1. Organisation and scope of activity

Enemona AD (the "Parent company") was initially registered as a partnership company in 1990 and in 1994 the Parent-company was registered as a joint-stock company. The address of the Parent-company according to the court registration is at the city of Kozlodui, Panaoit Hitov 1A. The Parent-company is a public entity and its shares are registered at the Financial Supervision Commission in order to be traded at the Bulgarian Stock Exchange. As of December 31, 2011 and 2010 the major shareholder of Enemona AD is Dichko Prokopiev Dichkov. There have been no changes in the legal status of the Parent company during the current financial year.

The scope of activity of the Parent Company is construction works, which includes all stages from design to assembly and construction.

2. General financial reporting framework

These consolidated financial statements are prepared in all material respects in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union (the "EU") and applicable in the Republic of Bulgaria.

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 24 Related Party Disclosures - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party, adopted by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),
- Amendments to IAS 32 Financial Instruments:Presentation– Accounting for rights issues, adopted by the EU on December 23, 2009 (effective for annual periods beginning on or after February 1, 2010),
- Amendments to IFRS 1 First-time Adoption of IFRS- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on June 30, 2010 (effective for annual periods beginning on or after July 1, 2010),
- Amendments to various standards and interpretations Improvements to IFRSs (2010) resulting from the annual improvement project of IFRS published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on February 18, 2011 (amendments are to be applied for annual periods beginning on or after July 1, 2010 or January 1, 2011 depending on standard/interpretation),
- Amendments to IFRIC 14 IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement, adopted by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, adopted by the EU on July 23, 2010 (effective for annual periods beginning on or after July 1, 2010).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

2. General financial reporting framework (continued)

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- Amendments to IFRS 7 Financial Instruments: Disclosures- Transfers of Financial Assets, adopted by the EU on November 22, 2011 (effective for annual periods beginning on or after July 1, 2011).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as atthe date of publication of financial statements:

- IFRS 9 Financial Instruments (effective for annual periods beginning onorafter January 1, 2015),
- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2013),
- IFRS 11 Joint Arrangements(effective for annual periods beginning onorafter January 1, 2013),
- IFRS 12 Disclosures of Involvement with Other Entities(effective for annual periods beginning on or after January 1, 2013),
- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after January 1, 2013),
- IAS 27 (revised in 2011) Separate Financial Statements(effective for annual periods beginning on or after January 1, 2013),
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IFRS 1 First-time Adoption of IFRS- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after July 1, 2011),
- Amendments to IFRS 7 Financial Instruments: Disclosures- Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IFRS 9 Financial Instruments" and IFRS 7 Financial Instruments: Disclosures– Mandatory Effective Date and Transition Disclosures,
- Amendments to IAS 1 Presentation of financial statements -Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1, 2012),
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012),
- Amendments to IAS 19 Employee Benefits - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IAS 32 Financial instruments: presentation - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014),

2. General financial reporting framework (continued)

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine(effective for annual periods beginning on or after January 1, 2013).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments:Recognition and Measurement, would not significantly impact the financial statements, if applied as at the reporting date.

3. Accounting estimates and accounting assumptions

The preparation of financial statements in accordance with IFRS requires management to make certain accounting estimates and assumptions that affect some of the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the statement of financial position and the reported revenues and expenses during the reporting period. These estimates and assumptions are based on the available information as of the date of preparation of the separate financial statements as actual results could defer from those estimates.

The Group classifies as construction contract each contract in which it is specifically agreed that the construction of an asset or a number of assets, which are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contract revenue is measured at the fair value of the consideration received or receivable. Contract costs include all direct costs, attributable to the contract. Costs that are not attributable to the contract such as administrative expenses and selling costs are recognized during the reporting period regardless of the stage of completion of the contract.

When the result of a construction contract can be reliably measured, contract revenue and expenses are recognized by reference to the stage of completion of the contract as of the date of the statement of financial position, calculated as a ratio between the up-to-date contract expenses and the expected total amount of expenses under the contract. Expected loss under the construction contract is recognized as expense in the statement of comprehensive income.

Changes in construction works, payment of claims and incentives are recognized to the amount to which it is probable that they will lead to income realization and they can be reliably measured.

When the outcome of a construction cost cannot be reliably measured, contract revenue is recognized to the extent of contract costs incurred, if it is probable that they will be recovered by the customer.

All amounts are in thousand Bulgarian Levs, except otherwise stated

4. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost							
JANUARY 1, 2010	20,358	24,478	19,337	11,799	5,645	6,170	87,787
Additions	-	15	258	37	203	13,408	13,921
Transfers	3,145	9,175	1,170	17	116	(13,623)	-
Disposals	(990)	(114)	(13)	(338)	(21)	(3)	(1,479)
DECEMBER 31, 2010	22,513	33,554	20,752	11,515	5,943	5,952	100,229
Additions	-	-	333	57	46	2,074	2,510
Transfers	207	97	2	-	2	(308)	-
Disposals	(16,431)	(6,150)	(9,834)	(1,289)	(2,274)	(1,141)	(37,119)
DECEMBER 31, 2011	6,289	27,501	11,253	10,283	3,717	6,577	65,620
Accumulated depreciation and impairment							
JANUARY 1, 2010	-	4,097	7,543	2,819	2,194	-	16,653
Depreciation charge	-	549	2,305	870	602	-	4,326
Disposals	-	(17)	(3)	(136)	(3)	-	(159)
DECEMBER 31, 2010	-	4,629	9,845	3,553	2,793	-	20,820
Depreciation charge	-	578	1,616	811	459	-	3,464
Impairment losses recognized in profit or loss	-	-	-	-	-	144	144
Disposals	-	(2,469)	(5,700)	(387)	(1,224)	-	(9,780)
DECEMBER 31, 2011	-	2,738	5,761	3,977	2,019	144	14,648
Net book value							
DECEMBER 31, 2010	22,513	28,925	10,907	7,962	3,150	5,952	79,409
DECEMBER 31, 2011	6,289	24,763	5,493	6,306	1,698	6,424	50,972

All amounts are in thousand Bulgarian Levs, except otherwise stated

5.1. Intangible assets

	Title of property	Software	Total
Cost			
JANUARY 1, 2010	2,662	374	3,036
Additions	9	20	29
DECEMBER 31, 2010	2,671	394	3,065
Additions	-	-	-
Disposals	(1,180)	(86)	(1,266)
DECEMBER 31, 2011	1,491	308	1,799
Accumulated amortization			
JANUARY 1, 2010	808	225	1,033
Charged for the period	112	43	155
DECEMBER 31, 2010	920	268	1,188
Charged for the period	75	35	110
Disposals	(160)	(70)	(230)
DECEMBER 31, 2011	835	233	1,068
Net book value			
DECEMBER 31, 2010	1,751	126	1,877
DECEMBER 31, 2011	656	75	731

5.2. Exploration and evaluation assets

Exploration and evaluation assets represent capitalized expenditures on energy project Lom Lignites. The project is related to obtaining concession for lignite production from Lom Lignite field.

The project Lom Lignites started in October 2007 with a contract for prospecting and exploration between Enemona AD and Ministry of economy and energy. As of December 31, 2011 and 2010 exploration and evaluation assets amount to BGN 1,579 thousand and BGN 1,555 thousand, respectively. As of these dates the Group has not charged amortization of the assets as the technical feasibility and commercial viability of the project are not demonstrable.

As of December 31, 2011 and 2010 the Group estimated that there are no indications for impairment of the exploration and evaluation assets and no impairment has been charged.

6. Investments in associates

As of December 31, 2011 and 2010 Group has an investment in associate Alfa Enemona OOD which is valued at BGN 4 thousand, whereas the share in the investment's equity is 40%.

In these consolidated financial statements the investments in associated companies are presented using the equity method, considering the share of profit and loss of the associated companies.

All amounts are in thousand Bulgarian Levs, except otherwise stated

7. Current and non-current loans and receivables

Current and non-current loans and receivables as of December 31, 2011 and 2010 are as follows:

Non-current loans and receivables

	As of 31.12.2011	As of 31.12.2010
Receivables on ESCO contracts of the Group	25,593	15,420
Receivables related to securitization in counterparties outside the Group	1,733	9,913
Loans granted to non related parties	4	136
Loans granted to employees	1,087	3,238
Other assets	11	16
TOTAL NON-CURRENT LOANS AND RECEIVABLES	28,428	28,723

Current loans and receivables	As of 31.12.2011	As of 31.12.2010
Receivables on ESCO contracts - current	6,356	3,730
Receivables related to securitization in counterparties outside the Group	1,224	2,839
Loans granted to non related parties	11,590	11,569
Other assets	-	24
TOTAL CURRENT LOANS AND RECEIVABLES	19,170	18,162

Loans granted to related parties, non related parties and employees are not secured and have interest rate of 6% to 9%.

Receivables on ESCO contracts of the Group represent receivables on contracts for engineering performance with guaranteed result (ESCO contracts), under which the engineering activities are performed by the Group and deferred payment has been negotiated.

8. Inventories

	As of 31.12.2011	As of 31.12.2010
Materials	4,069	9,545
Finished goods	-	276
Goods	21	10
Work in progress	391	2,414
TOTAL	4,481	12,245

All amounts are in thousand Bulgarian Levs, except otherwise stated

9. Trade and other receivables

	As of 31.12.2011	As of 31.12.2010
Receivables from customers	31,714	32,476
Retentions	5,971	5,192
Receivables from related parties	-	13
Advances to suppliers	9,519	14,364
Advances to employees	218	55
Receivables from cession	7,025	-
Other receivables	3,310	6,240
TOTAL TRADE AND OTHER RECEIVABLES	57,757	58,340
Impairment of receivables from customers	(5,904)	(860)
TOTAL TRADE AND OTHER RECEIVABLES, NET	51,853	57,480

10. Cash

	As of 31.12.2011	As of 31.12.2010
Cash at banks	10,280	5,119
Restricted cash at bank	569	1,153
Cash in hand	887	356
TOTAL CASH IN HAND AND AT BANKS FROM CONTINUING OPERATIONS	11,736	6,628
Cash and cash equivalents from discontinued operations – note 22	133	-
TOTAL CASH IN HAND AND AT BANKS	11,869	6,628

As of December 31, 2010 restricted cash at the amount of BGN 1,055 thousand represents cash in bank account restricted as a collateral under loan contract of the subsidiary EESF REIT for the loan period which expires on October 6, 2011.

For the consolidated cash flow statement purposes restricted cash is not included in cash.

11. Issued share capital and reserves

Issued share capital includes:

	As of 31.12.2011	As of 31.12.2010
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
TOTAL SHARE CAPITAL	13,037	13,037
Premiums from share issuance – note 11.3	36,262	36,262
TOTAL ISSUED SHARE CAPITAL	49,299	49,299

11.1. Ordinary shares

	As of 31.12.2011	As of 31.12.2010
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
SHARE CAPITAL – ORDINARY SHARES	11,934	11,934

All amounts are in thousand Bulgarian Levs, except otherwise stated

11. Issued share capital and reserves (continued)

11.1. Ordinary shares (continued)

The share capital of ordinary shares is fully paid in as of December 31, 2011 and 2010. Group's share capital includes in-kind contribution in the form of titles of property over three combined trademarks, with fair value to the amount of BGN 1,400 thousand obtained through independent appraiser's report. Titles of property are presented as intangible assets (see note 5.2 above).

Enemona AD is registered as a public company and its shares are traded on the Bulgarian Stock Exchange.

11.2. Preferred shares

On April 2, 2010 the Financial Supervision Commission registered for trading on a regulated market the issuance of the Parent-company's preferred shares. The issue is realized in the amount of BGN 1,103 thousand, divided into 1,102,901 preferred shares without voting rights with a guaranteed dividend, guaranteed liquidation share portion, convertible into ordinary shares in March 2017 with a nominal value of BGN 1 each. The preferred shares carry out a guaranteed cumulative dividend of BGN 0.992 per share over the next 7 years.

Upon initial recognition the Parent-company has accounted for the issued preference shares as compound financial instrument and has distanced a financial liability in respect to the obligation for dividends' payment, and the residual value is recorded as an increase in equity. The total value of funds received is distributed as follows:

	Upon initial recognition	As of 31.12.2010	As of 31.12.2011
Preferred shares – par value	1,103	1,103	1,103
Premiums from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	4,203	3,747
Dividend payables on preferred shares	-	881	972
TOTAL CASH RECEIVED	10,940		

11.3. Premiums from share issuance

	As of 31.12.2011	As of 31.12.2010
Balance as of January 1	36,262	30,837
Premiums from preferred shares issuance	-	5,425
Balance as of December 31	36,262	36,262

11.4. Reserves

Group's reserves represent legal reserves and are formed based on decision of the shareholders. Legal reserves could be used to cover accumulated losses or for capital increase.

All amounts are in thousand Bulgarian Levs, except otherwise stated

12. Loans

Loans received by the Group as of December 31, 2011 and 2010 are as follows:

	As of 31.12.2011	As of 31.12.2010
Debenture loans	-	5,886
Borrowings from financial institutions	74,188	81,931
Borrowings from not related parties	10,557	3,835
TOTAL	84,745	91,652

12.1 Debenture loans

Issued debenture loans as of December 31, 2011 and 2010 are as follows:

ISIN Code	Issued debt securities	Maturity	As of 31.12.2011	As of 31.12.2010
BG2100008056	Bonds with fixed interest rate, in BGN, secured with financial risk insurance	2010	-	-
BG2100021067	Non secured bonds with floating interest rate, in EUR	2011	-	2,934
BG2100041065	Bonds with fixed interest rate in EUR, secured by a pledge of receivables	2011	-	2,952
TOTAL DEBENTURE LOANS			-	5,886

As of December 31, 2010 all issued bonds are non convertible and are listed on the Bulgarian Stock Exchange. Main parameters of issued debenture loans are as follows:

ISIN Code	Par Value	Interest rate	Interest payment
BG2100021067	EUR 6,000 thousand	6-month EURIBOR + 4.75%	6-month
BG2100041065	EUR 3,000 thousand	7.625%	6-month

12.2 Maturity of the loans

The loans received by the Group according to their contracted repayment term are as follows

	As of 31.12.2011	As of 31.12.2010
Up to one year	70,451	71,230
Over 1 year	14,294	20,422
TOTAL LOANS	84,745	91,652

All amounts are in thousand Bulgarian Levs, except otherwise stated

13. Finance lease

Part of the tangible fixed assets has been leased under finance lease contract. The average term of the contracts is three years. The average effective interest rate under the finance lease contracts is 7%. The fair value of the lease liabilities of the Group approximates their carrying amount.

	Minimal lease payments		Present value of minimal lease payments	
	As of 31.12.2011	As of 31.12.2010	As of 31.12.2011	As of 31.12.2010
Liabilities under finance lease with maturity:				
Up to 1 year	1,088	2,083	993	1,856
Between 2 and 5 years	1,406	3,710	1,354	3,517
TOTAL LIABILITIES	2,494	5,793	2,347	5,373
Less: future finance charges	(147)	(420)	-	-
PRESENT AMOUNT OF LIABILITIES	2,347	5,373	2,347	5,373

14. Trade and other payables

	As of 31.12.2011	As of 31.12.2010
Payables to suppliers	32,232	22,154
Payables for dividends on preferred shares	972	881
Payables to employees	1,031	1,395
Payables to social insurance organizations	356	433
VAT payables	1,182	502
Other payables	2,611	1,645
TOTAL	38,384	27,010

15. Revenue

	Year ended 31.12.2011	Year ended 31.12.2010
Revenue from construction contracts	84,137	98,446
Revenue from sale of electricity	87,781	72,244
Revenue from sale of compressed natural gas	2,949	2,525
Revenue from services	364	1,624
Other revenues	4	-
TOTAL REVENUE	175,235	174,839

All amounts are in thousand Bulgarian Levs, except otherwise stated

15. Revenue (continued)

The following table discloses information on construction contracts in progress at the date of the statement of financial position:

	As of 31.12.2011	As of 31.12.2010
Construction costs incurred plus recognized profits (less recognized losses) to date	230,915	202,714
Less: Progress billings	(214,448)	(168,701)
	16,467	34,013
Gross amounts stated in the statement of financial position comprise of:		
Gross amount receivable from customers under construction contracts	22,024	39,928
Gross amount payable to customers under construction contracts	(5,557)	(5,915)
	16,467	34,013

16. Financial income

	Year ended 31.12.2011	Year ended 31.12.2010
Interest income	3,463	3,757
Revenue from recognizing liability at amortised cost	3,417	-
Dividend income	126	136
Foreign exchange gains	27	29
Other finance income	393	7
TOTAL FINANCIAL INCOME	7,426	3,929

17. Materials and consumables used

	Year ended 31.12.2011	Year ended 31.12.2010
Construction materials	36,111	27,961
Expenses for instruments	402	420
Electric power	238	221
Fuels	478	537
Spare parts	72	111
Stationery	78	85
Other	44	61
TOTAL MATERIALS	37,423	29,396

All amounts are in thousand Bulgarian Levs, except otherwise stated

18. Hired services

	Year ended 31.12.2011	Year ended 31.12.2010
Under construction agreements with subcontractors	11,879	18,402
Services with mechanization	1,372	715
Transportation	1,243	1,294
Legal and consulting services	2,203	4,667
Insurances	1,481	435
Advertising	81	66
Telecommunications	189	274
Rents	664	993
Taxes, mortgages, guarantees	1,450	-
Expenses for designing	349	2,026
Bank fees and commissions	388	1,632
Heating	94	-
Work permissions	14	-
Other services	2,558	3,675
TOTAL HIRED SERVICES	23,965	34,179

Expenses for other services in 2011 and 2010 are shown in the table below:

	Year ended 31.12.2011	Year ended 31.12.2010
Production control and construction supervision	407	961
Rent of machines and equipment	174	-
Security	138	155
Training	71	83
Office consumables	95	202
Tax and accounting services and audit	220	401
Translation services	118	-
Taxes and commissions	17	-
Subscription and membership fees	345	205
Vehicle maintenance and parking	180	329
Medical services	47	84
Current repair works	37	195
Notary and municipal fees	4	95
Other	705	965
TOTAL EXPENSES FOR OTHER HIRED SERVICES	2,558	3,675

All amounts are in thousand Bulgarian Levs, except otherwise stated

19. Employee benefit expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Remunerations	23,939	26,743
Social security and health insurance	3,461	3,663
Expenses for paid leaves and leave compensations	1,008	-
TOTAL EMPLOYEE BENEFITS EXPENSES	28,408	30,406

20. Other expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Business trips	2,442	967
Food vouchers	671	915
Expenses for one-off taxes and fees	346	399
Waste on non-current assets	57	23
Other	381	337
TOTAL OTHER EXPENSES	3,897	2,641

21. Other gains, net

	Year ended 31.12.2011	Year ended 31.12.2010
Proceedings from sale of non-current assets	620	394
Carrying amount of sold and written-off non-current assets	(497)	(455)
Gain / (Loss) on sale of non-current assets	123	(61)
Proceedings from sale of materials	1,215	3,460
Carrying amount of materials sold	(1,075)	(3,453)
Gains on sale of materials	140	37
Gain on recognition and revaluation of shares – note 21.2	38,700	-
Rent income	419	439
Gains on financing	111	269
Payables written-off	-	118
Income from consulting services	67	19
Impairment of receivables – note 21.1	(35,293)	(292)
Other	377	170
TOTAL OTHER GAINS, NET	4,644	699

On March 31, 2011 Enemona AD signed a sale agreement with Sofia France Auto AD for 10,497,999 ordinary registered shares being 99.98% of the share capital of the subsidiary Agro Invest Engineering AD. The purchase price is at the amount of BGN 18,421,758. The transaction includes also a package of 49.96% of the shares of Lomsko pivo AD.

All amounts are in thousand Bulgarian Levs, except otherwise stated

21.1. Impairment of receivables, investments and other assets

		Към 31.12.2011	Към 31.12.2010
Impairment and/or writing off of gross amounts due from clients as per IAS 11 – note 15	(a)	(22,600)	-
Impairment of receivables – бел. 9	(c)	(5,268)	292
Impairment of current loans and receivables – note 7	(c)	(4,953)	-
Impairment of goodwill	(b)	(1,300)	-
Impairment of non-current loans and receivables – note 7	(c)	(974)	-
Impairment of inventory – note 8		(88)	-
Impairment of property, plant and equipment – note 4		(179)	-
Impairment of investment property		(16)	-
Impairment of investment		(2)	-
Reversal of impairment of inventory – note 8		48	-
Reversal of impairment of receivables – note 9		39	-
		(35,293)	292

(a) The impairment of the gross amounts due from clients on construction contracts as per IAS 11 consists mainly of impairment of construction contracts related to the construction of equipment for generation of electricity from renewable energy resources. Due to the significant changes related to the legal framework of RER (Renewable Energy Resources) during 2011, which the Management considers as short term events, the uncertainty related to the recoverability of the investments in equipment for generation of electricity from renewable energy resources significantly increased. Recoverability of the receivables from clients related to RER depends on the environment regulations. Despite the collaterals and payments received from the clients, due to the described risks above, the Group has recognized impairment.

(b) During 2011 the Group performed a conservative analysis and impairment testing of the goodwill, which is due to the investment in EMKO AD. The analysis is performed based on the discounted future cash flows of the subsidiary and the net book value of the assets as of 31.12.2011. As a result of the analysis, the Group recognized impairment of goodwill at the amount of BGN 1,300 thousand.

(c) As a result of the global financial crisis the uncertainty regarding the recoverability of the receivables due to from the clients according to the initially contracted terms increases. Therefore, the Group changed its accounting estimates when determining the impairment of trade and other receivables and loans and receivables. Some of the changes in the estimates are related to the following: report for the credit rating of the clients from a reputable agency, analysis of the financial performance of the clients and others. As a result, during 2011 the Group recognized additional impairment as indicated in the table above. Nevertheless, the Management continues the efforts for the collecting the receivables and believes that significant amount of these will be received by the Group.

(d) In the past the Group has granted loans without collaterals to its employees related to the necessity to relocate. From 2010 the amount of loans granted decreased. By the end of 2011 due to the restructuring of the Group and centralization of the supervisors and administration personnel in Sofia, the maturity of some of the loans granted is prolonged with the other terms not changed. As a result, additional impairment was recognized for these loans granted.

All amounts are in thousand Bulgarian Levs, except otherwise stated

21.2. Fair value recognition and revaluation of financial assets

On December 27, 2011 Enemona AD signed a Memorandum of understanding with a public company registered on the Bulgarian Stock Exchange (the Company) for cooperation related to exchange of information and experience in the development of projects of renewable energy resources. As a result of the Memorandum, Enemona AD receives 15,000,000 ordinary shares, issued by the Company, from the biggest Company's shareholder. The shares are transferred to Enemona AD on December 28, 2011 outside the regulated market.

On December 28, 2011, the acquisition date, the Group recognizes shares on their fair value determined by the active trading of the shares on the regulated market of the Bulgarian Stock Exchange. The Group classifies and discloses the shares of the Company as Financial assets held for trading with the purpose of making gains from margin in the share price and recognizes a gain on fair value recognition of shares at the amount of BGN 36,150 thousand. As of December 31, 2011 The Group recognizes a gain from revaluation of the shares at the amount of BGN 2,550 thousand as a result of a change in the market price as determined by the regulated market of the Bulgarian Stock Exchange. The market price used for the revaluation is the price of the last transaction on the regulated market of the Bulgarian Stock Exchange.

22. Finance costs

	Year ended 31.12.2011	Year ended 31.12.2010
Interest expense	4,746	4,652
Expenses on financial liability on preferred shares	639	670
Foreign exchange losses	72	72
Finance costs on construction contracts	1,207	338
Other finance cost	1,647	191
TOTAL FINANCE COST	8,311	5,923

23. Discontinued operations

On March 31, 2011 Enemona AD signed a sale agreement with Sofia France Auto AD for 10,497,999 ordinary registered shares being 99.98% of the share capital of the subsidiary Agro Invest Engineering AD. The purchase price is at the amount of BGN 18,421,758. The transaction includes also a package of 49.96% of the shares of Lomsko pivo AD.

On June 28, 2011 the Parent Company signed contracts for sale of 90% of the share capital of Neo Agro Tech AD for the amount of BGN 45 thousand and for sale of 80% of the share capital of Solar Energy OOD for BGN 4 thousand.

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Discontinued operations (continued)

23.1. Analysis of profit or loss for the year from discontinued operations

The combined results from discontinued operations for the periods ending December 31, 2011 and 2010 are presented below:

	Year ended 31.12.2011	Year ended 31.12.2010
Revenue	1,808	10,890
Finance income	7	33
Changes in inventories in finished goods and work in progress	275	(788)
Expenses	(2,841)	(8,586)
Profit/(loss) before tax	(751)	1,549
Attributable income tax expense	-	10
Loss on disposal of operations – note 22.3	(4,560)	-
Profit/(loss) from discontinued operations	(5,311)	1,559

Cash flows from discontinued operations for the periods ending December 31, 2011 and 2010 are presented below:

	Year ended 31.12.2011	Year ended 31.12.2010
Cash inflows from operating activities	275	1,702
Cash outflows from investing activies	(192)	(733)
Cash outflows from financing activities	(294)	(2,008)
Net cash outflows	(211)	(1,039)

23.2. Analysis of net assets

Analysis of the assets and liabilities over which the Parent Company lost control:

	As of 31.12.2011
NON-CURENT ASSETS	
Property, plant and equipment	26,106
Intangible assets	1,029
Financial assets available for sale	49
Other non-current assets	2
TOTAL NON-CURRENT ASSETS	27,186
CURRENT ASSETS	
Inventory	6,162
Trade and other receivables	4,577
Cash and cash equivalents	133
TOTAL CURRENT ASSETS	10,872

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Discontinued operations (continued)

23.2. Analysis of net liabilities

	As of 31.12.2011
NON-CURRENT LIABILITIES	
Loans	150
Finance lease	1,007
Deferred tax liabilities, net	840
TOTAL NON-CURRENT LIABILITIES	1,997
CURRENT LIABILITIES	
Trade and other payables	2,184
Loans	6,191
Finance lease	713
Current tax liabilities	97
Provision	15
TOTAL CURRENT LIABILITIES	9,200
Net assets sold	26,861

23.3. Loss on disposal of operations

The Parent Company recognized loss of disposal of operations at the amount of BGN 4,560 thousand:

	Year ended 31.12.2011
Consideration received	18,471
Costs to sell investments	(180)
Net assets sold – note 22.2	(26,861)
Non controlling interests	4,010
Loss on disposal of operations	(4,560)

Loss on disposal of investments is disclosed in profit or loss for the year from discontinued operations in the statement of comprehensive income.

The Group does not have exposition to Greek sovereign debt and does not have sovereign debt.