ENERGONI JSC

Consolidated interim financial statement

30 September 2013

1.Corporate information

The present consolidated interim financial statement records the financial condition, financial results and cash flow movements of ENERGONI JSC /the mother company/ and its subsidiary companies, hereinafter referred to as the group.

a/ Legal status of the mother- company

ENERGONI JSC has been inscribed in the Registry Agency on the 21.05.2008, under UIC 200124320 and at the following domicile - Sofia 115 Tzarigradsko shose Blvd, fl.4.

ENERGONI JSC has initial capital of 50 000 /fifty thousand/ BGN, allocated in 50 000 /fifty thousand/ ordinary personal shares with a voting right and par value of 1/one/ BGN for each share. Upon its formation, the company is managed and represented by Dimitrios Aivaliotis.

On the 26.02.2009 by the Registry agency in the Trade Register to the registry record of ENERGONI JSC the following circumstances have been inscribed: the capital of the company has been increased from 50 000 /fifty thousand/ BGN to 250 000 /two-hundred and fifty thousand /BGN and new 200 000 /two hundred thousand/ ordinary personal shares with a voting right and par value of 1/one/ BGN for each share have been issued. The capital increase is executed on the condition that all newly-issued shares are recorded by the shareholder Dimitrious Aivaliotis

With resolution № 972 - of 30.11.2009 г. of the Financial Supervision Commission the merger agreement of 14.10.2009 under article 262j of the Bulgarian Commercial Law, the reports of the Council of Directors of the participating in the transformation companies under article 262 and paragraph 2 of the Commercial Law and 124 paragraph 2, item 2 of the Law on public offering of securities and the auditors reports under article 262m of the Commercial Law have been approved.

On the 01.03.2010 by the Registry agency in the Trade Register to the registry record of ENERGONI JSC the following circumstances have been inscribed: the capital of the company has been increased from 250 000 /two hundred fifty thousand/ BGN to 547 563 000 / five hundred forty seven million and five hundred sixty-three thousand /BGN and new 547 313 / five hundred forty seven million and three hundred thirteen thousand / ordinary personal shares with a voting right and a par value of 1/one/ BGN for each share have been issued. The capital increase is executed through the merger of Royal Resorts AD and Royal Investment EAD with ENERGONI JSC.
Royal Resorts AD owns the subsidiary companies Alpower Bulgaria AD and Electron Bulgaria AD, which as a result of the merger of Royal Resorts AD with ENERGONI JSC have become subsidiary companies of ENERGONI JSC.

As of 30.09.2013 ENERGONI JSC /the mother company/ is a joint stock company with 100% private property, with a one-step system of management and a council of directors, consisting of the following members: Mihail Georgopapadakos, Maksim Jekov Dimov, Yoanis Nikitakis. The company is managed and represented by Mihail Georgopapadakos.

The Company operates mainly in the field of exploration and development of energy projects, concerning electrical energy production from renewable sources.

b/ Legal status of the subsidiary companies

"ALPOWER-BULGARIA" AD is a legal entity, established in accordance with chapter 13 of the Commercial Law that owns a patent for invention № 64239/05.07.2004 issued by the Patent Office of the Republic of Bulgaria with a № 105560 „ Method of building a wind power plant" and concluded license contract for a patent use.
The company is managed by council of directors, which consists of the following members: Mihail Kiriyakos Georgopapadakos, Emanuil Passalis and "ENERGONI" JSC by Mihail Kiriyakos Georgopapadakos. The company is represented by Mihail Kiriyakos Georgopapadakos. The management and business activity of the company have been performed in virtue of the Commercial Law and the Law on accountancy. The capital of the company amounts to 7 828 400 BGN and has been fully paid as contribution in kind – 7 823 400 BGN and 5 000 BGN in cash.

"ELECTRON-BULGARIA" AD is a legal entity, established in accordance with chapter 13 of the Commercial Law that owns a patent for invention № 64239/05.07.2004 issued by Patent Office of the Republic of Bulgaria with a № 105560 „Method of building a wind power plant" and concluded license contract for use of a patent/patent use. The company is managed by a council of directors consisting of the following members: Mihail Kiriyakos Georgopapadakos, "ENERGONI" JSC by Mihail Kiriyakos Georgopapadakos and Elena Dimitrova Georgieva. The company is represented by Mihail Kiriyakos Georgopapadakos. The management and business activity of the company have performed in virtue of the Commercial Law and the Law on accountancy. The capital of the company amounts to 4 699 000 BGN and has been fully paid as contribution in kind – 4 694 000 BGN and 5 000 BGN in cash.

"Electron-Bulgaria" AD and "Alpower-Bulgaria" AD convene General meetings of shareholders on 25.11.2013 year to take the appropriate decisions for merger of "Alpower-Bulgaria" AD UIC: 175468989 into "Electron-Bulgaria "JSC UIC: 175300030. The information is disclosed in the Trade Register.

The group operates mainly in the field of exploration and development of energy projects concerning electrical energy production from renewable sources.

(c) Basis of preparation

The present consolidated interim financial statement is prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and IFRIC interpretations, adopted by the European Union (EU) and the Bulgarian legislation.

New and amended standards, adopted by the Group

For the current financial year, the Group has adopted all the new and / or revised standards and interpretations issued by the International Accounting Standards Board (IASB), respectively, the Committee IFRIC, that are relevant to its operations.

Adopted standards for periods, beginning at least 1 January 2013

• *IAS 12 (Revised) Income Taxes (effective for annual periods 01.01.2013 - adopted by the EC).* Change is related to explicit clarification that the deferred taxes (asset or liability) related to an asset, should be made through the prism of the intention of the company to recover the investment in the carrying amount of the asset - by sale or in continuing use. Specific rules are provided in the case of non-current assets revalued in accordance with IAS 16, but mostly for investment properties measured at fair value under IAS 40 incl. acquired in business combinations - it is presumed that they will be recovered through sale for the determination of deferred taxes;

• *IAS 27 (amended 2011) Separate Financial Statements (effective for annual periods beginning on 01.01.2013 - adopted by the EC - mandatory application at the latest, for annual periods beginning on or after 01.01.2014).* Standard is reissued with changed name as part of it, which concerned the consolidated financial statements is entirely separated into new standard - IFRS 10 Consolidated Financial Statements. Thus, the standard remained included only the reporting of investments in subsidiaries, associates and joint ventures on the level of individual statements.

• *IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on 01.01.2013 - adopted by the EC - mandatory application at the latest, for annual periods beginning on or after 01.01.2014). Transitional arrangements (effective for annual periods beginning on or after 01.01.2013 - have not been adopted by the EC) - concerning the application of the standard for the first time.* This standard supersedes in its significant part IAS 27 (Consolidated and Separate Financial Statements) and SIC Interpretation 12 (Consolidation - Special Purpose Entities). It`s main objective is to establish principles and the way of preparation and presentation of financial statements when an entity controls one or more other entities. It redefines the concept of "control" that contains three components, and defines control as the only basis for consolidation. The standard establishes general mandatory rules for the preparation of consolidated financial statements.

• *IFRS 12 Disclosure of interests in other entities (effective for annual periods beginning on 01.01.2013 - adopted by the EC - mandatory application at the latest, for annual periods beginning on or after 01.01.2014). Transitional arrangements (effective for annual periods beginning on or after 01.01.2013 - have not been adopted by the EC) - concerning the application of the standard for the first time.* This standard sets out requirements for the disclosures in the financial statements concerning all interests of the reporting entity in other companies and entities, including also the effects and risks of such interests.

• *IFRS 13 Fair Value Measurement (effective for annual periods beginning on 01.01.2013 - adopted by the EC).* This standard is a united source of methodological guidelines, containing precise definition of "fair value", rules and methods of its measurement and more extensive disclosure requirements about fair value measurement for the purposes of IFRS. It covers both financial instruments and non-financial assets and liabilities for which IFRS require or permit the application of fair value.

• Improvements to IFRSs (May 2012) - Improvements to IAS 1, 16, 32, 34, IFRS 1 (effective for annual periods beginning on 01.01.2013 - not adopted by the EC). These improvements introduce partial changes in the standards, mainly in order to remove existing inconsistencies or ambiguities in the rules and requirements of the respective standards and to set up more precise terminology. The main changes are aimed at the following objects or operations - borrowing costs for qualifying assets for which the commencement date of capitalization is before the date of transition to IFRS (IFRS 1), clarification of the requirements for the presentation of comparative information (IAS 1), clarification of the classification of the service equipment (IAS 16), reporting of the tax effect of distributions to holders of equity instruments is in accordance with IAS 12 (IAS 32), interim reporting of segment information for total assets to achieve consistency with IFRS 8 (IAS 34).

The present interim financial statement is a consolidated financial statement. The investments in both subsidiary companies are eliminated against the equity of the subsidiary companies. All assets, liabilities, incomes and costs of the subsidiary companies are included in the consolidated interim financial statement of ENERGONI JSC under the full consolidation method after elimination of the balances and transactions within the group.

The consolidated interim financial statement of the group as of 30.09.2013 is prepared in accordance with the principles of historical cost and going concern. The management of the group confirms that its development plans do not foresee the activity be terminated into the indefinite future. If substantial uncertainties are known by the management and they may cause significant doubt upon that the group can continue its activity, these uncertainties will be disclosed.

During the reporting period are pending the following development goals of the group:

1. Completion of the preparation of the first projects for entering phase "Building".

2. Completion of the acquisition of funding for the projects.

3. Completion of the construction and furnishing of office space, by which to complete the administrative organization of the group.

The financial statement has been prepared in the national currency of the Republic of Bulgaria – bulgarian lev (BGN). Since 1 January 1999 Bulgarian lev has been fixed to the Euro: 1.95583 leva = 1 Euro. The data in the statements and the notes thereto are presented in thousands of BGN, unless otherwise is explicitly indicated.

The presentation of financial statements in accordance with International Financial Reporting Standards requires management to make best estimates, accruals and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent receivables and liabilities at the reporting date. These estimates, accruals and assumptions are based on information available at the date of the financial statements, because of that the actual future results could be different (as in times of financial crisis, the uncertainties are more significant).

2. Comparative data

The present consolidated interim financial statement has been prepared in accordance with IAS 34 "Interim Financial Reporting". According to Bulgarian Law on Accountancy the fiscal year ends on December 31 and the companies are obliged to submit their statements up to this date together with a comparative data for the same date of the previous year.

3.Basic elements of the accounting policy

The group adheres to a common accounting policy – the accounting policy of the mother company

(a) Foreign Currency Dealings

Foreign Currency transactions are translated in BGN at the exchange rate of the Central Bank ruling on the transaction date. The cash assets and liabilities, denominated in foreign currency on the balance date are translated in BGN at the closing exchange rate of the Central Bank as of 30.09.2013. The foreign currency exchange differences are included in the Income statement.

(b) Property, plant and equipment

As property, plant and equipment are reported the assets which fulfill the IAS 16 criteria and its value is higher or equal to 700 BGN. The assets with a value that is lower than the above-stated are reported as operating costs for the acquisition period in accordance with the approved accounting policy. Each property, plant or equipment shall be evaluated when acquired at acquisition price defined in accordance with the IAS 16 requirements.

The chosen model by the group for the subsequent measurement of property, plant and equipment is the model of the acquisition cost under IAS 16 - acquisition cost less any accumulated depreciation and accumulated impairment losses.

Consecutive expenses related to property, plant or equipment are reported as an increase in the net book value of assets, when there is a chance that the company might gain economic profits higher than the originally assessed standard of performance. In all other cases the consecutive expenses shall be recorded as operating costs for the period.

Tangible fixed assets are depreciated under linear method over the expected useful life period determined at the time of asset acquisition.

The average useful life in years for the general groups of tangible fixed assets is as follows:

Group	Years
Buildings and installations	25
Machinery	3.3
Vehicles	4
Fixtures and fittings	6.7
Computers and peripheral devises	2

Land and expenses related to the acquisition of the tangible fixed assets do not undergo depreciation.

The applied depreciation rates are based on the estimated useful life.

As of 30.09.2013 ENERGONI JSC and its subsidiary companies have the following properties, plant and equipment.

(Thousand of BGN)

Group	**Carrying value**	**Depreciation and amortization**	**Net book value**
Land	70	-	70
Buildings	42	18	24
Equipment	9	4	5
Computers and peripheral appliances	30	15	15
Vehicles	56	19	37
Fixtures and fittings	192	27	165
Tangible fixed assets in progress	3559	-	3559
Total:	**3958**	**83**	**3875**

(c) Intangible assets

As intangible assets are reported assets that comply with the intangible assets definition and meet the criterion concerning the reporting of intangible assets stipulated in IAS 38.
Upon acquisition, intangible assets are reported at acquisition cost.

Intangible assets with an indefinite useful life - The chosen model by the group for the subsequent measurement of intangible assets with an indefinite useful life is the revaluation model according to IAS 38 ***Intangible Assets*** - after initial recognition, intangible assets are accounted at revalued value, which is its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated losses from revaluation. An increase and decrease in the carrying value of intangible assets with an indefinite useful life as a result of revaluation is subject to paragraphs 85 and 86 of IAS 38.

Intangible assets with an finite useful life **-** The chosen model by the group for the subsequent measurement of intangible assets with finite useful life is the model of the acquisition cost according to IAS 38 ***Intangible Assets*** **-** after the initial recognition of an intangible asset it is accounted at its acquisition cost less accumulated depreciation and any accumulated impairment losses. (paragraph 74 of IAS 38)

As of 30.09.2013 the group owns the following intangible assets with an indefinite useful life:

- Patent with a carrying value of BGN 558 000 thousand, which according to paragraph 107 of IAS 38 do not have to be depreciated. According to 108 of IAS 38 ***Intangible assets*** and IAS 36 ***Impairment of asset,*** the group is obliged to perform an impairment test for indefinite-lived intangible assets by comparing asset recoverable amount with its book value.
a/ interimly; and
b/ when there is a chance of intangible asset impairment.

At a meeting of the Board of Directors of Energoni JSC. - the parent company, has been decided to be evaluated the patent "Method for the construction of a wind power plant" by independent evaluators. The new market evaluation of the intangible asset has been carried out by "BR Account" EOOD as of 31.03.2013. Market evaluation has been prepared to serve in financing from a financial institution, purchase, accounting and others.
In the evaluation of fixed assets applies a fundamental rule, enshrined in financial analysis, namely that "an asset is as valuable as the cash flows that could generate or respectively returns that can bring within a specified period of time. "We are talking about the same thing, but evaluated in two alternative ways. In the first approach are estimated discounted cash flows for the period of an investment, reaching indicator net present value (NPV). In the second approach we measure the expected return on investment rates, this indicator is called the internal rate of return (IRR).
Both approaches are justified and applied in the comprehensive analysis of the three investment options for the production of electricity from wind energy parks, which will be built from the Group "Energoni" JSC.
In the evaluation of an intangible fixed asset (IFA) in this case a patent needs to be determined economically well-grounded "percentage of the generated future cash flows", which shows how much of discounted net cash flows are due to the "work" of this IFA. Accepted valuation practice around the world, particularly in countries like the UK and U.S., this percentage varies from 5 to 10% when it comes to patents or utility methods, that form the basis of future generated net cash flows. For reporting purposes of the market value of the patent as of 31.03.2013 shall be the lowest percentage of 5% of the present value of the future cash flows generated by the investment project. The logic is that the patent is an integral part of the functioning of projects, where technical and technological parameters should improve the performance, and hence to higher the expected cash flows after the adoption of a useful method or patent. Similar is the case with the Patent of group "Energoni" JSC, which is a fundamental part of achievement of defined investment plans of the group.

The total value of the patent BGN 558 000 thousand has been proportionally allocated according to the owned patent shares between ENERGONI JSC and its subsidiary companies as follows:

Company name	Re-evaluated value (thousand of BGN)	% share
Energoni JSC	545 222	97.71
Electron - Bulgaria AD	4 799	0.86
Alpower - Bulgaria AD	7 979	1.43
Total :	**558 000**	**100.00**

As of 30.09.2013 the group owns the following intangible assets with finite useful life:

- License № L-258-01/04.02.2008 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object – photovoltaic park after its construction. Its net book value as of 30.09.2013 is BGN 12 thousand.
- License № L-240-01/2007 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object - Wind Park Dobrin after its construction. Its net book value as of 30.09.2013 is BGN 13 thousand.

- License № L-259-01/2008 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object after its construction. Its net book value as of 30.09.2013 is BGN 13 thousand.

(d) Impairment of tangible and intangible fixed assets

In the event that facts and circumstances indicate that the net book value of company’s tangible and intangible fixed assets is non-refundable within company’s activities, impairment shall be performed. An impairment loss is recognized for the amount by which the net book value exceeds the recoverable amount which is higher than assets net selling price and its value in use. For the purposes of impairment testing assets are grouped to the highest possible analytical degree, for which identifiable cash flow are present.

With regard to the provisions of IAS 36 ***Impairment of assets*** the group believe that negative changes are not likely to occur in its field of operation.
As of 30.09.2013 the group does not have impairment of tangible and intangible fixed assets.

(e) Investments in subsidiary companies, associated companies and minority shares

On 01.09.2011 "Electron-Bulgaria" AD acquires controlling stake of the following companies:

(Thousand of BGN)

Company	Amount of the investment	Relative share of the participation (%)
Bolkan Solar AD	23 550	51
Eko Solar Energy AD	45	90
RES Electric AD /RNK Electric/	100	100
Total:	**23 695**	

On 01.09.2011 "Alpower-Bulgaria" AD acquires controlling stake of the following companies:

(Thousand of BGN)

Company	Amount of the investment	Relative share of the participation (%)
Bolkan Energy AD	40 218	51
Sofia Wind Park AD	39 141	51
Total:	**79 359**	

On 01.09.2011 the group acquires minority interest in "Consortium Elgrup" AD, UIC 131562294, amounting to BGN 7 thousand - 14% of the company`s capital, through its subsidiary company "RES Electric" AD.

(f) Investment property

The group does not report investment properties in accordance with IAS 40.

(g) Inventories

Inventories are current tangible assets such as:

Materials acquired through a purchase and intended for direct sales.
Inventories are evaluated at a value lower than the purchase cost or the net realizable value.
Purchase cost includes the sum of all purchasing costs and other costs incurred as a result of bringing the asset to the location and in appropriate condition.
Subsequently they are included in the carrying amount of goods sold through a sale under weighted average value method.

As of 30.09.2013 the group has work in progress amounting to BGN 62 thousand. Under contract from 13.05.2008 with "Intercapital Property Development" ADSIC "RNK Electric" AD has undertaken to work on building site - the electrical part. Construction is done on stage before act obr.15, value of BGN 62 thousand and consists of input transformers and equipment and also materials for construction of an external power supply of the object: Hotel - Borovets investor "Intercapital Property Development" ADSIC.

(h) Trade and other receivables

As loans and receivables initially occurred in the company are classified receivables from direct provisions of goods, services, cash and cash equivalents of debtors. Initially, receivables and loans are valued at prime cost.

After initial recognition, loans and receivables from clients and suppliers which are with no fixed maturity are reported at prime cost.

Loans and receivables from customers and suppliers with a fixed maturity are reported at their depreciation cost. The effective interest rate is the original interest rate stated in the contract.

As of date of the financial statement a review concerning assessment of impairment due to uncollectability shall be performed. The assessment of impairment shall be based on individual approach for each receivable according to management's decision.

Tax refund shall be presented at the original amount of the claim.

Other receivables shall be presented at prime cost.

As short term receivables are classified receivables that are:

- With no fixed maturity;
- Fixed maturity and up to one year residual maturity term from the date of the financial statement**.**

As long term receivables are classified receivables with fixed maturity and residual maturity of over a year term.

Trade and other receivables are reported at their nominal value less impairment losses.

As of 30.09.2013 the group has the following trade and other receivables:

(Thousand of BGN)

Receivables	Energoni JSC	Elektron-Bulgaria AD	Alpower-Bulgaria AD	Total
VAT receivables	124	-	1	125
Advance payments to suppliers	301	-	-	301
Intercompany accounts	-	8	5	13
Other receivables	1	3750	6250	10001
Total:	**426**	**3758**	**6256**	**10440**

(i) Cash and cash equivalents

Cash in BGN is evaluated at face value which corresponds to its fair value at the reporting date. Bank deposits are reported at nominal value and the due interest accrued under the contract at the reporting date.
Cash and cash equivalents, denominated in foreign currency, are translated at the central exchange rate of Bulgarian National Bank at the reporting date.

Cash balances include cash on hand and at bank as follows:

. (Thousand BGN)

Cash	Amount
Cash on hand	111
Cash at bank	-
Total:	**111**

(j) Financial risk management

In the normal course of economic activity the group may be exposed to various financial risks, the most important of which are market risk (including currency risk, risk of change in fair value and price risk), credit risk, liquidity risk and risk interest-bearing cash flows. The overall risk management focuses on the difficulties in forecasting financial markets and reaching minimization of potential negative effects that could affect the financial results and position of the group.

Currency risk

Currency transactions are performed in Euro. The group does not use special risk hedging instruments, because the use of such instruments is not a common practice in the Republic of Bulgaria. Currency risk is minimized, because the BGN is fixed under the National Bank Act to euro in ratio BGN 1.95583: EUR 1.

Price risk

The group is exposed to price risk by two factors:
a) any increase in supply costs of raw materials , and
b) changes in the regulatory framework, related to RES and the purchase price of the electricity, regulated by the state.
To minimize this impact group implement a strategy aiming optimization of production costs, validation of alternative suppliers offering favorable terms of trade.

Credit risk

Financial assets, which potentially expose the group to a credit risk, are mainly trade receivables. The group shall be subjected to a credit risk in case clients do not pay their liabilities. The group policy in this area is aimed at sales of goods and services to customers with appropriate credit standing.

Liquidity risk

Liquidity risk is the negative situation when the group will not be able to meet unconditionally all its obligations in accordance with their maturity.
The group generates and maintains a sufficient amount of liquid funds. External sources of funding are the shareholders of the mother company. In order to isolate the potential liquidity risk, the group is working with alternative mechanisms of action and estimates, The final effect of which is to maintain good liquidity, respectively ability to fund its business activities. This is complemented by ongoing monitoring of the maturities of assets and liabilities and control of outgoing cash flows.

(k) Equity

Group equity amounts to BGN 551 874 000 / five hundred fifty-one million eight hundred and seventy-four thousand /
The share capital of the mother-company is BGN 547 563 000 / five hundred forty seven million five hundred sixty-three thousand /. Shareholders with more than 5% shareholding in the capital are the following:

Shareholders	30.09.2013			
	Number of shares	Value	Paid	% share
ZAO NK Rusneftekhim	100 000 000	100 000 000	100 000 000	18.26
MIchail Georgopapadakos	90 358 009	90 358 009	90358009	16.50
SWEDBANK AS CLIENTS	85 560 859	85 560 859	85 560 859	15.63
Royal Fund Bulgaria AD	44 000 000	44 000 000	44 000 000	8.04
Ivan Todorov Cholakov	37 329 311	37 329 311	37 329 311	6.82
Yavor Kamenov Drenkov	36 257 697	36 257 697	36 257 697	6.62
HELLENIC AMERICAN SECURITIES S A	28 439 156	28 439 156	28 439 156	5.19
Total:	**421 945 032**	**421 945 032**	**421 945 032**	**77.06**

The share capital of the group "Electron-Bulgaria" AD amounts to BGN 5 194 000 / five million one hundred ninety-four thousand /. The share capital of "Electron-Bulgaria" AD amounts to BGN 4 699 thousand and is 71.88% owned by the "Energoni" JSC.
On 28.06.2013 contract has been concluded for purchase - sale of shares of Electron - Bulgaria AD between Energoni JSC and Michail Georgopapadakos, under which the company

transferred at nominal value 1 320 909 shares or 28.12% of the capital of Electron - Bulgaria AD to Michail Gerogopapadakos. With the sale of the shares Energoni AD repaid part of the loans borrowed from Michail Gerogopapadakos.

"Electron-Bulgaria" AD has the following relative share of the capital of subsidiary companies:

(Thousand BGN)

Company	Amount of the share capital	Owned by the group		Foreign participation	
		Amount	%	Amount	%
RES Electric AD	100	100	100	-	-
Bolkan Solar AD	1 000	510	51	490	49
Eko Solar Energy AD	50	45	90	5	10
Total:	**1 150**	**655**		**495**	

The share capital of the group "Alpower-Bulgaria" AD amounts to BGN 8 122 000 / eight million one hundred twenty-two thousand /. The share capital of "Electron-Bulgaria" AD amounts to BGN 7 828 thousand and is 71.88% owned by the "Energoni" JSC.

"Alpower-Bulgaria" AD has the following relative share of the capital of subsidiary companies:

(Thousand BGN)

Company	Amount of the share capital	Owned by the group		Foreign participation	
		Amount	%	Amount	%
Bolkan Energy AD	550	280	51	270	49
Sofia Wind Park AD	50	26	51	24	49
Total:	**600**	**306**		**294**	

The group manages its capital in such a way as to ensure its functioning as an alignment and to maximize shareholders returns through optimization of the debt-capital ratio (return on invested capital). The aim of the management is to maintain the thrust of investors, creditors and market and to guarantee for the future development of the group.
The group has revaluation reserve amounting to BGN 10 686 thousand, from which BGN 10682 thousand are from the revaluation of FIA Patent for invention "Method for the construction of a wind power plant" carried as of 31.03.2013.

(l) Liabilities and provisions

Liabilities classification
As loans and liabilities initially occurred within the group are classifies liabilities of a direct provision of goods, services, cash or cash equivalents of creditors.
Initially, these liabilities are reported at prime cost.
After initial recognition, loans and liabilities to suppliers and customers, which have no fixed maturity, are reported at prime cost.

Loans and receivables from customers and suppliers with a fixed maturity are reported at their depreciation cost. The effective interest rate is the original interest rate stated in the contract.

Liabilities to employees and insurance companies are classified as company liabilities related to already executed work by employees and respective insurance installment required by the legislation. According to IAS requirements liabilities include calculated short-term personnel incomes with unused by personnel leaves origin and liabilities to Social Insurance Funds, related to these incomes, calculated on effective social security rates basis. The company has no policy applied to charge long-term personnel incomes.

Provisions are calculated according to the best proximate management estimation regarding constructive and legal liabilities resulting from past events.
As short term liabilities are classified liabilities with:

- With no fixed maturity
- Fixed maturity and up to one year residual maturity term from the date of the financial statement.

As long term liabilities are classified liabilities that have fixed maturity and residual maturity of over a year term from the date of the financial statement.

Borrowings are initially recorded at their acquisition cost less relevant transaction costs. After initial recognition, borrowings are recorded at depreciation cost and every difference between acquisition cost and subsequent evaluation is reflected in the income statement on the effective interest rate basis for the period loan arise.

As of 30.09.2013 the personnel of the mother company comprises of 3 employee and the average personnel for the year is 3. The company makes use of services under civil contracts. From the other companies in the group personnel have Bolkan Solar AD – three employees on labor contract, Elektron-Bulgaria AD – 1 employee on labor contract and Alpower-Bulgaria AD – 1 employee on labor contract .

As of 30.09.2013 the group has current liabilities amounted to BGN 1058 thousand, which are distributed as follows:

(Thousand BGN)

Liabilities	**Energoni JSC**	**Elektron-Bulgaria AD**	**Alpower-Bulgaria AD**	**Total**
Payables to suppliers	95	14	10	119
Advance payments	-	72	-	72
Payables to employees	-	-	-	-
Insurance liabilities	2	85	-	87
Tax liabilities	1	33	-	34
Interest payables	244	115	6	365
Other payables	2	143	236	381
Total:	**344**	**462**	**252**	**1058**

(m) Revenues

The group is currently reporting on financial incomes from regular business activities by activity’s type.

Revenue recognition is performed by adherence to the adopted accounting policy for the following revenue types.

Incomes from goods and other assets sales - property transfer and buyer’s assets transferring.

When providing short-term services in the Income Statement shall be recognized the part that corresponds to the level of provided services at the date of Balance sheet statement.

Level of provision is determined on the executed work research basis.

In case of significant uncertainties regarding revenues reception, revenues shall not be recognized.
Revenues are reported on continuous posting principle on the basis of their possible economic profitability and if they could be accurately measured. They are evaluated at fair value of received or to be received

As of 30.09.2013, the Group has generated income from services BGN 3 thousand and other operating income – BGN 38 321 thousand, of which BGN 38 319 thousand are from the revaluation of the patent for invention "Method for the construction of a wind power plant." There is no generated financial income during the reporting period.

(n) Cost and expenses

The group is currently reporting on the operating costs by type.

As operating costs are reported financial expenses, which the group reports and which are related to its regular business activity.

Expenses are reported according to the continuous posting principle. They are evaluated at fair value of paid or pending payment.
As of 30.09.2013 reported expenses related to the group's regular business activity amount to BGN 345 thousand, BGN 265 thousand of which are mother-company's expenses, BGN 57 thousand are expenses of the group Elektron-Bulgaria AD and BGN 23 thousand are expenses of the group Alpower-Bulgaria AD.

Financial expenses include expenses from interest and other financial expenses. As of 30.09.2013 the group has made BGN 1 thousand financial expenses.

(o) Related parties

As of 30.09.2013 the group has the following receivables and payables with related parties:

(Thousand BGN)

Related parties	Current receivables	Non-current receivables	Total receivables
MakKap AD	-	2	2
Total:	**-**	**2**	**2**

(Thousand BGN)

Related parties	Current payables	Non-current payables	Total payables
MakKap AD	102158	126	102284
Mihail Georgopapadakos	10168	778	10946
Yoanis Dagredzakis	1017	-	1017
World Trading Opportunity Fund	430	-	430
Emmanuel Tzanos	59	-	59
IFIT Advisory AG	25	-	25
Total:	**113857**	**904**	**114761**

(p) Taxation:

The interim tax on profit comprises current and deferred tax. Current tax is the amount that shall be paid on taxable profit for the period and it is based on the effective tax rate or the operating tax rate at the day of balance sheet preparation and all corrections related to tax payable for previous years.

Deferred tax is calculated under the balance sheet assets and liabilities method applied to all time differences between the net book value and values calculated for financial purposes in accordance with the accounting reports.

Deferred tax is calculated on expected tax rates base that is applicable when the asset is realized or the liability is settled. The effect from tax rates changes on deferred tax is reported in the income statement, except for the cases when it relates to amounts previously calculated or directly reported in shareholder's equity

Deferred tax asset is recognized only to the amount that future profits are liable to be received and for which unused tax losses or tax credits are liable be utilized. Deferred tax assets are redused in compliance with the decrease in probability of tax profits realization.

As of 30.09.2013 the group has the following deferred tax assets and liabilities:

Deferred tax assets and liabilities	Energoni JSC	Elektron-Bulgaria AD	Alpower-Bulgaria AD	Total
Deffered tax assets	3804	34	57	**3895**
Deferred tax liabilities	3746	35	54	**3835**

(q) Cash flow statement

The adopted policy on reporting and recording of cash flows is based on the direct method.
Cash flows are classified as cash flows when they are derived from:

- Operating activity
- Investment activity
- Financial activity

In the cash flow statement there are not any summary items.

(r) Report on changes in shareholder's equity

The adopted accounting policy requires statement preparation to include:
Net and loss profit for the period;
Balance of retained profit and changes for the period;
All revenues or expenses items and profit or loss items, resulting from IAS shall be recognized directly in the equity;
Cumulative effect of changes in accounting policy and fundamental mistakes in accordance with IAS 8;
Equity transfer and allocation between the shareholders;
Changes that have occurred as a result of alterations related to the elements of shareholders equity.

(s) Earnings per share

Basic earnings per share are determined on the basis of the net profit/(loss) for the period which is liable to allocation between shareholders with ordinary shares and weighted average number of outstanding ordinary shares for the reporting period. The weighted average number of outstanding ordinary shares is the number of outstanding ordinary shares at the beginning of the period, corrected by the number of re-purchased ordinary shares and the newly issued ones for the period, multiplied by the average time factor. This factor shows the number of days during which the shares have been retained compared to the total number of days in the period. Earnings per share that have decreased in value are not calculated, because potential ordinary shares have not been issued.

4. Additional information to the items of the financial statement

REPORT FOR EXPLANATION OF THE MORE IMPORTANT ITEMS OF FINANCIAL STATEMENT

	(Thousand BGN)
	30.09.2013
4.1 Cash	
Cash on hand	111
Cash at bank	-
Total:	**111**
4.2 Non-current liabilities	
Differed tax liabilities	3835
Payables to related parties	904
Total:	**4739**
4.3 Current liabilities	
Payables to suppliers and clients	191
Payables to related parties	113857
Payables to employees	-
Insurance liabilities	87
Tax liabilities	34
Other payables	746
Total:	**114915**
4.4 Operating revenue	
Income from services	3
Other operating income	38321
Total:	**38324**
4.5 Operating expenses	
Cost of materials	60
Expenses on hired services	177
Employee benefits expenses	75
Depreciation and amortization	24
Other operating expenses	9
Other finance costs	1
Total :	**346**
4.6 Financial result	
Accumulated loss from prior years	(38715)
Current profit	34146
Total:	**(4569)**

Date: 06.11.2013

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