EQUIPMENT - continued

The Group carried out a review of the recoverable amount of property held by the Power Generation operating segment at 30 June 2017. The review led to recognition of an impairment loss of €180,640 (2016: €307,759), which has been recognised in profit or loss. The recoverable amount of the assets has been determined on the basis of their fair value, less costs to sell.

The impairment losses have been shown separately in the consolidated statement of profit or loss.

16. FINANCIAL ASSETS

Investment in associate
Details of the Group's interests in associated undertakings at 30 June 2017 is as follows:

Name of associated undertaking	*Country of incorporation*	*Shareholding*	*Principal activity*
GG Eco Energy Limited	United Kingdom	30%	Operator of biomass heat generating projects

Summarised financial information in respect of the Group's interests in associated undertakings is as follows:

	2017	**2016**
	€	**€**
Non-current assets	1,308,600	1,510,448
Current assets	128,580	118,885
Non-current liabilities	(1,511,115)	(1,670,973)
Current liabilities	(612,253)	(460,948)
Net liabilities	(686,188)	(502,588)
Group's share of net assets of associated entities	-	-

	2017	**2016**
	€	**€**
Total revenue	534,478	611,136
Total expenses	(750,929)	(853,828)
Total loss for the period	(216,451)	(242,692)
Group's share of profits of associated undertakings	-	-

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

16. FINANCIAL ASSETS – continued

Company

	2017	2016
Investment in subsidiary undertakings	**€**	**€**
At beginning and at end of period	-	-
Loans to subsidiary undertakings		
At 1 July	1,772,676	2,382,505
Loans advanced as part of examinership process	-	2,658,304
Funds advanced to/(repaid by) subsidiary undertakings	518,607	(8,651)
Repayment of examinership loans	(10,146)	(95,543)
Assignment of debt from Newry Biomass	5,150,226	-
Provision for impairment of investment in subsidiaries	(2,883,009)	(268,840)
Provision for impairment of intercompany loans related to examinership	10,146	(2,442,744)
Foreign currency adjustment	(148,546)	(452,355)
At 30 June	4,409,954	1,772,676
Total	4,409,954	1,772,676

On 24 July 2015, EQTEC plc and its related companies exited the examination process. As part of the Scheme of Arrangement approved by the High Court to allow the exit, the Company issued 37,470,972 new Ordinary Shares to creditors of the Company and related companies through a debt for equity conversion. This required intercompany loans of €2,658,304 to be issued to certain related companies to allow for the issue of shares to the creditors of those related companies. These loans are interest-free and have no fixed date of repayment. These loans were fully provided for at year-end.

17. INTERESTS IN SUBSIDIARIES

Details of EQTEC plc subsidiaries at 30 June 2017 are as follows:

Name	*Country of incorporation*	*Shareholding*	*Principal activity*
Newry Biomass No. 1 Limited	Republic of Ireland	100%	Investment company
React Biomass Limited	Republic of Ireland	100%	Investment company
Reforce Energy Limited	Republic of Ireland	100%	Renewable energy development company
Pluckanes Windfarm Limited	Republic of Ireland	100%	Generation of electricity through wind
Grass Door Limited	United Kingdom	100%	Developer & operator of biomass heat generating projects
Newry Biomass Limited	Northern Ireland	50.02%	Energy utility company
Enfield Biomass Limited	United Kingdom	100%	Energy utility company
Moneygorm Wind Turbine Limited	Republic of Ireland	100%	Dormant company
Eqtec No. 1 Limited (formerly React Energy No. 1 Limited)	Republic of Ireland	100%	Investment company
Plymouth Biomass Limited	United Kingdom	100%	Energy utility Company
Clay Cross Biomass Limited	United Kingdom	90%	Energy utility company
Altilow Wind Turbine Limited	Republic of Ireland	100%	Generation of electricity through wind

The shareholding in each company above is equivalent to the proportion of voting power held.

The registered office for all of the above companies is Building 1000, City Gate, Mahon, Cork, except for Enfield Biomass Limited, Plymouth Biomass Limited and Grass Door Limited, whose registered office is c/o Origen Capital LLP, 26 Dover Street, London W1S 4LY, England; Newry Biomass Limited, whose registered office is c/o CGDM, 27 Patrick Street, Newry, Co. Down BT35 8EB, Northern Ireland; and Clay Cross Biomass Limited, whose registered office is Larkfleet House, Southfields Business Park, Falcon Way, Bourne, Lincolnshire PE10 0FF, England.

18. CONSTRUCTION CONTRACTS

Contracts in progress at the balance sheet date:	**2017** **€**	**2016** **€**
Construction costs incurred plus recognised profits less recognised losses to date	-	150,847
Less payments received in advance	-	-
	-	150,847

Recognised and included in the financial statements as amounts due:	**2017** **€**	**2016** **€**
From customers under construction contracts	-	150,847
To customers under construction contracts	-	-
	-	150,847

At 30 June 2017, retentions held by customers for contract work amounted to €Nil (2016: €Nil). Advances received from customers for contract work amounted to €Nil (2016: €Nil).

An impairment loss of €151,722 (2016: €Nil) was recognised for amounts due under construction contracts during the financial year.

19. TRADE AND OTHER RECEIVABLES

	2017	2016
	€	€
Group		
Trade receivables	-	-
Allowance for impairment of trade receivables	-	-
	-	-
VAT receivable	1,324	15,711
Payments on account	35,385	37,490
Prepayments	210,987	39,143
Corporation tax	96	96
Other receivables	45,690	44,668
	293,482	137,108

The following table shows an analysis of trade receivables split between past due and within terms accounts. Past due is when an account exceeds the agreed terms of trade, which are typically 60 days.

	2017	2016
	€	€
Within terms	-	-
Past due more than one month but less than two months	-	-
Past due more than two months	-	-
	-	-

Included in the Group's trade receivables balance are debtors with carrying amount of €Nil (2016: €Nil) which are past due at year end and for which the Group has not provided.

The Group does not hold any collateral over these balances. No interest is charged on overdue receivables. The quality of past due not impaired trade receivables is considered good. The carrying amount of trade receivables approximates to their fair values.

The Group's policy is to recognise an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience has been that trade receivables that are past due beyond 120 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

19. TRADE AND OTHER RECEIVABLES - continued

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the end of the current reporting period. The concentration of the credit risk is limited due to the customer base being large and unrelated, and the fact that no one customer holds balances that exceeds 10% of the gross assets of the Group. The maximum exposure risk to trade and other receivables at the reporting date by geographic region, ignoring provisions, is as follows:

	2017	2016
	€	€
Ireland	-	-
United Kingdom	-	-
	-	-

Other receivables relate to deposits on rental contracts amounting to €3,360 (2016: €2,338) and payments on account related to shares of €42,330 (2016: €42,330). The aged analysis of other receivables is within terms.

There is no concentration of credit risk with respect to receivables as disclosed in Note 5 under credit risk.

	2017	2016
Company	€	€
Amounts due from subsidiary undertakings	109,381	446,143
Allowance for impairment of balances	(49,723)	(51,857)
	59,658	394,286
Prepayments	185,975	10,936
Corporation Tax	96	96
VAT Receivable	1,212	4,820
Other receivables	45,690	44,668
	292,631	454,806

The concentration of credit risk in the individual financial statements of EQTEC plc relates to amounts due from subsidiary undertakings. The directors have reviewed these balances in the light of the impairment review carried out on the investments by EQTEC plc in its subsidiaries.

The directors considered the future cash flows arising from subsidiaries and are satisfied that the appropriate impairment has been applied to these balances.

20. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2017	2016
Group	**€**	**€**
Cash and bank balances	286,769	193,741
Bank overdrafts (Note 23)	(1,266)	(546)
	285,503	193,195
Cash and cash equivalents included in a disposal group held for resale (Note 25)	116,899	130,454
	402,402	323,649
Company		
Cash and bank balances	271,567	191,927
Bank overdrafts (Note 23)	(1,266)	(546)
	270,301	191,381

21. EQUITY

Share Capital

At 30 June 2016	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.10 each	200,000,000	75,140,494	20,000,000	7,514,049
Deferred ordinary shares of €0.40 each	200,000,000	22,370,042	80,000,000	8,948,017
Deferred convertible "A" ordinary shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
				17,453,246

At 30 June 2017	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.001 each	12,561,091,094	185,303,229	12,561,091	185,303
Deferred ordinary shares of €0.40 each	200,000,000	22,370,042	80,000,000	8,948,017
Deferred "B" Ordinary Shares of €0.099 each	75,140,494	75,140,494	7,438,909	7,438,909
Deferred convertible "A" ordinary shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
				17,563,409

21. EQUITY-continued

The holders of the ordinary shares are entitled to participate in the profits or assets of the Company (by way of payment of any dividends, on a winding up or otherwise) and are entitled to receive notice, attend, speak and vote at general meetings of the Company. Each ordinary share equates to one vote at meetings of the company.

The holders of the deferred convertible "A" ordinary shares are entitled to participate pari passu with ordinary shareholders in the profits or assets of the Company on a winding-up, up to an amount equal to the par value paid in respect of such deferred convertible "A" ordinary shares, but are not entitled to participate in the profits or assets of the Company (by way of payment of any dividends or otherwise). The holders of the deferred convertible "A" ordinary shares are not entitled to receive notice, attend, speak and vote at general meetings of the Company.

The holders of the deferred ordinary shares and the deferred "B" ordinary shares are not entitled to participate in the profits or assets of the Company (by way of payment of any dividends, on a winding up or otherwise) and are not entitled to receive notice, attend, speak and vote at general meetings of the Company.

The Company was incorporated on 2 October 2008 with an initial authorised share capital of €100,000,000 divided into 100,000,000 ordinary shares of €1.00 each of which 38,100 ordinary shares of €1.00 each fully paid up were issued. On 14 October 2008 the ordinary shares were subdivided so that each ordinary share had a nominal value of €0.10 each as opposed to the previous nominal value of €1.00 each. On 3 December 2010, the trading denomination of the Company's ordinary shares of €0.10 each changed from Euro to pounds sterling. This does not affect the nominal valuation of the shares. On 6 February 2017 the ordinary shares were further subdivided so that each ordinary share had a nominal value of €0.001 each as opposed to the previous nominal value of €0.10 each.

Share Premium
Proceeds received in excess of the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees.

Company Share Premium
The share premium included in the consolidated and company statement of financial position is different by €18,934,079 due to the reverse acquisition of the Group which occurred on 13 October 2008. The reverse acquisition resulted to a reverse acquisition reserve which has been netted off against the share premium in the consolidated statement of financial position.

Movements in the year to 30 June 2017
On 6 February 2017, the Company approved by an Extraordinary General Meeting, a share capital reorganisation which resulted in the existing ordinary shares of €0.10 each being divided and reclassified as one new ordinary share of €0.001 each and one Deferred "B" ordinary share of €0.099 each.

On 6 February 2017, EBIOSS Energy AD assigned the benefit of the €5,150,226 debt due to EQTEC's 50.02% subsidiary, Newry Biomass Limited, to EQTEC plc. EQTEC plc then issued 78,210,000 ordinary shares of €0.001 each, at a premium of €0.0649 per share, to EBIOSS Energy AD in settlement of this debt.

On 20 February 2017, EQTEC plc raised £500,000 (€585,000 before expenses) through the placing of 10,000,000 ordinary shares of €0.001 each in the capital of the Company.

On the same day, EBIOSS Energy AD agreed to convert €585,000 of its existing debt facility into 10,000,000 ordinary shares of €0.001 each (See Note 23).

21. EQUITY-continued

Movements in the year to 30 June 2017 - continued
On 9 March 2017, EQTEC plc raised £485,000 (€557,750 before expenses) through the placing of 7,461,538 ordinary shares of €0.001 each in the capital of the Company.

On the same day, EBIOSS Energy AD agreed to convert €335,717, being the balance of its existing debt facility (including accrued interest) into 4,491,197 ordinary shares of €0.001 each (See Note 23).

Share Warrants
The following share warrants were in existence and remain unexercised as at 30 June 2017:

Detail	Number	Grant Date	Expiry Date	Exercise Price (GBP)	Fair Value at Grant Date (GBP)
Origen Capital Partners LLP re Altair SLN (Note 23)	3,150,000	14/07/2015	13/07/2022	£0.10	£-
Nirvana Capital Ltd re Ecofinance SLF (Note 23)	35,300,000	14/07/2015	13/07/2022	£0.10	£-
Strand Hanson Limited	1,533,505	06/02/2017	05/02/2022	£0.0533	£-
	39,983,505				

22. NON-CONTROLLING INTERESTS

	2017 €	2016 €
Balance at beginning of year	1,639,780	2,455,567
Change in ownership interest without a loss of control (Note 23)	105,000	-
Share of loss for the year	(201,356)	(499,009)
Unrealised foreign exchange losses	(165,477)	(316,778)
	1,377,947	1,639,780

23. BORROWINGS		**2017**	**2016**
Group		**€**	**€**
Current liabilities			
At amortised cost			
Bank overdrafts		1,266	546
8% loan facility	3	-	589,334
7.5% convertible secured loan note	2	2,604,937	-
		2,606,203	589,880
Financial liabilities carried at FVTPL			
BES Shares	4	-	105,000
		-	105,000
		2,606,203	694,880
Non-current liabilities			
At amortised cost			
7.5% convertible secured loan note	2	-	2,518,259
15% secured loan facility	1	893,622	861,362
		893,622	3,379,621
Company		€	€
Current liabilities			
Bank overdrafts		1,266	546
8% loan facility	3	-	589,334
7.5% convertible secured loan note	2	2,604,937	-
		2,606,203	589,880
Non-current liabilities			
7.5% convertible secured loan note	2	-	2,518,259
15% secured loan facility	1	893,622	861,362
		893,622	3,379,621

Borrowings at amortised cost

1. 15% Secured Loan Note Facility

On 15 July 2015, the Board of EQTEC plc announced that it had 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 EQTEC and its subsidiary companies.

23. BORROWINGS – continued

1. 15% Secured Loan Note Facility – continued

The carrying amount of the SLF at 30 June 2017 is as follows:

	€
Proceeds from the issue of the SLF	1,416,631
Less: Transaction costs	(445,519)
Net proceeds	971,112
Accreted transaction costs	174,729
Currency gains on retranslation	(252,219)
Carrying amount of SLF at 30 June 2017	893,622

The face value of the SLF at 30 June 2017 is €1,138,259 (2016: €1,205,945).

2. 7.5% convertible secured loan note

On 24 July 2015, as part of the Scheme of Arrangement announced on 14 July 2015 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 2014 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.

The carrying amount of the CSLN at 30 June 2017 is as follows:

	€
Amounts rolled up from previous facilities	2,742,430
Additional proceeds issued on CSLN	110,000
Less: Transaction Costs	(131,565)
Net Proceeds	2,720,865
Accreted Interest	365,425
Accreted Transaction Costs	129,266
Currency gains on retranslation	(610,619)
Carrying amount of CSLN at 30 June 2017	2,604,937

The face value of the CSLN at 30 June 2017, including accrued interest, is €2,607,236 (2016: €2,586,340).

The CSLN was due for repayment on 14 July 2017. On 17 July 2017, EQTEC announced that it had entered into a standstill agreement with Altair whereby Altair has consented, *inter alia,* to extend the repayment date of the CSLN from 14 July 2017 to the earlier of three business days following the completion of the acquisition of the share capital of EQTEC Iberia SL or 31 October 2017.

During the period prior to the revised repayment date, EQTEC and Altair will seek to agree further changes to the terms of the CSLNs. In the event that Completion does not occur by 31 October 2017, all sums due under the CSLNs, including accrued interest, will be payable immediately, unless Altair and the Company have agreed new terms. On 31 October 2017, the repayment date was further extended to 31 December 2017.

23. BORROWINGS - continued

3. <u>8% Loan Facility</u>
On 8 January 2016, (subsequently amended in March 2016), the Company announced that it had secured a €750,000 Facility from EBIOSS. 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 key terms of the Facility are as follows:

- quantum of €750,000, which may be drawn down in three equal monthly instalments of €250,000;
- interest rate of 8% per annum on outstanding capital balances, which will accrue and be repaid in full on repayment of the Facility;
- proceeds from the Facility, which is unsecured, will be, other than in respect of the second tranche of €250,000, used solely to fund development costs associated with the Company's identified biomass gasification projects in the UK;
- drawdown of the Facility will be subject to the agreement of the Company and EBIOSS; and
- from 7 January 2017, EBIOSS may, at any time, demand that the Company repays the drawn down proportion of the Facility plus accrued interest. The Company may, at any time, elect to repay the Facility plus accrued interest.

The full amount of the facility of €750,000 was drawn down by 12 December 2016. On 12 December 2016, it was announced that EQTEC and EBIOSS had agreed to amend the terms of the Facility such that the Facility has been increased from €750,000 to €1,350,000, with the additional €600,000 to be used for the working capital needs of the Company, and that the date that EBIOSS may demand repayment of the Facility has been extended from 7 January 2017 to 7 January 2018. Any subsequent drawdowns of the additional €600,000 will be made as and when required to minimise finance costs. A further €118,000 was drawn down on the revised facility in December 2016-January 2017.

On 20 February 2017, EBIOSS Energy AD agreed to convert €585,000 of its existing debt facility into 10,000,000 ordinary shares of €0.001 each. (See Note 21).

On 9 March 2017, EBIOSS Energy AD agreed to convert €335,717, being the balance of its existing debt facility (including accrued interest) into 4,491,197 ordinary shares of €0.001 each. (See Note 21).

A balance of €482,000 remains undrawn on the above facility. There are no outstanding balances with respect to this facility at 30 June 2017.

Borrowings at FVTPL
4. BES Shares
As part of the acquisition of Reforce Energy Limited and subsidiaries, the Group took responsibility over 105,000 "B" Ordinary Shares of €1 each issued by Reforce Energy Limited as part of the Business Expansion Scheme in Ireland. As part of this scheme, Newry Biomass No. 1 Limited entered into a put and call option agreement, dated 20 December 2012, whereby Newry Biomass No. 1 Limited may be required to purchase the outstanding "B" Ordinary Shares in Reforce Energy Limited at a price to be agreed with between Newry Biomass No. 1 Limited and the holders of the "B" Ordinary Shares in Reforce Energy Limited. The option may be exercised on any date between 1 January 2017 and 31 March 2017. The put option was not exercised in this time frame and as there is no obligation, upon the expiry of the put option, for the Group to purchase the outstanding "B" Ordinary Shares in Reforce Energy Limited, this has resulted in a change of ownership interest without a loss of control and the Company has transferred €105,000 from financial liabilities to non-controlling interests in 2017. The call option is still in situ, however, it is not the intention of the Company, at this time, to exercise same.

24. TRADE AND OTHER PAYABLES

Group	2017 €	2016 €
VAT payable	11,096	3,459
Trade payables	729,395	4,971,691
Other payables	128,244	112,948
Accruals	258,944	262,207
PAYE & social welfare	16,076	16,245
	1,143,755	5,366,550

The carrying amount of trade and other payables approximates fair value. All trade and other payables fall due within one year. Included in trade and other payables at 30 June 2017 is a liability of €650,000 related to the purchase of biomass gasifier equipment for the repowering of the Newry Biomass project (2016: €5,092,317).

Trade and other creditors are payable at various dates in accordance with the suppliers' usual and customary credit terms. Corporation tax and other taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Company	2017 €	2016 €
Trade payables	78,988	6,752
PAYE & social welfare	14,684	14,832
Accruals	211,097	114,659
	304,769	136,243

The carrying amount of trade and other payables approximates fair value. All trade and other payables fall due within one year.

25. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS

The Group is in negotiations with certain parties with respect to the sale of its subsidiary, Pluckanes Windfarm Limited, which is involved in the generation of electricity through wind. The disposal is consistent with the Group's long-term policy to focus its activities as a technology solution company for waste gasification to energy projects. The disposal is expected to be complete in Q4 2017.

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

The combined results of the discontinued operations included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

25. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS – continued

	2017	2016
Profit for the year from discontinued operations	**€**	**€**
Revenue (Note 8)	178,862	200,675
Administrative Expenses (Note 9)	(115,115)	(115,445)
Operating Profit	63,747	85,230
Finance Costs (Note 10)	(39,183)	(43,275)
Finance Income (Note 10)	11	15
Profit from discontinued operations before tax	24,575	41,970
Tax Expenses	-	-
Profit for the year from discontinued operations (attributable to owners of the Company)	24,575	41,970

Cash flows generated by Pluckanes Windfarm Limited for the periods under review are as follows:

	2017	2016
Cash flows from discontinued operations	**€**	**€**
Operating activities	124,298	154,069
Investing activities	11	15
Financing activities	(125,864)	(58,599)
Net cash flows (used in)/generated from discontinued operations	(1,555)	95,485

The carrying amount of assets and liabilities in this disposal group are summarised as follows:

	2017	2016
Assets classified as held for resale:	**€**	**€**
Non-current assets:		
Property, plant and equipment	1,202,278	1,275,144
Current assets:		
Trade and other receivables	25,326	20,921
Cash and cash equivalents (Note 20)	116,899	130,454
Assets classified as held for resale	1,344,503	1,426,519
Liabilities classified as held for resale:		
Current liabilities:		
Borrowings	1,030,250	1,116,250
Trade and other payables	50,004	58,596
Liabilities classified as held for resale	1,080,254	1,174,846

The directors of the Company expect that the fair value less costs to sell Pluckanes Windfarm Limited will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for resale.

26. DEFERRED TAXATION

A deferred tax asset has not been recognised at the balance sheet date in respect of trading tax losses. Due to the history of past losses, the company has not recognised any deferred tax asset in respect of tax losses to be carried forward which are approximately €11.1 million at 30 June 2017.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include its joint venture and key management. In addition, on 6 February 2017, EBIOSS Energy AD ("EBIOSS") became a 50.03% holder of the share capital of the Company.

Transactions with EBIOSS

As disclosed in note 23.3 above, EBIOSS entered into an 8% loan facility with the Company on 8 January 2016. Amounts advanced by EBIOSS during the year amounted to €293,000 (2016: €575,000). Finance costs recognised in the income statement in respect of loans from EBIOSS amounted to €38,383 (2016: €14,334). On 20 February 2017, EBIOSS Energy AD agreed to convert €585,000 of its existing debt facility into 10,000,000 ordinary shares of €0.001 each (See Note 21). On 9 March 2017, EBIOSS Energy AD agreed to convert €335,717, being the balance of its existing debt facility (including accrued interest) into 4,491,197 ordinary shares of €0.001 each (See Note 21).

During the year ended 30 June 2017, the Group purchased €57,909 (2016: €5,092,317) of biomass gasifier equipment for the Newry Biomass project from EBIOSS. At 30 June 2017, €Nil was payable to EBIOSS with respect to this purchase (2016: €5,092,317). On 6 February 2017, EBIOSS assigned the benefit of the €5,150,226 debt due to EQTEC's 50.03% subsidiary, Newry Biomass Limited, to EQTEC plc. EQTEC plc then issued 78,210,000 ordinary shares of €0.001 each, at a premium of €0.0649 per share, to EBIOSS Energy AD in settlement of this debt (See Note 21).

During the year ended 30 June 2017, the Group purchased €650,000 (2016: €Nil) of biomass gasifier equipment for the Newry Biomass project from EQTEC Iberia SL, a related undertaking of EBIOSS. At 30 June 2017, €650,000 was payable to EQTEC Iberia SL with respect to this purchase (2016: €Nil).

Transactions with key management personnel
Key management of the Group are the members of EQTEC plc's board of directors. Key management personnel remuneration includes the following expenses:

	Fees/ Salary/ Exps	Other	Pension	Bonus	Gain on share options	2017	2016
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Directors							
Gerry Madden	250	-	-	-	-	250	250
Brendan Halpin	85	-	-	-	-	85	85
Dermot O'Connell	24	-	-	-	-	24	22
Total	359	-	-	-	-	359	357

At 30 June 2017, directors' remuneration unpaid (including past directors) amounted to €32,000 (2016: €26,000).

Details of each director's shareholding that were in office at the year-end are shown in the Directors' Report.

27. RELATED PARTY TRANSACTIONS - continued

Transactions with associate undertakings
During the year ended 30 June 2017, sales of €40,762 were made to associate undertakings (2016: €45,996). Included in trade and other receivables at 30 June 2017 is balances of €Nil due from associate undertakings (2016: €Nil).

28. EVENTS AFTER THE BALANCE SHEET DATE

Update on Newry Biomass Project

The Company announced on 6 July 2017 in relation to the Newry Biomass project that it continues to work towards exporting electricity to the grid by the revised deadline of 31 March 2018 ("deadline") agreed with Ofgem. EQTEC remains in regular dialogue with the local authority to confirm its application for a planning amendment following the decision made to repower the project using EBIOSS Energy SE's ("EBIOSS") gasification technology.

EQTEC continues to provide the local authority with information in relation to the planning amendment and the Company hopes to successfully conclude this process in the near term, so that it is able to can commence the necessary Civil, Electrical and Mechanical works in order to meet the deadline of 31 March 2018. However, should there be a continued delay in receiving the amended planning permission, it is likely that the Company will not be able to meet the 31 March 2018 deadline for the repowering of the project. As a result, the Company has started to consider contingency plans for the project.

The contingency plans take into account the Company's revised business strategy to focus on taking advantage of the significant opportunities in the Energy from Waste sector using, among other things, Refuse Derived Fuel ("RDF"). The contingency plans being considered include the possibility of converting the plant from using wood biomass to RDF. The Company would, in this event, seek to monetise the value of equipment already on site through the sale of this equipment to other projects the Company is seeking to develop together with its major shareholder EBIOSS.

Potential acquisition of EQTEC Iberia

On 17 July 2017, the Company announced that it has entered into non-binding heads of terms ("Heads of Terms") with Inava Ingenieria de Analisis SL ("Inava") and the Company's majority shareholder EBIOSS Energy SE ("EBIOSS") (together the "Sellers"), pursuant to which EQTEC will acquire the entire issued share capital of EQTEC Iberia SRL ("EQTEC Iberia") (the "Proposed Transaction").

The Company and the Sellers have entered into the Heads of Terms, pursuant to which the Company will, subject to, inter alia, the completion of due diligence, the entry into definitive documentation and shareholder approval, acquire the entire issued share capital of EQTEC Iberia, through the issue of new Ordinary Shares to the Sellers ("Consideration Shares"). The number of Considerations Shares to be issued is still to be agreed but is expected to be a minimum of, in aggregate, 556,000,000 new Ordinary Shares.

The Proposed Transaction, if completed, will therefore constitute a RTO under the AIM Rules and in accordance with Rule 14 of the AIM Rules, will require the publication of an AIM admission document setting out, inter alia, details of the Proposed Transaction ("Admission Document") and approval of shareholders of the Company in a general meeting to be convened by the Company. In addition, as EBIOSS is a substantial shareholder in the Company, the Proposed Transaction will also represent a related party transaction pursuant to Rule 13 of the AIM Rules.

28. EVENTS AFTER THE BALANCE SHEET DATE - continued

Potential acquisition of EQTEC Iberia - continued
The Proposed Transaction is also expected to be conditional on, inter alia, EQTEC raising sufficient funds, which is expected to comprise a placing of new Ordinary Shares ("Placing"), to provide working capital for the enlarged group as well as fund the enlarged group's pipeline of projects.

Extension of the Altair Loan Notes
On 17 July 2017, the Company also announced that it has reached agreement with Altair Group Investment Limited ("Altair") to extend the repayment of the £2.0 million, 7.5% Convertible Secured Loan Notes ("CSLNs") issued by the Company, from 14 July 2017 to the earlier of three business days following the completion of the Proposed Transaction ("Completion") or 31 October 2017 (“the Standstill Period”).

During the period prior to the revised repayment date, the Company and Altair will seek to agree further changes to the terms of the CSLNs. In the event that Completion does not occur by 31 October 2017, all sums due under the CSLNs, including accrued interest, will be payable immediately, unless Altair and the Company have agreed new terms.

Convertible Loan 17 July 2017
On 17 July 2017, the Company also announced that it had entered into an agreement with an existing shareholder (the "Lender"), pursuant to which the Lender has agreed to make an interest free unsecured loan of £300,000 to EQTEC (the "Convertible Loan"). Such loan will convert into new Ordinary Shares on the earlier of the date of Completion and 31 October 2017 (the "Longstop Date").

Where the Convertible Loan converts on the date of Completion, the Conversion Shares shall be issued at a 10% discount to the price at which any such shares are issued to investors pursuant to the Placing (the "Placing Price"). Where the Convertible Loan converts on the Longstop Date, the Conversion Shares shall be issued at a 10% discount to the mid-market closing price of an Ordinary Share on the trading day immediately prior to the Longstop Date (the "Market Price").

On the date of conversion of the Convertible Loan the lender will also be granted warrants to subscribe for such number of new Ordinary Shares ("Warrants") as is equal to the number of Conversion Shares issued. The Warrants will be exercisable for a period of two years from the date of grant at a price of either 150% of the Placing Price or 150% of the Market Price, depending on the applicable conversion event.

Convertible Loan 16 October 2017
On 16 October 2017, the Company announced that it has entered into agreements pursuant to which an existing lender (the "Existing Lender") and a new lender (the "New Lender") have agreed to make interest free unsecured loans of an aggregate amount of £225,000 to EQTEC (the "Convertible Loans"). Such loans will convert into new Ordinary Shares on the earlier of the date of Completion (as defined above) and 31 December 2017 (the Longstop Date"). The Company will also grant warrants over Ordinary Shares ("Warrants") to the lenders at the time of conversion of the Convertible Loans.

28. EVENTS AFTER THE BALANCE SHEET DATE - continued

Convertible Loan 16 October 2017 - continued
The Company and the Existing Lender, who is an existing shareholder of the Company, are parties to a loan agreement dated 17 July 2017 (the "Original Loan Agreement") pursuant to which the Existing Lender has lent the Company £300,000. The Company and the Existing Lender have agreed to terminate the Original Loan Agreement and have entered into a new agreement pursuant to which the parties have agreed the original £300,000 is treated as having been advanced pursuant to the terms of that agreement and the Existing Lender has agreed to make an additional £200,000 loan to the Company on 19 October 2017. The Company has also entered into an agreement with the New Lender, who is not an existing Shareholder of the Company, pursuant to which the New Lender has agreed to make a £25,000 loan to the Company on 19 October 2017.

The Convertible Loans are unsecured and non-interest bearing. The Convertible Loans will convert into Conversion Shares on the earlier of the date of Completion and 31 December 2017 (the "Longstop Date"). The Convertible Loans will automatically convert into the Conversion Shares at 0.065 pence per share.

On the date of conversion of the Convertible Loans the lenders will also be granted Warrants for such number of new ordinary shares as is equal to the number of Conversion Shares issued. The Warrants will be exercisable for a period of two years from the date of grant. The exercise price of the Warrants will be 2.2 pence per share if the conversion event is Completion or 1.5 pence per share if the Convertible Loans convert on the Longstop Date.

Extension of the Altair Loan Notes
On 31 October 2017, Altair agreed with the Company the following:

(i) to extend the Standstill Period until 31 December 2017 and, accordingly, it agrees to forbear from exercising its rights and remedies under the CSLNs until the expiry of the Standstill Period;
(ii) to extend the date for payment of the CSLNs to the expiry of the Standstill Period; and
(iii) that conditional on Admission becoming effective on or before the expiry of the Standstill Period, Altair agrees to further extend the date for payment of the CSLNs together with accrued interest thereon until 14 July 2020 ("Extension Date") subject to the following terms:
  (A) that the interest rate set out in the CSLNs shall be increased from 7.5% to the rate of 15% per annum for the period between (but excluding) 31 October 2017 and the Extension Date on the outstanding principal amount of the Notes;
  (B) that in the event that the Company repays the entire amount due under the CSLNs in full prior to the Extension Date the interest set above shall be reduced as follows:
    1. if the CSLNs are repaid in full between 1 November 2017 and 30 April 2018 the interest rate shall be 9% per annum; and
    2. if the CSLNs are repaid in full between 1 May 2018 and 31 October 2019 the interest rate shall be 12% per annum.

In consideration of Altair's agreement to the extension of the payment of the Notes, the Company agrees that, conditional on Admission:
(i) the Company shall pay £300,000 to Altair within five business days following Admission in satisfaction of accrued interest on the Notes;
(ii) the Company will amend the Instrument to provide that up to £1 million of outstanding principal amount of the Notes may be converted at the election of Altair into new ordinary shares in the Company ("Ordinary Shares") at a 10% discount to the price at which such shares are issued to investors pursuant to the fundraising undertaken in connection with Admission ("Placing Price");

28. EVENTS AFTER THE BALANCE SHEET DATE – continued

Extension of the Altair Loan Notes - continued

(iii) the Company will grant Altair with warrants over Ordinary Shares at an exercise price of 150% of the Placing Price ("Exercise Price"), exercisable for five years from the date of grant. The number of Ordinary Shares subject to the warrant will be such number which, when multiplied by the Exercise Price, equals £1 million.

29. NON-CASH TRANSACTIONS

During the year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- On 6 February 2017, EBIOSS Energy AD assigned the benefit of the €5,150,226 debt due to EQTEC's 50.02% subsidiary, Newry Biomass Limited, to EQTEC plc. EQTEC plc then issued 78,210,000 ordinary shares of €0.001 each, at a premium of €0.0649 per share, to EBIOSS Energy AD in settlement of this debt (See Note 21).
- On 20 February 2017, EBIOSS Energy AD agreed to convert €585,000 of its existing debt facility into 10,000,000 ordinary shares of €0.001 each. On 9 March 2017, EBIOSS Energy AD agreed to convert €335,717, being the balance of its existing debt facility (including accrued interest) into 4,491,197 ordinary shares of €0.001 each (See Notes 21 and 23).
- In 2017, the Company purchased additional gasifier equipment amounted to €650,000 to be paid in subsequent year.
- In 2017, the Group changed its ownership interest without a loss of control resulting in a transfer of €105,000 from financial liabilities to non-controlling interests. The transaction happened upon the expiry of the option agreement which is further detailed in Note 23.

30. COMPANY PROFIT AND LOSS

As a consolidated group income statement is published, a separate income statement for the parent company is omitted from the group financial statements by virtue of section 304(2) of the Companies Act, 2014. The Company's loss for the financial year was €4,069,993 (2016: €3,606,007).

31. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 24 November 2017.