

INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE FIRST QUARTER OF 2013

Unofficial translation of the original in Bulgarian

Short description of the Company's activity

Enemona AD is a publically traded joint stock company, with **seat and registered office**: at 1A, Panayot Hitov, Kozloduy, Vratsa District, Bulgaria, tel.: 0973/80159, fax: 0973/80701, e-mail: office@enemona.com, Internet site: www.enemona.com. The Company has currently two Bulgarian branches, Enemona AD – Sofia Branch (UIC 0024).

The **scope of activity** of the Company is: *design, investment, construction and assembly, commissioning works, repair, maintenance, engineering, marketing, tourist, public catering, hotel management, camping, agency, advertising, business activities /including import, export, purchase and sale of real property including agricultural lands, purchase and sale of receivables, exchange, compensation, leasing, rental, barter, consignment transactions/, production, purchase, marketing, maintenance of and trade with machines, equipment, materials, elements and spare parts and commodities. production, transmission, distribution and trade with heat and electrical energy, including energy from renewable sources, production and trade with energy carriers – after the obtaining the relevant permit/licence in the cases provided in the law; design and construction of energy facilities and energy saving facilities; energy efficiency services /including investigation, consulting, research, design, construction, installation, modernization, maintenance, operation and monitoring of machines, facilities and buildings/prospecting, investigation, development, production and use of deposits of mineral resources within the meaning of art. 2 of the mineral resources act, and of biological resources, mineral resources, energy resources and water. acquisition of concessions for hydromeliorative and water supply facilities and systems, port terminals, republican roads, objects of the railroad infrastructure. Consultancy, translation, motor vehicle repair, transport, taxi, tourist, communication and household services. agricultural activities /including production, purchase, processing and marketing of agricultural products/ in this country and abroad; veterinary services and consultations; holding of shares and interest including acquisition of shares and interest in other companies, participation in joint ventures, acquisition of shares, interest and/or companies by merger and bundling and their sale; trade with shops and any other activities that are not forbidden by the laws of the Republic of Bulgaria.*

The Company has a one-tier system of government – **Board of Directors**, consisting of:

DICHKO PROKOPIEV PROKOPIEV – Chairman of the of Board of Directors and Chief Executive Officer, TSVETAN KAMENOV PETRUSHKOV - Deputy Chairman of the Board of Directors and Executive Director, LYUDMIL IVANOV STOYANOV- Deputy Chairman of the Board of Directors and Executive Director, ILIAN BORISOV MARKOV – Member of the Board of Directors; PROKOPI DICHEV PROKOPIEV - Member of the Board of Directors; MARGARITA IVANOVA DINEVA – Independent Member of the Board of Directors; GEORGI ZAMFIROV GORANOV - Independent Member of the Board of Directors, and IVAN DIMITROV PETROV - Independent Member of the Board of Directors. The Company is represented by DICHKO PROKOPIEV PROKOPIEV, TSVETAN KAMENOV PETRUSHKOV, LYUDMIL IVANOV STOYANOV and the Procurator BOGDAN DICHEV PROKOPIEV – both together and independently.

The **registered capital** of the Company currently amounts to BGN 13 036 501 and is fully paid in. It is distributed into 13 036 501 dematerialized (book-entry form) shares, with a nominal value of BGN 1.00 each. The shares are divided in two classes: Class I – consisting of 11 933 600 ordinary voting shares and Class II – consisting of 1 102 901 non-voting preference shares.

Information on the securities, issued by Enemona AD

Ordinary shares (E4A)

For the period between January and March 2013, the total turnover of ordinary shares, issued by Enemona AD, realised on the BSE-Sofia AD increased by 39.73 %, while the number of the shares traded increased by 40.51 % as compared to Q4 of 2012. A drop of 0.61% was registered in the weighted average price of the shares as compared to the previous quarter.

During Q1 2013, the total turnover realised was worth BGN 448 048.61, while the daily average was BGN 7 222.59. The total number of transactions was 241, while the daily average was 3.89. The weighted average share price for the period was BGN 2.817.

	January	February	March	January-March
Total Number of Transactions	99	89	53	241
Total Number of Shares Traded	72 572	71 399	15 075	159 046
Weighted Average Share Price	2.838	2.798	2.802	2.817
Total Turnover	BGN 205 974.48	BGN 199 822.82	BGN 42 251.31	BGN 448 048.61

Source: www.infostock.bg

Comparative Data about the Trade in Ordinary Shares in Q4 2011 and Q4 2012

	Q1 2012	Q1 2013
Total Number of Transactions	400	241
Total Number of Shares Traded	142 885	159 046
Weighted Average Share Price	BGN 3.445	BGN 2.817
Total Turnover	BGN 492 285.21	BGN 448 048.61

Source: www.infostock.bg

Preferred shares (E4AP)

During Q1 of 2013, the total turnover of preferred shares, issued by Enemona AD, increased by 358.64 % as compared to Q4 of 2012 and totalled BGN 713 428.86, the daily average was BGN 11 506.92. The total number of transactions was 395, while the daily average was 6.37. The total number of shares traded was 221 863, and the weighted average share price for the period was BGN 3.215.

	January	February	March	January-March
Total Number of Transactions	310	61	24	395
Total Number of Shares Traded	180 887	35 795	5 181	221 863
Weighted Average Share Price	BGN 3.039	BGN 3.991	BGN 3.984	BGN 3.215
Total Turnover	BGN 549 892.60	BGN 140 889.76	BGN 20 645.51	BGN 713 428.86

Source: www.infostock.bg

Warrants (ZNOA)

During Q1 2013, the total turnover of warrants, issued by Enemona AD, realised on the BSE-Sofia AD was worth BGN 6 097.78, while the daily average was BGN 98.35. The total number of transactions was 23, while the daily average was 0.37. The total number of shares traded was 46725 and the weighted average share price for the period was BGN 0.130.

	January	February	March	January-March
Total Number of Transactions	8	15	0	23
Total Number of Shares Traded	7 500	39 225	0	46 725
Weighted Average Share Price	BGN 0.207	BGN 0.115	N.A	BGN 0.130

Total Turnover	BGN 1 54.50	BGN 4543.26	BGN 0.00	BGN 6 097.78
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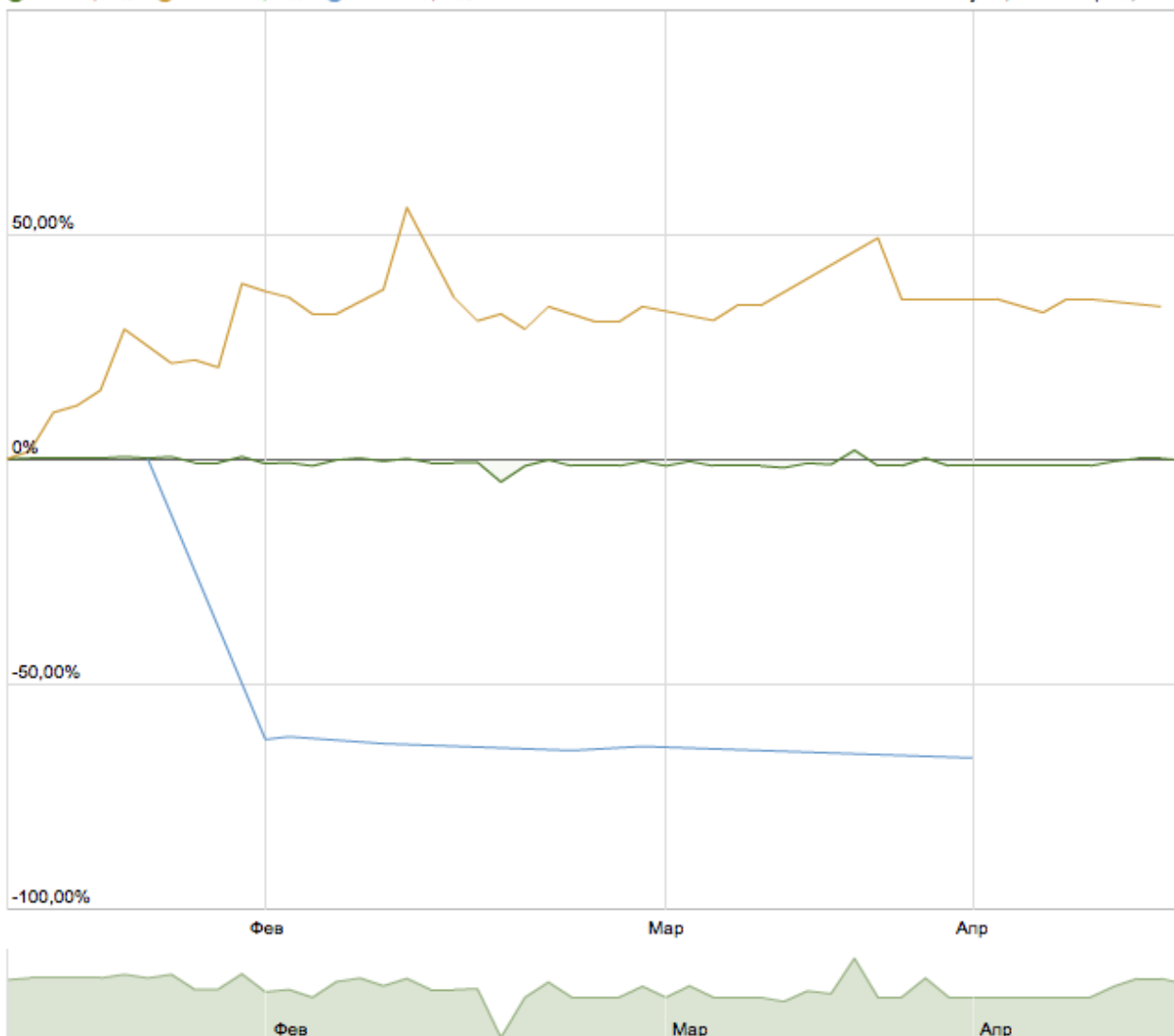
Source: www.infostock.bg

Comparison between the price movements of the securities, issued by Enemona AD

Енемона АД (ENM)

● ENM -0,35% ● E4AP +33,91% ● ZNOA -66,46%

Яну 16, 2013 - Април 15, 2013



Source: www.investor.bg

Main Activities and Events during the First Quarter of 2013

The new construction and engineering contracts signed in Q1 2013 are as follows:

Contractor	Subject
Bauer Elektroanlagen GmbH	Annex № 5 for additional activities for site: Construction of a new building for the office of Urban Planning and Environment in Hamburg, Wilhelmsburg, Germany
DP RAO	Additional agreement to Contract from 12.01.2012 Deliver of equipment for Units 1 and 2 of NPP Kozloduy EAD

Specialized Hospital for Active Treatment in Oncology	Deliver and assembly of equipment
Contour Global Maritsa East 3 TPP	Works in the eastern stock
Galabovo Energy Service AD	Contract for removal and installation of acoustic system on site Contour Global Maritsa East 3 TPP
Contour Global Maritsa East 3 TPP	Contract for pipeline emergency repair
Galabovo Energy Service AD	Contract for pipeline emergency repair on site Contour Global Maritsa East 3 TPP
Multiprofile Hospital for Active Treatment St. Petka, Vidin	Works in Unit 1 of Multiprofile Hospital for Active Treatment St. Petka, Vidin
Energomontaj AEK AD	Contract for construction and assembly works, starting up and commissioning activities for replacement of breakers B ₃ -6 in part 5/6BA, BB, BC, BD
Multiprofile Hospital for Active Treatment St. Ivan Rilski, Razgrad	Contract for supply and assembly of snow-elements on tin roof
Contour Global Maritsa East 3 TPP	Service pump replacement
RIS RABAR Bulgaria AD	Energy efficiency audit
Contour Global Maritsa East 3 TPP	Emergency repair works
NPP Kozloduy EAD	Repair works of premises and equipment
NPP Kozloduy EAD	Public procurement contract for seismic strengthening
DIL Diel OOD	Energy efficiency audit
Vattenfall Europe Generation AG	Additional agreement to contract N 2081/04.12.2012 for design of installation with option for production, supply, installation, testing and commissioning for site TPP Boxberg, Germany
Partrade OOD	Consultancy services for energy efficiency audit
NPP Kozloduy EAD	Annex N1 to contract for repair works of premises and equipment
Elprom ZEM AD	Energy efficiency audit
Slovenske Elektrarne A.S	Annex N4 to contract 4600005242 (7700) for additional activities on site: NPP Mochovce Units 3 and 4
Contour Global Maritsa East 3 TPP	Contract for construction and assembly works

Information on framework contracts

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, the shareholders authorized the Board of Directors and the Executive Directors of the Company to extend for one year the period of transactions under Article 114 of the Law on Public Offering of Securities (LPOS), as follows:

- Annex to the Contract of 13-07-2010 for the implementation of construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Contractor) and Enemona Galabovo AD (Executor);

- Annex to the Contract of 13-07-2010 for the implementation of the CMP for construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Executor) and Enemona Galabovo AD (Contractor);
- Annex to the Contract on 13-07-2010 for manufacturing and/or delivery of metal structures and supports and/or assembly between Enemona AD (Contractor) and EMCO AD (Executor);
- Annex to the Contract on 14-07-2010 for supplies and/or assembly between Enemona AD(Executor) and EMCO AD (Contractor);
- Annex to Framework Agreement, dated 27.09.2010 between Energetics and Energy Savings Fund- EESF SPV and „Enemona” AD (transferor) for purchase of current and future receivables in an amount up to BGN 30 000 000, resulting from Contracts for engineering and implementation of energy efficiency result and the necessary construction and repair works;
- Annex to Contract for renting of Opel Vectra with reg. № CT 3637 AP, signed between Enemona AD (Lessee) and Enemona Galabovo AD, Galabovo (Lessor) on 27.10.2010;
- Annex to Framework Agreement for renting of construction equipment between „Enemona” AD (Lessee) and „Enemona Galabovo” AD (Lessor) on 01.08.2011;
- Annex to Framework Agreement for renting of construction equipment and transport between „Enemona” AD (Lessor) and „Enemona Galabovo” AD (Lessee) on 01.08.2011.

At the Extraordinary Shareholders’ Meeting of Enemona AD, held on December 2, 2011, the shareholders of the Company authorized the Board of Directors and the Executive Directors for transactions under Article 114 of the LPOS with a subject - sale of electricity between Enemona Utilities AD and Enemona AD for a period of three years. On December 27, 2012 an Annex was signed for BGN 313204.80.

For Q1 no Annexes to Framework contracts where signed.

Research and development activities

During the period under review, the Issuer has not been not engaged in any research and development activities.

Financial standing for the period

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

	As of 31.03.2013	As of 31.12.2012
NON-CURRENT ASSETS		
Property, plant and equipment	35,418	35,753
Intangible assets	589	611
Investments in subsidiaries and associates	14,810	14,810
Loans and advances	8,935	9,081
Deferred tax assets, net	2,579	2,579
TOTAL NON-CURRENT ASSETS	62,331	62,834
CURRENT ASSETS		
Inventories	8,233	6,240
Trade and other receivables	35,712	39,258
Receivables on corporate income tax	404	405
Gross amounts due from customers under construction contracts	32,828	27,428
Loans and advances	11,387	11,656
Cash and cash equivalents	1,525	1,822
TOTAL CURRENT ASSETS	90,089	86,809
TOTAL ASSETS	152,420	149,643
EQUITY		
Issued share capital	21,776	21,776
Reserves	28,709	28,709
Retained earnings	781	1,736
TOTAL EQUITY	51,266	52,221
NON-CURRENT LIABILITIES		
Loans	4,220	4,332
Finance lease	228	228
Finance liability on preferred shares	3,092	3,223
Long-term employee benefits	62	62
TOTAL NON-CURRENT LIABILITIES	7,602	7,845
CURRENT LIABILITIES		
Trade and other payables	19,864	17,237
Gross amounts due to customers under construction contracts	4,856	5,743
Loans	67,918	65,683
Finance lease	444	444
Provisions	470	470
TOTAL CURRENT LIABILITIES	93,552	89,577
TOTAL EQUITY AND LIABILITIES	152,420	149,643

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2013**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 31.03.2013	Period ended 31.03.2012
Revenue	14,961	9,799
Investment revenue	455	322
Changes in inventories of finished goods and work in progress	923	177
Materials and consumables used	(4,823)	(2,009)
Hired services	(3,554)	(3,798)
Employee benefits expenses	(7,485)	(4,407)
Depreciation and amortization expenses	(419)	(446)
Other expenses	(761)	(527)
Other gains, net	1,155	139
Loss from securitization of receivables and discounting liabilities	-	(2,884)
Finance costs	(1,407)	(1,273)
Profit before tax	(955)	(4,907)
Income tax benefit / (expense)	-	-
Net profit for the year	(955)	(4,907)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(955)	(4,907)
Basic and diluted earnings per share	(0.08)	(0.41)

INTERIM SEPARATE CASH FLOW STATEMENT**FOR THE PERIOD ENDED MARCH 31, 2013****All amounts are in thousand Bulgarian Levs, except otherwise stated**

	Period ended 31.03.2013	Period ended 31.03.2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	15,007	14,797
Receipts from cession of ESCO contracts	1,623	-
Payments to suppliers	(13,965)	(12,176)
Payments to employees	(4,571)	(4,753)
Profit tax paid	-	(88)
Payments for other taxes	(173)	(1,068)
Other cash flows from operating activities	728	(944)
CASH FLOWS USED IN OPERATING ACTIVITIES, NET	(1,351)	(4,232)
CASH FLOWS FROM INVESTING ACITIVIES		
Purchase for property, plant and equipment	(3)	(54)
Proceeds from sale of property, plant and equipment and intangible assets	100	-
Proceeds from cession receivables		1,553
Payment of cession obligations	(150)	
Loans granted	(2,065)	(1,950)
Proceeds from loan repayment	2,315	1,603
Purchase of investments and increase in share capital of subsidiaries	(3)	(48)
Dividends received	10	-
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES, NET	204	1,104
CASH FLOWS FROM FINANCING ACITIVIES		
Proceeds from borrowings	7,884	12,221
Repayments of borrowings	(5,762)	(11,756)
Payments under lease agreements	(77)	(183)
Interest paid	(1,195)	(661)
Other cash flows from financing activities	(290)	-
CASH FLOWS FROM FINANCING ACTIVITIES, NET	560	(379)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(587)	(3,507)
CASH AT THE BEGINNING OF THE PERIOD (NOTE 10)	1,822	4,957
CASH AT THE END OF THE PERIOD (NOTE 10)	1,235	1,450
Restricted cash (Note 10)	290	423
TOTAL CASH IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)	1,525	1,873

Principal risks and uncertainties facing the Company during the period under review

In its ordinary course of business, the Company may be exposed to various financial risks, the most important of which are foreign exchange risk, credit risk and liquidity risk.

The risk management of the Company is currently carried out under the direct supervision of the Executive Director and the financial experts under the policy, established by the Board of Directors, who developed the basic principles of general management of financial risk, based on which are developed specific (written) procedures for managing the individual specific risks, such as currency, price, interest rate, credit and liquidity, and the use of non-derivative instruments.

The following describes the different types of risks the Company faces in the course of its business operations and the approach for managing those risks.

Impact of the Global Economic Crisis

Currently, the macroeconomic environment in Bulgaria faces the negative impact of the global financial and economic crisis and its results continue to be strongly felt. The measures taken by the EU and the Bulgarian Government destroyed to some extent, the negative phenomena in the economy.

Sector Risk

The construction sector suffered most severely and continuously by the negative impact of the global economic crisis, which resulted in the following trends:

- Shrinking of the construction market;
- Termination of contracts already signed;
- Freezing of construction works of already started contracts;
- Stronger competition in all market segments;
- Lowering prices to dumped levels.

Measures that the Company intends to undertake to reduce the impact of the global financial crisis, given the increase of global credit risk, liquidity stagnation and collapse of capital flows:

- strict compliance with the contracts concluded with financial institutions to exclude the possibility to early payment requests;
- limited investments in projects outside the main focus of the Company;
- cost optimization and investment program review;
- speeding up the collection of receivables as well as their categorization for risk assessment and finding effective tolls for collection;
- insurance of the financial risks for significant receivables;
- establishment of relationships with affluent investors only (such as government institutions, municipalities, companies working on projects secured by government guarantees);
- if long-term receivables occur, searching for a form of their restructuring into long-term debt and securing them with appropriate assets;

- with regard to the implementation of certain energy projects and energy-efficient operations, searching for options for EU- and other financing programs.

Currency Risk

The Company carries out its activities primarily on the domestic market, whereas the contracts abroad are in Euro. Therefore, Enemona AD is not exposed to significant currency risk because almost all of its operations and transactions are denominated in Bulgarian lev (BGN) and Euro (EUR).

The company has introduced a system for planning of imported deliveries and future payments in order to control the currency risk.

Credit Risk

When carrying out its activities the Company is exposed to credit risk that is the risk associated with some of its Contractors which will not be able to comply fully and in time with their payments.

The Company's financial assets are concentrated in two groups: cash and receivables from customers.

The Company's cash and payment operations are carried out by the following banks - DSK, Eurobank EFG, UBB, Unicredit Bulbank, FIBank, etc., which have a high reputation and strong liquidity, that limits the risk on cash and cash equivalents.

The Company has no significant concentration of credit risk. Its policy is that payments are made within the terms specified in the contracts for the execution of construction and assembly works. The collection and concentration of receivables is monitored currently, according to the established policy of the Company. For that purpose, a daily review is made by the financial and accounting department to monitor by clients and by received payments, followed by an analysis of the unpaid amount and the condition of the client.

To control the risk, the Company ensures immediate payment of collect receivables and the long-term ones are formed into individual agreements with debtors.

Measures that companies from the Enemona Group has introduced in order to control the collection of receivables:

- A detailed estimation for the expected revenues from receivables and uncollected receivables is made. A daily forecast for the next two months is made. A separate forecast is made on a monthly basis for the whole year. The implementation of the underlying assumptions are monitored by the Executive Director and the Financial Department of the Group;
- Every week, in some cases even more frequently, meetings are held by the Financial Committee to the Board of Directors, to discuss problems with uncollected receivables. A person responsible for each overdue receivable is determined, who is responsible for communicating with the company, sending notifications, if necessary bringing legal proceedings and making a plan to influence the payers. The meetings are attended by the Chief Executive Officer of Enemona AD;

- A model is developed that tracks receivables and cash flows. It is available to all offices and subsidiaries of the company and is constantly updated;
- When negotiating for a business deal with a new contractor, investigations are made for the financial reliability according to a procedure (assessment of the financial risk by Coface Group (a leading company in the field of financial management) and the Bulgarian Export Insurance Agency (BAEZ));
- Certain receivables are insured - "Financial Risk Insurance";
- The contracts with partners include provisions that ensure the collectability of receivables (indisputability, irrevocability, default interest, valid date, etc.)
- An age analysis of receivables is prepared and when unacceptable delay occurs, measures for their collecting are taken (reminders, calls for repayment notary and legal action).

Liquidity Risk

The liquidity risk is the adverse situation of the company not to be able to meet unconditionally all its obligations according to their maturity.

The Company observes a conservative policy on liquidity management, maintaining constant optimal liquid cash and a good ability to finance its business. Enemona AD uses bank and other loans as well.

Enemona manages liquidity of assets and liabilities by a detailed analysis of the structure and dynamics and forecasting of future cash flows.

Other information

On January 24, 2013 „Enemona” AD received a letter from the Financial Supervision Commission, notifying the company for the issuance of an Individual Administrative Act for applying Compulsory Administrative Measure against Enemona, with the following operative part:

“I require Enemona AD not to vote the articles 6, 9 and 10 from the Extraordinary General Meeting of Shareholders’ agenda, scheduled for January 25, 2013, respectively for February 11, 2013, according Art. 227, Para 3 of the Commercial Act, :

6. Distribution of the non-distributed profit from the activities of the Company for 2010; Draft Resolution: EGMS approves the resolution of the Board of directors for distribution of the non-distributed profit from the activities of the Company for 2010;

9. Adoption of a resolution for dividend distribution for 2011 to the shareholders holding preferred shares of the Company capital, pursuant to art. 8a, para. 3, item. 2 of the Statutes; Draft Resolution: EGMS adopts a resolution for dividend distribution for 2011 to the shareholders holding preferred shares of the Company capital, pursuant to art. 8a, para. 3, item 2 of the Statutes;

10. Authorization of the Board of directors for adoption of a resolution and organizing dividend distribution for 2011 to the shareholders, holding preferred shares of the Company capital, in case the condition of art. 247a, para. 1 of the Commercial Act is satisfied; Draft Resolution: EGMS authorizes the Board of directors for adoption of a resolution and organizing dividend distribution for 2011 to the shareholders, holding preferred shares of the Company capital, in case the condition of art. 247a, para. 1 of the Commercial Act is satisfied.”.

APPENDIX №1 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE FIRST QUARTER OF 2013

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING THE FIRST QUARTER OF 2013 (January 1 – March 31)

Date	Event
11-01-2013	Enemona AD publicly disclosed Minutes of the session of the General Meeting of the Owners of Warrants of Enemona AD
15-01-2013	Enemona AD published Investors' Bulletin for January 2013
18-01-2013	Enemona AD publicly disclosed information regarding the appointment of a new CFO
25-01-2013	Enemona AD discloses information regarding Compulsatory Administrative Measure
30-01-2013	Enemona AD publicly disclosed Minutes from the Extraordinary General Meeting of Shareholders, held on January 25, 2013
30-01-2013	Enemona AD publicly disclosed its Separate Financial Statements for Q4 of 2012
15-02-2013	Enemona AD published Investors' Bulletin for February 2013
22-02-2013	Disclosure of public information: Dismissal of Executive Directors of Enemona AD
01-03-2013	Enemona AD publicly disclosed its audited Separate Financial Statements for the year ended December 31, 2012
15-03-2013	Enemona AD published Investors' Bulletin for March 2013
30-03-2013	Enemona AD publicly disclosed its audited Separate Financial Statements for the year ended December 31, 2012

APPENDIX №2 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE FIRST QUARTER OF 2013

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING 2013

Date	Event
11-01-2013	Enemona AD publicly disclosed Minutes of the session of the General Meeting of the Owners of Warrants of Enemona AD
15-01-2013	Enemona AD published Investors' Bulletin for January 2013
18-01-2013	Enemona AD publicly disclosed information regarding the appointment of a new CFO
25-01-2013	Enemona AD discloses information regarding Compulsatory Administrative Measure
30-01-2013	Enemona publicly disclosed Minutes from the Extraordinary General Meeting of Shareholders, held on January 25, 2013
30-01-2013	Enemona AD publicly disclosed its Separate Financial Statements for Q4 of 2012
15-02-2013	Enemona AD published Investors' Bulletin for February 2013
22-02-2013	Disclosure of public information: Dismissal of Executive Directors of Enemona AD
01-03-2013	Enemona AD publicly disclosed its audited Separate Financial Statements for the year ended December 31, 2012
15-03-2013	Enemona AD published Investors' Bulletin for March 2013
30-03-2013	Enemona AD publicly disclosed its audited Separate Financial Statements for the year ended December 31, 2012