EQTEC plc

Annual Report and Accounts at 31 December 2018

EQTEC plc

Contents

Chairman's Statement

Following completion of the acquisition of EQTEC Iberia SL ("EQTEC Iberia") in December 2017 (the "Acquisition") and the resulting decision to change the Company's financial year end to 31 December, this is the Group's first full annual results with a 31 December year end.

I joined the Group as Non-Executive Chairman on completion of the Acquisition and it is fair to say 2018 has been a challenging year. We made the decision to part company with our former Chief Executive and, in August 2018, I was delighted to welcome Ian Price to the Board as Chief Executive. Ian has made a significant contribution to EQTEC since he joined by driving operational and strategic improvements and, although there are still headwinds and challenges, we believe the market opportunity for EQTEC remains significant and we are now far better placed to capitalise on it.

2018 was a period of significant change and transition for the Group following completion of the Acquisition, and whilst we had high hopes for our pipeline, it has taken longer than anticipated to turn this into orders and revenues. This resulted in the Board undertaking a review of the Group's operations and culminated with the balance sheet restructuring and cash outlay and cost reduction programme announced on 28 June 2019, which included a €3 million debt for equity swap, an equity placing of £0.75 million with new and existing investors and a series of cost reduction proposals, which, once fully implemented, should lead to significant cost savings across the Group.

Following the balance sheet restructuring and implementation of the proposed cost reduction plans, the Directors believe that the Group will have a more appropriate capital structure and cost base to deliver on the Group's strategy to create shareholder value.

As set out in our announcement of 15 May 2019, EQTEC is seeking to create a collaborative ecosystem within the waste-to-energy sector through entering into strategic relationships whereby waste operators, developers, technologists, Engineering, Procurement and Construction (EPC) contractors and capital providers collaborate to build sustainable waste elimination and clean energy infrastructure projects.

We have already entered into a number of key strategic partnerships with leading partners, including Phoenix Biomass Energy and COBRA, with further strategic collaborations being considered. This collaborative approach is already presenting new opportunities to the Group and, importantly, the Board believes that it will enable the Group to deliver projects on an expedited basis, providing us with greater visibility and control over our project pipeline.

I would like to thank Oscar Leiva who is stepping down as Non-Executive Director to focus on his commitments to the EBIOSS Energy SE Group.

I would also like to take this opportunity to thank our shareholders and stakeholders for their continued support and look forward to updating shareholders on our progress over the coming months.

Ian Pearson
Non-Executive Chairman
28 June 2019

Chief Executive's Report
for the financial year ended 31 December 2018

This is my first report as Chief Executive, having joined the Group in August 2018. When I joined EQTEC it was with the firm belief that the Group had a solid business pipeline and a strong technology platform, though it needed to focus more on execution.

I am pleased with the progress we have made since I joined, albeit that it is taking longer than initially anticipated to turn our pipeline into orders and revenues. However, shareholders can be assured that new projects are only ever now taken on where there is a strong commercial benefit for EQTEC within a reasonable timeframe. EQTEC has a great deal of latent potential to expand its range of services in global markets which continue to suffer from too much waste and ever higher requirements for energy use.

Following the restructuring plans announced on 28 June 2019, I believe the Group is now better positioned financially to execute its strategy.

Review of Operations

Upon taking the CEO role, I immediately set about establishing a detailed review of our operations. As part of this undertaking we have decided to take greater direct control over our operations in Spain, which has led to a shift in focus from business development to pipeline execution and greater accountability. I have ensured that Dr. Yoel Alemán, recently announced as our Group Chief Technology Officer, is now fully supported to lead the engineering function and reports directly to the Board. The review also led to a focus of our resources on rejuvenating a number of key relationships with customers and suppliers. These initiatives have been far reaching and detailed and have meant that I have spent considerable time in Spain to help revitalise the business. I am also pleased that David Palumbo has recently been appointed as our new Commercial Director to help drive our project pipeline forward into orders and revenue.

Changing dynamic of the business

As we seek to capitalise on our understanding of the waste-to-energy sector, we have modified our business model to focus on becoming a progressive technology partner. We are creating, what we believe to be, a unique ecosystem in our industry, whereby we are establishing a close group of strategic partners to work with, which spans operators and developers through to contractors and capital providers. This decision has led to EQTEC now targeting its activities on three key verticals, as announced on 15 May 2019:

Elimination of Waste Streams – this involves Municipal Solid Waste (MSW) and Refuse Derived Fuel (RDF) with a focus on projects typically in the 10-30 MW range. Estimates suggest that approximately 3.5 million tonnes of Refuse-Derived Fuel (RDF) are exported annually by the UK due to a lack of elimination and processing capacity. To help establish EQTEC further in this market we have partnered with China Energy Engineering Corporation Limited International Company and Cobra Instalaciones Y Servicios ("Cobra"). The memorandum of understanding between EQTEC, Cobra and Scott Bros. Enterprises Limited for the joint development of the proposed 25 MW Billingham Energy waste gasification and power plant is one example of how this strategy is being progressed.

Industry Specific elimination of Waste Streams – this will focus on energy recovery, typically in the 2-10 MW project size. EQTEC will initially focus on the elimination of olive pomace waste in the Mediterranean area. Estimates suggest 4 million tonnes of olive pomace waste are produced annually in Spain alone, so there is clearly a significant opportunity. With over 90,000 hours of operational data at the Movialsa plant in Spain, we believe we are well positioned to secure new projects. EQTEC is in discussions with a major Spanish business group, which is active in the sector, to partner and collaborate on potential projects.

Recovery of Clean Energy from Biomass – here we will focus on biomass energy with projects in the 2.5-5 MW project size. The US Energy Information Administration currently predicts that wood biomass will be used to generate 117,000 MWh per day worldwide in 2019 which it is estimated would power 100 million homes. In the US, and in particular California which has a significant need for waste wood solutions, there is a major opportunity for the recovery of energy from biomass feedstocks. EQTEC, as a start, will be providing its proprietary Gasifier Technology (EGT) to Phoenix Biomass Energy for two power plants in California. Design work for the first power plant has been completed and discussions are in progress to form a deeper collaboration to develop Phoenix's project pipeline.

In fact, further to our framework agreement with Phoenix Biomass Energy, we recently announced the signing of our first agreement regarding the joint development of a biomass gasification power project in California, where we have acquired a 19.99% interest in North Fork Community Power LLC ("NFCP"), a special purpose vehicle ("SPV") formed to build and operate a 2MW biomass project in North Fork, California. The consideration for the Company's investment will be solely satisfied by the supply of certain items of the existing equipment currently held at EQTEC's Newry site, valued at US$2.5 million and no cash consideration will be required. As previously announced, we also expect to invoice NFCP €2.2 million, under a separate sales contract which is expected to be completed shortly, for the sale of further equipment and the supply of engineering and design services to NFCP.

Financial Review

Revenue in the year ended 31 December 2018 amounted to €2.2 million (HY 2017: €20k). The Group reported a loss for the period of €8.2 million, an increase on the prior year period loss of €6.0 million for HY 2017. Included in the loss of €8.2 million are one-off impairment costs of €2.1 million arising on the revaluation of assets held at the Company's Newry site and €1.4 million arising on the revaluation of the goodwill on the acquisition of Eqtec Iberia SL; and one-off other losses of €0.8 million. Losses before one off items and interest expensed were €2.6 million for the year.

As at 31 December 2018, the Company had net debt of €5.5 million (31 December 2017: €2.7 million) including cash balances of €0.4 million (31 December 2017: €1.8 million).

As announced on 28 June 2019, the Group has agreed to restructure €3 million of its existing debt through a debt for equity swap, resulting in a significant reduction in the Group's debt obligations. Following the debt for equity swap, the Group has €2.1 million of debt which is payable in full, plus accrued interest, at the end of July 2020. In addition, the Company also announced a placing of €0.8 million, which will significantly strengthen the Group's cash position and provide additional working capital.

Future plans & Outlook

Whilst this has been a period of refocusing for EQTEC, our refined business plan has started to generate revenue and we have a strong pipeline of new opportunities. With our renewed focus and business strategy, we believe the Group is in a position to deliver its technology in a more targeted manner.

Our unique EQTEC Gasifier Technology (EGT) remains our core capability and has helped drive a significant increase in interest from a wide range of international customers. The US biomass market is one that has started to open up for EQTEC following its collaboration with Phoenix Biomass and one where we expect significant growth. In Europe we have a number of opportunities both in biomass and in the processing of industrial waste streams. Indeed, we are in advanced discussions with a major business group in Spain to develop projects in the industrial and agricultural waste sector in that country. In the UK we are focusing on potential contracts to deal with the lack of residual waste treatment capacity for processing RDF which we suffer from.

During the current year we have announced a number of new significant projects which we expect to deliver increasing revenues to EQTEC and I remain enthused about the prospects for the Group.

Ian Price
Chief Executive Officer
28 June 2019

Ian Pearson, Non-Executive Chairman

Ian was for five years the chairman of AIM listed OVCT2, a company which invested in a variety of renewal energy companies and was successfully merged into Apollo VCT plc in 2016. He is currently a Non-Executive Director of Thames Water Utilities Limited, the UK's biggest water company with 15 million customers. He is also a senior adviser to BAI Communications plc and has previously been a member of the UK Advisory Board of the accountants, PwC, as well as Chairman of Code Investing Ltd. During a distinguished Ministerial career from 2001-10 Ian Pearson held a number of positions, including Minister for Trade & Foreign Affairs, Minister of State for Climate Change and the Environment, Minister for Science, and Economic Secretary to the Treasury. He graduated from Balliol College, Oxford and has a Master's degree and a Doctorate in Industrial and Business Studies from the University of Warwick.

Ian Price, Chief Executive Officer

Ian Price is a science graduate from the University of Manchester and holds an MBA from the University of Bath. He comes from a background in waste and renewables and the development of low carbon energy assets using refuse derived fuels where he has a successful track record of managing and executing transactions. He has had a career spanning over 20 years, mainly in the waste and renewables sectors. His career has included being Director of Commercial Services for Covanta Energy and a Director of KSP Renewables Limited a company which specialises in the development of merchant energy from waste (EfW) plants in the UK focusing on using refuse derived fuel (RDF) from commercial and industrial waste sources. He also held management and operations roles at Biffa, FCC Environment, Veolia and Sita (Suez). He is a member of the Chartered Management Institute.

Gerry Madden, Finance Director

Gerry Madden joined EQTEC plc in May 2007 as Finance Director and was Chief Executive from 2011 to 2018. He previously founded and operated a corporate finance practice between 1998 and 2007, advising UK and Irish companies on corporate finance activities and business strategy. He has 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, a graduate of University College Cork and a Member of the Institute of Directors.

Tom Quigley, Non-Executive Director

Tom Quigley has had an executive career spanning over 25 years, mainly at board level, as Managing Director, CFO and CIO. This included being a Managing Director of Close Brothers Corporate Finance, a Managing Director and Head of the Retail, Hospitality and Leisure sector investment banking at ING Barings, London, and a Director of Terra Firma Capital Partners. Tom originally qualified as a Chartered Accountant at Price Waterhouse in London and has amassed considerable financial and management experience across multiple sectors. Through his executive and non-executive positions, Tom has worked in real estate, financial services, healthcare and banking, and across a number of jurisdictions.

EQTEC plc

Advisers and other information

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Strand Hanson Limited
26 Mount Row
Mayfair
London W1K 3SQ
United Kingdom

Financial Public Relations
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United Kingdom

Auditors
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Chartered Accountants and Statutory Audit Firm
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D02 ED70
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Banks
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Ireland.

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Mahon
Cork T12 W7CV
Ireland

Company Registration Number
462861

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 31 December 2018.

Principal Activities

The principal activities of the Company and the Group involve sourcing and providing assistance in developing waste elimination projects to which it will ultimately sell its technology and O&M services.

The Group sources projects that have a local supply of waste in need of conversion. It builds relationships and bring together the developers, the waste owners, the building contractors and funders and provides the technology and engineering services to the projects. Furthermore, the Group provides O&M services to the operating projects generating recurring revenues over the life of the projects.

Review of Business and Future Developments and Key Performance Indicators

A review of the Group's business and future developments is contained in the Chairman's Statement and the Chief Executive's Report on pages 3 to 6.

Results and Dividends

The results for the financial year are set out on page 32. No dividends have been proposed by the Directors in the current year (six months ended 31 December 2017: €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, is 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 certain important strategic and operational risks which we describe below. Our risk framework operates at the business and functional levels and is designed to identify, evaluate and mitigate risks within each of the risk categories. Our reactions to material future developments as well as our competitors' reactions to those developments will affect our future results.

Strategic Risks

Strategic risk relates to the Company's future business plans and strategies, including the risks associated with the global macro-environment in which we operate, strategic partnerships; intellectual property; and other risks, including the demand for our products and services, competitive threats, the success of investments in our technology and other product and service innovations, and public policy.

Principal Risks and Uncertainties - continued

Global macro-environment

Our operations and the execution of our business plans and strategies are subject to the effects of global competition and geopolitical risks. They are also affected by local economic environments, including low interest rates, inflation, recession, currency volatility, currency controls and actual or anticipated default on sovereign debt. Political changes and trends such as populism, economic nationalism and sentiment toward multinational companies and resulting changes to trade, tax or other laws and policies may be disruptive, and can interfere with our global operating model, our supply chain, our customers and all of our activities in a particular location. While some global economic and political risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful.

Strategic partnerships

The success of our business depends on achieving our strategic objectives, including through entering into strategic partnerships with significant construction entities and groups where we may have a lesser degree of control over the business operations, which may expose us to additional operational, financial, legal or compliance risks.

Intellectual property

Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative to ours, and the value of our intellectual property may be negatively impacted by external dependencies. Our patents and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology.

If we are not able to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

Brexit

The UK has given notice under Article 50 of the Treaty on European Union of its intention to leave the EU and will seek to negotiate the terms for it leaving the EU with the intention that those negotiations and the UK's departure are finalised by October 2019. Until further details are known regarding the terms on which the UK will exit, the Directors are not able to assess the impact on the Company, or what impact the wider regulatory and legal consequences of the UK leaving the EU would be on the Company.

Operational Risks

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes product life cycle and execution; product safety and performance; information management and data protection and security, including cybersecurity; supply chain and business disruption; and other risks, including human resources and reputation.

Principal Risks and Uncertainties - continued

We may face operational challenges that could have a material adverse effect on our business, reputation, financial position and results of operations, and we are dependent on the maintenance of existing product lines, market acceptance of new product and service introductions and product and service innovations for continued revenue and earnings growth.

We produce highly sophisticated products and provide specialised services for both our and third-party products that incorporate or use leading-edge technology, including both hardware and software. Many of our products and services involve complex industrial machinery or infrastructure projects, such as waste to energy plants that use our gasification technology, and accordingly the impact of a catastrophic product failure or similar event could be significant. While we have built extensive operational processes to ensure that our product design, manufacture and servicing, and other services that we provide, meet the most rigorous quality standards, there can be no assurance that we or our customers or other third parties will not experience operational process failures or other problems that could result in potential product, safety, regulatory or environmental risks. Despite the existence of crisis management or business continuity plans, operational failures or quality issues, including as a result of organisational changes, attrition or labour relations, could have a material adverse effect on our business, reputation, financial position and results of operations. For a number of limited projects where we take on the full scope of engineering, procurement, construction or other services, the potential risk is greater that operational, quality or other issues at particular projects could adversely affect the Company's results of operations.

The Group invests capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Company's control. This implies that the timing of funds generated from projects can be difficult to predict and could adversely affect the Company's results of operations.

Supply chain

Significant raw material shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs and adversely impact the competitive positions of our products. Our reliance on third-party suppliers, contract manufacturers and service providers, and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials, parts, components, systems and services. A disruption in deliveries from our third-party suppliers, contract manufacturers or service providers, capacity constraints, production disruptions, price increases, or decreased availability of raw materials or commodities, including as a result of catastrophic events, could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Quality, capability and sourcing issues experienced by third-party providers can also adversely affect our costs, margin rates and the quality and effectiveness of our products and services and result in liability and reputational harm.

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.

Going Concern

The Group incurred a loss of €8,209,679 (6 months ended 31 December 2017: €6,002,269) during the financial year ended 31 December 2017 and had net current liabilities of €2,659,683 (31 December 2017: €679,672) and net assets of €11,870,707 (31 December 2017: €16,626,826) at 31 December 2018.

The Group continues to invest capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Company's control. This implies that the timing of funds generated from projects can be difficult to predict. The forecasts which Management have prepared include certain assumptions with regard to future funding from third parties the costs of business development, overheads and the timing and amount of any funds generated from developments.

The Company also announced on 28 June 2019 that it has reached agreement for a comprehensive restructuring of various payment obligations with its lenders, resulting in a reduction in its liabilities of, in aggregate, €3 million and that it has raised approximately €0.8 million (before expenses) for general working capital. It also announced its intention to undertake a cost reduction programme in relation to its operations in the UK and Spain.

EQTEC will redeem £2,026,118 of the outstanding principal owed by the Company under the Altair Facility and will also pay Altair an early redemption fee of £101,306, being 5 per cent. of the value of the debt redeemed, through the issue of the Altair Redemption Shares (the "Redemption"). The remaining, unredeemed amount of £795,000 under the Altair Facility will be governed by an amended and restated secured loan facility.

The Riverfort Lenders, pursuant to a further amendment to the Riverfort Facility, will convert US$800,000 (approximately £632,000) of its debt into 191,515,152 new Ordinary Shares at the Placing Price and will receive a debt conversion fee of £31,600, being 5 per cent. of the value of the debt converted, to be satisfied by the issue of 9,575,757 new Ordinary Shares. Following the Conversion, US$1,575,000 remains outstanding under the Riverfort Facility.

Following the Redemption and Conversion, in aggregate, approximately £2,039,250 remains outstanding under the Remaining Facilities. The Remaining Facilities will have a revised annual interest rate of 12.5 per cent and all amounts outstanding are to be repaid as a single payment of principal and accrued interest on 31 July 2020, together with a cash redemption fee of 8 per cent. on the balances outstanding as at that date.

After making enquiries and considering the matters referred to above, the Directors have gained reasonable assurance that the Group will have adequate resources to continue in operational existence for the foreseeable future.

For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Directors

The following Directors held office during the financial year and to the date of this report:

Gerry Madden
Ian Pearson
Luis Sanchez (resigned 30 November 2018)
Oscar Leiva (resigned effective 28 June 2019)
Neil O'Brien (resigned 6 August 2018)
Tom Quigley (appointed 20 February 2018)
Ian Price (appointed 6 August 2018)

Directors' and Secretary's Interests in Shares

The Directors and secretary of EQTEC plc who held office at 31 December 2018 had the following interests in the shares of the Company:

	Number of Ordinary Shares at 31 December 2018	Number of 'A' Ordinary Shares at 31 December 2018	Number of Deferred 'B' Ordinary Shares at 31 December 2018	Number of Ordinary Shares at 31 December 2017 or date of appointment if later	Number of 'A' Ordinary Shares at 31 December 2017 or date of appointment if later	Number of Deferred 'B' Ordinary Shares at 31 December 2017 or date of appointment if later
Gerry Madden	1,386,817	14,926,161	817,140	817,140	14,926,161	817,140
Ian Pearson	537,634	-	-	-	-	-
Oscar Leiva	-	-	-	-	-	-
Thomas Quigley	193,548	-	-	-	-	-
Ian Price	725,806	-	-	-	-	-

The directors and secretary who held office at 31 December 2018 did not have any interests in the share capital of any of the subsidiaries of the Company.

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 32 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 31 December 2018 which impact on the Group are included in Note 33.

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 28 June 2019

Ian Pearson	**Ian Price**
Chairman	Director

Statement of the Directors' Responsibilities
for the financial year ended 31 December 2018

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

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 Group and 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 Group and 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 Group and the Company will continue in business.

The Directors are responsible for ensuring that the Group and the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and the Company, enable at all times the assets, liabilities, financial position and profit or loss of the Group and 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 Group and 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.

On behalf of the board:

Ian Pearson
Chairman

Ian Price
Director

Date: 28 June 2019

Corporate Governance Statement

The Board is committed to the highest standards of corporate governance and considers the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code") to be the most appropriate framework to adopt. The Directors have adopted the QCA Code and the following sections explain how this is done. Where the Board adopts a different path from the QCA Principles to the extent they consider it appropriate having regard to the size and resources of the Company, an explanation is provided.

In his capacity as independent Chairman (since the restructuring of the board on readmission in December 2017), Ian Pearson has assumed responsibility for ensuring that the Group has appropriate corporate governance standards in place and the 10 principles in the QCA Code are applied within the Group as a whole.

Strategy and Business Model

The Company is focused on delivering shareholder value over the medium to long term by exploiting its proprietary advanced gasification technology in waste to energy industrial power plants in the UK and globally. Details of the Company's Business Model and Strategy in relation to its business activity is set out within this website at the About Us tab at:

http://eqtecplc.com/about-us/

The identification and management of risk in relation to the achievement of our strategic objectives and business model is dealt with in "Managing and mitigating risk" below.

Engaging and Communicating with Shareholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.eqtecplc.com and via Ian Price, CEO who is available to answer investor relations enquiries. Regulatory information is disseminated via a Regulatory Information Services before anywhere else.

Stakeholder Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group, its contractors and suppliers and on the Group's relationships with these and other stakeholders such as customers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships. It is the Company's intention that, over the coming year, all employees of the Group participate in a structured Group-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Group to help ensure successful two-way communication with agreement on goals, targets and aspirations of the employee and the Group. These feedback processes will help to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the Directors.

Stakeholder Responsibilities - continued

Our technology and services have a positive impact on society and the environment. Through taking waste which cannot be recycled and turning it into energy we reduce the need for landfill and contribute towards reducing carbon emissions and meeting renewable energy targets. We are passionate about using our technology to deliver sustainable outcomes for the communities who are customers of the power plants that use our technology, and to always deliver to the highest environmental standards.

Managing and mitigating risk

Effective risk management is critical to the achievement of our strategic objectives. Controls are integrated into all levels of our business. As a Board we continually assess our exposure to risk and seek to ensure that risks are mitigated wherever possible.

The Directors have established procedures for the purpose of providing a system of internal control. In addition, there are a range of Group policies that are reviewed at least annually by the Board. These Group policies cover matters such as share dealing and insider legislation.

The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the Executive Directors. However, the Board will continue to monitor the need for an internal audit function.

Identified principal risks to the achievement of our strategic business objectives are outlined below, together with their potential impact and the mitigation measures in place. The Board believe these risks to be currently the most significant with the potential to impact our strategy, our financial and operational performance and ultimately, our reputation. The Board reviews its risk register, identifying new risks and updating on an ongoing basis.

Key areas for on-going risk management are set out in the following table:

Work winning and contract delivery	**Mitigation**
Central to achieving our strategy is the work to win and successfully deliver our contract portfolio. Our continuing financial health relies on our ability to successfully tender, mobilise, operate and manage such contracts. Winning new and retaining existing contracts continues to be critical for the future success of our business.	Our tender, mobilisation and contract management processes operate under strict delegated authorities and are subject to rigorous executive management oversight and approval. These contracts are supported by teams of experienced tender, mobilisation and operational delivery specialists to mitigate the risk of failure at any stage. On-going contract assurance occurs together with regular dialogue to ensure service delivery is consistent with the customer expectations.
Reputational risk	**Mitigation**
Maintaining a strong reputation is vital to our success as a business. A loss of confidence in our ability to undertake new client opportunities may be caused by an adverse impact to our reputation which may, in turn significantly affect our financial performance and growth prospects. Significant impact to our reputation could be caused by an incident involving major harm to one of our employees or clients/partners, inadequate financial control processes or failure to comply with regulatory requirements. Impact of this type would potentially result in financial penalties, losses of key contracts, an inability to win new business and challenges in retaining key staff and recruiting new staff.	Strong corporate governance and dedicated senior management remain the key elements of effective reputational management. Senior management provide a model of best practice and guidance to ensure our values and expected behaviours are clear and understood by everyone. As our business continues to grow and develop, we will remain strongly focused on protecting the strength of our reputation through effective governance, leadership, and through cultivating open and transparent relationships with all stakeholders.
Attracting and Retaining Skilled People	**Mitigation**
Attracting and retaining the best skilled people at all levels of the business is critical. This is particularly the case in ensuring we have access to a diverse range of views and experience and in attracting specific expertise at both managerial and operational levels where the market may be highly competitive. Failure to attract new talent, or to develop and retain our existing employees, could impact our ability to achieve our strategic growth objectives. As we continue to grow and diversify into new areas, this risk will continue to be a focus for the Board.	Our business model has created a pipeline of opportunities for staff at every level of the business. This will continue to be the case as the Group develops. Additionally, to ensure a talent pool is identified, developed and ready for succession if needed, a succession plan will be put in place over the coming year for key management. Our focus on competency at all levels of the business continues to ensure that we develop our people and enable them to successfully manage the changing profile of our business. The Company is currently putting incentive programmes in place to ensure that key individuals are retained.
System process or control failure	**Mitigation**
We produce highly sophisticated and specialised engineering and design services leading to products that incorporate or use leading-edge technology, including both hardware and software. Many of our products and services involve complex energy infrastructure projects and accordingly the impact of a catastrophic product failure or similar event could be significant. Any inability to deliver on time, to budget and to the right quality could result in financial loss or reputational damage.	The basis of our governance framework is provided by our core policies, which are subject to continual review and enhancement to manage our growing and diversifying business requirements in line with sound governance practice. We have built extensive operational processes to ensure that our product design, and engineering, and other services that we provide, meet the most rigorous quality standards. Our internal control procedures continue to be reviewed formally and we are in the process of introducing interdependent operational and finance systems to achieve operational efficiencies and transparent reporting.
Access to Funding to Grow the Business and Cash Generation	**Mitigation**
The level of financial strength of the Group is a key consideration for potential partners, customers and suppliers. Our ability to grow our business organically and by acquisition will be impacted if our financial performance deteriorates, by weakening profitability and therefore limiting our ability to access diverse sources of funding on competitive terms. This may cause an increase in the cost of borrowing or cash flow issues which could, in turn, further affect our financial performance. As a people business, our staff costs remain our most significant area of expenditure. Our ability to pay our people and suppliers regularly and at specific times relies not only on funding being available but also upon effective cash conversion.	We have developed and continue to enhance financial control procedures to oversee and monitor financial performance and cash conversion including daily monitoring of bank balances, weekly cash flow reporting and regular financial performance and balance sheet reviews, which include detailed working capital reviews and forecasts. We believe we have strong banking, debt finance and equity relationships and appropriate levels of gearing for our business.
Reliance on material counterparties	**Mitigation**
We depend on a number of significant counterparties such as EPC Contractors, insurers, banks, clients and suppliers to maintain our business activities. The failure of a key business partner, supplier, subcontractor, financer or other provider could materially affect the operational and financial effectiveness of our business and our ability to trade. Ensuring on-going relationships with our material counterparties will underpin the Group's ability to meet its strategic objectives.	We have developed, through strategic partnerships, relationships with a number of EPC Contractors and also a pool of suppliers and providers to ensure we are limited on the dependency of any one provider and hence the impact of any potential failure. The Board reviews and monitors material counterparty risk and ensures that concentration levels are kept to a minimum.

Political and Regulatory Risk	Mitigation
Our technology can be deployed in a wide number of international markets and as such we are exposed to different political and regulatory regimes with different risk profiles.	We monitor and evaluate political and regulatory risk at Board level. Decisions on the balance of our project pipeline are taken to ensure we are not over-reliant on one particular market over time.

Board of Directors

Currently the Board comprises two full time Executive Directors, the CEO, Ian Price, and CFO, Gerry Madden; two independent Non-Executive Directors, Ian Pearson, who acts as the Chairman, and Tom Quigley. Each Non-Executive Director devotes as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on.

Biographical details of the current directors are set out on page 7.

Executive and Non-Executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election.

Non-Executive Directors, including the Chairman, receive payments under appointment letters which are terminable by three months' notice by either party. The letters of appointment of all Non-Executive Directors are available for inspection at the Company's registered office during normal business hours.

The Executive Directors are employed under service contracts requiring three months' notice by either party. The Service Contracts of all Executive Directors are available for inspection at the Company's registered office during normal business hours.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the independent Non-Executive Directors and will seek guidance from its advisers if, at any time, it is concerned that the shareholding of any independent Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in the Annual Report.

The Board meets at least eight times a year. It has established an Audit Committee and a Remuneration Committee. The Board has agreed that appointments to the Board are made by the Board as a whole and so has decided a separate Nominations Committee is unnecessary at this time.

Skills, Capabilities and Board Performance

The Board of Directors has a strong mix of financial, operational, renewable energy, waste infrastructure, regulatory and political experience. The Board recognises that it currently has a limited diversity, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

Skills, Capabilities and Board Performance – continued

The Company currently has two independent non-executive directors Ian Pearson and Tom Quigley. The Company is satisfied that the Company's Board composition is appropriate given the Company's size and stage of development. The Board will keep this matter under regular review and to the extent additional independence is felt to be required on the Board, it shall be sought.

Internal evaluation of the Board, the Committees and individual Directors is seen as an important next step in the development of the Board and one that will be addressed during the coming year. The aim is that this will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence. Accordingly, the Company does not satisfy the recommendation under Principle 7 of the QCA that evaluation of Board performance should be "based on clear and relevant objectives, seeking continuous improvement".

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities is centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's customers.

The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with Rule 21 of the AIM Rules for Companies and the Market Abuse Regulation.

Governance Structures and Processes

Authority for all aspects of the Group's activities rests with the Board. The respective responsibilities of the Chairman and Chief Executive Officer arise as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters which are reserved to the Board and the second establishes the policy on delegation of authority. The Chairman is responsible for the effectiveness of the Board, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Non-Executive Directors
The Board has adopted guidelines for the appointment of Non-Executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and Non-Executive Directors insofar as both the Chairman and Non-Executive Directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a Non-Executive Director before commencing a first term as Chairman.

Governance Structures and Processes - continued

Non-Executive Directors - continued

In accordance with the Companies Act 2014 of Ireland, the Board complies with the following duties:

- to act in good faith in what the Director considers to be the interests of the Company;
- to act honestly and responsibly in relation to the conduct of the affairs of the Company;
- to act in accordance with the Company's constitution and exercise powers only for the purposes allowed by law;
- not to use the Company's property, information or opportunities for the Director's own or anyone else's benefit;
- not to agree to a restriction of the exercise of independent judgement;
- to avoid any conflicts of interest;
- to exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person;
- to have regard to the interests of the members of the Company, in addition to the duty to have regard to the interests of the company's employees in general.

Company Secretary

At present the Finance Director also acts as the Company Secretary. The Company has plans in place to separate the role from an Executive Director at the appropriate time.

Substantial Shareholder

Due to the presence of a substantial shareholder at the time of re-admission in December 2017, the Company put in place contractual arrangements to protect minority shareholders in the form of a Relationship Agreement.

Audit Committee

The Audit Committee comprises Tom Quigley (Chairman), Ian Pearson and, until his resignation, comprised Oscar Leiva. Meetings are also attended, by the Finance Director as appropriate. It meets as required and specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies and material accounting judgements. The Audit Committee normally meets at least three times in each financial year and has unrestricted access to the Group's external auditor.

Remuneration Committee

The Remuneration Committee comprises Ian Pearson (Chairman), Tom Quigley and, until his resignation, comprised Oscar Leiva. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets at least annually. In exercising this role, the Directors have regard to the recommendations put forward by the QCA Guidelines.

Irish Takeover Panel and Takeover Rules

The Company is subject to the Irish Takeover Panel and Takeover Rules and mandatory bid, compulsory acquisition and buy-out provisions will apply.

Ian Pearson
Chairman

Ian Price
Director

Date: 28 June 2019

Independent auditor's report to the members of Eqtec Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Eqtec Plc for the financial year ended 31 December 2018, which comprise the 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 financial statements give a true and fair view in accordance with IFRSs as adopted by the European Union, of the state of the assets, liabilities and financial position of the Group and Company at 31 December 2018 and of loss and 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 and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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.

Material uncertainty related to going concern

In forming our opinion, which is not modified, we have considered the adequacy of disclosures made in the Directors' Report and in Note 3 to the financial statements in respect of the ability of the Group to continue as a going concern for a period of at least 12 months from the date of the approval of these financial statements. The Group incurred a net loss of €8,209,679 for the year ended 31 December 2018 and has an accumulated deficit of €52,341,726 as at 31 December 2018. In addition, the Group had net current liabilities of €2,659,683 as at 31 December 2018.

Independent auditor's report to the members of Eqtec Plc *(continued)*

Material uncertainty related to going concern *(continued)*

These conditions, along with the matters explained in the Directors' Report and Note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern should the Group fail to raise additional funding. Management plans in regard to these matters are also described in the Directors' Report and Note 3. The Directors are confident that the finance will be secured, 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 might result from the outcome of this uncertainty.

Under the Listing Rules we are required to review the directors' statement, set out on page 12, in relation to going concern. We have nothing to report having performed our review.

Emphasis of matter – Impairment of goodwill

In forming our opinion on the consolidated financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 19 to the financial statements concerning the Director's assessment of the impairment of the Group's goodwill which amounted to €15,283,459 and 75.46% of the Group's total assets.

The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of income and expenses during the reporting period. Management bases its estimates and judgements on historical experience and on other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates under different assumptions or conditions.

The value of the goodwill is based on the best estimates of the Directors. Future events that affects the timing of revenue cash flows are by their nature uncertain and the consolidated financial statements do not reflect the adjustments that might arise should the assumptions used in the impairment model change.

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 year 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.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements as discussed in the key audit matters section. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Independent auditor's report to the members of Eqtec Plc *(continued)*

How we tailored the audit scope

We tailored the scope of our audit taking into account the areas where the risk of misstatement was considered material to the Group, taking into account the nature of the Group's business and the industry in which it operates.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at a Group level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at Eqtec plc.

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality and audit approach (continued)

Based on our professional judgment, we determined materiality for the Group as follows: 1% of total assets (excluding goodwill) for the financial year ended 31 December 2018.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant risks identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out in the "Material uncertainty related to going concern" section of this report and below as significant risks together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

Carrying value of property, plant and equipment

Risk

The Group has significant construction in progress recorded under property, plant and equipment amounting to €2,228,375 (see Note 18). Due to the complexity of the recoverability of these assets, impairment assessment process and assessing the appropriateness of the methodology applied by the Directors in calculating impairment charges, we consider this area to be a key audit matter.

Independent auditor's report to the members of Eqtec Plc *(continued)*

Significant risks identified (continued)

Our response

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

- Reviewed the memorandum of understanding and agreements related to the recoverability of the assets;
- Challenged the assumptions used by the Group in determining the fair market value of the assets in relation to the Group's fair value less costs of disposal amount; and
- Assessed the adequacy of related disclosures in the Group's financial statements regarding impairment charges and the recoverable amount of the property, plant and equipment.

Impairment of goodwill

Risk

The Group has significant amount of goodwill arising from the acquisition of Eqtec Iberia SL in 2017 (see Note 19). Goodwill amounted to €15,283,459 as of 31 December 2018. Eqtec Iberia SL incurred losses amounting to €1,164,440 in 2018 which we have identified as an indicator of impairment. We obtained management's discounted cash flow projections in support of the recoverability of this goodwill. Due to the subjective estimates inherent in this calculation, this was a key judgmental area that our audit concentrated on.

Our response

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

- Evaluating and challenging management's future cash flow forecasts and the process by which they were drawn up;
- Testing the significant assumptions and estimates used in preparing the cash flows which includes revenue forecasts, gross profit rates, among others;
- Reviewing reasonableness of growth rates used for the projection and compared them against proven track record of performance; and
- Testing the adequacy of discount rate used in the model

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon, including the 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.

Independent auditor's report to the members of Eqtec Plc *(continued)*

Other information *(continued)*

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.

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

- the statement given by the Directors on pages 16 to 22 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 16 to 22 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 9 to 14 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 page 45 to 46 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 year they have done so and why they consider that year 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 year 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.

Independent auditor’s report to the members of Eqtec Plc *(continued)*

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

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

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.
- Based solely on the work undertaken in the course of our audit, in our opinion, the Directors’ Report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors’ Report. 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 sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

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 Section 1373(2)(c) of the Companies Act 2014.

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.

In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by Section 1373(2)(a), (b), (e) and (f) is contained in the Corporate Governance Statement.

Independent auditor's report to the members of Eqtec Plc *(continued)*

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 IFRSs 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

An auditor's 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, the auditor exercises professional judgment and maintain professional scepticism throughout the audit. The auditor will 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 *(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 the Company 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.

The auditor shall 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.

Where the auditor is reporting on the audit of the Group, the auditors' responsibilities are to 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. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remain solely responsible for the auditor's opinion.

The auditor 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, the auditor determines those matters that were of most significance in the audit of the financial statements of the current year 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, the auditor 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.

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.

Grant Thornton

Independent auditor's report to the members of Eqtec Plc *(continued)*

Report on other legal and regulatory requirements

We were appointed by the Board of Directors on 7 October 2014 to audit the financial statements for the financial year ended 30 June 2014. This is the fifth financial year we have been engaged to audit the financial statements of the Group and the Company.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs Ireland. Our audit approach is a risk-based approach and is explained more fully in the responsibilities of the auditor for the audit of the financial statements' section of our report.

We have not provided non-audit services prohibited by the IAASA's Ethical Standard and have remained independent of the entity in conducting the audit.

The audit opinion is consistent with the additional report to the audit committee.

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

Dublin 2

Date: 28 June 2019

EQTEC plc
Consolidated statement of profit or loss
for the financial year ended 31 December 2018

	Notes	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
		€	€
Revenue	8	2,175,687	20,200
Cost of sales	9	(2,253,389)	-
Gross (loss)/profit		(77,702)	20,200
Operating expenses			
Administrative expenses	10	(2,762,864)	(778,006)
Other income	11	142,325	-
Impairment of property, plant and equipment	18	(2,121,637)	(4,984,561)
Impairment of goodwill	19	(1,427,038)	-
Other gains and losses	12	(772,046)	-
Foreign currency (losses)/gains		(14,813)	9,906
Operating loss		(7,033,775)	(5,732,461)
Finance income	13	52	-
Finance costs	13	(1,212,714)	(271,398)
Loss before taxation	15	(8,246,437)	(6,003,859)
Income tax	16	-	-
Loss for the period from continuing operations		(8,246,437)	(6,003,859)
Profit for the period from discontinued operations	30	36,758	1,590
LOSS FOR THE FINANCIAL PERIOD		(8,209,679)	(6,002,269)
Loss attributable to:			
Owners of the company		(6,992,090)	(3,330,090)
Non-controlling interest		(1,217,589)	(2,672,179)
		(8,209,679)	(6,002,269)

		12 months Ended 31 Dec 2018 € per share	6 months Ended 31 Dec 2017 € per share
Basic loss per share:			
From continuing operations	17	(0.004)	(0.009)
From continuing and discontinued operations	17	(0.004)	(0.009)
Diluted loss per share:			
From continuing operations	17	(0.004)	(0.009)
From continuing and discontinued operations	17	(0.004)	(0.009)

The notes on pages 42 to 102 form part of these financial statements.

	12 months Ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€
Loss for the financial year	(8,209,679)	(6,002,269)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on retranslation of foreign operations	(13,376)	(92,774)
	(13,376)	(92,774)
Total comprehensive loss for the financial year	(8,223,055)	(6,095,043)
Attributable to:		
Owners of the company	(7,005,976)	(3,381,312)
Non-controlling interests	(1,217,079)	(2,713,731)
	(8,223,055)	(6,095,043)

The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Consolidated statement of financial position
At 31 December 2018

	Notes	31 December 2018	31 December 2017 (Restated)
ASSETS		**€**	**€**
Non-current assets			
Property, plant and equipment	18	2,313,431	4,468,180
Intangible fixed assets	19	15,283,459	16,710,497
Other financial investments	21	18,934	18,934
Total non-current assets		17,615,824	21,197,611
Current assets			
Inventories	23	98,851	167,124
Trade and other receivables	24	831,752	499,264
Cash and cash equivalents	25	463,414	1,804,943
		1,394,017	2,471,331
Assets included in disposal group classified as held for resale	30	1,243,547	1,309,633
Total current assets		2,637,564	3,780,964
Total assets		**20,253,388**	**24,978,575**

EQTEC plc
Consolidated statement of financial position
At 31 December 2018 – continued

	Notes	31 December 2018 €	31 December 2017 €
EQUITY AND LIABILITIES			
Equity			
Share capital	26	19,182,850	18,724,196
Share premium	26	47,582,446	44,574,164
Retained earnings/(deficit)		(52,341,726)	(45,335,750)
Equity attributable to the owners of the company		14,423,570	17,962,610
Non-controlling interests	27	(2,552,863)	(1,335,784)
Total equity		11,870,707	16,626,826
Non-current liabilities			
Borrowings	28	3,085,401	3,891,080
Deferred Tax	22	33	33
Total non-current liabilities		3,085,434	3,891,113
Current liabilities			
Trade and other payables	29	1,494,673	2,766,985
Borrowings	28	2,889,092	646,857
		4,383,765	3,413,842
Liabilities included in disposal group classified as held for resale	30	913,482	1,046,794
Total current liabilities		5,297,247	4,460,636
Total equity and liabilities		**20,253,388**	**24,978,575**

The financial statements were approved by the Board of Directors on 28 June 2019 and signed on its behalf by:

Ian Pearson
Chairman

Ian Price
Director

The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Consolidated statement of changes in equity
for the financial year ended 31 December 2018

	Share Capital €	Share premium €	Retained earnings €	Equity/(Deficit) attributable to equity holders of the parent €	Non-controlling interests €	Total €
Balance at 1 July 2017	17,563,409	28,678,913	(41,954,438)	4,287,884	1,377,947	5,665,831
Issue of ordinary shares in EQTEC plc	246,154	1,570,607	-	1,816,761	-	1,816,761
Issue of ordinary shares on acquisition of subsidiary	833,864	15,062,799	-	15,896,663	-	15,896,663
Conversion of debt into equity	80,769	515,355	-	596,124	-	596,124
Share issue costs	-	(1,253,510)	-	(1,253,510)	-	(1,253,510)
Loss for the financial year	-	-	(3,330,090)	(3,330,090)	(2,672,179)	(6,002,269)
Unrealised foreign exchange losses	-	-	(51,222)	(51,222)	(41,552)	(92,774)
Balance at 31 December 2017	18,724,196	44,574,164	(45,335,750)	17,962,610	(1,335,784)	16,626,826
Conversion of debt into equity (Notes 26 and 28)	458,654	3,121,070	-	3,579,724	-	3,579,724
Share issue costs	-	(112,788)	-	(112,788)	-	(112,788)
Loss for the financial year	-	-	(6,992,090)	(6,992,090)	(1,217,589)	(8,209,679)
Unrealised foreign exchange losses	-	-	(13,886)	(13,886)	510	(13,376)
Balance at 31 December 2018	19,182,850	47,582,446	(52,341,726)	14,423,570	(2,552,863)	11,870,707

The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Consolidated statement of cash flows
for the financial year ended 31 December 2018

	Notes	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
		€	€
Cash flows from operating activities			
Loss for the financial year		(8,246,437)	(6,003,859)
Adjustments for:			
Depreciation of property, plant and equipment	18	17,058	-
Gain on disposal of property, plant & equipment		(3,139)	-
Impairment of property, plant and equipment	18	2,121,637	4,984,561
Impairment of goodwill	19	1,427,038	-
Loss on debt for equity swap	12	772,046	-
Unrealised foreign exchange movements		(29,287)	(123,923)
Operating cash flows before working capital changes		(3,941,084)	(1,143,221)
Decrease/(Increase) in:			
Inventories		68,273	-
Trade and other receivables		(113,054)	145,475
(Decrease)/Increase in:			
Trade and other payables		(377,648)	267,161
Cash used in operating activities – continuing operations		(4,363,513)	(730,585)
Finance costs		1,212,714	271,398
Finance income		(52)	-
Net cash used in operating activities – continuing operations		**(3,150,851)**	**(459,187)**
Net cash generated from operating activities – discontinued operations	30	142,956	49,820
Cash used in operating activities		**(3,007,895)**	**(409,367)**
Cash flows from investing activities			
Additions to property, plant and equipment		(1,233)	-
Proceeds from the disposal of property, plant and equipment		3,139	-
Net cash inflow in acquisition of subsidiaries	31	-	13,728
Amounts advanced to related parties		-	(60,000)
Interest received		52	-
Net cash generated from/(used in) investing activities – continuing operations		**1,958**	**(46,272)**
Net cash (used in)/generated from investing activities – discontinued operations	30	(904)	3
Net cash generated from/(used in) investing activities		**1,054**	**(46,269)**

	Notes	12 months ended 31 Dec 2018 €	6 months ended 31 Dec 2017 €
Cash flows from financing activities			
Proceeds from borrowings		6,036,706	596,597
Repayment of borrowings		(2,631,718)	-
Loan issue costs		(621,154)	(31,266)
Proceeds from issue of ordinary shares		66,017	1,816,761
Share issue costs		(743,261)	(274,336)
Interest paid		(300,171)	(84,475)
Net cash generated from financing activities – continuing operations		**1,806,419**	**2,023,281**
Net cash used in financing activities – discontinued operations	30	(120,472)	(61,584)
Net cash generated from financing activities		**1,685,947**	**1,961,697**
Net (decrease)/increase in cash and cash equivalents		**(1,320,894)**	**1,506,061**
Cash and cash equivalents at the beginning of the financial period		1,908,463	402,402
Cash and cash equivalents at the end of the financial period	25	**587,569**	**1,908,463**
Cash and cash equivalents included in disposal group	30	(126,718)	(105,138)
Cash and cash equivalents for continuing operations	25	**460,851**	**1,803,325**

Details of non-cash transactions are set out in Note 34 of the financial statements.
The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Company statement of financial position
At 31 December 2018

	Notes	31 December 2018	31 December 2017
ASSETS		€	€
Non-current assets			
Property, plant and equipment	18	822	-
Investment in subsidiary undertakings	20	17,367,967	17,617,399
Total non-current assets		17,368,789	17,617,399
Current assets			
Trade and other receivables	24	1,963,851	339,583
Cash and bank balances	25	384,704	1,779,736
Total current assets		2,348,555	2,119,319
Total assets		**19,717,344**	**19,736,718**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	19,182,850	18,724,196
Share premium	26	66,516,526	63,508,244
Retained earnings/(deficit)		(71,715,400)	(67,436,323)
Equity attributable to the owners of the company		13,983,976	14,796,117
Non-current liabilities			
Borrowings	28	2,771,448	3,617,399
Total non-current liabilities		2,771,448	3,617,399
Current liabilities			
Borrowings	28	2,676,364	1,618
Trade and other payables	29	285,556	1,321,584
Total current liabilities		2,961,920	1,323,202
Total equity and liabilities		**19,717,344**	**19,736,718**

The financial statements were approved by the Board of Directors on 28 June 2019 and signed on its behalf by:

Ian Pearson
Chairman

Ian Price
Director

The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Company statement of changes in equity
for the financial year ended 31 December 2018

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 July 2017	17,563,409	47,612,993	(64,006,844)	1,169,558
Issue of ordinary shares in EQTEC plc	246,154	1,570,607	-	1,816,761
Issue of ordinary shares on acquisition of subsidiary	833,864	15,062,799	-	15,896,663
Conversion of debt into equity	80,769	515,355	-	596,124
Share issue costs	-	(1,253,510)	-	(1,253,510)
Loss for the financial period (Note 35)	-	-	(3,429,479)	(3,429,479)
Balance at 31 December 2017	18,724,196	63,508,244	(67,436,323)	14,796,117
Conversion of debt into equity (Notes 26 and 28)	458,654	3,121,070	-	3,579,724
Share issue costs	-	(112,788)	-	(112,788)
Loss for the financial year (Note 35)	-	-	(4,279,077)	(4,279,077)
Balance at 31 December 2018	**19,182,850**	**66,516,526**	**(71,715,400)**	**13,983,976**

The notes on pages 42 to 102 form part of these financial statements.

EQTEC plc
Company statement of cash flows
for the financial year ended 31 December 2018

	Notes	12 months ended 31 Dec 2017	6 months Ended 31 Dec 2018
		€	€
Cash flows from operating activities			
Loss before taxation		(4,279,077)	(3,429,479)
Adjustments for:			
Depreciation of property, plant and equipment	18	411	-
Finance costs		1,151,593	271,398
Provision for impairment of investment in subsidiaries	20	1,149,432	2,642,950
Provision for impairment of trade and other receivables		113,493	50
Loss on debt for equity swap	12	772,046	-
Foreign currency gains arising from retranslation of borrowings		(4,023)	(132)
Operating cash flows before working capital changes		(1,096,125)	(515,213)
(Increase)/decrease in trade and other receivables		(8,141)	157,042
Increase in trade and other payables		(150,655)	38,252
Net cash used in operating activities		**(1,254,921)**	**(319,919)**
Cash flows from investing activities			
Purchase of plant, property and equipment	18	(1,233)	-
Investment in subsidiaries	20	(900,000)	-
Amounts advanced to related parties		-	(60,000)
Net cash used in investing activities		**(901,233)**	**(60,000)**
Cash flows from financing activities			
Proceeds from borrowings		6,036,706	596,597
Repayment of borrowings		(2,238,548)	-
Funds advanced to inter-company loans		(1,556,113)	(139,136)
Repayment of inter-company loan		55,580	3,592
Proceeds from issue of ordinary shares		66,017	1,816,761
Share issue costs		(743,261)	(274,336)
Loan issue costs		(621,154)	(31,266)
Interest paid		(239,050)	(84,476)
Net cash generated from financing activities		**760,177**	**1,887,736**
Net (decrease)/increase in cash and cash equivalents		**(1,395,977)**	**1,507,817**
Cash and cash equivalents at the beginning of the financial period		1,778,118	270,301
Cash and cash equivalents at the end of the financial period	25	**382,141**	**1,778,118**

The notes on pages 42 to 102 form part of these financial statements.

1. GENERAL INFORMATION

EQTEC plc ("the Company") is a company domiciled in Ireland. These financial statements for the financial year ended 31 December 2018 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as 'the Group').

The principal activities of the Company and the Group involve sourcing and providing assistance in developing waste elimination projects to which it will ultimately sell its technology and O&M services.

The Group sources projects that have a local supply of waste in need of conversion. It builds relationships and bring together the developers, the waste owners, the building contractors and funders and provides the technology and engineering services to the projects. Furthermore, the Group provides O&M services to the operating projects generating recurring revenues over the life of the projects.

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

Impact of application of IFRS 15 *Revenue from Contracts with Customers*
In the current financial year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018.

IFRS 15 provides a single, principle-based, five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods
The Group has concluded that it is the principal in its revenue arrangements as it is the primary obligor in these revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

As such, revenue from the sale of goods is recognised when control is transferred to the customer. i.e. when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; in general, this is deemed to occur when customers take delivery of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty which are generally recognised at the point of sale.

Revenue is reduced for estimated customer returns, rebates and other similar allowances to customers, the measurement of which is determined by contractual arrangements with customers. Sales incentives are recognised in the same period as the related revenue is recorded, and comprise:

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

Impact of application of IFRS 15 *Revenue from Contracts with Customers* – continued

- Discounts and rebates - which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth;
- Marketing services - which include merchandising, slotting and listing fees; and
- Sales support for promotional activities - which include payments to customers, distributors and external agencies.

The Group has adopted IFRS 15 using the cumulative effect method. Accordingly, the information presented for 2017 has not been restated, i.e. it is presented, as previously reported, under IAS 18 Revenue.

The introduction of IFRS 15 did not result in changes to the Group's significant accounting policies, except to update them for new terminology introduced by the new standard for contract costs (previously known as deferred acquisition costs for non-insurance contracts), contract assets (previously known as accrued income from contracts with customers), and contract liabilities (previously known as deferred fee income from contracts with customers).

Impact of initial application of IFRS 9 *Financial Instruments*
In the current financial year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities.

The adoption of IFRS 9 has not impacted the Group's accounting policies related to financial liabilities, however financial assets classified as loans and receivables under IAS 39 are now measured at amortised cost. These include cash and cash equivalents, trade and other receivables and customs deposits.

Financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets relates solely to the new impairment requirements, as described further below. The requirements of IFRS 9 have been adopted without restating comparative information but are recognised in the opening balance sheet at 1 January 2018.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model.

ECLs are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Impact of initial application of IFRS 9 *Financial Instruments* - continued
There has not been a material impact to the Group's consolidated financial statements as a consequence of adopting IFRS 9.

The provision for bad debts is not considered to be a critical accounting judgement or key source of estimation uncertainty. While the actual level of debt collected may differ from the estimated levels of recovery this is not expected to be by a material amount. In addition to applying the ECL model, each subsidiary evaluates the collectability of trade receivables at each balance sheet date and makes any specific provisions where there is objective evidence of impairment.

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

Impairment losses related to trade and other receivables are presented separately in the statement of profit and loss and other comprehensive income.

Other new/revised standards and interpretations adopted in 2018
In the current financial year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*;
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*;
- Amendments to IAS 40 *Transfer of Investment Properties*;
- Annual Improvements to IFRS Standards 2014-2016 Cycle – minor amendments to IFRS 1 and IAS 28;
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

New and revised IFRS Standards in issue but not yet effective
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 16 *Leases* (effective for annual reporting periods beginning on or after 1 January 2019, endorsed by the European Union on 31 October 2017);

Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (effective for annual reporting periods beginning on or after 1 January 2019, endorsed by the European Union on 22 March 2018);

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (effective for annual reporting periods beginning on or after 1 January 2019, endorsed by the European Union on 8 February 2019);

Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for annual years beginning on or after 1 January 2019, endorsed by the European Union on 14 March 2019);

Amendments to IAS 19 *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective for annual years beginning on or after 1 January 2019, endorsed by the European Union on 13 March 2019);

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

New and revised IFRS Standards in issue but not yet effective - continued
IFRIC 23 *Uncertainty Over Income Tax Treatments* (effective for annual years beginning on or after 1 January 2019, endorsed by the European Union on 23 October 2018);

Amendment to IFRS 3 *Business Combinations* (effective for annual reporting periods beginning on or after 1 January 2020, not yet endorsed by the European Union); and

Amendments to IAS 1 and IAS 8: *Definition of Material* (effective for annual reporting periods beginning on or after 1 January 2020, not yet endorsed by the European Union);

IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 – Operating Leases – Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group will adopt IFRS 16 on January 1, 2019 and will apply the modified retrospective approach on transition. Comparative results will not be restated.

At transition date, the Group will determine the lease payments outstanding at that date and apply the appropriate discount rate to calculate the present value of the lease payments. The Group's commitments outstanding on all leases as at December 31, 2018 is US$0.36 million (2017: US$0.43 million) (see Note 36) to the consolidated financial statements. The related right-of-use assets will be recognised within Property, Plant and Equipment.

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 31 December 2018 for all years 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 years 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 31 December 2018 for all years presented as issued by the International Accounting Standards Board and Irish Statute comprising the Companies Act, 2014.

The Group incurred a loss of €8,209,679 (6 months ended 31 December 2017: €6,002,269) during the financial year ended 31 December 2018 and had net current liabilities of €2,659,683 (31 December 2017: €679,672) and net assets of €11,870,707 (31 December 2017: €16,626,826) at 31 December 2018.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Basis of Preparation and Going Concern - continued
The Group continues to invest capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Company's control. This implies that the timing of funds generated from projects can be difficult to predict. The forecasts which Management have prepared include certain assumptions with regard to future funding from third parties the costs of business development, overheads and the timing and amount of any funds generated from developments.

The Company also announced on 28 June 2019 that it has reached agreement for a comprehensive restructuring of various payment obligations with its lenders, resulting in a reduction in its liabilities of, in aggregate, €3 million and that it has raised approximately €0.8 million (before expenses) for general working capital. It also announced its intention to undertake a cost reduction programme in relation to its operations in the UK and Spain.

EQTEC will redeem £2,026,118 of the outstanding principal owed by the Company under the Altair Facility and will also pay Altair an early redemption fee of £101,306, being 5 per cent. of the value of the debt redeemed, through the issue of the Altair Redemption Shares (the "Redemption"). The remaining, unredeemed amount of £795,000 under the Altair Facility will be governed by an amended and restated secured loan facility.

The Riverfort Lenders, pursuant to a further amendment to the Riverfort Facility, will convert US$800,000 (approximately £632,000) of its debt into 191,515,152 new Ordinary Shares at the Placing Price and will receive a debt conversion fee of £31,600, being 5 per cent. of the value of the debt converted, to be satisfied by the issue of 9,575,757 new Ordinary Shares. Following the Conversion, US$1,575,000 remains outstanding under the Riverfort Facility.

Following the Redemption and Conversion, in aggregate, approximately £2,039,250 remains outstanding under the Remaining Facilities. The Remaining Facilities will have a revised annual interest rate of 12.5 per cent and all amounts outstanding are to be repaid as a single payment of principal and accrued interest on 31 July 2020, together with a cash redemption fee of 8 per cent. on the balances outstanding as at that date.

After making enquiries and considering the matters referred to above, the Directors have gained reasonable assurance that the Group will have adequate resources to continue in operational existence for the foreseeable future.

For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation
The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2018. All subsidiaries have a reporting date of 31 December.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Basis of consolidation - continued
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 30).

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

Investments in associates and joint ventures
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. The Group has subsidiaries in the United Kingdom, whose functional currency is the GBP £.

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

3. STATEMENT OF ACCOUNTING POLICIES - continued

Foreign currency translation - continued

Foreign currency transactions and balances - continued

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 year.

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 year. 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.

Segment reporting

The Group has two operating segments: the power generation segment and the technology sales segment. In identifying these operating segments, 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 year 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 year of time, revenue is recognised on a straight-line basis.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Revenue - continued

Rendering of services - continued

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 year 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).

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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

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. Goodwill is not amortised but is reviewed for impairment at least annually. 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.

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 year 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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

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.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued

Classification and subsequent measurement of financial assets - continued

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.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2018 and 1 January respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates in the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

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.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued
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.

Classification and subsequent measurement of financial liabilities - continued
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.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued

Derivative financial instruments and hedge accounting - continued

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.

Income taxes - continued

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 year. 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.

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).

3. STATEMENT OF ACCOUNTING POLICIES - continued

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 year 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 years or other vesting conditions apply, the expense is allocated over the vesting year, 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 year. The number of vested options ultimately exercised by holders does not impact the expense recorded in any year.

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.

Share Warrants

The Group has share warrants outstanding that were issued to loan notes holders as part of the loan agreements. These share warrants are assessed under IAS 32 as instruments settled in an entity's own equity instruments. The classification of this instrument as either a financial liability or equity depends on the substance of the financial instruments rather that its legal form.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Provisions, contingent assets and contingent liabilities - continued

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.

Control assessment in a business combination.

As disclosed in Note 20, 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.

Assets held for disposal

On 27 March 2017, the Board of Directors announced its decision to dispose the wind turbine segment of the Group consisting of Pluckanes Windfarm Limited, a wholly owned subsidiary of Reforce Energy Limited, are classified as assets held for disposal. 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.
- There is an active programme with an intermediary being appointed to procure a buyer and negotiations with certain parties are in place as at the reporting date.

For more details on the discontinued operation, refer to Note 30.

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

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 18 amounted to €2,121,637 (6 months ended 31 December 2017: €4,984,561), while the impairment for goodwill during the year as included in Note 19 amounted to €1,427,038 (6 months ended 31 December 2017: €Nil).

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 (6 months ended 31 December 2017: €Nil) should be recognised in the group accounts and €1,149,432 (6 months ended 31 December 2017: €2,642,950) should be recognised in the Company accounts of EQTEC plc. Details of this impairment are set out in Note 20.

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 31 December 2018, provisions for doubtful debts amounted to €306,292 which represents 73% of trade receivables at that date (31 December 2017: €306,292– 54%).

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 year. 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.

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

Estimation uncertainty - continued

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.

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.

	Level 1	Level 2	Level 3	Total
31 December 2018	€	€	€	€
Financial assets				
Trade and other receivables	-	831,752	-	831,752
Cash and cash equivalents	463,414	-	-	463,414
Financial liabilities				
Trade and other payables	-	(1,494,673)	-	(1,494,673)
Investor loans	-	(5,450,941)		(5,450,941)
Bank loans	-	(520,989)	-	(520,989)
Bank overdrafts	(2,563)	-	-	(2,563)
	460,851	(6,634,851)	-	(6,174,000)

	Level 1	Level 2	Level 3	Total
31 December 2017	€	€	€	€
Financial assets				
Trade and other receivables	-	499,264	-	499,264
Cash and cash equivalents	1,804,943	-	-	1,804,943
Financial liabilities				
Trade and other payables	-	(2,766,985)	-	(2,766,985)
Investor loans	-	(3,657,399)	-	(3,657,399)
Bank loans	-	(878,920)	-	(878,920)
Bank overdrafts	(1,618)	-	-	(1,618)
	1,803,325	(6,804,040)	-	(5,000,715)

There were no transfers between Level 1 and Level 2 during the year.

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.

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:

	31 Dec 2018	**31 Dec 2017**
	€	**€**
Trade and other receivables	279,388	404,788
Cash and cash equivalents	463,414	1,804,943

The Group's credit risk is primarily attributable to its trade and other receivables.

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 31 December 2018:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total €
Trade and other payables	29	1,494,673	-	-	1,494,673
Investor loans	28	2,679,492	2,771,449	-	5,450,941
Bank borrowings	28	207,037	313,952	-	520,989
Bank overdrafts	28	2,563	-	-	2,563
		4,383,765	3,085,401	-	7,469,166

The table below details the maturity of the Group's liabilities as at 31 December 2017:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total €
Trade and other payables	29	2,766,985	-	-	2,766,985
Investor loans	28	40,000	3,617,399	-	3,657,399
Bank borrowings	28	605,239	273,681	-	878,920
Bank overdrafts	28	1,618	-	-	1,618
		3,413,842	3,891,080	-	7,304,922

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 €5,974,493 and €4,537,937 in 31 December 2018 and 31 December 2017, 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.

5. FINANCIAL RISK MANAGEMENT - continued

Interest rate risk -continued
The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting year. 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.

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 31 December 2018 would increase/decrease by €7,124 (6 months ended 31 December 2017: decrease/increase by €2,472). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings, which are primarily included in Eqtec Iberia SL and in the disposal group. The Group's sensitivity to interest rates has increased during the current year mainly due to the inclusion of bank borrowings from the acquisition of EQTEC Iberia in December 2017.

Foreign exchange risk
The Group is mainly exposed to future changes in the Sterling and the US Dollar relative to the Euro. These risks are managed by monthly review of Sterling and US Dollar 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 year are as follows:

	Liabilities		**Assets**	
	31 Dec 2018	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2017**
	€	**€**	**€**	**€**
Sterling	3,499,871	4,640,618	670,653	1,825,518
US Dollar	3,049,155	-	-	-

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. 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 the relevant currency. For a 10% weakening of the Euro against the relative currency, there would be a comparable impact on the loss and other equity, and the balances below will be negative.

	Sterling Impact		**US Dollar Impact**	
	31 Dec 2018	**31 Dec 2017**	**31 Dec 2018**	**31 Dec 2017**
	€	**€**	**€**	**€**
Profit and loss	285,780	284,353	269,015	-

The Group's sensitivity to foreign currency has increased during the current year mainly due to exposure to outstanding US Dollar loans at the year-end date.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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.

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 yearly 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.

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

	31 Dec 2018	31 Dec 2017
	€	€
Debt	5,974,493	4,539,937
Cash and bank balances	(463,414)	(1,804,943)
Net debt	5,511,079	2,734,994
Equity	14,423,570	17,962,610
Net debt to equity ratio	38%	15%

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 acquisition of $3.2 million loans in the year to finance operations.

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 segments under IFRS 8 *Operating Segments* are as follows:

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

Technology Sales: Being the sale of Gasification Technology and associated Engineering and Design Services.

The chief operating decision maker is the Chief Executive Officer.

7. SEGMENT INFORMATION - continued

Information regarding the Group's current 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)	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Technology Sales	2,134,028	-	(1,482,168)	-
Power Generation	41,659	20,200	(280,674)	(269,471)
Total from continuing operations	2,175,687	20,200	(1,762,842)	(269,471)
Central administration costs and directors' salaries			(1,077,724)	(488,335)
Impairment of property, plant and equipment			(2,121,637)	(4,984,561)
Impairment of goodwill			(1,427,038)	-
Other income			142,325	-
Other gains and losses			(772,046)	-
Foreign currency (losses)/gains			(14,813)	9,906
Finance Income			52	-
Finance costs			(1,212,714)	(271,398)
Loss before taxation (continuing operations)			(8,246,437)	(6,003,859)

Revenue reported above represents revenue generated from jointly controlled entities and external customers. Inter-segment sales for the financial year amounted to €Nil (6 months ended 31 December 2017: €Nil). Included in revenues in the Power Generation Segment are revenues of €41,659 (6 months ended 31 December 2017: €20,200) which arose from sales to GG Eco Energy Limited, an associate undertaking of EQTEC plc. This represents 2% (6 months ended 31 December 2017: 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	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Technology sales	16,647	-	-	-
Power Generation	-	-	-	(13,691)
Head Office	411	-	1,233	-
	17,058	-	1,233	(13,691)

In addition to the depreciation and amortisation reported above, impairment losses of €2,121,637 (6 months ended 31 December 2017: €4,984,561) and €1,427,038 (6 months ended 31 December 2017: €Nil) were recognised in respect of property, plant and equipment and goodwill respectively. These impairment losses were attributable as follows: Power Generation Segment, €2,121,637 (6 months ended 31 December 2017: €4,984,561); Technology Sales €1,427,038 (6 months ended 31 December 2017: €Nil).

The Group operates in three principal geographical areas: Republic of Ireland (country of domicile), Spain 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*	
	12 months ended 31 Dec 2018	6 months ended 30 Jun 2017	31 Dec 2018	31 Dec 2017
	€	€	€	€
Republic of Ireland	-	-	822	-
Spain	2,134,028	-	84,234	100,881
United Kingdom	41,659	20,200	2,228,375	4,367,299
	2,175,687	20,200	2,313,431	4,468,180

*Non-current assets excluding goodwill, financial instruments, deferred tax 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 financial year (excluding interest revenue), from continuing and discontinued operations, is as follows:

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Revenue from technology sales	2,134,028	-	-	-
Revenue from the generation of energy from wind	-	-	183,660	77,410
Revenue from consultancy fees associated with the generation of heat	41,659	20,200	-	-
	2,175,687	20,200	183,660	77,410

9. COST OF SALES

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Materials purchased	2,252,639	-	-	-
Sub-contracted work	750	-	-	-
ISEM trading fees	-	-	275	-
	2,253,389	-	275	-

10. ADMINISTRATIVE EXPENSES

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Employee expenses	1,439,110	346,624	-	-
Office and operating expenses	559,534	270,400	35,652	19,523
Marketing expenses	11,698	2,099	-	-
Professional fees (including release of accruals)	285,999	60,200	3,400	1,200
Depreciation of property, plant & equipment (Note 18)	17,058	-	73,321	36,509
Gain on disposal of PPE	(3,139)		-	-
Travel and subsistence	165,396	36,363	-	-
Other miscellaneous expenses	45,002	1,624	58	45
Regulatory expenses	242,206	60,696	-	-
	2,762,864	778,006	112,431	57,277

11. OTHER INCOME

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Income from insurance claim	108,027	-	-	-
Income from lease arrangements	23,000	-	-	-
Income from other services	8,400	-	-	-
Operating grants	2,898	-	-	-
	142,325	-	-	-

12. OTHER GAINS AND LOSSES

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Loss on debt for equity swap	772,046	-	-	-

During the year the Group extinguished some of its borrowings by issuing equity instruments. In accordance with IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the (gain)/loss recognised on these transactions was €772,046 (6 months ended 31 December 2017: €Nil).

13. FINANCE COSTS AND INCOME

	Continuing		Discontinued	
	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€	€	€
Finance Costs				
Interest on loans, bank facilities and overdrafts	1,212,714	271,398	34,202	18,546
Finance Income				
Interest receivable on bank deposits	52	-	6	3

14. EMPLOYEE DATA

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€
Employee costs (including executive directors):		
Salaries	1,070,394	198,000
Social insurance costs	183,756	21,124
	1,254,150	219,124
	No.	No.
Average number of employees (including executive directors)	17	3
Company		
Average number of employees (including executive directors)	3	2

Capitalised employee costs in the financial year amounted to €Nil (6 months ended 31 December 2017 €Nil).

15. LOSS BEFORE TAXATION

		12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
		€	€
Loss before taxation on continuing operations is stated after charging/(crediting):			
Depreciation of property, plant and equipment (Note 18)		17,058	-
Profit on disposal of property, plant and equipment		(3,139)	-
Loss/(Gain) on foreign exchange		14,813	(9,906)
Directors' remuneration:	for services as directors	167,245	12,000
(Note 32)	for other services	478,852	168,500
	redundancy	-	115,000
	termination of service as director	10,093	-
Impairment of goodwill (Note 19)		1,427,038	-
Impairment losses of property, plant and equipment charged to profit and loss (Note 18)		2,121,637	4,984,561

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€
Auditor's remuneration:		
Audit of group accounts	48,000	30,000
Tax advisory services	11,000	9,900
	59,000	39,900

16. TAX CREDIT

	12 months ended 31 Dec 2018 €	6 months ended 31 Dec 2017 €
Tax expense comprises:		
Current tax expense	-	-
Deferred tax credit	-	-
Adjustment for prior years	-	-
Tax credit	-	-

	12 months ended 31 Dec 2018 €	6 months ended 31 Dec 2017 €
Loss before taxation	(8,209,679)	(6,002,269)
Applicable tax 12.50% (6 months ended 31 December 2017: 12.50%)	(1,026,210)	(750,284)
Effects of:		
Amortisation & depreciation in excess of capital allowances	11,297	4,564
Expenses not deductible for tax purposes	540,090	616,185
Losses carried forward	474,823	129,535
	-	-
Movement in deferred tax	-	-
Actual tax credit	-	-

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

17. LOSS PER SHARE

	12 months ended 31 Dec 2018 € per share	6 months ended 31 Dec 2017 € per share
Basic loss per share		
From continuing operations	(0.004)	(0.009)
From discontinued operations	-	-
Total basic loss per share	(0.004)	(0.009)
Diluted loss per share		
From continuing operations	(0.004)	(0.009)
From discontinued operations	-	-
Total diluted loss per share	(0.004)	(0.009)

17. 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:

	12 months ended 31 Dec 2018	**6 months ended 31 Dec 2017**
	€	**€**
Loss for period attributable to equity holders of the parent	(6,992,090)	(3,330,090)
Profit for the period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	36,758	1,590
Losses used in the calculation of basic loss per share from continuing operations	(7,028,848)	(3,331,680)
Weighted average number of ordinary shares for the purposes of basic loss per share	1,563,237,257	378,767,831
Weighted average number of ordinary shares for the purposes of diluted loss per share	1,563,237,257	378,767,831

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.

	31 Dec 2018	**31 Dec 2017**
Share warrants in issue	339,000,429	55,486,204
Convertible loans in issue	10,000,000	10,000,000
Total anti-dilutive shares	349,000,429	65,486,204

Details of share warrants in issue outstanding at year-end are set out in Note 26.

Events after the year-end

As disclosed in Note 33, 163,027,158 Ordinary Shares were issued on 5 March 2019 as part of an exercise of warrants held. If these shares were in issue prior to 31 December 2018, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic and diluted loss per share by 13,585,596 (assuming the shares were issued in December 2018).

As disclosed in Note 33, 2,777,777 Ordinary Shares were issued on 16 May 2019 as consideration for services rendered to the Company. If these shares were in issue prior to 31 December 2018, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic and diluted loss per share by 231,481 (assuming the shares were issued in December 2018).

As disclosed in Note 33, 33,767,588 Ordinary Shares were issued on 24 May 2019 in settlement of debt issued to the Company. If these shares were in issue prior to 31 December 2018, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic and diluted loss per share by 2,813,966 (assuming the shares were issued in December 2018).

17. LOSS PER SHARE- continued

As disclosed in Note 33, 1,073,037,545 Ordinary Shares were issued on 28 June 2019 as part of a share placing and debt conversion. If these shares were in issue prior to 31 December 2018, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic and diluted loss per share by 89,419,795 (assuming the shares were issued in December 2018).

18. PROPERTY, PLANT & EQUIPMENT

Group	Motor Vehicles €	Office equipment €	Construction in Progress €	Total €
Cost				
At 1 July 2017	-	141	12,104,737	12,104,878
Additions	-	-	(13,691)	(13,691)
Acquired on acquisition of subsidiary (Note 31)	52,055	184,853	-	236,908
Foreign currency adjustment	-	(1)	(134,766)	(134,767)
At 31 December 2017	52,055	184,993	11,956,280	12,193,328
Additions	-	1,233	-	1,233
Disposals	(52,055)	(14,396)	-	(66,451)
Foreign currency adjustment	-	(1)	(149,723)	(149,724)
At 31 December 2018	-	171,829	11,806,557	11,978,386
Accumulated depreciation				
At 1 July 2017	-	141	2,639,826	2,639,967
Charge for the financial period	-	-	-	-
Impairment	-	-	4,984,561	4,984,561
Acquired on acquisition of subsidiary (Note 31)	50,933	85,094	-	136,027
Foreign currency adjustment	-	(1)	(35,406)	(35,407)
At 31 December 2017	50,933	85,234	7,588,981	7,725,148
Charge for the financial year	1,122	15,936	-	17,058
Charge on disposal	(52,055)	(14,396)	-	(66,451)
Impairment	-	-	2,121,637	2,121,637
Foreign currency adjustment	-	(1)	(132,436)	(132,437)
At 31 December 2018	-	86,773	9,578,182	9,664,955
Carrying amount				
At 31 December 2017	1,122	99,759	4,367,299	4,468,180
At 31 December 2018	-	85,056	2,228,375	2,313,431

18. PROPERTY, PLANT & EQUIPMENT – continued

The Group carried out a review of the recoverable amount of property held by the Power Generation operating segment at 31 December 2018. The review led to recognition of an impairment loss in the current financial year of €2,121,637 (6 months ended 31 December 2017: €4,984,561), 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.

	Office equipment	Total
Company	**€**	**€**
Cost		
At 1 January 2018	-	-
Additions	1,233	1,233
At 31 December 2018	1,233	1,233
Accumulated depreciation		
At 1 January 2018	-	-
Charge for the financial year	411	411
At 31 December 2018	411	411
Carrying amount		
At 1 January 2018	-	-
At 31 December 2018	822	822

19. INTANGIBLE ASSETS

	Goodwill	Development Costs in Progress	Patents and trademarks	Total
Cost	**€**	**€**	**€**	**€**
As at 1 July 2017	-	-	-	-
Acquired on acquisition of subsidiary (Note 31)	15,247,434	277,760	902,655	16,427,849
As at 31 December 2017 (As originally stated)	15,247,434	277,760	902,655	16,427,849
Fair value adjustment on acquisition (Note 31)	1,463,063	(277,760)	(902,655)	282,648
As at 31 December 2017 (As restated)	16,710,497	-	-	16,710,497
As at 31 December 2018	16,710,497	-	-	16,710,497
Amortisation				
As at 1 July 2017	-	-	-	-
Acquired on acquisition of subsidiary (Note 31)	-	-	376,083	376,083
As at 31 December 2017 (As originally stated)	-	-	376,083	376,083
Fair value adjustment on acquisition (Note 31)	-	-	(376,083)	(376,083)
As at 31 December 2017 (As restated)	-	-	-	-
Impairment losses	1,427,038	-	-	1,427,038
As at 31 December 2018	1,427,038	-	-	1,427,038
Carrying value				
As at 31 December 2017 – As originally stated	15,247,434	277,760	526,572	16,051,766
As at 31 December 2017 – As restated	16,710,497	-	-	16,710,497
As at 31 December 2018	15,283,459	-	-	15,283,459

19. INTANGIBLE ASSETS – continued

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 1 CGUs (31 December 2017: 1) have been identified and these are all associated with the Technology Sales Segment. The carrying value of the goodwill within the Technology Sales Segment is €15,283,459 (31 December 2017(restated): €16,710,497).

In accordance with IAS 36 *Impairment of Assets,* the CGUs to which significant amounts of goodwill have been allocated are as follows:

	31 Dec 2018 €	31 Dec 2017 (as restated) €
Eqtec Iberia	15,283,459	16,710,497

For the purpose of impairment testing, the discount rates applied to this CGU to which significant amounts of goodwill have been allocated was 14% (31 December 2017: N/a) for the Eqtec Iberia CGU.

Annual test for impairment

Goodwill acquired through business combinations has been allocated to the above CGU for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a financial plan approved by the Board of Directors, plus 5-year projections forecasted by management, and specifically excludes any future acquisition activity.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used is 14%. These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

19. INTANGIBLE ASSETS – continued

The directors believe that any reasonably possible change in key assumptions on which the value-in-use is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

An impairment loss of €1,427,038 has been calculated for the year ended 31 December 2018.

The value-in-use calculation is subject to significant estimation, uncertainty and accounting judgements and is particularly sensitive in the following areas:

- In the event there was a 1% increase in the discount rate used to calculate the potential impairment of the carrying values, which would represent a reasonably likely range of outcomes, there would be an additional impairment loss of €860k at 31 December 2018.
- In the event there was only 4 projects started each year from 2020, which would represent a reasonably likely range of outcomes, there would be an additional impairment loss of €315k at 31 December 2018.
- In the event that there was only 3 projects started each year from 2020, which would represent a reasonably likely range of outcomes, there would be an additional impairment loss of €5.1m at 31 December 2018.

20. FINANCIAL ASSETS

GROUP

Investment in associate
Details of the Group's interests in associated undertakings at 31 December 2018 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:

	31 Dec 2018	**31 Dec 2017**
	€	**€**
Non-current assets	1,124,930	1,235,265
Current assets	263,963	181,559
Non-current liabilities	(1,176,779)	(1,459,030)
Current liabilities	(1,299,410)	(757,094)
Net liabilities	(1,087,296)	(799,300)
Group's share of net assets of associated entities	-	-

20. FINANCIAL ASSETS

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
	€	€
Total revenue	542,171	534,478
Total expenses	(844,397)	(750,929)
Total loss for the financial period	(302,226)	(216,451)
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.

Company

	12 Months Ended 31 Dec 2018	6 Months Ended 31 Dec 2017
Investment in subsidiary undertakings	€	€
At beginning of financial year	15,896,663	-
Investment in shares in Eqtec Iberia (Note 31)	900,000	15,896,663
At end of financial year	16,796,663	15,896,663
Loans to subsidiary undertakings		
At beginning of financial year	1,720,736	4,409,954
Funds advanced to subsidiary undertakings	-	15
Provision for impairment of investment in subsidiaries	(1,149,432)	(2,642,950)
Foreign currency adjustment	-	(46,283)
At end of financial year	571,304	1,720,736
Total	17,367,967	17,617,399

20. FINANCIAL ASSETS- continued

Details of EQTEC plc subsidiaries at 31 December 2018 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	Republic of Ireland	100%	Investment company
Eqtec Strategic Project Finance Limited (formerly Plymouth Biomass Limited)	United Kingdom	100%	Dormant company
Clay Cross Biomass Limited	United Kingdom	90%	Energy utility company
Altilow Wind Turbine Limited	Republic of Ireland	100%	Generation of electricity through wind
Eqtec Iberia SL	Spain	100%	Provision of technical engineering services

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, Clay Cross Biomass Limited and Grass Door Limited, whose registered office is 3 Stucley Place, London NW1 8NS, England; Newry Biomass Limited, whose registered office is 68 Cloughanramer Road, Carnmeen, Newry, Co. Down BT34 1QG, Northern Ireland; and Eqtec Iberia SL, whose registered office is Rosa Sensat nº 9-11 Planta 5ª, 08005 Barcelona, Spain.

20. FINANCIAL ASSETS- continued

The table below shows details of non-wholly owned subsidiaries of the group that have material, non-controlling interests:

Name of Subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests for the period		Non-controlling interests	
		31/12/2018	31/12/2017	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017	31/12/2018	31/12/2017
		%	%	€	€	€	€
Newry Biomass Limited	Northern Ireland	49.98	49.98	(1,217,549)	(2,673,548)	(2,641,910)	(1,424,678)
Individually immaterial subsidiaries with non-controlling interests		10.00	10.00	(40)	1,369	89,047	88,894
Total				(1,217,589)	(2,672,179)	(2,552,863)	(1,335,784)

EQTEC plc 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.

21. OTHER FINANCIAL INVESTMENTS

	31 Dec 2018	31 Dec 2017
	€	€
Investment in Bonds of Inteltrade	402,644	402,644
Less: Provision against investment in bonds	(402,644)	(402,644)
Investment in Shares of Energotec ECO AD	1,832	1,832
Other investments	17,102	17,102
	18,934	18,934

22. DEFERRED TAXATION

A deferred tax asset has not been recognised at the balance sheet date in respect of trading tax losses arising from the Irish and UK subsidiaries. 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 €14 million at 31 December 2018.

The following deferred tax assets and liabilities were acquired on the acquisition of Eqtec Iberia SL on 28 December 2018:

	31 Dec 2018	31 Dec 2017 (As restated)
Deferred Tax Assets	€	€
Spain – Research and Development tax credit	-	42,325
Spain - Corporate tax-losses	-	616,406
Disclosed under non-current assets – as originally stated	-	658,731
Fair value adjustment on acquisition	-	(658,371)
Disclosed under non-current assets – as restated	-	-
Deferred Tax Liabilities		
Spain – Other items	33	33
Disclosed under non-current liabilities	33	33

All deferred tax is recognized in profit or loss.

23. INVENTORIES

	31 Dec 2018	31 Dec 2017
	€	€
Work in progress	98,851	167,124

In the 12 months to 31 December 2018, €68,273 (6 months to 31 December 2017: €Nil) of inventories was included in profit or loss as an expense. This includes an amount of €Nil (6 months to 31 December 2017: €Nil) resulting from a write down of inventories.

In the opinion of the directors the replacement cost of the inventory did not differ materially from the figure shown.

24. TRADE AND OTHER RECEIVABLES

	31 Dec 2018	31 Dec 2017
	€	€
Group		
Trade receivables	420,169	566,701
Allowance for impairment of trade receivables	(306,292)	(306,292)
	113,877	260,409
VAT receivable	232,590	33,302
Payments on account	34,594	35,014
Advances to related undertakings	60,000	60,000
Prepayments	319,678	54,807
Accrued income	-	3,205
Corporation tax	96	6,367
Other receivables	70,917	46,160
	831,752	499,264

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

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.

	31 Dec 2018	31 Dec 2017
	€	€
Within terms	35,196	81,780
Past due more than one month but less than two months	2,377	2,377
Past due more than two months	382,596	482,544
	420,169	566,701

Included in the Group's trade receivables balance are debtors with carrying amount of €76,304 (31 December 2017: €176,252) which are past due at year end and for which the Group has not provided.

24. TRADE AND OTHER RECEIVABLES - continued

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. The above trade receivables are arising from EQTEC Iberia SL and the review on these balances shows that all of the above amounts, with the exception of €306,292, are considered recoverable.

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 year. 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:

	31 Dec 2018	31 Dec 2017
	€	€
Ireland	-	-
Spain	420,169	566,701
United Kingdom	-	-
	420,169	566,701

Other receivables relate to deposits on rental contracts amounting to €4,614 (31 December 2017: €3,830), other debtors of €23,973 (31 December 2017: €Nil) and payments on account related to shares of €42,330 (31 December 2017: €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.

	31 Dec 2018	31 Dec 2017
Company	€	€
Amounts due from subsidiary undertakings	1,756,008	248,045
Allowance for impairment of balances	(160,521)	(49,251)
	1,595,487	198,794
Advances to related undertakings	60,000	60,000
Prepayments	248,866	22,268
Corporation Tax	96	96
VAT Receivable	13,721	12,265
Other receivables	45,681	46,160
	1,963,851	339,583

24. TRADE AND OTHER RECEIVABLES - continued

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.

25. 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:

	31 Dec 2018	31 Dec 2017
Group	**€**	**€**
Cash and bank balances	463,414	1,804,943
Bank overdrafts (Note 28)	(2,563)	(1,618)
Sub-total	460,851	1,803,325
Cash and cash equivalents included in a disposal group held for resale (Note 30)	126,718	105,138
	587,569	1,908,463
Company		
Cash and bank balances	384,704	1,779,736
Bank overdrafts (Note 28)	(2,563)	(1,618)
	382,141	1,778,118

26. EQUITY

Share Capital

At 31 December 2017	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.001 each	12,561,091,094	1,346,090,838	12,561,091	1,346,090
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
			200,000,000	18,724,196

At 31 December 2018	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.001 each	12,561,091,094	1,804,744,243	12,561,091	1,804,744
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
			200,000,000	19,182,850

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.

26. EQUITY - continued

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 financial year to 31 December 2018

On 19 April 2018, the Company received a conversion notice pursuant to the Unsecured Loan Note Facility ("ULNF") for the principal amount of £150,000 to be converted at 0.4p per share into 37,500,000 new ordinary shares in the company.

On 26 April 2018, the Company agreed with EBIOSS Energy SE ("EBIOSS") to convert a receivable owned by EBIOSS in the amount of £147,900 into 36,975,000 new ordinary shares in the company at a conversion price of 0.4p.

On 25 May 2018, the Company received a conversion notice pursuant to the ULNF for the principal amount of £100,000 to be converted at 0.3p per share into 33,333,333 new ordinary shares in the company.

On 31 May 2018, the Company agreed with EBIOSS to convert a receivable owned by EBIOSS in the amount of £87,000 into 29,000,000 new ordinary shares in the company at a conversion price of 0.3p.

On 6 August 2018, the Company announced that in accordance with arrangements entered into on 5 July 2018 and the conclusion of the standstill period announced on 30 July 2018 the Company has issued and allotted 307,194,667 Ordinary Shares arising from the conversion of loan notes entered into on 5 July 2018 with Origen Capital LLP ("Origen"), Altair Group Investments Limited ("Altair") and Ecofinance (GLI) Limited ("Ecofinance"). The exercise price of the shares is 0.6p per share.

On 3 October 2018, the Company announced that under the Amended Loan Agreement with Cuart Investment Funds and Associates ("the Lenders"), a commitment fee of US$136,000 is paid by the Company to the Lenders through the issue of 8,349,546 Ordinary Shares in the Company to the Lenders at an issue price of 1.2542 pence per share.

On 30 October 2018, the Company announced the subscription for 2,026,665 new shares in the Company's ordinary shares of €0.001 each by certain Directors of the Board. The Ordinary Shares were issued by the Company to the Directors at an issue price of 0.93 pence per Ordinary Share. In addition, under the agreement with the Company's Joint Broker VSA Capital Limited, advisor fees totalling £39,750 were converted into 4,274,194 Ordinary Shares in the Company at an issue price of 0.93 pence per share.

26. EQUITY - continued

Share Warrants
No share warrants were exercised during the financial year ended 31 December 2018. The following share warrants were in existence and remain unexercised as at 31 December 2018:

Detail	Number	Grant Date	Expiry Date	Exercise Price (GBP)	Fair Value at Grant Date (GBP)
Origen Capital Partners LLP	3,150,000	14/07/2015	13/07/2022	£0.10	£-
Alchemy Capital Ltd	35,300,000	14/07/2015	13/07/2022	£0.10	£-
Strand Hanson Limited	1,533,505	06/02/2018	05/02/2022	£0.0533	£-
Michael Joseph	76,923,077	28/12/2017	31/12/2019	£0.022	£-
Resource Reserve Recovery plc	3,846,154	28/12/2017	31/12/2019	£0.022	£-
Altair Group Investments Limited	105,263,158	31/12/2017	31/12/2022	£0.00975	£-
Cuart Investments Pcc Ltd	40,648,067	05/07/2018	04/07/2021	£0.0119	£-
YA II Pn Ltd	40,648,067	05/07/2018	04/07/2021	£0.0119	£-
Origen Capital LLP	95,833,333	07/08/2018	06/08/2020	£0.0075	£-
Altair Group Investments Limited	50,000,000	07/08/2018	06/08/2020	£0.0075	£-
Ecofinance (GLI) Limited	7,764,000	07/08/2018	06/08/2020	£0.0075	£-
Cuart Investments Pcc Ltd	16,675,159	04/10/2018	03/10/2021	£0.0157	£-
YA II Pn Ltd	16,675,159	04/10/2018	03/10/2021	£0.0157	£-
	494,259,679				

27. NON-CONTROLLING INTERESTS

	12 months ended 31 Dec 2018 €	6 months ended 31 Dec 2017 €
Balance at beginning of financial year	(1,335,784)	1,377,947
Share of loss for the year	(1,217,589)	(2,672,179)
Unrealised foreign exchange gains/(losses)	510	(41,552)
Balance at end of financial year	(2,552,863)	(1,335,784)

28. BORROWINGS

		31 Dec 2018	31 Dec 2017
Group		**€**	**€**
Current liabilities			
At amortised cost			
Bank overdrafts		2,563	1,618
Bank borrowings	3	207,037	605,239
Unsecured loan	4	-	40,000
15% secured loan facility	1	147,474	-
Other loan with EBIOSS Energy SE		5,691	-
10% secured loan facility	6	2,526,327	-
		2,889,092	646,857
Non-current liabilities			
At amortised cost			
Bank borrowings	3	313,952	273,681
15% convertible secured loan note	2	2,216,604	2,693,276
15% secured loan facility	1	554,845	924,123
		3,085,401	3,891,080
Company		**€**	**€**
Current liabilities			
Bank overdrafts		2,563	1,618
15% secured loan facility	1	147,474	-
10% secured loan facility	6	2,526,327	-
		2,676,364	1,618
Non-current liabilities			
15% convertible secured loan note	2	2,216,603	2,693,276
15% secured loan facility	1	554,845	924,123
		2,771,448	3,617,399

Borrowings at amortised cost

1. 15% Secured Loan Note Facility ("SLF") £1,000,000

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 on 15 July 2020. The SLF is secured by mortgage debentures, cross guarantees and share pledges over EQTEC and its subsidiary companies.

On 19 January 2018, the Company announced that it had made a partial repayment of £378,882 on its SLF. The SLF, commencing in 2015, was repayable in full in July 2020. The Company, with the agreement of the loan provider had decided to repay £378,882 of capital and £2,958 in accrued interest to the loan provider, earlier than scheduled, in order to reduce the cost of debt to the Group. The remaining balance of £621,118 is repayable in July 2020.

In December 2018, the company received £132,526 under the facility as an advance on monies due for a share placement that took place on 4 March 2019.

28. BORROWINGS – continued

1. 15% Secured Loan Note Facility ("SLF") £1,000,000 - continued

The carrying amount of the SLF at 31 December 2018 is as follows:

	€
Proceeds from the issue of the SLF	1,565,582
Less: Transaction costs	(496,113)
Net proceeds	1,069,469
Accreted transaction costs	329,585
Repayment of SLF	(426,740)
Currency gains on retranslation	(269,995)
Carrying amount of SLF at 31 December 2018	702,319

The face value of the SLF at 31 December 2018 is €838,652 (31 December 2017: €1,126,313).

2. 15% convertible secured loan note ("CSLN") £2,000,000

The CSLN is secured by the same security package granted in favour of the SLF. 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 31 December 2018 is as follows:

	€
Amounts rolled up from previous facilities	2,742,430
Additional proceeds issued on CSLN	110,000
Less: Transaction Costs	(146,344)
Net Proceeds	2,706,086
Accreted Transaction Costs	137,134
Currency gains on retranslation	(626,616)
Carrying amount of CSLN at 31 December 2018	2,216,604

The face value of the CSLN at 31 December 2018, including accrued interest, is €2,216,604 (31 December 2017: €2,693,276).

The CSLN was due for repayment on 14 July 2017. The Company has entered into a new agreement with the holder of the CSLN ("the holder") whereby the holder has agreed to 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 year between (but excluding) 31 October 2018 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 2018 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.

28. BORROWINGS – continued

2. 15% convertible secured loan note ("CSLN") £2,000,000 - continued

In consideration of holder's agreement to the extension of the payment of the Notes, the Company has agreed that:

(i) the Company pays £300,000 to the holder in satisfaction of accrued interest on the Notes;
(ii) the Company amends the Instrument to provide that up to £1 million of outstanding principal amount of the Notes may be converted at the election of the holder into new ordinary shares in the Company ("Ordinary Shares") at 0.585p;
(iii) the Company grants the holder warrants to subscribe for 105,263,158 Ordinary Shares at an exercise price of 0.975p ("Exercise Price"), exercisable for five years from the date of grant.

3. Bank Borrowings

The following borrowings are held in various Spanish Banks by Eqtec Iberia SL at the year-end:

Borrower	Expiry Date	Initial Loan	Interest Rate	Balance	Current	Non-current
		€		€	€	€
Banco Popular	13/01/2021	350,000	2.80%	187,172	88,482	98,690
Banco Popular	09/03/2025	269,193	8.00%	246,998	31,736	215,262
Banco Santander	29/12/2019	250,000	3.92%	86,682	86,682	-
Credit cards		-	-	137	137	-
				520,989	207,037	313,952

The borrowings were used to finance the operations and working capital of Eqtec Iberia SL. They are unsecured. There has been no breach of covenants with respect to these borrowings.

4. Unsecured borrowings

The Group acquired borrowings of €40,000 payable to Synagastech on the acquisition of Eqtec Iberia SL on 28 December 2017. These borrowings are interest-free and was repaid in 2018.

5. Unsecured Convertible Loan Note ("UCLN") Facility

On 28 February 2018, the Company announced that it had agreed an Unsecured Convertible Loan Note facility of up to £7.5 million ("Loan Notes") with one investor, Bercheva Opportunities Limited ("the Investor") to help accelerate its growth strategy. The Loan Notes would be issued to a single investor, Bercheva Opportunities Limited, in up to five tranches. Each Loan Note has a subscription price of £23,500 and will be redeemed at par value, being £25,000, five years from the date of issue (the "Maturity Date") unless converted at an earlier date. The issue of the first tranche of Loan Notes having an aggregate principal amount of £1.5 million was advanced on 28 February 2018.

The Company received subscription proceeds of £1,350,000 for this issue and has agreed to pay an arrangement fee of 5% on this and subsequent issues. Subsequent issues of Loan Notes would be made at the sole discretion of the Company and must be for a minimum of £1.5 million and a maximum of £2 million in principal amount of Loan Notes. The Company can elect to issue Loan Notes every 90 calendar days unless the Company and the Investor agree to vary the issue date. The issue of Loan Notes will require the consent of the Investor where there has been an event of default by the Company or the closing bid price of the Ordinary Shares (as defined below) on AIM is below 1p for any five consecutive trading days.

28. BORROWINGS – continued

5. Unsecured Convertible Loan Note Facility - continued
The Loan Notes are convertible by the Investor at any time before the Maturity Date into ordinary shares of €0.0001 each in the capital of the Company ("Ordinary Shares") at the lesser of: a) 125% of the closing bid-price of an Ordinary Share on AIM one trading day before the date of issue of the relevant Loan Notes being converted; and b) the lowest closing bid price of an Ordinary Share on AIM from the ten trading days immediately prior to notice of conversion being served (the "Conversion Price"). The Investor has undertaken not to dispose of any Ordinary Shares arising from a conversion of Loan Notes on any given trading day if the number of Ordinary Shares disposed would exceed the greater of: (a) 5% of the maximum nominal amount of Ordinary Shares which have been or may be issued on any conversion of Loan Notes issued under the Instrument (assuming conversion of the Loan Notes in full at the Conversion Price(s) prevailing on such trading day); and (b) 20% of the daily trading volume of Ordinary Shares on the relevant trading day, other than in a block transaction.

Upon conversion of a Loan Note, the holder will be granted one warrant to subscribe for an Ordinary Share ("Warrant") for every two Ordinary Shares issued on conversion. The subscription price payable on the exercise of a Warrant will be the lesser of a) £0.027 per share; or b) 125% of the Conversion Price attributable to the Loan Notes the conversion of which resulted in the grant of the Warrant. Each Warrant will be exercisable at any time prior to the fifth anniversary of the date of issue of the relevant Loan Note. The Warrants have adjustment and anti-dilution provisions in the event of certain changes to the Company's share capital and issues of Ordinary Shares at below the relevant exercise price unless the Investor has been offered a pro rata right to participate in such issue.

The Loan Notes will not bear interest. In certain events of default by the Company or the Company not having sufficient share authorities in place to permit the issue of Ordinary Shares on a conversion of the Loan Notes, the Investor may elect to redeem the Loan Notes for 120 per cent. of the par value of such Loan Notes. In the event of a change of control of the Company, the Company may be required to redeem the Loan Notes at 110 per cent. of the par value of such Loan Notes. The Company can also elect to redeem at any time one or more Loan Notes at a price equal to 105 per cent. of the par value of such Loan Notes, subject to giving the Investor 10 business days' notice, following which the Investor will have the ability to convert some or all of these Loan Notes instead.

On 16 March 2018, the Company announced that it had decided not to proceed with any further draw down amounts under the Unsecured Convertible Loan Note Facility Agreement of up to £7.5 million ("Loan Notes"). In addition, the Company has agreed in principle, and is in preliminary discussions with the investor and the Company's advisers, to cancel the Loan Note Agreement, and for the redemption of existing amounts outstanding at the earliest opportunity.

On 23 May 2018, the Company announced that it had agreed with the Investor a partial redemption of the UCLN amounting to £157,500 to be paid immediately. This amount will be the initial payment ahead of the full redemption of the remainder of outstanding Unsecured Convertible Loan Notes. Additionally, the Investor had also agreed, on full redemption of the remaining UCLN, to give up any future or past equity rights in the Company in the form of warrants that were attached to the original UCLN. The balance of the UCLN would be redeemed once final negotiations are completed between the Company and a new debt provider and a drawdown is made on the new facility.

On 25 May 2018, the Company received a conversion notice pursuant to the ULNF for the principal amount of £100,000 to be converted at 0.3p per share into 33,333,333 new ordinary shares in the company.

28. BORROWINGS – continued

5. Unsecured Convertible Loan Note Facility - continued
On 6 July 2018, the Company used the proceeds of the first instalment of the Loan Facility (see 6 below) to redeem the remaining amount outstanding under the UCLN facility of £1.15 million.

6. Loan Facility

The Company has entered into a loan agreement (the "Loan Agreement") with Cuart Investments Fund and associates (the "Lenders") for the provision of a secured loan facility of up to US$3.2 million (approximately £2.4 million) (the "Loan Facility") with the Lenders. The Loan Facility may be drawn down in two equal instalments with the first instalment of US$1.6 million being advanced upon satisfaction of certain conditions, including:

- the provider of the convertible loan announced on the 28th February 2018 confirming the ability to redeem the outstanding amount of such loan out of the proceeds of the Loan Facility;
- the Company entering into and drawing down under arrangements with Origen, Altair and Ecofinance as described below; and
- the Company having granted warrants to the Lenders over Ordinary Shares valued at US$1.28 million at an exercise price of 125% of the average of the daily Volume Weighted Average Prices ("VWAPs") for each of the five trading days preceding the drawdown of the initial instalment of the Loan Facility.

The Company can elect to redeem at any time the outstanding amount of an advance at a price equal to 105% of the principal amount together with all accrued and unpaid interest, subject to giving the Lenders four business days' notice.

The Company shall pay interest on any instalments of the Loan Facility at the rate of 10% per annum. Each instalment of the Loan Facility will have a maturity date of 12 months from the date of advance (the "Advance Date"). No repayments of the Loan Facility will be made by the Company in the first three months following the Advance Date, following which repayments shall be made as follows: (i) US$67,500 shall be paid at the end of the fourth month following the Advance Date; (ii) 70% of the principal and interest shall be repaid over the following seven months; and (iii) the balance paid on the maturity date.

The Company's obligations under the Loan Agreement are subject to the existing security granted by the Company and its subsidiaries in favour of Altair and Ecofinance.

The Company used the proceeds of the first instalment of the Loan Facility to redeem the amount outstanding under the convertible loan facility entered into by the Company on 28 February 2018. (see 6 above).

On 3 October 2018, the Company announced that it has executed final legal documentation amending the existing secured loan facility ("Amended Loan Agreement") entered into by the Company on 5 July 2018 with the "Lenders", such that the secured loan facility is increased by up to US$10 million (approximately £7.6 million). The Company received net approximately US$0.8 million after expenses from the first Tranche which was drawn down on that date.

28. BORROWINGS – continued

6. Loan Facility - continued

The Company granted warrants to the Lenders over 33,350,318 Ordinary Shares at an exercise price of 1.57 pence per Ordinary Share exercisable within three years from the date of grant. Under the Amended Loan Agreement, a commitment fee of US$136,000 was paid by the Company to the Lenders through the issue of 8,349,546 Ordinary Shares in the Company to the Lenders at an issue price of 1.2542 pence per share.

On 14 December 2018, the Company announced that it had drawn down a third tranche amounting to US$864,000 under the US$10 million financing facility provided by the Lenders. The total amount drawdown to date under the financing facility amounts to US$3,328,000 (approximately £2.6 million).

The carrying amount of the loan agreement at 31 December 2018 is as follows:

	€
Proceeds from the issue of the Loan Agreement	2,878,841
Less: Transaction costs	(552,271)
Net proceeds	2,326,570
Accrued interest	91,285
Accreted transaction costs	228,234
Repayment of principal and interest	(148,951)
Currency losses on retranslation	29,189
Carrying amount of loan at 31 December 2018	2,526,327

The face value of the loan and accrued interest at 31 December 2018 is €2,853,811 (31 December 2017: €Nil).

7. Other borrowings

On 6 July 2018, the Group received an unsecured, non-interest accruing, convertible loan of £1.15 million from Origen Capital LLP. This loan was converted into 191,666,667 Ordinary Shares of €0.001 each in the company on 6 August 2018 (See Note 26).

28. BORROWINGS – continued

8. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	SLF (1)	CSLN (2)	Convertible Loans	Unsecured Borrowings (4)	Bank Borrowings (3)	Bank Overdraft	Total
	€	€	€	€	€	€	€
Balance at 1 July 2017	893,622	2,604,937	-	-	-	1,266	3,499,825
Financing Cash Flows							
Proceeds from borrowings	-	-	596,597	-	-	-	596,597
Loan issue costs	-	-	(31,266)	-	-	-	(31,266)
Total from financing cash flows	-	-	565,531	-	-	-	565,531
Non-cash changes							
Acquisition of subsidiary	-	-	-	40,000	878,920	-	918,920
Conversion into equity	-	-	(596,125)	-	-	-	(596,125)
Effect of changes in foreign exchange rates	(9,325)	(27,507)	(472)	-	-	-	(37,304)
Total non-cash changes	(9,325)	(27,507)	(596,597)	40,000	878,920	-	285,491
Other changes	39,826	115,846	31,066	-	-	352	187,090
Balance at 31 Dec 2017	**924,123**	**2,693,276**	**-**	**40,000**	**878,920**	**1,618**	**4,537,937**

Other changes include interest accruals and payments.

28. BORROWINGS – continued

8. Reconciliation of liabilities arising from financing activities – continued

	SLF (1)	CSLN (2)	Convertible Loans (5)	Loan Facility (6)	Unsecured Borrowings (4)	Other Borrowings (7)	EBIOSS Loan	Bank Borrowings (3)	Bank Overdraft	Total
	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2018	924,123	2,693,276	-	-	40,000	-	-	878,920	1,618	4,537,937
Financing Cash Flows										
Proceeds from borrowings	148,951	-	1,529,758	2,878,841	-	1,479,156	-	-	-	6,036,706
Repayment of borrowings	(426,740)	-	(1,484,809)	(148,950)	(40,000)	(178,049)	-	(353,170)	-	(2,631,718)
Loan issue costs	(28,338)	(14,779)	(138,483)	(435,076)	-	(4,478)	-	-	-	(621,154)
Total from financing cash flows	(306,127)	(14,779)	(93,534)	2,294,815	(40,000)	1,296,629	-	(353,170)	-	2,783,834
Non-cash changes										
Reclassification	-	-	-	-	-	-	5,691	(5,691)	-	-
Conversion into equity	-	(438,767)	(259,829)	(117,194)	-	(1,289,723)	-	-	-	(2,105,513)
Effect of changes in foreign exchange rates	(8,452)	(28,695)	1,963	29,187	-	(11,374)	-	-	-	(17,371)
Loan issue costs	(22,256)	-	-	-	-	-	-	-	-	(22,256)
Amortisation of loan issue costs	115,030	5,569	138,145	186,359	-	4,468	-	-	-	449,571
Redemption fee levied	-	-	70,719	-	-	-	-	-	-	70,719
Other changes	-	-	142,536	91,285	-	-	-	930	945	235,696
Total non-cash changes	84,322	(461,893)	93,534	189,637	-	(1,296,629)	5,691	(4,761)	945	(1,389,154)
Balance at 31 Dec 2018	**702,318**	**2,216,604**	-	**2,484,452**	-	-	**5,691**	**520,989**	**2,563**	**5,932,617**

Other changes include interest accruals and payments.

29. TRADE AND OTHER PAYABLES

	31 Dec 2018	31 Dec 2017
Group	**€**	**€**
VAT payable	23,000	15,044
Trade payables	725,576	1,259,650
Other payables	56,890	330,699
Accruals	600,301	847,234
Other tax liabilities	-	126,996
Deferred revenues	-	81,921
PAYE & social welfare	88,906	105,441
	1,494,673	2,766,985

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

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.

	31 Dec 2018	31 Dec 2017
Company	**€**	**€**
Trade payables	127,411	579,247
Other creditors	1,250	115,360
Amounts payable to subsidiary undertakings	12,881	3,592
PAYE & social welfare	20,065	48,126
Accruals	123,949	575,259
	285,556	1,321,584

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

30. 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 Q3 2019.

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 financial year are set out below.

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

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
Profit for the financial period from discontinued operations	**€**	**€**
Revenue (Note 8)	183,660	77,410
Cost of sales (Note 9)	(275)	-
	183,385	77,410
Administrative Expenses (Note 10)	(112,431)	(57,277)
Operating Profit	70,954	20,133
Finance Costs (Note 13)	(34,202)	(18,546)
Finance Income (Note 13)	6	3
Profit from discontinued operations before tax	36,758	1,590
Tax Expenses	-	-
Profit for the year from discontinued operations (attributable to owners of the Company)	36,758	1,590

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

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
Cash flows from discontinued operations	**€**	**€**
Operating activities	142,956	49,820
Investing activities	(904)	3
Financing activities	(120,472)	(61,584)
Net cash flows used in discontinued operations	21,580	(11,761)

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

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

	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
Assets classified as held for resale:	**€**	**€**
Non-current assets:		
Property, plant and equipment	1,090,858	1,166,679
Current assets:		
Trade and other receivables	25,971	37,816
Cash and cash equivalents (Note 25)	126,718	105,138
Assets classified as held for resale	1,243,547	1,309,633
Liabilities classified as held for resale:		
Current liabilities:		
Borrowings	901,250	987,250
Trade and other payables	12,232	59,544
Liabilities classified as held for resale	913,482	1,046,794

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.

31. BUSINESS COMBINATIONS

Subsidiaries acquired

Name of Subsidiary	Principal Activity	Date of Acquisition	Proportion of voting equity interests acquired	Consideration transferred (€)
Eqtec Iberia SL	Provision of technical engineering services	28/12/2017	100%	15,896,663

Eqtec Iberia SL ("Eqtec Iberia") was acquired for the following strategic benefits to the Group:

- Eqtec Iberia has a highly efficient and highly compliant proprietary gasification technology;
- It will result in an Enlarged Group with solid experience in the Energy from Waste ("EfW") sector;
- It will result in a strong experienced management team with complimentary skill sets;
- It will secure a pipeline of projects in the UK and mainland Europe;
- It secures existing relationships with Energy China and some of the foremost companies in the energy sector; and

31. BUSINESS COMBINATIONS - continued

- It will give the Group the benefit of the Collaboration Framework Agreement signed in May 2016 between Eqtec Iberia, EBIOSS and Energy China which sets out the objectives and parameters surrounding the completion of EfW projects in the UK through which Energy China would be responsible for the construction and obtaining funding for projects in the UK that use Eqtec Gasifier Technology through Engineering, Procurement and Construction contracts.

Consideration Transferred

	Eqtec Iberia SL	Total
	€	€
833,864,531 Ordinary Shares of €0.001 each at a price of £0.016789 per share (Total £14 million)	15,896,663	15,896,663

Assets acquired, and liabilities recognised at the date of acquisition

	Cost	Fair Value Adjustment	Fair Value
Non-current assets	€	€	€
Property, plant and equipment	100,881	-	100,881
Intangible assets	804,332	-	804,332
Other financial investments	421,578	(402,644)	18,934
Deferred tax assets	658,731	-	658,731
Current assets			
Inventories	167,124	-	167,124
Trade and other receivables	1,246,953	(306,292)	940,661
Cash and cash equivalents	13,728	-	13,728
Current liabilities			
Trade and other payables	(1,046,209)	-	(1,046,209)
Borrowings	(645,239)	-	(645,239)
Non-current liabilities			
Borrowings	(363,681)	-	(363,681)
Deferred tax liabilities	(33)	-	(33)
Net assets acquired – as originally stated	1,358,165	(708,936)	649,229
Further fair value adjustment			
Intangible assets	-	(804,332)	(804,332)
Deferred tax assets	-	(658,731)	(658,731)
Net liabilities acquired – as restated	1,358,165	(2,171,999)	(813,834)

31. BUSINESS COMBINATIONS - continued

Goodwill arising on acquisition

	€
Consideration transferred	15,896,663
Less: fair value of identifiable net assets acquired	(649,229)
As originally stated	15,247,434
Further fair value adjustment	1,463,063
As restated	16,710,497

Goodwill arose in the acquisition of Eqtec Iberia because the purchase included the project pipeline and customer relationships of Eqtec Iberia as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licenced, rented or exchanged, either individually or together with any related contracts. None of the goodwill arising on acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition of subsidiaries

	Eqtec Iberia
	€
Consideration paid in cash	-
Cash and cash equivalents acquired	13,728
Net cash inflow on acquisition of subsidiaries	13,728

Impact of acquisitions on the results of the Group

Included in the loss for the comparative period is a profit of €Nil related to Eqtec Iberia. Revenue for the comparative period includes €Nil in respect of Eqtec Iberia.

Had the acquisition of EQTEC Iberia been effected at 1 July 2017, the revenue of the group from continuing operations for the financial period ended 31 December 2017 would have been increased by €270,202; and the loss for the financial period from continuing operations of the Group, after accounting for a gain on the disposal of financial instruments of €604,350, would have been increased by €15,759.

The directors of the Group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future years.

32. RELATED PARTY TRANSACTIONS

The Group's related parties include EBIOSS Energy SE ("EBIOSS"), who at 31 December 2018 held 41.13% of the shares in the Company, the joint venture and key management.

Transactions with EBIOSS
Included in trade and other receivables is an amount of €60,000 (31 December 2017: €60,000) receivable from EBIOSS. Included in borrowings in €5,691 due to EBIOSS from the group.

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/Salaries /Expenses	Termination	Other	Pension	12 months ended 31 Dec 2018	6 months ended 31 Dec 2017
Directors	€'000	€'000	€'000	€'000	€'000	€'000
G Madden	250	-	-	-	250	125
I Pearson	68	-	-	-	68	-
N O'Brien	24	10	-	-	34	-
L Sanchez	145	-	-	-	145	-
O Leiva	40	-	-	-	40	-
T Quigley	35	-	-	-	35	
I Price	84	-	-	-	84	
B Halpin	-	-	-	-	-	158
D O'Connell	-	-	-	-	-	12
Total	646	10	-	-	656	295

At 31 December 2018, directors' remuneration unpaid (including past directors) amounted to €23,642 (31 December 2017: €115,360).

Included in trade and other receivables is an amount of €14,000 receivable from O. Leiva (31 December 2017: €Nil).

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

32. RELATED PARTY TRANSACTIONS - continued

Transactions with associate undertakings

During the financial year ended 31 December 2018, sales of €41,659 were made to associate undertakings (6 months ended 31 December 2017: €20,200). Included in trade and other receivables at 31 December 2018 is balances of €Nil due from associate undertakings (30 June 2018 : €Nil).

Other transactions

During the financial year ended 31 December 2018, the Group sold services totalling €53,524 to TNL Equipamientos Amb, SL ("TNL"), a related party of EQTEC Iberia SL. Included in trade and other receivables at 31 December 2018 is €45,441 due from TNL (31 December 2017: €16,917).

33. EVENTS AFTER THE BALANCE SHEET DATE

Loan Facilities

The Company announced on 11 January 2019 that it had executed final legal documentation to amend the existing secured loan facility initially entered into by the Company on 5 July 2018 (the "Loan Facility") with Cuart Investments Fund and associates (the "Lenders"). The Company, in order to pursue its opportunities and targets, had agreed with the Lenders to further amend the terms of the Loan Facility so that repayment amounts due pursuant to the Loan Facility after 5 January 2019 would now commence on 5 April 2019. As part of the amendment to the terms of the Loan Facility, a monthly fee of US$6,667 would be paid on the 5th day of each month beginning on 5 April 2019 for 15 months. Payments of capital and interest due and outstanding under the Loan Facility on 5 January 2019 were US$486,893. As such, the Company had also agreed with the Lenders to make a minimum cash payment of US$100,000 of this balance by 31 January 2019 with the balance of US$386,893 being paid no later than 28 February 2019.

Altair Loan Facility

The Company announced on 22 January 2019 that it has entered into an agreement with Altair Group Investment Limited ("Altair") to increase the loan facility available for drawdown by £0.879 million to £3.5 million. Altair would also consolidate two loans between Altair and EQTEC, for which Altair has the ultimate benefit, into one facility.

Exercise of warrants

On 4 March 2019, the Company received a notice of exercise from Altair in respect of warrants over 105,263,158 Ordinary Shares at a price of 0.975 pence per share and further notices of exercise from each of Altair and Ecofinance in respect of warrants over 50,000,000 Ordinary Shares and 7,764,000 Ordinary Shares respectively at a price of 0.75 pence per share. The aggregate gross proceeds of these exercises amount to £1,459,546. These warrants were issued in 2017 and 2018 and represent the full exercise of the warrants issued to both Altair and Ecofinance.

33. EVENTS AFTER THE BALANCE SHEET DATE - continued

Issue of Shares to Service Provider
On 16 May 2019, the Company announced that it had issued and allotted 2,777,777 Ordinary Shares of €0.001 each to a service provider as consideration for services rendered.

Issue of shares to Loan Facility Provider
On 24 May 2019, the Company announced that it had issued 33,767,588 new ordinary shares of €0.001 each to Cuart Investments Fund and associates (the "Lenders") in settlement of US$300,362 of principal and accrued interest due in May under the loan facility with the Lenders as announced on 5 July 2018 and as amended as announced on 3 October 2018 and 11 January 2019 (the "Loan Facility").

Loan Facility Drawdown
On 3 June 2019, the Company announced a £0.2 million drawdown under the £3.5 million loan facility with Altair Group Investment Limited ("the Loan Facility"), which was announced on 22 January 2019.

Investment in North Fork Community Power
On 4 June 2019, the Company announced that it had signed a legally binding agreement with Phoenix and North Fork Community Development Council ("NFCDC") (the "Agreement"), to acquire 19.99% ownership of North Fork Community Power LLC ("NFCP"), a special purpose vehicle ("SPV") formed to build and operate a 2MW biomass project in North Fork, California (the "Project"). The consideration for the Company's investment will be solely satisfied by the supply of certain items of the existing equipment currently held at EQTEC's Newry site, valued at US$2.5 million and no cash consideration will be required.

Debt Restructuring, Placing and Corporate Restructuring
On 28 June 2019 the Company announced it has reached agreement for a comprehensive restructuring of various payment obligations with its lenders, resulting in a reduction in its liabilities of, in aggregate, approximately €3 million and that it has raised €0.8 million (before expenses) for general working capital purposes.

The Company also announced its intention to undertake a cost reduction programme in relation to its operations in the UK and Spain and certain senior management appointments.

EQTEC will redeem £2,026,118 of the outstanding principal owed by the Company under the Altair Facility and will also pay Altair an early redemption fee of £101,306, being 5 per cent. of the value of the debt redeemed, through the issue of the Altair Redemption Shares (the "Redemption"). The remaining, unredeemed amount of £795,000 under the Altair Facility will be governed by an amended and restated secured loan facility.

The Riverfort Lenders, pursuant to a further amendment to the Riverfort Facility, will convert US$800,000 (approximately £632,000) of its debt into 191,515,152 new Ordinary Shares at the Placing Price and will receive a debt conversion fee of £31,600, being 5 per cent. of the value of the debt converted, to be satisfied by the issue of 9,575,757 new Ordinary Shares. Following the Conversion, US$1,575,000 remains outstanding under the Riverfort Facility.

Following the Redemption and Conversion, in aggregate, approximately £2,039,250 remains outstanding under the Remaining Facilities. The Remaining Facilities will have a revised annual interest rate of 12.5 per cent and all amounts outstanding are to be repaid as a single payment of principal and accrued interest on 31 July 2020, together with a cash redemption fee of 8 per cent. on the balances outstanding as at that date.

34. NON-CASH TRANSACTIONS

During the financial 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 19 April 2018, the Company received a conversion notice pursuant to the Unsecured Loan Note Facility ("ULNF") for the principal amount of £150,000 to be converted at 0.4p per share into 37,500,000 new ordinary shares in the company.

On 26 April 2018, the Company agreed with EBIOSS Energy SE ("EBIOSS") to convert a receivable owned by EBIOSS in the amount of £147,900 into 36,975,000 new ordinary shares in the company at a conversion price of 0.4p.

On 25 May 2018, the Company received a conversion notice pursuant to the ULNF for the principal amount of £100,000 to be converted at 0.3p per share into 33,333,333 new ordinary shares in the company.

On 31 May 2018, the Company agreed with EBIOSS to convert a receivable owned by EBIOSS in the amount of £87,000 into 29,000,000 new ordinary shares in the company at a conversion price of 0.3p.

On 6 August 2018, the Company announced that in accordance with arrangements entered into on 5 July 2018 and the conclusion of the standstill period announced on 30 July 2018 the Company has issued and allotted 307,194,667 Ordinary Shares arising from the conversion of loan notes entered into on 5 July 2018 with Origen Capital LLP ("Origen"), Altair Group Investments Limited ("Altair") and Ecofinance (GLI) Limited ("Ecofinance"). The exercise price of the shares is 0.6p per share.

On 3 October 2018, the Company announced that under the Amended Loan Agreement with Cuart Investment Funds and Associates ("the Lenders"), a commitment fee of US$136,000 is paid by the Company to the Lenders through the issue of 8,349,546 Ordinary Shares in the Company to the Lenders at an issue price of 1.2542 pence per share.

On 30 October 2018, the Company announced the subscription for 2,026,665 new shares in the Company's ordinary shares of €0.001 each by certain Directors of the Board. The Ordinary Shares were issued by the Company to the Directors at an issue price of 0.93 pence per Ordinary Share. In addition, under the agreement with the Company's Joint Broker VSA Capital Limited, advisor fees totalling £39,750 were converted into 4,274,194 Ordinary Shares in the Company at an issue price of 0.93 pence per share.

35. 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 ended 31 December 2018 was €4,279,077 (6 months ended 31 December 2017: €3,429,479).

36. COMMITMENTS UNDER OPERATNG LEASES

At 31 December 2018 and 2017, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	31 Dec 2018	31 Dec 2017
	€	€
Not later than 1 year	72,000	72,000
Later than 1 year and not later than 5 years	288,000	288,000
Late than 5 years	-	72,000
	360,000	432,000

37. APPROVAL OF FINANCIAL STATEMENT

These consolidated financial statements were approved by the Board of Directors on 28 June 2019.