ANNUAL REPORT
ON THE ACTIVITY OF ENEMONA AD
FOR 2011

Unofficial translation of the original in Bulgarian

INFORMATION UNDER APPENDIX №10 OF ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES

I. COMPANY DEVELOPMENT, POSITION AND PERSPECTIVES

1. General information

*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) and Enemona AD – Galabovo Branch (UIC 0016).*

*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, CONSIGNATION 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.*

2. Brief History

The Company was incorporated in 1990 and registered in the Trade Register as a partnership company named „Prokopiev and Enemona" SD. By a decision dated 28 July 1994 the Vratsa District Court entered into the companies register at the Vratsa District Court under company file No 542/1990, volume 2, page 180, batch number 57, the transformation of the Company into a joint stock company named Enemona AD. The Company is set up for an unlimited period of time.

By a decision No 84 – PD dated 16 January 2008, the Financial Supervision Commission (FSC) registered Enemona AD as a public company in the register of public companies and other issuers of securities under Art. 30, Para. 1, i.3 Financial Supervision Commission Act (FSCA), kept thereby.

3. Strategy and Investments

The Board of Directors of Enemona AD has undertaken activities to restructure the Company, to optimize the activity and to concentrate on the fundamental sectors for the economic group with the aim to ensure its sustainable development. The main trends in the development of the Company are directed mainly towards strategic sectors of the Bulgarian economy, namely: power engineering, industry and ecology.

In 2010 the Board of Directors of Enemona prepared and started the implementation of the new development strategy focusing on the following key areas: Focus on the core business – further development of its two core business lines: engineering, construction and assembly works, including energy efficiency and electricity trading; and disposal of non-core assets and businesses.

The Company's investment strategy will continue to be focused on the activities, in which the company has a good experience and competitive advantages. These are the engineering, construction and assembly works division (incl. energy efficiency) and trade in electricity.

The mid-term strategic goals of the Management of Enemona AD include:

- Achieving higher efficiency by means of optimization and concentration on the core business areas of Enemona Group;
- Further improvement of the Group's margins and profitability in the different fields of activities;
- Optimization of the operating expenses and achieving higher average margins from operating activities;
- Geographical expansion of the Group to EU while maintaining its leading position on the domestic market.

The new strategy of the Group assumes also the divestment of most of its non-core assets and businesses. The work in this direction covers two areas - one develops and tries to sell investment projects and activities, and the other focuses on and optimizes construction and assembly works.

In pursuance of these objectives in 2011, the Management of Enemona AD took measures and carried out the following disposals companies outside the main business areas of the Enemona Group:

- On March 31, 2011 Enemona AD signed with Sofia France Auto AD a contract for the sale of 10,497,999 ordinary shares representing 99.98% of the capital of the subsidiary Agro Invest Engineering AD. The purchase price amounted to BGN 18,421,758, whereas the deal also included a package of 49.96 percent stake in Lomsko Pivo AD;
- On June 28, 2011 Enemona AD sold other two of its subsidiaries – Neo Agro Tech OOD (a contract for the sale of 90% of its capital) and Solar Energy OOD (a contract for the sale of 80% of its capital).

Moreover, during the period under review, aiming to optimize the operations within the core business areas of the group, the following two new subsidiaries were established:

- On February 14, 2011 the Board of Directors of Enemona AD decided to set up a new subsidiary - Artanes Mining Group AD with its registered address in Sofia, capital BGN 2,000,000 and the opportunity for Enemona AD to subscribe for 1,999,995 (one million nine hundred ninety-nine thousand nine hundred ninety-five) ordinary registered voting shares, with a nominal value of BGN 1 each, representing 99.99975% of the capital of the newly established company. The company was registered in the Trade Register on April 19, 2011;
- On October 12, 2011 the Board of Directors of Enemona AD took the decision to establish a new subsidiary - PPP Mladenovo EOOD with a capital of BGN 30,000. The company was registered in the Trade Register on October 20, 2011.

The business line Engineering, construction and assembly works in the field of energy, industry, environment and energy efficiency renders the following engineering, construction and assembly services, comprising the complete project value-added chain: design and engineering – expert appraisals, design, consultations, analyses, technical-economic designs, project planning and management, supervision during project execution, preparation of hand-over documentation, control over resources and project implementation; construction and assembly works as well as steel structures manufacturing within the following areas: architecture and construction, water supply and sewerage, heating, ventilation and air conditioning, plant and technology, installation of fire alarm systems; electrical installations, instrumentation and control – electrical installation works, installation of measuring and control instruments and devices, lightning protection systems, earthling systems, etc.; start-up and set-up works, commissioning and testing during plant installation, control of instruments, special systems and equipment, etc.; maintenance, monitoring and warranty services.

Enemona also provides a full scope of customized solutions for energy saving measures and implements them in private and public buildings, industrial and power generation facilities with the aim to reduce energy losses in the power and heat supply infrastructure as well as to increase the efficiency ratio of the power generating equipment. In 2006 EESF SPV was founded by Enemona AD (as a majority shareholder) with the aim to finance the investments made under ESCO contracts.

The Business line Trade in electricity (electricity trading and natural gas trading) is conducted primarily by the subsidiary Enemona Utilities AD. Electricity trade in Bulgaria is carried by the regulated third party access, where transactions take place through direct bilateral contracts between producers/traders and consumers and balancing market (on which the missing quantities are bought and the remaining surpluses in bilateral contracts are sold). In the transitional period of gradual liberalization, the relationship between market players is still carried out on the regulated and free electricity market.

4. Non-Consolidate Annual Financial Statement

On March 31, 2011, Enemona AD publicly disclosed its Non-Consolidate Annual Financial Statement of a public company and issuer of securities as of 31-12-2010.

5. Convening and holding of the General Meetings of Shareholders and Holders of Warrants

On 10-01-2011, at 11:00 a.m., at 3320, Kozloduy, House of Energy, Small Hall, an Extraordinary General Meeting of Enemona AD was held with an Agenda: 1. Authorization of the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the Law on Public Offering of Securities (LPOS) to purchase property – agricultural land; draft resolution - GMS authorizes the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS to purchase property - agricultural lands, 2. Authorization of the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS for purchasing an office; draft resolution - GMS authorises the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS for purchasing an office, 3. Miscellaneous. 4. Authorization of the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of the LPOS for obtaining bank loans secured by a pledge of shares of Enemona AD owned by an interested person; draft resolution - GMS authorizes the Board of Directors and Executive Directors of the Company for a transaction under article 114 of the LPOS for obtaining bank loans secured by a pledge of shares of Enemona AD owned by an interested person. Enemona AD announced the Protocol of the General Meeting of Shareholders on 12-01-2011.

On 10-01-2011, the General Meeting of the holders of warrants was held. The Protocol was published on 11-01-2011.

On 08-04-2011 at 11:00 a.m., in Kozloduy-3320, House Energy an Extraordinary General Meeting of Enemona AD was held with an Agenda: 1. Authorization of the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of the LPOS a transfer of an intangible fixed asset; draft resolution - GMS authorises the Board and Executive Directors of the Company for a transaction under Article 114 of the LPOS a transfer of an intangible fixed asset;, 2. Miscellaneous. Enemona AD announced the Protocol of the General Meeting of Shareholders on 12-04-2011.

On 30-06-2011 at 11:00 a.m. in the town of Kozloduy 3320, House of Energy, Small Hall an Annual General Meeting of Enemona AD was held with an agenda: 1. Individual Report of the Company for 2010, draft resolution - GMS approves the Individual Report of the Company for 2010. 2. Report of the Investor Relations Manager for 2010, draft Resolution - GMS approves the report of the Investor Relations Manager for 2010. 3. Approval of the Individual Annual Financial Statement for 2010 and the Auditor's report; draft resolution - GMS approves the individual annual financial statement for 2010 the Individual Annual Financial Statement for 2010 and the Auditor's report. 4. Approval of the Annual Consolidated Report to the Company for 2010, draft resolution - GMS approves the Annual Consolidated Report to the Company for 2010. 5. Approval of the Consolidated Financial Statement for 2010 and the Auditor's report; draft resolution - GMS approves the Consolidated Financial Statement for 2010 and the Auditor's report; 6. Distribution of the profit from operations for 2010, draft resolution - GMS accepts the proposal of the Board of Directors for distribution of the profits from operations for 2010. 7. Discharge of the Board of Directors for their activity in 2010; draft resolution - GMS discharges the members of the Board members for their activity in 2010. 8. Re-election of the Board of Directors - defining the mandate, the remuneration and securities for the Management; draft resolution - GMS accepts the proposal of the Board of Directors for re-election of its members - determines the mandate, the remuneration and securities of the management; 9. Amendment to Articles of Association; draft resolution - GMS accepts the proposed amendments to the Articles of Association 10. Authorization of the Board of Directors and Executive Directors of the Company to Annex for one year the period of transactions under Article 114 of the LPOS; draft resolution - GMS authorizes the Board of Directors and Executive Directors of the

Company to Annex for one year the period of transactions under Article 114 of LPOS; 11. Authorization of the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS with subject lending / credit transaction limit for a period of one year; draft resolution - GMS authorizes the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS with subject lending / credit limit for transactions limit for a period of one year 12. Authorization of the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS with a subject rental of assets; draft resolution - GMS authorizes the Board and Executive Directors of the Company for transactions under Article 114 of the LPOS with a subject rental of assets; 13. Authorization of the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of the LPOS with a subject - sale of a truck; draft resolution - GSM authorizes the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of the LPOS with a subject - sale of a truck 14. Report of the Audit Committee for 2010. Draft Decision - GMS approves the report of the Audit Committee for 2010; 15. Release of the Audit Committee of the Company; draft resolution - GSM adopted the proposal of the Board of Directors to release the Audit Committee, 16. Election of an Audit Committee of the Company and determining the size, mandate and remuneration of the members; draft resolution - GMS adopted the proposal of the Board for electing an Audit Committee of the Company and determining the size, mandate and remuneration of its members 17. Election of a registered auditor to perform an independent financial audit and certify the annual financial statements for 2011 - On the recommendation of the Audit Committee. Enemona AD announced the Protocol of the General Meeting of Shareholders on 01-07-2011.

On 02-12-2011 at 2:00 p.m. in Kozloduy-3320, Kozloduy, House of Energy, Small Hall, an Extraordinary General Meeting of Enemona AD was held with an agenda: 1. Amendment to the Articles of Association; draft resolution – GMS approves the proposed amendments to the Articles of Association 2. Changes in the composition of the Board of Directors; draft resolution - GMS accepts the proposal of the Board of Directors for changes in its composition, 3. Authorization of the Board of Directors and Executive Directors of the Company for annexation of the deal Under Article 114 of the LPOS - increasing the limit for credit transactions; draft resolution - GMS authorizes the Board of Directors and Executive Directors of the Company for annexation of a transaction under Article 114 of the LPOS with a subject - increasing the limit for credit transactions; 4. Authorization of the Board of Directors and Executive Directors of the Company for transactions under Article 114 of the LPOS with a subject - sale of electricity for three years; draft resolution - GMS authorises the Board of Directors and Executive Directors of the Company for transactions under Article 114 of LPOS with a subject - sale of electricity for three years; 5. Miscellaneous. Enemona AD announced the Protocol of the General Meeting of Shareholders on 06-12-2011.

6. Dividend Payments

At the Annual General Meeting of Shareholders of Enemona AD, held on June 30, 2011, a decision was taken for a distribution of a cash dividend for 2010 to the shareholders, holding preferred shares, for a total of BGN 881 340.44 or a gross dividend per share amounting to BGN 0.799111.

7. Changes in the Board of Directors

The changes in the composition of the Board of Directors of Enemona AD, adopted at the extraordinary GMS held on December 2, 2011 were entered and announced in the records of Enemona AD in the Trade Register on December 13, 2011. Bogomil Arsenov Spirdonov was excluded as a member of the Board of Directors of the Company.

8. Amendments to the Articles of Association

The amendments to the Articles of Association of Enemona AD approved by the GSM held on June 30, 2011, were entered and announced in the records of Enemona AD in the Trade Register on July 15, 2011

The amendments to the Articles of Association of Enemona AD approved by the GSM held on December 2, were entered and announced in the records of Enemona AD in the Trade Register on December 13, 2011.

II. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

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.

III. ANALYSIS OF THE FINANCIAL RESULTS AND THE RESULTS FROM THE ACTIVITIES OF THE COMPANY

Assets

The non-current assets of Enemona AD at 31 December 2011 represent 51.62% of all assets of the Company, growing by 2.27% compared to 31 December 2010. The reason underlying this growth is the increase in long-term loans and receivables and deferred tax assets.

Total assets of the Company as of 31 December 2011 amount to BGN 149 744 thousand, decreasing by 6.81% compared to 31 December 2010. This is mainly due to the decrease in provided loans and receivables and investments in subsidiaries and associates.

Equity and liabilities

Enemona AD finances its principal activity with equity or borrowings. The Company's equity at 31 December 2011 amounts to BGN 50 485 thousand, or 33.71% of its assets – a decrease by -19.96 % compared to the end of 2010. The share capital of the issuer amounts to BGN 13,037 thousand split into 11,934 thousand ordinary shares and 1,103 thousand preference shares.

Non-current liabilities at 31 December 2011 represent 4.85% of the Company's assets. They fall 3.1 times vs. the non-current liabilities at the end of 2010, mainly due to the decrease in the amount of bank and non-bank loans.

The main long-term external financing used by the issuer is in the form of bank loans.

Liquidity analysis

Ratio	Description	31 December 2011
General liquidity	CA/CL	0.79
Quick liquidity	(Cash+Cash equivalents+Receivables)/CL	0.74
Immediate liquidity	(Cash+Cash equivalents)/CL	0.05

Funds available to the Company in a given moment to meet its operating expenses, incl. all short-term assets that may quickly transform into the required funds and at market values, without significant transactions costs, are determined as sources of liquidity. The sources of liquidity for Enemona AD are mainly revenue from sales of products and external/debt financing in the form of bank loans.

Profitability analysis

Operating income

Enemona AD ended the reporting period with a net loss of BGN 12 585 thousand. Sales revenue of the Company marks a decline by 8.72% compared with 2010, or BGN 79 069 thousand. The decline is due primarily to decreased revenue from construction contracts.

The Company's expenses amount to BGN 85 432 thousand, or a 4.82% increase compared to the beginning of the year. The Company's expenses for 2011 comprise of: costs of materials BGN 31 218 thousand, costs of hired services BGN 30 069 thousand, salaries and wages BGN 18 817 thousand, depreciation/amortization BGN 1 794 thousand and other expenses BGN 3 534 thousand. The growth is primarily due to the increased costs of materials and consumables.

Profit (loss) analysis

Ratio	Description	31 December 2011
Gross profit(loss) ratio	**Loss** /Sales revenue	-17.17%
Return on sales	**Loss** /Total revenue	-17.92%

Total revenue includes sales revenue, finance income and other profits.

Profitability ratios reflect the ability of the Company to generate operating income and operating profit, respectively. For the year ending 31 December 2011 Enemona AD has reported revenue in the total amount of BGN 79 069 thousand and (BGN 13 580) thousand loss before taxes (BGN 12 585) thousand net loss. The above profitability ratios of the Company were calculated on the basis of these figures. The amounts of the profitability ratios of Enemona AD are negative because the realized loss for the year ending 31 December 2011.

Equity analysis

Ratio	Description	31 December 2011
Equity utilization	Total equity/Total assets	33.71%
Return on assets	Net profit (Loss) / Total assets	(8.4) %
Return on equity	Net profit (Loss) /Equity	(24.93)%

Financial leverage analysis

Ratio	Description	31 December 2011
Leverage	Debt/Assets	66.29%
Gearing	Long-term debt/Equity	14.38%

For the purpose of financial leverage analysis of Enemona AD, we calculate two ratios by dividing the issuer's debt by its assets and equity, respectively. The values calculated at 31 December 2011 show a decrease in the ratio of Debt/Assets. The Company covers 6.95 times its long-term liabilities with its equity. The accumulation of capital through the stock exchange significantly changes the equity structure of Enemona AD by increasing the opportunities for quick development and consolidation of its activity.

Effectiveness analysis

Ratio	Description	31 December 2011
Asset turnover	Sales revenue/Total assets	52.80%
Net working capital	Short-term assets – Short-term liabilities	BGN (19 552) thousand

The change in sales revenue affects the Company's effectiveness. At 31 December 2011 the asset turnover has dropped to 52.80% (53.90% at 31 December 2010). Net working capital marks a decrease by 292.6% compared to 31 December 2010.

IV. INFORMATION ON IMPORTANT EVENTS THAT TOOK PLACE AFTER DECEMBER 31, 2011

On January 9, 2012 the Annual general meeting of the owners of the warrants, issued by Enemona, was held, on which a decision was taken that they should not be exercised, since the current market price of the underlying asset (ordinary shares) on the regulated market is below the exercise price of the warrants.

On March 1, 2012, the Federal state enterprise "Federal Energy Service Company" of the Ministry of Energy of the Russian Federation and Enemona AD signed a Memorandum of Understanding. The Memorandum aims to promote cooperation and realization of joint projects in the fields of energy efficiency and energy savings in the Russian Federation, Bulgaria and third countries of Russian and Bulgarian business entities, by attracting funding for projects, as well. The parties will share experience in the area of energy efficiency and energy savings, including technical solutions, organizational approaches and regulations. The Memorandum of Understanding also envisages sharing of experience in the implementation of ESCO contracts (contracts with guaranteed results) and personnel trainings.

On March 2, 2012, Enemona's subsidiary "EESF" SPV signed a Loan Agreement with the European Bank for Reconstruction and Development amounting to EUR 10 million for securitization of receivables arising from ESCO-contracts, with providing of a collateral by Enemona AD, resulting from commitments as guarantor. The term of the loan is seven years and the annual interest rate is fixed for the whole period of the loan to the amount of 6.5%.

V. INFORMATION GIVEN IN VALUE OR QUANTITATIVE TERMS ABOUT THE MAIN CATEGORIES OF COMMODITIES, PRODUCTS AND/OR PROVIDED SERVICES

	31.12.2011 ('000 BGN)	% from Total Operating Income	31.12.2010 ('000 BGN)	% from Total Operating Income
Total Operating Income	**73 876**	**96.18%**	**87 269**	**96.05%**

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Production	78 862	102.67%	86 300	95%
Goods		0	-	-
Services	207	0.27%	319	0.35%
Others	(5 193)	(6.76)%	525	0.58%
Income from financing	**5**	**0.01%**	**11**	**0.01%**
Finance income	**2 938**	**3.82%**	**3 574**	**3.93%**
Interest	2 206	2.87%	1 875	2.06%
Dividends	536	0.7%	1 663	1.83%
Gain due to exchange rate changes	27	0.04%	29	0.03%
Other income from financial operations	169	0.22%	2	0.01%

VI. INFORMATION ABOUT THE REVENUES ALLOCATED BY SEPARATE CATEGORIES OF ACTIVITIES

Revenues	2011		2010	
	Value (BGN)	%	Value (BGN)	%
Revenues from Construction Contracts	**78 861 655**	**100.00%**	**86 299 511**	**100,00%**
including:				
Engineering /design, supply, construction and assembly works/	*68 868 213*	*87.33%*	*78 369 683*	*90.81%*
Energy Efficiency	*9 993 442*	*12.67%*	*7 929 828*	*9.19%*

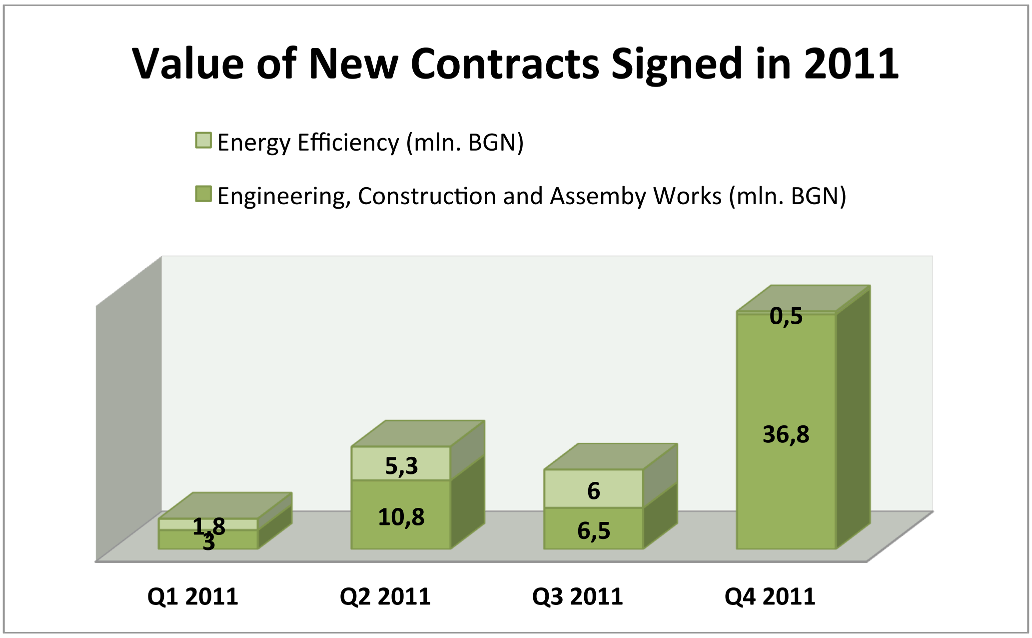
VII. INFORMATION ABOUT THE SOURCES FOR SUPPLY OF MATERIALS FOR 2011

TOP 5 SUPPLIERS IN TERMS OF VALUE OF SUPPIES

Supplier	Type of supplies
THYSSENKRUPP FORDERTECHNIK GMBH	Materials
ENERGY MARKET AD	Electricity
STILPLAST 2002 OOD	Materials
FIPLCAB AD	Materials
STROM 21 OOD	Materials

VIII. INFORMATION ABOUT CONCLUDED BIG TRANSACTIONS AND SUCH OF MATERIAL IMPORTANCE FOR THE ISSUER'S ACTIVITY

In 2011, Enemona AD signed new contracts in the field of Engineering, Construction and Assembly Works for a total of BGN 57.1 million (excl. VAT), and in the field of Energy efficiency for a total value amounting to BGN 13.6 million (excl. VAT).



Big orders, amounting to over 10 percent of the average revenues of the company for the last three years

On October 11, 2011 Enemona AD received an officially signed contract by RWE Power AG, Germany, for assigning of design, engineering, and construction works with a subject: Extension of the transmission facility for coke gas to Hukingen power plant (Duisburg, Germany). The value of the contract exceeds 10 percent of the average revenues of the Company on an unconsolidated basis for the last three years. The deadline for completion of the works is September 30, 2013.

IX. INFORMATION ABOUT THE TRANSACTIONS CONCLUDED BETWEEN THE ISSUER AND RELATED PARTIES DURING THE REPORTING PERIOD, PROPOSALS FOR CONCLUSION OF SUCH TRANSACTIONS AS WELL AS TRANSACTIONS WHICH ARE OUTSIDE ITS USUAL ACTIVITY OR SUBSTANTIALLY DEVIATE FROM THE MARKET CONDITIONS, TO WHICH THE ISSUER OR ITS SUBSIDIARY IS A PARTY, INDICATING THE AMOUNT OF THE TRANSACTIONS, THE NATURE OF RELATEDNESS AND ANY INFORMATION NECESSARY FOR AN ESTIMATE OF THE INFLUENCE OVER THE ISSUER' S FINANCIAL STATUS

The information about the transactions with related parties during the reporting period is disclosed in Note 27 of the Notes to the Individual Financial Statement for 2011.

X. INFORMATION ABOUT EVENTS AND INDICATORS OF UNUSUAL FOR THE ISSUER NATURE, HAVING SUBSTANTIAL INFLUENCE OVER ITS OPERATION AND THE REALIZED BY IT REVENUES AND EXPENSES MADE; ASSESSMENT OF THEIR INFLUENCE OVER THE RESULTS DURING THE CURRENT YEAR

During the period under review no events and indicators of unusual for the issuer nature, having substantial influence over its operation.

XI. INFORMATION ABOUT OFF-BALANCE KEPT TRANSACTIONS – NATURE AND BUSINESS OBJECTIVE, INDICATION OF THE FINANCIAL IMPACT OF THE TRANSACTIONS ON THE OPERATION, IF THE RISK AND BENEFITS OF THESE TRANSACTIONS ARE SUBSTANTIAL FOR THE ASSESSMENT OF THE ISSUER' S FINANCIAL STATUS

Enemona AD prepares its Financial statements 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. The information about contingent liabilities is disclosed in Note 30 of the Notes to the Individual Financial Statement for 2011.

XII. INFORMATION ABOUT HOLDINGS OF THE ISSUER, ABOUT ITS MAIN INVESTMENTS IN THE COUNTRY AND ABROAD (IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE), AS WELL AS THE INVESTMENTS IN EQUITY SECURITIES OUTSIDE ITS ECONOMIC GROUP AND THE SOURCES/WAYS OF FINANCING

The companies which Enemona AD controls and manages as of December 31, 2011 and December 31, 2010, are listed in the following table:

ORGANIZATIONAL STRUCTURE OF ENEMONA GROUP OF COMPANIES

COMPANY	Percentage (%) as of 31.12.2011	Percentage (%) as of 31.12.2010
„CHPP Nikopol" EAD	100.00	100.00
„PPP Mladenovo" EOOD	100.00	-
"Artanes Mining Group" AD	99.99	-
"Enemona Utilities" AD	99.46	100.00
"ESCO Engineering" AD	99.00	99.00
„Enemona-Galabovo" AD	91.13	91.13
"Nevrokop-Gas" AD	90.00	90.00
"Energetics and Energy Savings Fund - EESF" SPV	88.97	70.76
"PirinPower"AD	84.00	84.00
„EMCO"AD	77.36	77.36
„Real Estate Investment Fund- FINI" REIT	69.23	69.23
"HemusGas"AD	50.00	50.00
„AgroInvestEngineering" AD	0.00	99.98

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

„Neo Agro Tech” AD	0.00	90.00
„Solar Energy” OOD	0.00	80.00

Enemona AD Indirect Shareholdings

Company	Indirect Shareholding through	Percentage (%) of indirect shareholding as of 31.12.2011
„RegionalGas” AD	„Enemona Utilities” AD	50.00
„PirinPower” AD	„Enemona Utilities” AD	16.00

Enemona's shareholdings below 50%

Company	Percentage (%) as of 31.12.2011	Percentage (%) as of 31.12.2010
„Alfa - Enemona”OOD	40.00	40.00
“Enemona - Start” AD	4.90	4.90
“Enida Engineering” AD	4.90	4.90
„Energoni” AD	2.74	0.00

XIII. INFORMATION ABOUT THE CONCLUDED BY THE ISSUER, BY ITS SUBSIDIARY OR PARENT UNDERTAKING, IN THEIR CAPACITY OF BORROWERS, LOAN CONTRACTS WITH INDICATION OF THE TERMS AND CONDITIONS THEREOF, INCLUDING THE DEADLINES FOR REPAYMENT AS WELL AS INFORMATION ON THE PROVIDED GUARANTEES AND ASSUMING OF LIABILITIES

The information about the concluded by the issuer, in its capacity of borrower, loan contracts, is disclosed in Note 12 of the Notes to the Individual Financial Statement for 2011.

XIV. INFORMATION ABOUT THE CONCLUDED BY THE ISSUER, BY ITS SUBSIDIARY OR THE PARENT UNDERTAKING, IN THEIR CAPACITY OF LENDERS, LOAN CONTRACTS, INCLUDING THE PROVISION OF GUARANTEES OF ANY TYPE, INCLUDING TO RELATED PERSONS, WITH INDICATION OF THE CONCRETE CONDITIONS THERE UNDER, INCLUDING THE DEADLINES FOR REPAYMENT AND THE PURPOSE FOR WHICH THEY HAVE BEEN GRANTED

The information about the concluded by the issuer, in its capacity of lender, loan contracts, is disclosed in Note 7 of the Notes to the Individual Financial Statement for 2011.

XV. INFORMATION ON THE USE OF THE PROCEEDS FROM A NEW ISSUE OF SECURITIES CARRIED OUT DURING THE REPORTED PERIOD

During the reported period no new issues of securities have been carried out.

XVI. ANALYSIS OF THE RATIO BETWEEN THE ACHIEVED FINANCIAL RESULTS REFLECTED IN THE FINANCIAL STATEMENT FOR THE FISCAL YEAR, AND PREVIOUSLY PUBLISHED FORECASTS FOR THESE RESULTS

In the prospectuses for public offering of the ordinary shares, preferred shares and warrants issued by Enemona AD and approved by the FSC, there are no financial forecasts.

The Company's forecasts, prepared on an individual basis, disclosed in the Prospectus for the secondary public offering of bond, issued in 2006, are as follows (figures are in thousand BGN):

Financial Indicators	Forecast for 2011 (Prospectus)	Financial Statement as of 31.12.2011	Comparison
Equity	25 480	50 485	**+98.14%**
Liabilities	16 584	99 259	**+499%**
Total Assets	42 064	149 744	**+256%**
Revenue	160 000	79 069	**-51%**
Expenses	154 454	85 432	**-45%**
Profit before Tax	5 546	-13 580	**-345%**
Net Profit	4 680	-12 585	**-369%**

XVII. ANALYSIS AND ASSESSMENT OF THE POLICY CONCERNING THE MANAGEMENT OF THE FINANCIAL RESOURCES WITH INDICATION OF THE POSSIBILITIES FOR SERVICING OF THE LIABILITIES, EVENTUAL JEOPARDIZES AND MEASURES WHICH THE ISSUER HAS UNDERTAKEN OR IS TO UNDERTAKE WITH A VIEW TO THEIR REMOVAL

The true and fair presentation of the information in the financial statements of Enemona AD is ensured by the systematic application of accounting policies based on current accounting, which is checked by an internal control system.

XVIII. ASSESSMENT OF THE POSSIBILITIES FOR REALIZATION OF THE INVESTMENT INTENTIONS, INDICATING THE AMOUNT OF THE AVAILABLE FUNDS AND STATING THE POSSIBLE CHANGES IN THE STRUCTURE OF THE FINANCING OF THIS ACTIVITY

As of December 31, 2011 Enemona AD has cash and cash equivalents for a total BGN 4 957 thousand. That fact in combination with the increased capital base, determines a good opportunity for raise funds for the implementation of Enemona's investment projects.

XIX. INFORMATION ABOUT OCCURRED DURING THE REPORTING PERIOD CHANGES IN THE BASE PRINCIPLES FOR MANAGEMENT OF THE ISSUER AND ITS ECONOMIC GROUP

For the period under review, there have been no changes in the base principles for management of the Issuer and its Group.

XX. INFORMATION ON THE AMOUNT OF THE REMUNERATIONS, REWARDS AND/OR THE BENEFITS OF EVERYONE OF THE MEMBERS OF THE MANAGEMENT AND CONTROL BODIES FOR THE FISCAL YEAR UNDER REVIEW, PAID BY THE ISSUER AND ITS SUBSIDIARIES, IRRESPECTIVE OF WHETHER THEY HAVE BEEN INCLUDED IN THE ISSUER'S EXPENSES OR ARISE FROM PROFIT DISTRIBUTION

Name	Gross Remuneration (BGN)	Net Remuneration (BGN)
Dichko Prokopiev Prokopiev		
Enemona AD	32 658,40	26 751,58
Enemona Utilities AD	126 633,54	113 970,19
CHHP Nikopol EAD	39 784,51	35 707,15
Enemona Galabovo AD	128 519,67	115 667,70
EMCO AD	14 345,00	12 911,00
Artanes Mining Group AD	2 251,43	2 026,29
Total	**344 192,55**	**307 033,91**
Tsvetan Kamenov Petrushkov		
Enemona AD	30 000,00	24 228,00
Enemona Utilities AD	140 000,00	126 000,00
EESF SPV	8 910,00	8 019,00
FINI REIT	5 940,00	5 346,00
CHHP Nikopol EAD	240,00	216,00
Enemona Galabovo AD	156 000,00	140 400,00
EMCO AD	25 128,00	22 615,20
Total	**366 218,00**	**326 824,20**
Lyudmil Ivanov Stoyanov		
Enemona AD	30 000,00	24 228,00
CHHP Nikopol EAD	44 000,00	39 600,00
EMCO AD	25 128,00	22 615,20
Total	**99 128,00**	**86 443,20**
Prokopi Dichev Prokopiev		
Enemona AD	8 510,00	6 629,75
Enemona Utilities AD	140 000,00	126 000,00
EESF SPV	8 910,00	6 280,70
CHHP Nikopol EAD	44 240,00	39 811,54
Artanes Mining Group AD	3 602,86	3 242,57
EESF SPV (dividend)	0,70	0,67

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Total	**205 263,56**	**181 965,23**
Ilian Borisov Markov*		
Enemona AD	8 910,00	8 019,00
Enemona AD – Slovakia Branch	48 000,00	35 417,08
Enemona AD – Galabovo Branch	15 700,00	12 818,33
Enemona Galabovo AD	137 499,99	122 289,55
Total	**210 109,99**	**178 543,96**
Margarita Ivanova Dineva		
Enemona AD	**8 910,02**	**6 989,77**
Ivan Dimitrov Petrov		
Enemona AD	**8 910,00**	**8 019,00**
Georgi Zamfirov Goranov		
Enemona AD	**8 910,00**	**7 355,46**
Bogdan Dichev Prokopiev		
Enemona AD	21 176,10	16 358,28
Enemona Utilities AD	120 000,00	107 640,07
CHHP Nikopol EAD	11 240,00	10 116,00
EMCO AD	10 783,00	9 704,70
Artanes Mining Group AD	1 232,86	1 109,57
Enemona Galabovo AD	156 000,00	140 400,00
Total	**320 431,96**	**285 328,62**

* Enemona Galabovo AD has a liability for paying a dividend for 2010 to Ilian Borisov Markov for a total of BGN 16 684.18, which is not paid as of December 31, 2011.

XXI. PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PROCURATOR AS OF 31 DECEMBER 2011

Dichko Prokopiev Prokopiev
Enemona AD, Kozloduy – Chairman of the of Board of Directors and Chief Executive Officer
Global Capital OOD, Kozloduy – Manager and Partner
Enemona Utilities AD, Sofia – Chairman of the Supervisory Board
CHHP Nikopol EAD, Sofia – Chairman of the Supervisoy Board
Izolko OOD, Kozloduy - Partner
Tsvetan Kamenov Petrushkov
Enemona AD, Kozloduy – Vice Chairman of the of Board of Directors and Executive Director
EMCO AD, Belene – Member of the Board of Directors
Enemona Utilities AD, Sofia – Member of the Supervisory Board

EESF SPV, Sofia – Vice Chairman of the of Board of Directors and Executive Director
FINI REIT, Sofia – Chairman of the of Board of Directors
Resource Engineering EOOD, Sofia – Manager and Sole Partner
Izolko OOD, Kozloduy - Partner
Lyudmil Ivanov Stoyanov
Enemona AD, Kozloduy – Vice Chairman of the of Board of Directors and Executive Director
EMCO AD, Belene – Member of the Board of Directors
CHHP Nikopol EAD, Sofia – Vice Chairman of the Supervisory Board
Izolko OOD, Kozloduy - Partner
Ilian Borisov Markov
Enemona AD, Kozloduy – Member of the of Board of Directors
Enemona AD – Galabovo Branch – Manager
Enemona AD – Slovakia Branch – Manager
Prokopi Dichev Prokopiev
Enemona AD, Kozloduy – Member of the of Board of Directors
Global Capital OOD, Kozloduy – Partner
Enemona Utilities AD, Sofia – Vice Chairman of the Supervisory Board
EESF SPV, Sofia - Chairman of the of Board of Directors
CHHP Nikopol EAD, Sofia – Member of the Supervisory Board
ESCO Engineering AD, Sofia – Chairman of the of Board of Directors
Nevrokop Gas AD, Gotse Delchev – Member of the of Board of Directors
Artanes Mining Group AD, Sofia – Chairman of the of Board of Directors and Executive Director
PPP Mladenovo EOOD, Sofia – Manager
Racio Consult OOD, Sofia – Partner
Margarita Ivanova Dineva
Enemona AD, Kozloduy – Member of the of Board of Directors
Ivan Dimitrov Petrov
Enemona AD, Kozloduy – Member of the of Board of Directors
NODIG OOD, Sofia – Manager and Partner
Solers Bulgaria OOD, Sofia - Partner
Georgi Zamfirov Goranov
Enemona AD, Kozloduy – Member of the of Board of Directors
G Oil Expert EOOD, Novi Iskar – Manager and Sole Partner
Bogdan Dichev Prokopiev
Enemona AD, Kozloduy - Procurator
Global Capital OOD, Kozloduy – Partner
Enemona Utilities AD, Sofia – Chairman of the Managing Board

CHHP Nikopol EAD, Sofia – Chairman of the Managing Board
ESCO Engineering AD, Sofia – Member of the Board of Directors
Nevrokop Gas AD, Gotse Delchev – Chairman of the of Board of Directors
PirinPower AD, Sofia – Vice Chairman of the of Board of Directors
HEMUSGAS AD, Sofia – Member of the Board of Directors
Izolko OOD, Kozloduy - Partner
EMCO AD, Belene – Member of the Board of Directors
Artanes Mining Group AD, Sofia – Chairman of the Board of Directors
Racio Consult OOD, Sofia – Partner

XXII. INFORMATION ABOUT THE OWNED BY THE MEMBERS OF THE MANAGEMENT AND THE PROCURATORS SHARES OF THE ISSUER

Shares in Enemona AD	Percentage of the capital as of 31 December 2011 at a capital of 13 036 501	Percentage of the ordinary shares as of 31 December 2011 at OS of 11 933 600	Percentage of the preferred shares as of 31 December 2011 at PS of 1 102 901	Percentage of warrants as of 31 December 2011 at an issue of 5 966 792
Dichko Prokopiev Prokopiev - Chairman of the Board of Directors	55.28	60.39	0.00	60.13
Tsvetan Kamenov Petrushkov – Vice Chairman of the Board of Directors	0.36	0.39	0.00	0.36
Lyudmil Ivanov Stoyanov – Vice Chairman of the Board of Directors	0.50	0.55	0.00	0.55
Ilian Borisov Markov - Member of the Board of Directors	0.21	0.23	0.00	0.17
Prokopi Dichev Prokopiev - Member of the Board of Directors	0.22	0.35	0.00	2.22
Margarita Ivanova Dineva - Member of the Board of Directors	0.00	0.00	0.00	0.00
Ivan Dimitrov Petrov - Member of the Board of Directors	0.00	0.00	0.00	0.00
Georgi Zamfirov Goranov - Member of the Board of Directors	0.00	0.00	0.00	0.00
Bogdan Dichev Prokopiev – Procurator	0.30	0.33	0.00	0.33

XXIII. INFORMATION ABOUT THE KNOWN TO THE COMPANY AGREEMENTS (INCLUDING ALSO AFTER THE FISCAL YEAR CLOSING) AS A RESULT OF WHICH CHANGES MAY OCCUR AT A FUTURE TIME IN THE OWNED PERCENT OF SHARES OR BONDS BY CURRENT SHAREHOLDERS AND BONDHOLDER

For the period under review there are no agreements, as a result of which changes may occur in the future in the owned percentage of shares by current shareholders.

XXIV. INFORMATION ABOUT PENDING LEGAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS RELATING TO ISSUER'S LIABILITIES OR RECEIVABLES AT AMOUNT AT LEAST 10 PERCENT OF ITS EQUITY; IF THE TOTAL AMOUNT OF THE ISSUER'S LIABILITIES OR RECEIVABLES UNDER ALL INITIATED PROCEEDINGS EXCEEDS 10 PER CENT OF ITS EQUITY, INFORMATION SHALL BE SUBMITTED FOR EACH PROCEDURE SEPARATELY

Enemona AD had no pending legal administrative or arbitration proceedings, relating to issuer's liabilities or receivables at amount at least 10 percent of its equity.

XXV. INFORMATION ABOUT THE PRICE OF THE FINANCIAL INSTRUMENTS, ISSUED BY THE COMPANY

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

XXVI. DATA ABOUT THE INVESTOR RELATIONS DIRECTOR, INCLUDING TELEPHONE AND ADDRESS FOR CORRESPONDENCE

The Board of Directors of Enemona AD, on a meeting, held on November 21, 2011, took a decision to release Svetlana Krumova Aleksandrova from the position of Investor Relations Director of Enemona AD and terminates its contract as of November 22, 2011. On the same position is appointed Teodora Petrova Plamenova.

Contact Data of the Investor Relations Director:
1113 Sofia
Geo Milev District
20, Kosta Lulchev Str.
tel: +359 2 80 54 864
fax: +359 80 54 837
Mobile: +359 888 535 186
E-mail: teodora.petrova@enemona.com

XXVII. INFORMATION IN RELATION TO THE BULGARIAN CODE FOR CORPORATE GOVERNANCE

On a meeting, held on 17 April 2008, the Board of Directors of Enemona AD decided to join and observe the National Code of Corporate Governance, approved and adopted by Minutes No 36 dated 17 October 2007 of BD of BSE – Sofia AD. This decision was announced to the Financial Supervision Commission, Bulgarian Stock Exchange and the public.

Pursuant to the instructions of the Financial Supervision Commission dated 21 February 2008, the application of the National Code of Corporate Governance substituted the requirement to prepare and implement their own corporate governance program. As a consequence of the decision that Enemona AD shall operate in accordance with the principles and provisions of the National Code of Corporate Governance, as well as due to the fact that the company’s shares have been traded on the regulated market since the end of January 2008, the Company did not prepare and approve a separate corporate governance program.

Pursuant to the Rules and Regulations of BSE-Sofia AD, the compliance and implementation of the main principles sets in the Code of Corporate Governance issued or approved by the Stock Exchange is mandatory for the companies that are either traded or would like to be admitted to trading on the “Official Market of Equities, segments “A” and “B”. The adoption and implementation of the Code for the companies that are traded on the other markets and market segments of BSE-Sofia AD is recommendatory and a matter of choice.

Enemona AD observes the principal provisions of the National Code of Corporate Governance.

The main direction in fulfilling the commitments of the Code was bringing all in-house acts of the Company and its overall activity in accordance with the constantly changing effective regulations. All financial statements of the Company are prepared in accordance with International Accounting Standard (IAS) and the annual audit is carried out by an independent auditor to ensure the unbiased and objective assessment of the method of preparation and presentation of these financial statements. These financial statements are accompanied by detailed management reports.

Enemona AD is a publicly traded company with a one-tier management system. All members of the Board of Directors comply with the legal requirements for their position. The functions and obligations of corporate management, as well as its structure and competences, are in accordance with the Code. The remunerations of all Members of the Board of Directors have been disclosed in the annual reports in compliance with the legal provisions. Shareholders have an easy access to information about remunerations. Members of Board of Directors avoid and do not allow any actual or potential conflict of interests.

To increase the trust of shareholders, investors and all other persons interested in the governance and activities of the Company was one of the principal commitments of corporate governance in the past year as well.

Enemona AD guarantees equal treatment of all shareholders, including minority and foreign shareholders, and protects their rights.

Following the policy for transparency in its relationships with shareholders, investors and the public, Enemona AD has announced the media through which it discloses regulated information: www.investor.bg.

The Board of Directors of Enemona AD believes that through its activity in 2011, it has created conditions for sufficient transparency of its relationships with investors, financial media and analysts in the capital market.

For the reporting year 2011, the Company has disclosed any regulated information on time and in accordance with the procedure provided for in LPOS and the regulations on its application.

A section "For investors" has been added in the Company's website – www.enemona.bg. The purpose of this section is to facilitate investors in receiving up-to-date and timely information. This section contains information about the financial and economic position of the Company, as well as materials concerning corporate events already held or forthcoming. The Company's contact information is published in the website, as also that of Investor Relations Director, thus encouraging shareholders and interested parties to ask for the information they need.

The Regular General Meeting of Shareholders is convened in accordance with the effective rules for making public the invitation, the agenda and draft decisions. All printed materials shall be made available to the shareholders in the office and published at the website of the Company.

The financial statements are published at the website of Enemona AD right after they are forwarded to the regulatory authority and the public, which enables the shareholders, investors and all interested parties to exercise control.

In conclusion it can be summarized that the activity of the Board of Directors of the Company in 2011 was in accordance with the National Code of Corporate Governance and International Standards.

Evidence for this is the inclusion of Enemona AD in the new INDEX OF THE COMPANIES HAVING GOOD CORPORATE GOVERNANCE - Corporate Governance IndeX (CGIX). The CGIX is an index comprising the seven companies listed on the Exchange that have the best corporate governance, based on the market capitalisation of the issues of ordinary shares included, adjusted by the free-float of each one.

INFORMATION UNDER APPENDIX №11 OF ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES

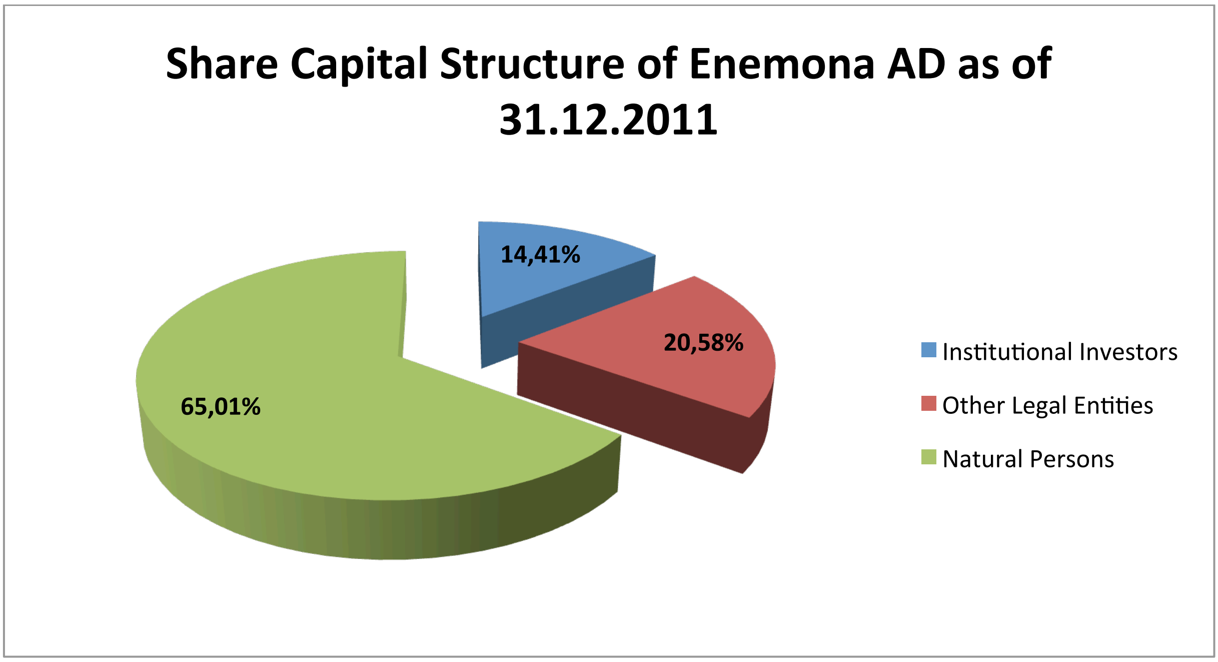
I. STRUCTURE OF THE COMPANY’S CAPITAL INCLUDING THE SECURITIES THAT HAVE NOT BEEN ADMITTED TO TRADING ON A REGULATED MARKET IN THE REPUBLIC OF BULGARIA OR ANOTHER MEMBER STATE, WITH INDICATION OF THE DIFFERENT CLASSES OF SHARES, THE RIGHTS AND LIABILITIES ATTACHING TO ANY OF THE CLASSES OF SHARES AND THE PORTION OF THE TOTAL CAPITAL WHICH EACH INDIVIDUAL CLASS CONSTITUTES

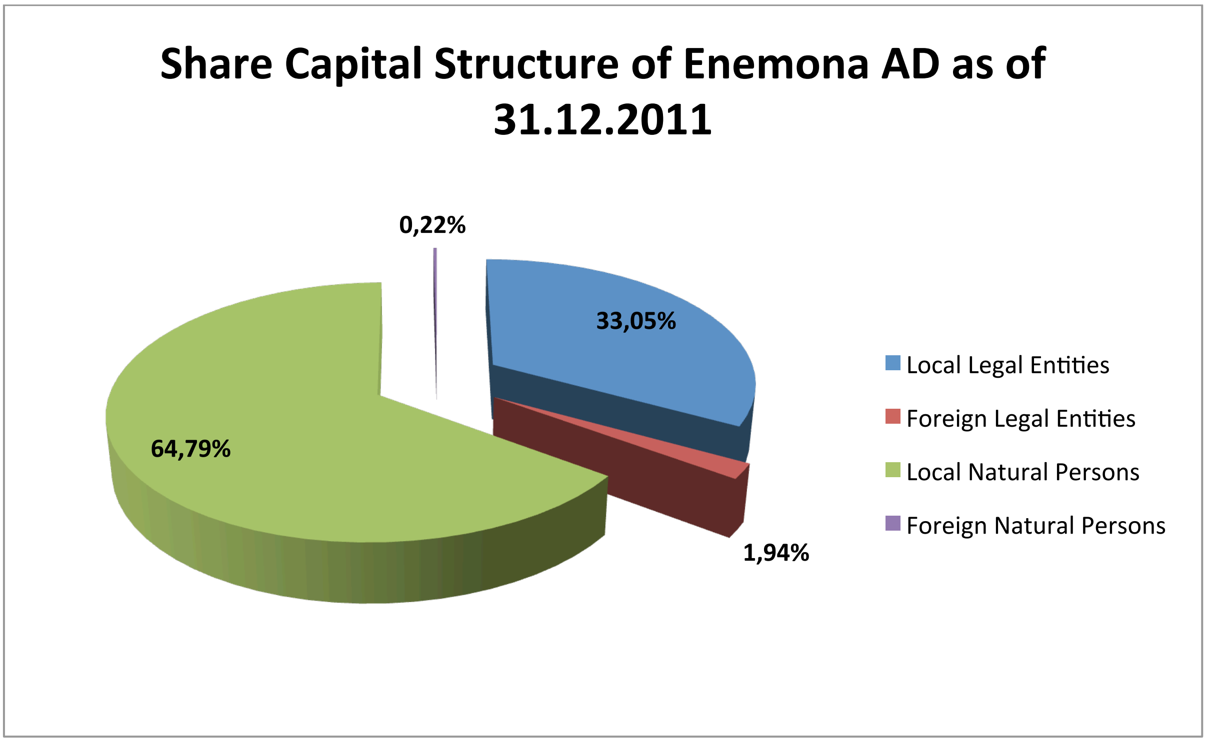
As of December 31, 2011 the Company's share capital amounts to 13,036,501 (thirteen million thirty-six thousand five hundred and one), divided into 11,933,600 ordinary shares with voting rights in the GMS and 1,102,901 preferred shares without voting rights at the GMS, giving their owners a guaranteed cumulative annual dividend of 10 per cent of the issue price per preferred share.

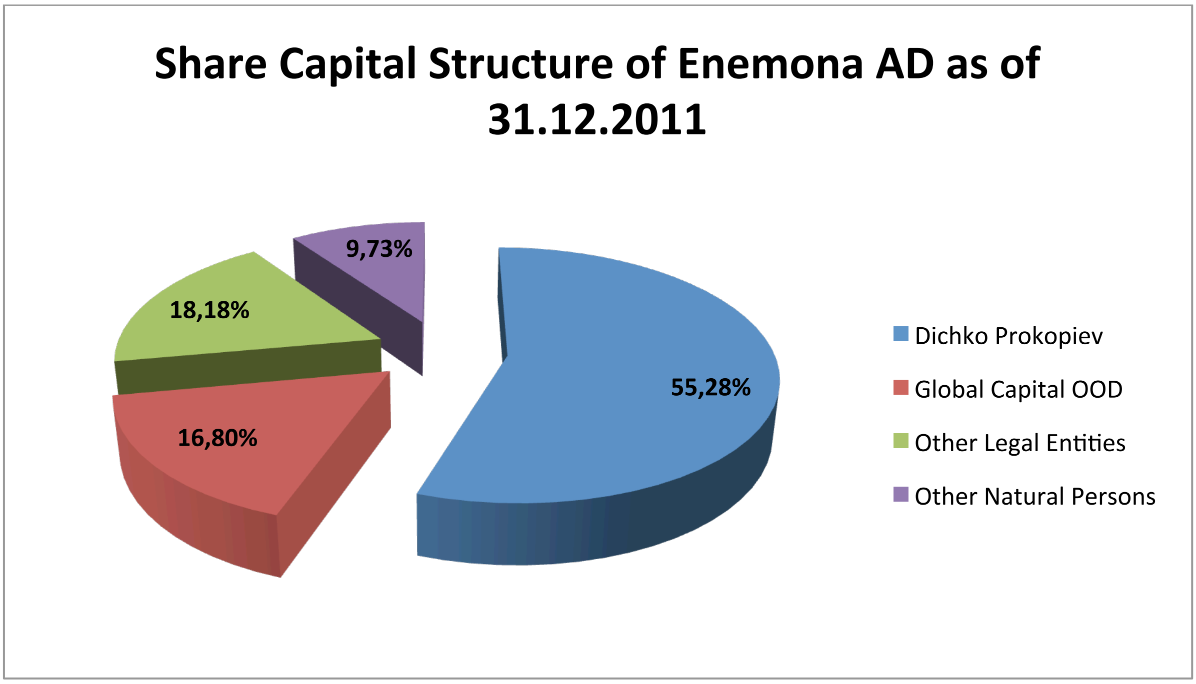
Structure of the capital (ordinary and preferred) shares:

№	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	2 312	**8 475 239**

2.	Legal entities	252	**4 561 262**
	Total:	**2 564**	**13 036 501**



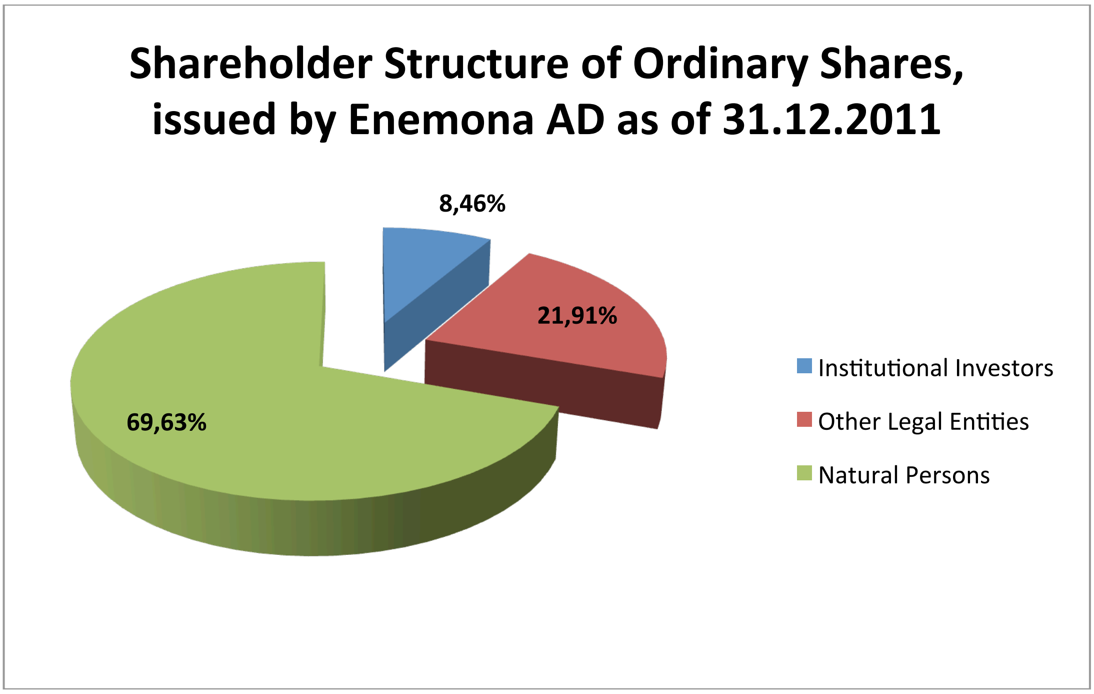


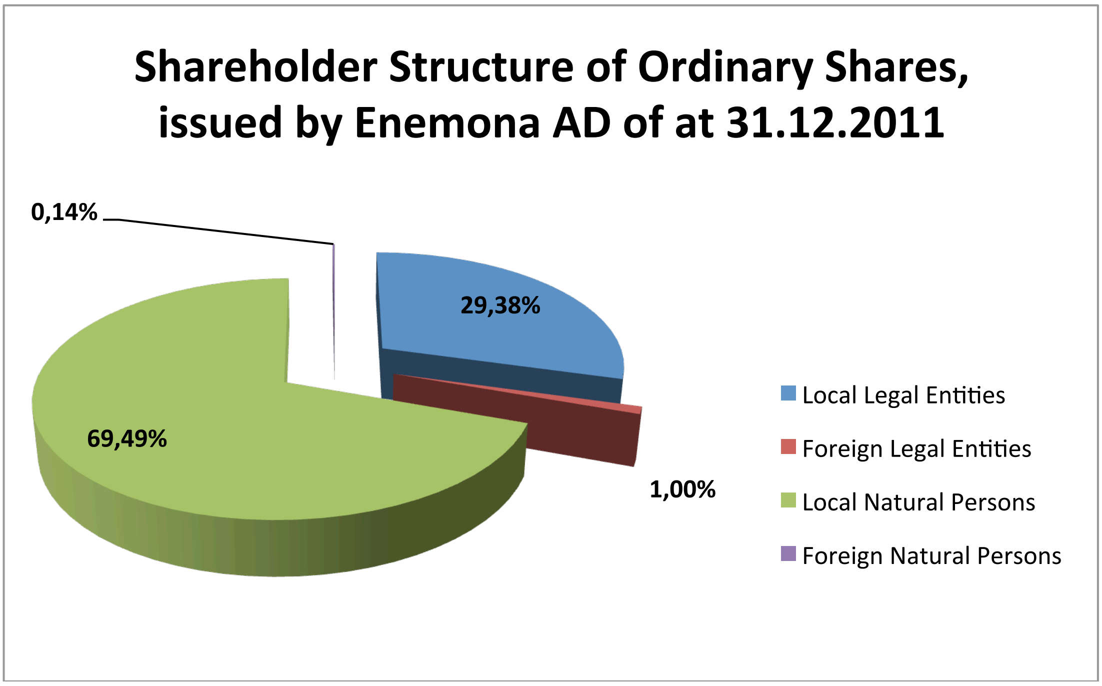


The structure of the issue of ordinary dematerialized shares, with voting rights, with a nominal value of BGN 1.00 and ISIN code BG1100042073 is shown below:

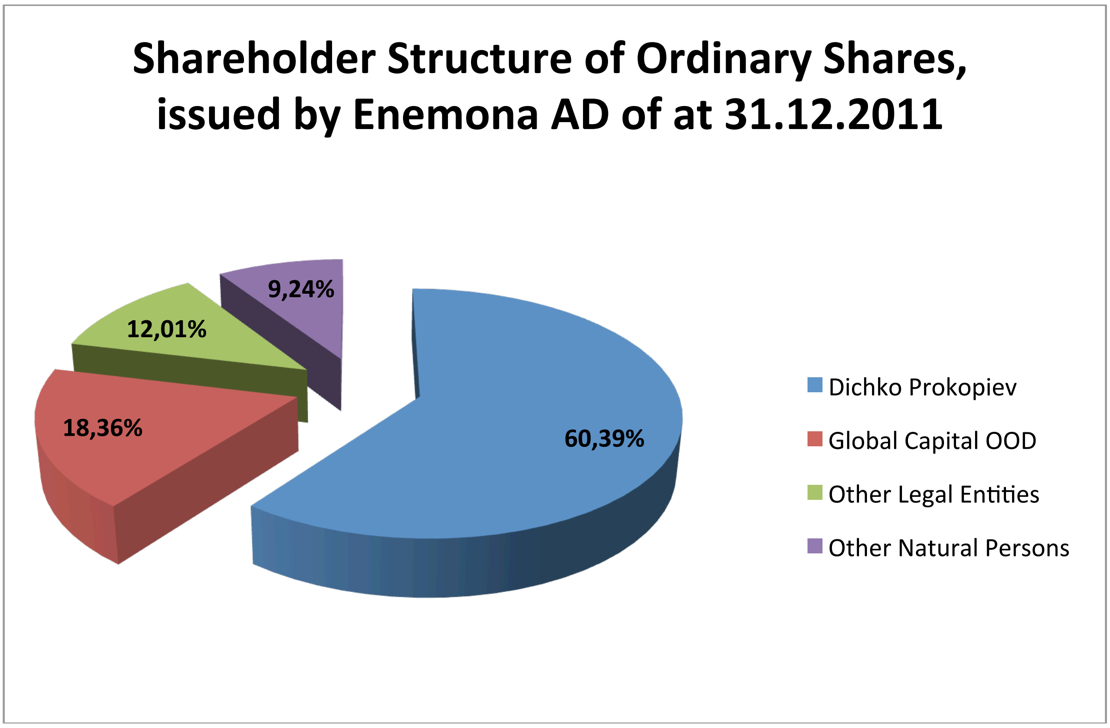
№	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	2 056	**8 309 202**
2.	Legal entities	198	**3 624 398**
	Total:	**2 254**	**11 933 600**

ORDINARY SHARES[1]





[1] The Shareholders's structure is presented without taking into account the shares, subject to repo transactions, owned by Dichko Prokopiev and Global Capital OOD as of 31 December 2011.



The structure of the issue of preferred, dematerialized shares, without voting rights, with a nominal value of BGN 1.00 and ISIN code BG1200001102 is shown below:

№	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	256	166 037
2.	Legal entities	54	936 864
	Total:	310	1 102 901

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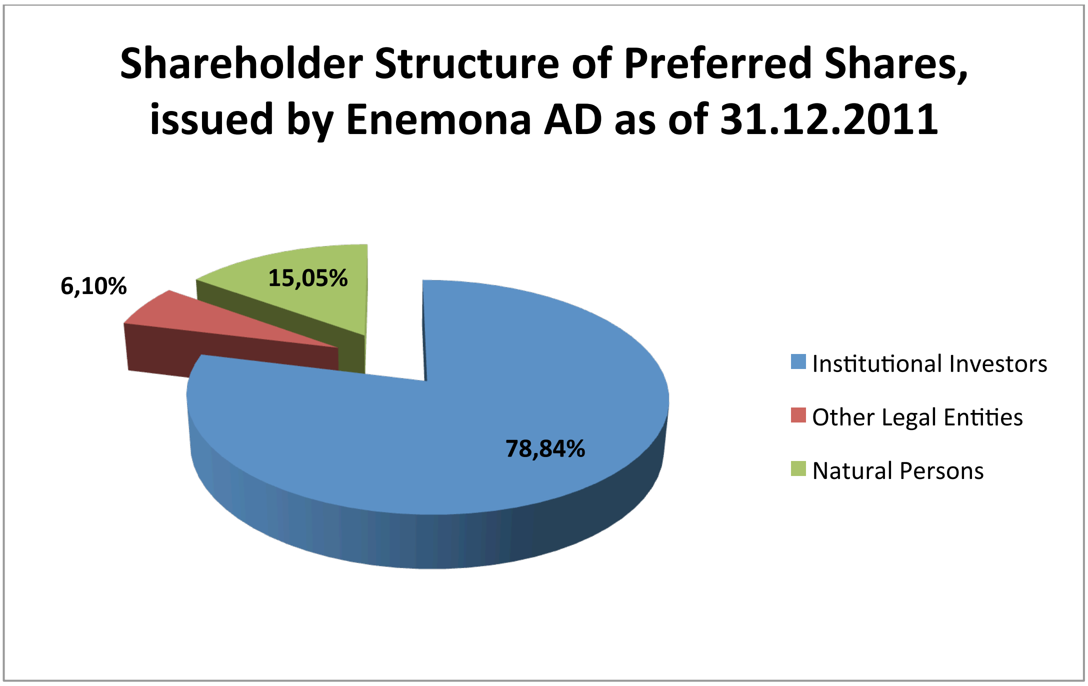
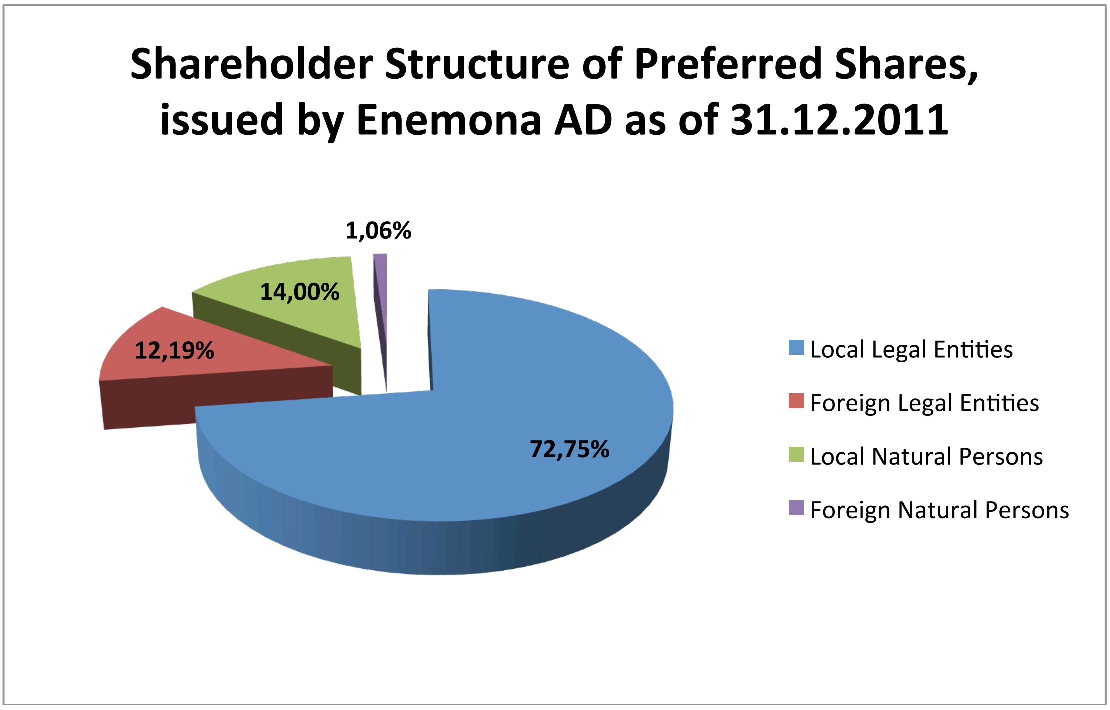
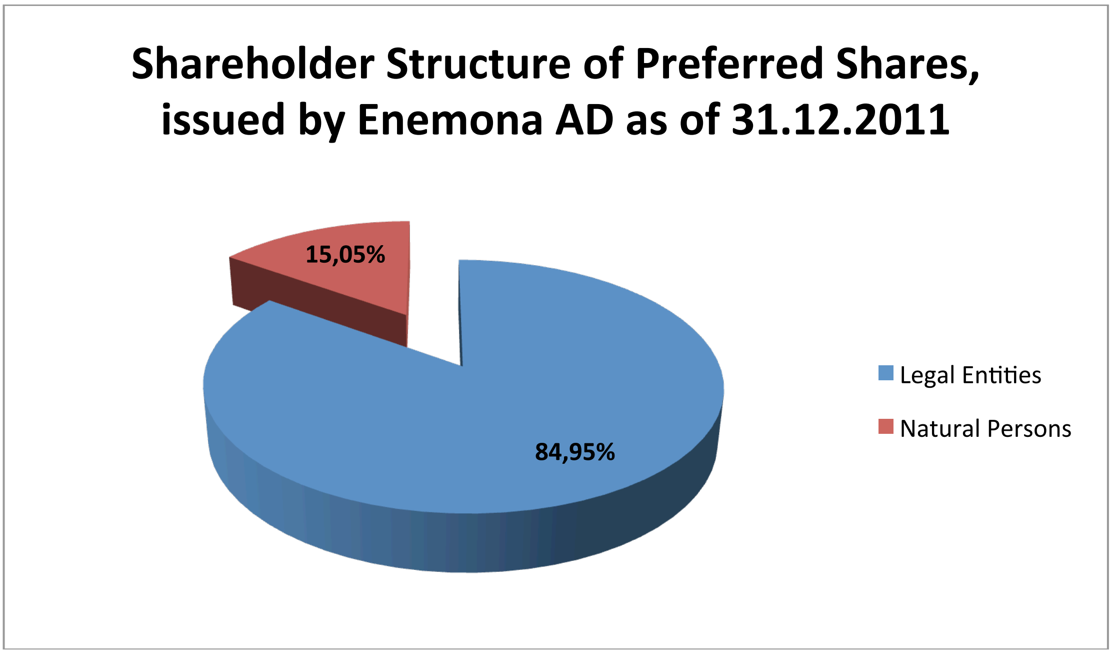
PREFERRED SHARES







WARRANTS

The structure of the issue of warrants, with an underlying asset – a future issue of ordinary shares, ISIN code BG9200001105 is shown below:

№	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	277	4 296 152
2.	Legal entities	35	1 670 640
	Total:	**312**	**5 966 792**

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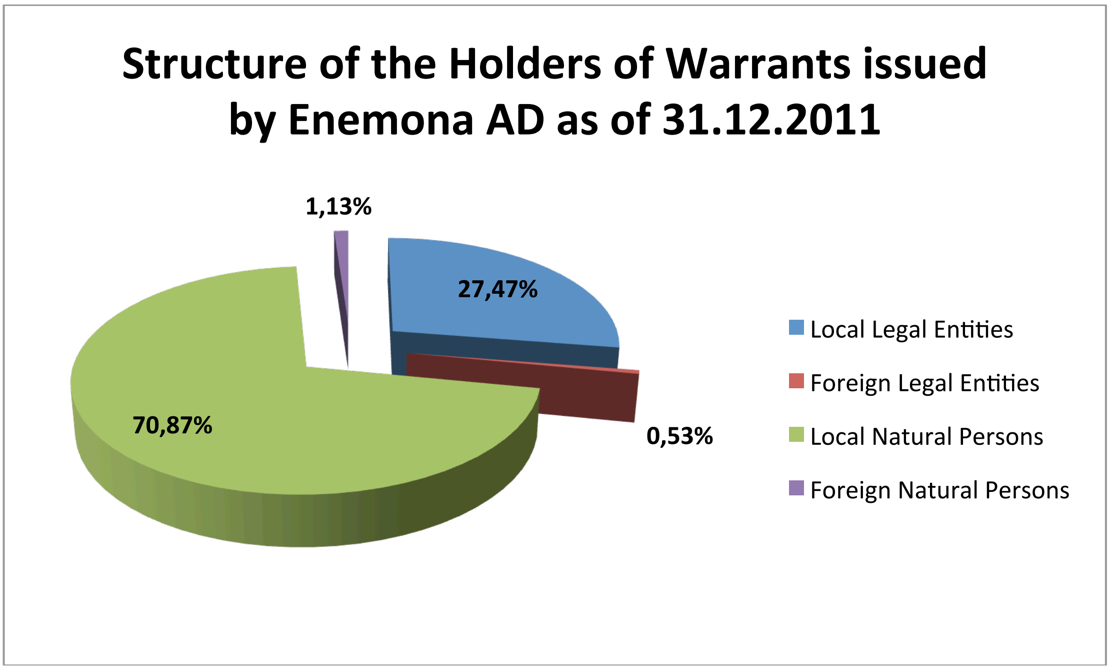

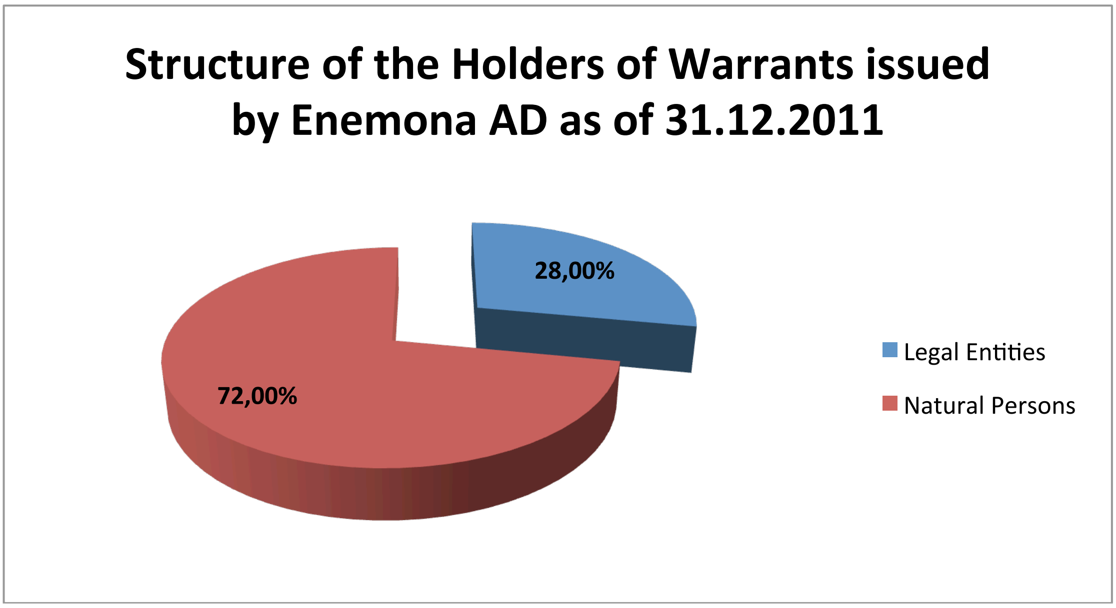

II. LIMITATIONS OVER THE SECURITIES TRANSFER, SUCH AS LIMITATIONS FOR HOLDING OF SECURITIES OR A REQUIREMENT TO OBTAIN APPROVAL OF THE COMPANY OR ANOTHER SHAREHOLDER

There are no limitations over securities transfer, such as limitations for holding of securities or a requirement to obtain approval of the company or another shareholder.

Securities are freely transferable, subject to the requirements of the applicable law for transactions in dematerialized securities. The Articles of Association and the other internal Acts of the Company may not establish conditions or restrictions on securities transfer.

III. INFORMATION ON THE DIRECT AND INDIRECT HOLDING OF 5 OR MORE PERCENT OF THE VOTING RIGHTS IN THE COMPANY'S GENERAL MEETING, INCLUDING DATA ABOUT THE SHAREHOLDERS, THE AMOUNT OF THEIR HOLDING AND THE MANNER IN WHICH THE SHARES ARE OWNED

Ownership as of December 31, 2011[2]

Ownerships as of 31 December 2011	Ordinary Shares – 11 933 600	Preferred Shares – 1 102 901	Issued Share Capital – 13 036 501
Dichko Prokopiev Prokopiev	60.39%	-	55.28%
Global Capital OOD	18.36%	-	16.80%

Dichko Prokopiev owns directly and indirectly via Global Capital – 72,08% of the issued share capital.

As of December 31, 2011, a total of 2 139 000 ordinary shares, owned by Global Capital OOD, and 1 109 230 ordinary shares, owned by Dichko Prokopiev, are subject to repo transactions.

IV. DATA ABOUT THE SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS AND DESCRIPTION OF THESE RIGHTS

There are no shareholders with special control rights.

V. THE CONTROL SYSTEM IN EXERCISING THE VOTING RIGHT IN CASES WHEN OFFICIALS OF THE COMPANY ARE ALSO ITS SHAREHOLDERS AND WHEN THE CONTROL IS NOT EXERCISED DIRECTLY BY THEM

There is no control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them.

VI. LIMITATIONS OVER THE VOTING RIGHTS, SUCH AS LIMITATIONS OVER THE VOTING RIGHTS OF THE SHAREHOLDERS WITH A GIVEN PERCENT OR NUMBER OF VOTES, DEADLINE FOR EXERCISING THE VOTING RIGHTS OR SYSTEMS WHEREBY WITH THE COMPANY' S ASSISTANCE, THE FINANCIAL RIGHTS ATTACHING TO THE SHARES ARE SEPARATED FROM THE HOLDING OF SHARES

There are no limitations over the voting rights.

VII. AGREEMENTS AMONG THE SHAREHOLDERS, WHICH ARE KNOWN TO THE COMPANY AND WHICH MAY RESULT IN LIMITATIONS OVER THE TRANSFER OF SHARES OR THE VOTING RIGHT

[2] The shares pledged under repo-transactions, owned by Dichko Prokopiev and Global Capital OOD, are included in their percentage of holding.

There are no agreements among the shareholders, which are known to the company and which may result in limitations over the transfer of shares or the voting right.

VIII. THE PROVISIONS ABOUT THE APPOINTMENT AND DISMISSAL OF THE MEMBERS OF THE COMPANY' S MANAGEMENT BODIES AND ABOUT INTRODUCTION OF AMENDMENTS AND SUPPLEMENTS TO THE ARTICLES OF ASSOCIATION

The General Meeting of Shareholders decides by a majority of more than a half of the shares with voting rights about the election and dismissal of members of the Board of Directors. Members of the Board of Directors are elected for a term of 5 years.

Members of the Board of Directors may be reelected without any limitations. After termination of their mandate, the Board of Directors shall continue to perform its functions until General Meeting of Shareholders elects a new Board of Directors.

IX. THE POWERS OF THE COMPANY' S MANAGEMENT BODIES, INCLUDING THE RIGHT TO TAKE DECISIONS FOR THE ISSUE AND REDEMPTION OF SHARES IN THE COMPANY

Enemona AD has one-tier management system. The bodies of the Company are the General Meeting of Shareholders and a Board of Directors.

The General Meeting of Shareholders includes shareholders entitled to vote. They attend the General Meeting either personally or through a person authorized by an express written authorization in compliance with Art. 116, Para.1 from LPOS.

The Company is managed by a Board of Directors elected by the General Meeting of Shareholders.

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

Members of the Board of Directors:

1. Dichko Prokopiev Prokopiev – Chairman of the of Board of Directors;
2. Tsvetan Kamenov Petrushkov - Deputy Chairman of the Board of Directors;
3. Lyudmil Ivanov Stoyanov- Deputy Chairman of the Board of Directors;
4. Ilian Borisov Markov – Member of the Board of Directors;
5. Prokopi Dichev Prokopiev - Member of the Board of Directors;
6. Margarita Ivanova Dineva – Independent Member of the Board of Directors;
7. Georgi Zamfirov Goranov - Independent Member of the Board of Directors, and
8. Ivan Dimitrov Petrov - Independent Member of the Board of Directors.

Representatives:

To third parties, the Company is jointly and independently represented by:

Dichko Prokopiev Prokopiev – Chief Executive Officer;

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Tsvetan Kamenov Petrushkov - Executive Director;

Lyudmil Ivanov Stoyanov - Executive Director;

Bogdan Dichev Prokopiev - Procurator.

Under Art. 37, Para. 1 of the Articles of Association of the Company within five years from registering in the Trade Register, the Board of Directors may decide to increase the capital to 100 million (one hundred million) by issuing new shares.

X. SIGNIFICANT CONTRACTS OF THE COMPANY WHICH GIVE RISE TO ACTION, HAVE BEEN AMENDED OR TERMINATED DUE TO CHANGE IN THE CONTROL OF THE COMPANY UPON CARRYING OUT OF OBLIGATORY TENDER OFFER AND THE CONSEQUENCES THEREOF, SAVE FOR THE CASES WHEN THE DISCLOSURE OF SUCH INFORMATION MAY CAUSE SERIOUS DAMAGES TO THE COMPANY; THE EXCEPTION OF THE PREVIOUS SENTENCE SHALL NOT APPLY IN THE CASES WHEN THE COMPANY MUST DISCLOSE INFORMATION BY VIRTUE OF THE LAW

There are no significant contracts of the Company which give rise to action, have been amended or terminated due to change in the control of the Company upon carrying out of an obligatory tender offer.

XI. AGREEMENTS BETWEEN THE COMPANY AND ITS MANAGEMENT BODIES OR OFFICIALS FOR PAYMENT OF COMPENSATION UPON QUITTING OR DISMISSAL WITHOUT LEGAL GROUNDS OR UPON TERMINATION OF THE LABOR RELATIONS DUE TO REASONS, RELATED TO A TENDER OFFER

There are no agreements between the Company and its management bodies or officials for payment of compensation upon quitting or dismissal without legal grounds or upon termination of the labour relations due to reasons, related to a tender offer.

ENEMONA

Enemona JSC Bulgaria

Date: December 5, 2012

On behalf of the Management of Enemona AD:

Tsvetan Kamenov Petrushkov

Executive Director

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

ENEMONA AD

SEPARATE STATEMENT OF FINANCIAL POSITION
(REISSUED, SUPERSEDING SEPARATE FINANCIAL STATEMENTS OF MARCH 30, 2012)
FOR THE YEAR ENDED DECEMBER 31, 2011
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	As of 31.12.2011	As of 31.12.2010 (restated)	As of 31.12.2009 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment	4	35,382	35,652	25,222
Intangible assets	5.1	687	787	859
Exploration for and evaluation of mineral resources	5.2	-	1,555	1,289
Investments in subsidiaries and associates	6	17,022	19,342	18,572
Loans and advances	7	21,647	17,084	9,031
Deferred tax assets, net	25	2,561	1,162	1,201
TOTAL NON-CURRENT ASSETS		77,299	75,582	56,174
CURRENT ASSETS				
Inventories	8	3,996	5,917	12,720
Trade and other receivables	9	32,930	47,021	31,273
Gross amounts due from customers on construction contracts	17	21,588	16,725	7,220
Loans and advances	7	8,974	11,631	5,381
Cash and cash equivalents	10	4,957	3,818	11,427
TOTAL CURRENT ASSETS		72,445	85,112	68,021
TOTAL ASSETS		149,744	160,694	124,195
EQUITY				
Issued share capital and premium reserves	11	49,299	49,299	42,771
Reserves	11	28,709	28,709	18,619
(Uncovered loss)		(27,523)	(14,937)	(8,035)
TOTAL EQUITY		50,485	63,071	53,355
NON-CURRENT LIABILITIES				
Loans	12	2,781	17,255	3,126
Finance lease	13	672	1,086	1,716
Finance liability on preferred shares	11.2	3,747	4,203	-
Long-term employee benefits	15	62	118	174
Deferred tax liabilities, net	25	-	-	-
TOTAL NON-CURRENT LIABILITIES		7,262	22,662	5,016
CURRENT LIABILITIES				
Trade and other payables	16	17,765	24,535	11,515
Gross amounts due to customers under construction contracts	17	4,946	5,910	14,145
Loans	12	68,516	43,252	37,816
Finance lease	13	498	661	1,002
Current tax liabilities	25	52	436	1,106
Provisions	14	220	167	240
TOTAL CURRENT LIABILITIES		91,997	74,961	65,824
TOTAL EQUITY AND LIABILITIES		149,744	160,694	124,195

These separate financial statements are approved on December 5, 2012.

Preparer

Executive Director

The accompanying notes are an integral part of these separate financial statements.

As disclosed in Note 29 these financial statements are reissued and supersede the separate financial statements, issued on March 30, 2012.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
(REISSUED, SUPERSEDING SEPARATE FINANCIAL STATEMENTS OF MARCH 30, 2012)
FOR THE YEAR ENDED DECEMBER 31, 2011
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	Year ended 31.12.2011	Year ended 31.12.2010
Revenue	17	79,069	86,619
Investment revenue	18	2,938	3,574
Changes in inventories of finished goods and work in progress	8	290	(63)
Materials and consumables used	19	(31,218)	(22,450)
Hired services	20	(30,069)	(36,539)
Employee benefits expenses	21	(18,817)	(18,811)
Depreciation and amortization expenses	4, 5	(1,794)	(1,715)
Other expenses	22	(3,534)	(1,991)
Other gains and losses, net	23	(5,193)	525
Finance costs	24	(5,252)	(3,986)
(Loss)/Profit before tax		(13,580)	5,163
Income tax benefit / (expense)	25	995	(475)
Net (loss) /profit for the year		(12,585)	4,688
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(12,585)	4,688
(Loss) / earnings per share	26	(1.05)	0.39
Diluted (Loss) / earnings per share	26	(1.05)	0.39

These separate financial statements are approved on December 5, 2012.

Preparer

Executive Director

The accompanying notes are an integral part of these separate financial statements.

As disclosed in Note 29 these financial statements are reissued and supersede the separate financial statements, issued on March 30. 2012.

SEPARATE CASH FLOW STATEMENT
(REISSUED, SUPERSEDING SEPARATE FINANCIAL STATEMENTS OF MARCH 30, 2012)
FOR THE YEAR ENDED DECEMBER 31, 2011
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Year ended 31.12.2011	Year ended 31.12.2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	91,580	76,952
Payments to suppliers	(81,321)	(71,204)
Payments to employees	(21,454)	(20,158)
Profit tax paid	(789)	(1,106)
Payments for other taxes	(476)	(2,603)
Other cash flows from operating activities	(2,651)	(1,338)
CASH FLOWS USED IN OPERATING ACTIVITIES, NET	(15,111)	(19,457)
CASH FLOWS FROM INVESTING ACITIVIES		
Purchase for property, plant and equipment	(615)	(9,455)
Proceeds from sale of property, plant and equipment	2,185	126
Loans granted	(6,539)	(15,361)
Proceeds from loan repayment	8,445	11,666
Purchase of investments and increase of share capital of subsidiaries	(5,597)	(1,017)
Proceeds from sales of investments	10,483	248
Dividends received	1,572	398
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES, NET	9,934	(13,395)
CASH FLOWS FROM FINANCING ACITIVIES		
Proceeds from borrowings	48,726	39,415
Repayments of borrowings	(37,641)	(19,817)
Proceeds from issue of shares	-	10,949
Payments under lease agreements	(595)	(1,013)
Interest paid	(3,712)	(2,897)
Payments for dividends for ordinary shares	(60)	(1,435)
Payments for dividends for preferred shares	(876)	-
CASH FLOWS FROM FINANCING ACTIVITIES, NET	5,842	25,202
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	665	(7,650)
CASH AT THE BEGINNING OF THE PERIOD (NOTE 10)	3,818	10,413
CASH AT THE END OF THE PERIOD (NOTE 10)	4,483	2,763
Restricted cash (Note 10)	474	1,055
TOTAL CASH IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)	4,957	3,818

These separate financial statements are approved on December 5, 2012.

Preparer   Executive Director

град КОЗЛОДУЙ Акционерно Дружество

The accompanying notes are an integral part of these separate financial statements.

As disclosed in Note 29 these financial statements are reissued and supersede the separate financial statements, issued on March 30. 2012.

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REISSUED, SUPERSEDING SEPARATE FINANCIAL STATEMENTS OF MARCH 30, 2012)
FOR THE YEAR ENDED DECEMBER 31, 2011
All amounts are in thousand Bulgarian Levs, except otherwise stated

	Ordinary shares	Preferred shares	Premiums from issue of shares	Total issued capital and premium reserves	Legal reserves	Retained earnings	Total
BALANCE AS OF JANUARY 1, 2010	11,934	-	30,837	42,771	18,619	11,590	72,980
Effect of adjustment of error (Note 29)	-	-	-	-	-	(19,625)	(19,625)
BALANCE AS OF JANUARY 1, 2010 (RESTATED)	11,934	-	30,837	42,771	18,619	(8,035)	53,355
Allocation of profit from prior years	-	-	-	-	10,090	(10,090)	-
Issue of preferred shares	-	1,103	5,425	6,528	-	-	6,528
Total comprehensive income for the year	-	-	-	-	-	4,688	4,688
Dividends distribution	-	-	-	-	-	(1,500)	(1,500)
BALANCE AS OF DECEMBER 31, 2010 (RESTATED)	11,934	1,103	36,262	49,299	28,709	(14,937)	63,071
Total comprehensive income for the year (restated)	-	-	-	-	-	(12,585)	(12,585)
BALANCE AS OF DECEMBER 31, 2011	11,934	1,103	36,262	49,299	28,709	(27,523)	50,485

These separate financial statements are approved on December 5, 2012.

Prearer

Executive Director

The accompanying notes are an integral part of these separate financial statements.

As disclosed in Note 29 these financial statements are reissued and supersede the separate financial statements, issued on March 30. 2012.

1. Organization and main activity

Enemona AD („The Company") was initially registered as a partnership company in 1990 and in 1994 the Company was registered as a joint-stock company. According to the court registration the address of the Company is in the town of Kozloduy, 1A Panayot Hitov Str. The Company is a public entity and its shares are registered at the Financial Supervision Commission to be traded at the Bulgarian Stock Exchange. As of December 31, 2011, 2010 and 2009 the major shareholder of the Company is Dichko Prokopiev Prokopiev. During the financial year there were no changes in the Company's legal status.

The Company is engaged in construction works, which covers all stages from design to assembly and construction activities under construction contracts. Management reviews the operating results of the Company on the basis of individual construction projects and as one operating segment.

As of December 31, 2011, 2010 and 2009 the Company has 710, 992 and 1,045, respectively.

2. Accounting policy

2.1 General financial reporting framework

These separate financial statements are prepared 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.

Changes in IFRS

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),

2. Accounting policy (continued)

2.1 General financial reporting framework (continued)

- 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.

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 at the date of publication of financial statements:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 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 on or after 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)

2. Accounting policy (continued)

2.1 General financial reporting framework (continued)

- 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),
- 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 expects that the adoption of these standards, amendments to existing standards and interpretations will have no material impact on the separate financial statements of the Company in the period of initial application, except for the noted below which might have material effect on the separate financial statements:

- IFRS 9 Financial instruments, which uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the variety of rules of IAS 39. The approach in IFRS 9 is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the variety of rules of IAS 39.
- IFRS 12 Disclosures of Involvement with Other Entities, which requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.
- IFRS 13 Fair Value Measurement, which defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.

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.

2. Accounting policy (continued)

2.2 Basis of preparation

The separate financial statements have been prepared under the historical cost convention, except for certain financial instruments and the deemed cost of buildings on the first time adoption of IFRS.

These financial statements have been prepared on accrual basis, under the going concern assumption.

These separate financial statements should be considered together with the Company's consolidated financial statements for the year ended December 31, 2011. The reissued consolidated financial statements were issued on December 5, 2012.

2.3. Functional currency and presentation currency

According to the Bulgarian accounting legislation the Company keeps its records and prepared its financial statements in the national currency of the Republic of Bulgaria – Bulgarian lev, which effective January 1, 1999 is fixed to the euro at 1.95583 BGN for 1 EUR. The Company's functional currency is the Bulgarian national currency.

These separate financial statements are presented in thousands of BGN (BGN'000).

2.4. Foreign currency transactions

Transactions in foreign currency are initially recorded at the official rate of exchange of the Bulgarian National Bank (BNB) as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported as financial income or expense for the period in which they arise. The monetary positions denominated in foreign currency as of December 31, 2011 are stated in these separate financial statements at the closing exchange rate of BNB.

2.5. Accounting estimates and accounting assumptions

The preparation of the financial statements in accordance with IFRS requires management to make certain accounting estimates and reasonable assumptions that affect some of the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of these separate financial statements and the revenues and expenses during the reporting period. Although these estimates and assumptions are based on the best estimate of management, taking into account historical experience the actual results could differ from those estimates.

The critical accounting estimates and main source of uncertainty in making these assumptions are disclosed in note 3 below.

2. Accounting policy (continued)

2.6. Property, plant and equipment

Property, plant and equipment are initially measured at cost being purchase price and directly attributable costs, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment loss, if any.

Expenses incurred after the assets were put into operation, such as repairs and maintenance, are reported in the separate statement of comprehensive income for the period they arise, except when they increase the useful life of the assets.

Acquisition costs for property, plant and equipment comprise non-current assets under construction and are stated at cost. Such costs include expenses for construction of the property and equipment and other direct expenses. Acquisition costs are not subject to depreciation until the completion and putting into operation of the respective assets.

The Company's assets are depreciated using the straight-line method. The useful life of the main categories of assets as of December 31, 2011, 2010 and 2009 is as follows:

Assets	Useful life (years)
Buildings	45 - 51
Machinery	5 - 7
Equipment	5 - 7
Fixture and fittings	5 - 10

Assets acquired under finance lease are depreciated over their expected useful life on the same basis as the own assets or when the term of the lease agreement is less than the asset' useful life – over the term of the respective lease agreement, if there are no reasonable grounds to believe that the ownership will be acquired at the end of the lease term.

Gains or losses resulting from sales of property, plant or equipment are calculated as a difference between the proceeds and the net book values of the assets sold, and are reported in the separate statement of comprehensive income.

2.7. Intangible assets

Software and licenses comprise the main components of the intangible assets. Initially, intangible assets are measured at cost. Intangible assets are recognized if it is probable that future economic benefits will flow to the Company as a result of the ownership of the asset and the asset fair value can be reliably measured. After initial recognition intangible assets are measured at cost less accumulated amortization and any impairment loss. Intangible assets are amortized over their useful lives by applying the straight-line method.

2. Accounting policy (continued)

2.7 Intangible assets (continued)

The useful life of the main categories of assets as of December 31, 2011, 2010 and 2009 is as follows:

Intangible assets	Useful life (years)
Software	7
Licenses, patents, trademarks and ownership rights	17

2.8. Exploration for and evaluation of mineral resources

Exploration for and evaluation of mineral resources comprises of expenditures on exploration for and evaluation of mineral resources and are accounted in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. These assets are measured at cost minus accumulated amortization and impairment loss.

The Company capitalizes the expenditures for exploration and evaluation assets from the date of receiving the right for exploration until it is possible to prove the technical feasibility and commercial viability of the mineral resource. Subsequently, the Company reclassifies exploration and evaluation assets as intangible assets and depreciates them based on their expected useful life.

Exploration for and evaluation of mineral resources are assessed for impairment when facts and circumstances show that show that the carrying amount of the exploration and evaluation assets may exceed their recoverable amount.

2.9. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the management reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication for impairment of these assets. If any such indication exists, the recoverable amount of the respective asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit, to which the asset belongs.

Intangible assets with indefinite useful life and intangible assets that are not available for use are tested for impairment on an annual basis and also when there are any indications for impairment of the asset.

The recoverable amount is the higher of the asset's fair value less costs to sell the asset and its value in use. Upon measuring the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognized immediately as an expense.

2. Accounting policy (continued)

2.9 Impairment of property, plant and equipment and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as an increase in the revaluation reserve.

2.10. Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

The Company has reported in these separate financial statements the investments in subsidiary companies at cost, less impairment loss, if any.

2.11. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the right of participation in, but not control over the financial and operating policy decisions of the investee.

The Company has reported in these separate financial statements the investments in associates at cost, less impairment loss, if any.

2.12. Inventory

Inventory consists of materials and work in progress which comprise of construction in progress under contracts including construction works and materials ("materials") and hired services related to the non-completed stages of the contract execution.

Inventories are stated at lower of cost and net realizable value. Cost comprises of purchase price, manufacturing expenses and any other costs directly attributable to bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less the completion costs and all estimated costs to be incurred in marketing, selling and distribution. Upon consumption, the cost of inventories is calculated using the first in – first out method.

When materials are imported the exchange rate at the date of the invoice is used.

2. Accounting policy (continued)

2.13. Employee benefits

In accordance with IAS 19 Employee Benefits the Company recognizes liabilities for retirement compensations, which are calculated by licensed actuary by using the Projected Unit Credit Method (see note 15). The amount reported in the separate statement of financial position represents the current amount of the non-current liabilities of the Company for retirement compensations.

2.14. Leases

A lease contract is classified as finance lease, if it transfers substantially all the risks and rewards incidental to ownership of an asset. All other lease arrangements are classified as operating lease.

Finance lease

At the inception a lease contract is recognized as an asset of the Company at the amount which at the inception of the lease term is equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. The respective liability to the lessor is reported in the separate statement of financial position as a finance lease liability.

Lease payments are apportioned between the finance cost and the decreased unpaid liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized directly in the separate statement of comprehensive income.

Operating lease

Lease payments under operating lease are recognized as an expense in the separate statement of comprehensive income on a straight line basis over the lease term, except when another basis is representative of the time when the lessee uses the rewards of the leased asset. Contingent costs for lease are recognized as an expense in the period when they arise.

When incentives are received in negotiating operating lease, they are recognized as a liability. The total reward of the incentives is recognized as a decrease of the costs for lease on a straight line basis over the lease term, except when another system basis represents the allocation of the rewards for the lessor for the use of the leased asset over time.

2. Accounting policy (continued)

2.15. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as provision is the best estimate of expenses, needed for the repayment of the current liability as of the date of the separate statement of financial position, while taking into consideration liability risks and uncertainties. When a provision is measured by the cash flows, set for settling the current liability, the carrying amount of the provision represents the present amount of the cash flows.

When some or all economic benefits, related to settling a liability, are expected to be repaid by a third party, the receivables are recognized as an asset, if it is sure that the repaid amount will be received and the receivables could be measured reliably.

2.16. Taxation

Taxes due are calculated in accordance with the Bulgarian legislation. Income tax is calculated on the basis of taxable profit, whereby the financial result is transformed for certain income and expense items (as depreciation, provisions, shortages and penalties) in accordance with the Bulgarian tax legislation.

Deferred tax liability is recognized for all taxable temporary differences, unless it arises from the initial recognition of an asset or liability in a transaction, which at the time of the transaction affected neither the accounting profit nor taxable profit or loss.

Deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. However, this principle does not apply when such differences arise from the initial recognition of an asset or liability in a transaction, which at the time of the transaction affected neither the accounting profit nor taxable profit or loss.

Current and deferred taxes are recognized as income or expense and are included in the net profit for the period except to the extent that the tax arises from a transaction or event that is recognized in the same or different period, directly in equity. Current and deferred taxes are charged or credited directly to equity when the tax relates to items that are credited or charged directly to equity.

2. Accounting policy (continued)

2.17 Financial instruments

The Company's financial instruments include the following categories: cash in hand and at banks, trade and other receivables, loans granted and received, trade and other payables. The Company's management considers that the fair value of financial instruments approximates their carrying amount. Fair value is the value for which an asset can be exchanged or a liability can be settled between informed and independent parties in an arm's length term transaction.

Investments are recognized and disposed on the trading date, whereas the sale or purchase of investment is performed by a contract which demands the delivery of the investment within the terms of the respective market and are initially measured at fair value, net of transaction costs, except for those financial assets classified at fair value through profit or loss which are initially measured at fair value.

2.17.1. Financial assets

Financial assets are classified in one of the following specific categories: "financial assets at fair value through profit or loss", "held-to-maturity investments", "financial assets available for sale" and "loans and receivables". The classification depends on the type and purpose of financial assets and is defined upon their initial recognition.

Trade receivables, loans and other receivables which have fixed and determinable payments which are not traded on an active market are classified as "loans and receivables." As of December 31, 2011, 2010 and 2009 the Company does not hold "held-to-maturity investments" and "financial assets available for sale". Investments in subsidiaries and associated companies are reported in accordance with IAS 27 "Consolidated and Separate Financial Statements" (note. 2.10 above) and IAS 28 "Investments in Associated Companies" (note 2.11 above).

Cash and cash equivalents

Cash comprises of cash on hand and in banks. The Company considers all highly liquid financial instruments with maturity 3 months or less as cash equivalents. For the purpose of the separate cash flow statement cash and equivalents include cash and cash equivalents as described above.

2. Accounting policy (continued)

2.17 Financial instruments (continued)

2.17.1. Financial assets (continued)

Financial assets at fair value through profit or loss

A financial asset is classified as financial asset at fair value through profit or loss when the asset is held for trading or is designated as an instrument for accounting through profit or loss.

A financial asset is classified as held for trading when the asset is acquired mainly for the purpose of short-term sale or is part of a trading portfolio or is a derivative contract which is not used for hedging.

Regular transactions with financial instruments measured at fair value through profit or loss are recognized initially at trade date. The trade date is the date of the commitment to buy or sell the financial asset. On the settlement date the right over the asset is transferred. No derivative is recognized for the changes in the fair value in the time period between trade and settlement date.

Financial assets are initially measured at fair value. The fair value should normally be equal to the fair value of consideration given or received ("the transaction price"), when the transaction is conducted on arm's length terms between informed and knowledgeable parties. The subsequent measurement of the financial assets is based on the fair value determined using active market quotes. An active market is a market on which there are regular quotations and transactions with the instrument. The price of the closing deal for the day for a non-derivative financial instrument is adopted as the fair value from regulated market.

If it is not possible to determine the fair value from active market, reliable valuation techniques are used, which are based on the information which all market participants would consider in the valuation of this financial instrument. The information from observable and not observable sources could be used in the valuation technique. If it is not possible to determine the fair value through measurement techniques, based on information, which all market participants would take into consideration when measuring a financial instrument, the transaction price for the acquisition of the financial asset is used as fair value.

The difference from changes in the fair value of the financial instrument is recognized in current profit or loss.

Loans and receivables

Loans and receivables are measured at amortized cost through the effective interest rate method except for current receivables where the recognition of the interest would be insignificant. Loans granted by the Company are reported in the separate statement of financial position as "Loans and advances" and trade receivables – in "Trade and other receivables".

Trade and other receivables are presented at nominal value less impairment loss, if any. A review for impairment and uncollectability loss is performed as of the end of each year based on review of receivables.

2. Accounting policy (continued)

2.17 Financial instruments (continued)

2.17.1. Financial assets (continued)

Loans and receivables (continued)

Financial assets, except those reported as financial assets carried at fair value through profit or loss, are reviewed for indications for impairment as of the date of preparation of the financial statements. A financial asset is considered to be impaired only if objective evidence exists that as a result of one or more events, which have occurred after its initial recognition, the expected cash flows have been reduced.

Certain categories of financial assets, such as trade receivables and assets, which are considered not to be impaired individually, are subsequently reviewed for impairment on a collective basis. Objective evidence for impairment of a portfolio of receivables can include the past experience of the Company regarding the collection of payments, increase of the number of the overdue payments in the portfolio for more than the average loan period of 180 days, as well as observed changes in the national and local economic conditions, which are related to the overdue receivables.

For financial assets, measured at amortized cost, the amount of the impairment loss is the difference between the carrying amount of the assets and the present amount of the expected future cash flows, discounted by the initial effective interest rate.

Except for financial assets available for sale, if in a subsequent period the amount of the impairment loss is reduced or the decrease can be objectively attributed to an event after the recognition of the impairment, the prior impairment loss is recognized in the statement of comprehensive income to the extent that the carrying amount of the investment at the date on which the impairment is reported, does not exceed the amount which the amortized cost would have if no impairment had been recognized.

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

2.17.2. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or equity depending on the nature of the agreement.

Equity instruments

Equity instrument is any contract, evidencing residual interest in company's assets after deduction of all its liabilities. Equity instruments are reported by receipts, net of expenses for their issuance.

Financial liabilities

Financial liabilities include received loans (bank borrowings, debenture loans and other borrowed funds) and trade and other payables and financial liability on preferred shares.

2. Accounting policy (continued)

2.17.2. Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Loans are initially measured at fair value, net of transaction costs. Subsequently loans are measured at amortized cost and the difference between due payments (net of transaction costs) and the amortized cost is recognized in the separate statement of comprehensive income over the period of the loan by using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating income/expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash receipts or payments (including all received fees and other margins or discounts) through the expected life of the financial instrument or, when appropriate for a shorter period, to its carrying amount.

Loans are recognized as current liabilities, except when the Company has the unconditional right to reschedule the payment of the liability for at least 12 months after the date of the separate statement of financial position.

Trade and other payables are valued at the amount they are expected to be settled in the future.

2.18 Revenue and expenses under construction contracts

The Company classifies as a construction contract each contract in which it is specifically agreed 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 separate 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 separate 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.

2. Accounting policy (continued)

2.19 Other income and expenses

Income from sales of goods is recognized when risks and rewards from ownership of the goods are transferred to the buyer and the transaction costs can be measured reliably.

Income from sales of goods and services is recognized when it arises, regardless of cash receipts and payments, when the Company complies with the terms of sales and the significant risks and rewards, related to ownership of goods are transferred to the buyer.

Expenses are recorded in the separate statement of comprehensive income when a decrease in economic benefits has occurred during the reporting period in the form of outflows or depletion of assets, or liabilities incurred that can be measured reliably. The recognition of expenses is affected by any direct association between the costs incurred and the earnings of specific items of income. When economic benefits are expected to arise over several accounting periods and the association with the income can only be broadly or indirectly determined, expenses are recognized in the statement of comprehensive income on the basis of systematic and rational allocation procedures.

Interest income and expense are accrued on a time basis according to the principal due and the applicable/effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, are capitalized as part of the cost of this asset. Qualifying asset is the asset, which necessarily takes substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings granted explicitly for a qualifying asset decrease the borrowing costs eligible for capitalization.

3. Critical accounting estimates and main sources of uncertainty at making accounting assumptions

The preparation of separate 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 separate 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.

3.1. Revenue and expenses under construction contracts

As disclosed in note 2.18 recognition of revenue from construction contracts requires the determination of a stage of completion for each construction contract. This stage is defined on the basis of available information for the total amount of the revenue receivable and total costs for the respective contract. The total amount of expenses under construction contracts depends on the volume and amount of construction activities to be performed to meet the obligations of the Company. The volume and amount of future activities depend on future factors which may defer from the management's estimations.

3. Critical accounting estimates and main sources of uncertainty at making accounting assumptions (continued)

3.2. Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, whereas the recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is based on the discounted cash flow model. The cash flows are determined on the budget estimates for the next five years. Recoverable amount depends on the discount factor used in the discounted cash flow model and on the expected future cash flows, as well as on the growth assumption.

3.3. Impairment of financial assets

Impairment of financial assets is determined based on the expected future cash flows discounted at the initial effective interest rate. When determining the expected future cash flows, the Company analyzes the financial capabilities of its debtors and the expected period for receiving the cash flows.

3.4. Useful life of property, plant and equipment and intangible assets

Other key sources of estimation uncertainty include estimation of useful lives of property, plant and equipment and intangible assets. In 2011 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

3.5. Economic environment

In 2011 and 2010 as a result of the global financial crisis, a decrease in the economic development of the Bulgarian economy is perceived which affects a wide range of industrial sectors. This leads to noticeable aggravation of cash flows; decline in income and as a result to substantial worsening of the economic environment in which the Company operates. In addition the entity is exposed to significantly higher price, market, credit, liquidity, interest, operating and other risks. As a result, uncertainty for the ability of clients to settle their liabilities in accordance with contracted terms increases. Therefore, the amount of impairment losses on loans granted, receivables from clients, and the value of other accounting estimates in subsequent periods could substantially differ from those determined and recorded in this separate financial statements. The management of the Company applies all necessary procedures to control these risks.

3.6. Fair value of financial assets

During 2011 the Bulgarian Stock Exchange market was not quite active. In case that the market does not recover, this may cause difficulties in realizing assets at the current active quotations.

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	2,819	11,015	3,868	6,970	2,744	4,471	31,887
Additions	-	-	119	28	139	12,056	12,342
Transfers	2,993	9,103	8	6	5	(12,115)	-
Disposals	-	(106)	(1)	(333)	(8)	-	(448)
DECEMBER 31, 2010	5,812	20,012	3,994	6,671	2,880	4,412	43,781
Additions	-	-	292	44	35	1,657	2,028
Transfers	207	97	2	68	2	(376)	-
Disposals	(411)	(95)	(54)	(205)	(172)	-	(937)
DECEMBER 31, 2011	5,608	20,014	4,234	6,578	2,745	5,693	44,872
Accumulated depreciation							
JANUARY 1, 2010	-	1,558	2,194	1,817	1,096	-	6,665
Depreciation charge	-	282	502	502	328	-	1,614
Disposals	-	(14)	-	(133)	(3)	-	(150)
DECEMBER 31, 2010	-	1,826	2,696	2,186	1,421	-	8,129
Depreciation charge	-	401	495	482	322	-	1,700
Impairment recognized in the statement of comprehensive income	-	-	-	-	11	24	35
Disposals	-	(20)	(51)	(171)	(132)	-	(374)
DECEMBER 31, 2011	-	2,207	3,140	2,497	1,622	24	9,490
Net book value							
JANUARY 1, 2010	2,819	9,457	1,674	5,153	1,648	4,471	25,222
DECEMBER 31, 2010	5,812	18,186	1,298	4,485	1,459	4,412	35,652
DECEMBER 31, 2011	5,608	17,807	1,094	4,081	1,123	5,669	35,382

As of December 31, 2011, 2010 and 2009 property, plant and equipment with carrying amount of BGN 2,885 thousand, BGN 3,188 thousand and BGN 3,615 thousand, respectively, are leased under financial lease contract (see note 13).

As of December 31, 2011, 2010 and 2009 property, plant and equipment with carrying amount of BGN 10,626 thousand, BGN 11,648 thousand and BGN 8,756 thousand, respectively, are pledged as collateral under bank loan agreements (see note 12).

All amounts are in thousand Bulgarian Levs, except otherwise stated

5.1. Intangible assets

	Title of property	Software	Total
Cost			
JANUARY 1, 2010	1,437	320	1,757
Additions	10	19	29
DECEMBER 31, 2010	1,447	339	1,786
Disposals	-	(69)	(69)
DECEMBER 31, 2011	1,447	270	1,717
Accumulated amortization			
JANUARY 1, 2010	704	194	898
Amortization charge	62	39	101
DECEMBER 31, 2010	766	233	999
Amortization charge	62	32	94
Disposals	-	(63)	(63)
DECEMBER 31, 2011	828	202	1,030
Net book value			
JANUARY 1, 2010	733	126	859
DECEMBER 31, 2010	681	106	787
DECEMBER 31, 2011	619	68	687

5.2. Exploration for and evaluation of mineral resources assets

As of December 31, 2010 exploration for and evaluation of mineral resources assets at the amount of BGN 1,555 thousand 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.

On April, 21 2011 the company sold the Exploration for and evaluation of mineral resources to Artanes Mining Group AD, a subsidiary of the Company.

6. Investments in subsidiaries and associates

As of December 31, 2011, 2010 and 2009 investments in subsidiaries and associates consist of:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Investments in subsidiaries	19,430	19,338	18,321
Impairment of investment in subsidiaries – note 61.1.1	(2,412)	-	-
Investment in subsidiaries, net – note 6.1	17,018	19,338	18,321
Investments in associates – note 6.2	4	4	251
TOTAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	17,022	19,342	18,572

All amounts are in thousand Bulgarian Levs, except otherwise stated

6. Investments in subsidiaries and associates (continued)

6.1. Investments in subsidiaries

Investments in subsidiaries as of December 31, 2011, 2010 and 2009 are as follows:

		SHARE			CARRYING AMOUNT		
COMPANY	ACTIVITY	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Agro Invest Engineering AD	Cultivation of agricultural land	-	99.98%	99.98%	-	5,499	5,499
Enemona Utilities AD	Electric power trade	99.46%	100.00%	100%	1,769	1,781	1,781
EESF SPV	Company with special investment purpose – securitization of receivables	88.97%	70.76%	70.76%	4,860	1,558	1,558
Pirin Power AD	Designing and building of projects in energy sector	84.00%	84.00%	84.00%	42	42	42
FINI REIT	Company with special investment purpose – real estate purchase	69.23%	69.23%	69.23%	450	450	450
Hemusgas AD	Construction of compressor houses	50.00%	50.00%	50.00%	25	25	25
Esco engineering AD	Heating and climatization projects	99.00%	99.00%	99.00%	73	424	158
Solar Energy OOD	Project for solar station	-	80.00%	80.00%	-	4	4
NEO AGRO TEH AD	Field recultivation	-	90.00%	90.00%	-	11	11
TFEZ Nikopol EAD	Construction of electric power plant	100.00%	100.00%	100.00%	1,061	1,536	785
Enemona-Galabovo AD	Construction contracts	91.13%	91.11%	91.11%	2,050	2,050	2,050
Nevrocop-gas AD	Gas trade	90.00%	90.00%	90.00%	45	45	45
EMKO AD	Construction contracts	77.36%	77.36%	77.36%	4,613	5,913	5,913
Artanes Mining Group AD	Opencast mining of brown and lignite coal	100%	-	-	2,000	-	-
PPP Mladenovo EOOD	Prospecting, design, construction and assembly, commissioning, reparation, servicing and engineering works	100%	-	-	30	-	-
Lomsko pivo AD	Beer production	-	53.04%	51.59%	-	-	-
Regionalgas AD	Gasification projects	50.00%	50.00%	50.00%	-	-	-
TOTAL					17,018	19,338	18,321

As of December 31, 2010 and December 31, 2009 Lomsko pivo AD is subsidiary of Agro Invest Engineering AD, which owns 53.04 % and 51.6% of the shares of Lomsko Pivo AD, or the direct share of the Company in Lomsko pivo AD is 53.03% (99.98% * 53.04 %) and 51.59% (99.98% * 51.60%).

6. Investments in subsidiaries and associates (continued)

6.1. Investments in subsidiaries (continued)

Regionalgas AD is subsidiary of Enemona Utilities AD, which as of December 31, 2011, 2010 and 2009 owns 50% of the shares of Regionalgas AD, or the direct share of the Company in Regionalgas AD is 50%.

The management of Enemona AD considers that the investments in Regionalgas AD and Hemusgas AD do not represent jointly control activity, as the Company controls the financial and operating policy of these companies.

During 2011, the Company sold its shares in Agro Invest Engineering AD. On March 31, 2011 2011the Company signed sales agreement with Sofia France Auto AD for the disposal of 10,497,999 ordinary registered shares, represented 99.98% of the capital of its subsidiary Agro Invest Engineering AD. The consideration agreed amounted to BGN 18,421,758. The transaction included a stake of 49.96% in Lomsko pivo AD.

On June 28, 2011 the Company signed a sales agreement for the disposal of 90% from Neo Agro Tech AD and 80% from the Solar Energy OOD investments. The consideration agreed amounted to BGN 49 thousand.

At the Board of Directors meeting of Enemona AD, held on February 14, 2011, a decision was taken for establishment a subsidiary Artanes Mining Group AD with a seat and management address in Sofia, equity of BGN 2,000 thousands and an option for Enemona to acquire 1,995,995 ordinary shares with voting rights with a par value of 1 BGN, representing 99.99975% of the equity of the established company.

As of December 31, 2011 the participation of Enemona AD in EESF SPV increased from 70.76% or 922,201 ordinary shares to 88.97% or 3,462,201 ordinary shares with voting rights following the capital raising done by EESF SPV during 2011.

At the Board of Directors meeting of Enemona AD, held on October 12, 2011 a decision was taken for establishment of subsidiary PPP Mladenovo EOOD with a seat and management address in Sofia and registered capital of BGN 30 thousand.

6.1.1. Impairment of investment in subsidiaries

As of December 31, 2011 as a result of the impairment review of the investments in subsidiaries, the Company considers that there are indications for impairment of the investments in EMKO AD, Esco Engineering AD and TFEZ Nikopol EAD.

The Company analyzed the discounted cash flows related to the investment in EMKO AD. For the valuation of the investment in the subsidiary the Company used the method of the free cash flow to the firm and the expected future cash flows which will be generated by the entity during the next five years are discounted to their present value as of the reporting date with the weighted-average cost of capital. Due to the absence of comparative transactions in the field of operations of the entity, as well as market deals at the Bulgarian Stock Exchange, the fair value valuation is not applicable for determining the valuation of the investment. As a result of the analysis, the Company recognized an impairment loss for the investment in EMKO AD at the amount of BGN 1,300 thousand (note 23).

All amounts are in thousand Bulgarian Levs, except otherwise stated

6. Investments in subsidiaries and associates (continued)

6.1.1. Impairment of investment in subsidiaries (continued)

The Company determined the recoverable amount of the investments in Esco Engineering AD and TFEC Nikopol EAD based on its share in the individual net assets of the entities and as a result impairment losses for the investments in these subsidiaries at the amount of BGN 356 thousand and BGN 756 thousand are recognized in the statement of comprehensive income (note 23).

6.2 Investments in associates

The investments in associated companies as of December 31, 2011, 2010 and 2009 are as follows:

	SHARE			CARRYING AMOUNT		
COMPANY	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Alfa Enemona OOD	40%	40%	40%	4	4	4
Svilengrad gas AD	-	-	30%	-	-	247
TOTAL				4	4	251

In these separate financial statements the investments in associated companies are presented at carrying amount (cost), as the management of the Company estimated that there are no indications of impairment of investments in associated companies as of December 31, 2011, 2010 and 2009.

Summarized financial information of the associated companies as of December 31, 2011, 2010 and 2009 is as follows:

Alfa Enemona OOD	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Total assets	264	401	448
Total liabilities	58	60	81
Net assets	206	341	367
Share of the Company in net assets of the associated company	82	136	147

Alfa Enemona OOD	Year ended 31.12.2011	Year ended 31.12.2010	Year ended 31.12.2009
Total revenue	526	808	895
Total profit for the period	179	314	340
Share of the Company in the profits of the associated company	72	126	136

Svilengrad gas AD	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Total assets	-	-	2,829
Total liabilities	-	-	922
Net assets	-	-	1,907
Share of the Company in net assets of the associated company	-	-	572

Svilengrad gas AD	Year ended 31.12.2011	Year ended 31.12.2010	Year ended 31.12.2009
Total revenue	-	-	2
Total profit for the period	-	-	(51)
Share of the Company in the loss of the associated company	-	-	(15)

All amounts are in thousand Bulgarian Levs, except otherwise stated

7. Current and non-current loans and advances

Current and non-current loans and advances as of December 31, 2011, 2010 and 2009 are as follows:

Non-current loans and advances	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Loans granted to related parties	-	-	18
Loans granted to nonrelated parties	-	136	2,390
Loans granted to employees	1,984	3,099	1,931
Receivables under ESCO contracts – non-current	18,394	13,837	4,678
Cession receivables	5,181	-	-
Other assets	10	12	14
Discount of receivables under ESCO contracts – non-current – Notes 23 and 29	(2,949)	-	-
TOTAL NON CURRENT LOANS AND ADVANCES	22,620	17,084	9,031
Impairment of loans granted to employees- note 23.1.	(973)	-	-
TOTAL NON CURRENT LOANS AND ADVANCES, NET	21,647	17,084	9,031
Current loans and advances			
Receivables under ESCO contracts – current	3,597	2,440	907
Cession receivables	1,845	-	-
Loans granted to related parties	500	430	391
Loans granted to nonrelated parties	7,985	8,761	4,083
TOTAL CURRENT LOANS AND ADVANCES	13,927	11,631	5,381
Impairment of loans granted to non-related parties – note 23.1.	(4,953)	-	-
TOTAL CURRENT LOANS AND ADVANCES, NET	8,974	11,631	5,381

Loans granted to related parties, nonrelated parties and employees are not secured, with interest rate from 6% to 9%.

Receivables under ESCO contracts represent receivables under contracts for performing engineering with guaranteed result (ESCO contracts) where the Company performs construction and engineering works and deferred payment is contracted. Receivables under ESCO contracts are presented at amortized cost.

Cession receivables as of December 31, 2011 represent the present value of a receivable under cession agreement with a local company.

As a result of the impairment analysis as of December 31, 2011, the Company recorded impairment of loans granted to employees at the amount of BGN 973 thousand and of loans granted to non-related parties at the amount of BGN 4,953 thousand in the separate statement of comprehensive income in Note 23.

All amounts are in thousand Bulgarian Levs, except otherwise stated

7. Current and non-current loans and advances (continued)

The movement of the allowance for impairment of receivables is presented below:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Balance at the beginning of the year	-	-	-
Recognized loss from impairment of non-current loans and advances	973	-	-
Recognized loss from impairment of current loans and advances	4,953	-	-
Balance at the end of the year	5,926	-	-

8. Inventories

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Materials	3,605	5,816	12,682
Work in progress	391	101	38
TOTAL INVENTORIES	3,996	5,917	12,720

As of December 31, 2011 the Company accrued impairment of inventory at the amount of BGN 88 thousand (2010: BGN 48 thousand), which is recognized in the statement of comprehensive income.

As of December 31, 2011 inventories at cost to the amount of BGN 3,912 thousand (2010 and 2009: BGN 3,912 thousand) are pledged as collateral under a loan (see also note 12).

9. Trade and other receivables

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Receivables from customers	15,550	22,492	20,916
Retentions	5,979	5,192	4,343
Receivables from related parties	7,689	6,142	1,633
Advance payments to suppliers	7,020	12,831	3,150
Advances to employees	151	55	32
Other receivables	2,477	979	1,733
TOTAL TRADE AND OTHER RECEIVABLES	38,866	47,691	31,807
Impairment of receivables from customers	(5,936)	(670)	(534)
TOTAL TRADE AND OTHER RECEIVABLES, NET	32,930	47,021	31,273

As of December 31, 2011, 2010 and 2009 trade and other receivables at the amount of BGN 10,209 thousand, BGN 24,945 thousand and 32,392 thousand, respectively, are pledged as collateral under loan contracts (see note 12).

All amounts are in thousand Bulgarian Levs, except otherwise stated

9. Trade and other receivables (continued)

The movement of the allowance for impairment of doubtful receivables is presented below:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Balance at the beginning of the year	670	534	747
Recognized loss from impairment of receivables	5,304	222	175
Recovered during the period	(38)	(86)	(382)
Reintegrated impairment loss	-	-	(6)
Balance at the end of the year	5,936	670	534

When determining the recoverability of the receivables the Company considers the changes in the credit risk of the trade and other receivables as of the date of origination until the end of the reporting period.

Trade and other receivables include receivables, which are overdue for more than 1 year, but management considers that they are recoverable, because the customers' credit standing has not deteriorated. Receivables from customers, which are overdue but not impaired, are as follows:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
1 - 1.5 years	1,831	4,839	2,056
1.5 – 2 years	327	1,029	155
Over 2 years	1,422	1,627	74
Total	3,580	7,495	2,285

Receivables from customers, which are overdue but not impaired, are not collateralized and the Company has no legal right to offset these receivables with its own receivables to respective counterparties.

The ageing analysis of the impaired receivables from customers as of December 31, 2011, 2010 and 2009 is as follows:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Below 1 year	2,050	356	1,251
1 - 1.5 years	3,835	74	706
1.5 – 2 years	318	69	251
Over 2 years	2,979	607	1,287
Total	9,182	1,106	3,495

All amounts are in thousand Bulgarian Levs, except otherwise stated

10. Cash and cash equivalents

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Cash at banks	3,528	2,600	8,161
Short term deposits	262	-	-
Restricted cash at bank	474	1,055	1,014
Cash in hand	693	163	2,252
TOTAL CASH AND CASH EQUIVALENTS	4,957	3,818	11,427

As of December 31, 2011 restricted cash at the amount of BGN 474 thousand represents cash in bank account restricted as collateral under issued guarantees (also see note 31).

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 SPV for the loan period which expires on October 6, 2011.

As of December 31, 2009 restricted cash of the Company represents amounts cash accumulation account in relation of warrantees issuance (see also Note 11).

For the separate cash flow statement purposes restricted cash is not included in cash and cash equivalents.

11. Issued capital and premium reserves

The issued capital includes:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Ordinary shares – note 11.1	11,934	11,934	11,934
Preferred shares – note 11.2	1,103	1,103	-
TOTAL ISSUED CAPITAL	13,037	13,037	11,934
Premium from share issuance – note 11.3	36,262	36,262	30,837
TOTAL ISSUED CAPITAL AND PREMIUM RESERVES	49,299	49,299	42,771

11.1. Ordinary shares

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2012
Number of shares	11,933,600	11,933,600	11,933,600
Nominal value per share in BGN	1	1	1
SHARE CAPITAL – ORDINARY SHARES	11,934	11,934	11,934

12. Loans (continued)

12.3 Borrowings from financial institutions (continued)

(d) The overdraft from UBB is with limit of EUR 3,500 thousand for working capital and bank guarantees and as of December 31, 2011 the Company has utilized BGN 4,596. The overdraft matures on January 20, 2012. In order to secure the overdraft the Company has established a mortgage of land and apartments, owned by the Company and pledge of movable property.

(e) The credit line limit of the contract with Citibank Sofia Branch is EUR 9,429 thousand. The credit line matures on September 30, 2011. As of December 31, 2011 the credit line is fully repaid.

(f) The Company has received an investment loan from Unicredit Bulbank for the purchase of the office building of the Company in Sofia. As of December 31, 2011 the utilized amount is BGN 3,442 thousand. The loan has been secured by a mortgage on the building and the adjoining land.

(g) The Company has received a loan from ING Bank with a limit of BGN 14,800 thousand and as of December 31, 2011 the amount of BGN 454 thousand has been utilized. In order to secure the loans from ING Bank the Company has issued pledge of present and future receivables from customers, mortgage on property, owned by the Company and promissory note in favour of the bank. The loan matures in August 2012.

(h) The Company has received a credit facility from Tokuda Bank with a limit of BGN 100 thousand. As of December 31, 2011 the whole principal is utilized. The Company has established a pledge of future receivables as collateral. The credit facility matures in March 2011. As of Decemeber 31, 2011 the credit line is fully repaid.

(i) The Company has received investment loans from Bulgarian Energy Efficiency Fund for financing of projects related to energy efficiency. As of December 31, 2011 the utilized amount is BGN 38 thousand. The loans are secured with credit risk insurance and promissory note in the favour of the Fund.

(j) The Company has received two credit lines from Unionbank. The first credit line has the contractual amount of BGN 300 thousand and maturity on October 6, 2011 and is fully repaid as of December 31, 2011. The second credit line has the contractual amount of BGN 500 thousand, fully utilized as of December 31, 2011. The maturity of the second credit line is on January 31, 2012. Credit lines are secured with a pledge on receivables.

(k) As of June 2, 2011 the Company has received an overdraft from First Investment Bank Vratsa Branch at the amount of BGN 2,000 thousand and maturity term on April 30, 2012. As of December 31, 2011 BGN 1,997 thousand has been utilized by the Company.

(l) The Company has signed a loan with Investbank for the amount of BGN 2,000 thousand and maturity on May 26, 2012. As of December 31, 2011 BGN 1,696 thousand has been utilized. The loan is secured with a pledge on receivables.

12. Loans (continued)

12.3 Borrowings from financial institutions (continued)

In relation to the issue of bank guarantees the Company has received credit facilities from BNP Paribas – Sofia branch at the amount of EUR 1,000 thousand. Current and future receivables from customer with maximum amount of EUR 2,000 thousand, goods and materials with obligatory minimum of EUR 2,000 thousand are pledged as collateral and a promissory note is signed in favour of the bank. As of December 31, 2011 and 2010 the Company has no liabilities on loans related to the credit facility.

Covenants under loan contracts

In accordance with the provisions of the debenture and bank loans, the Company should comply with a number of operational and financial covenants. As of December 31, 2011 the Company is in compliance with all operational and financial covenants connected to the debenture and bank loans contractual terms.

As of December 31, 2010 the Company has not complied with the financial requirement of one of the loans. The loan has been presented as current liability in the separate financial statements.

12.4 Loans from non-related parties

As of December 31, 2011 the loans from non-related parties consist from unsecured loans from Izolko OOD, Energomontag AEK AD, Enemona Start AD, Enida Engineering AD and others at the total amount of BGN 8,050 thousand, BGN 688 thousand, BGN 879 thousand, BGN 849 thousand and BGN 40 thousand respectively. The loans have interest rates between 8% and 9% and maturity in 2012, which could be extended by one month.

As of December 31, 2010 the loans from non-related parties consist from unsecured loans from Energomontag AEK AD, Enemona Start AD, Enida Engineering AD and others at the total amount of BGN 1,768 thousand, BGN 950 thousand, BGN 372 thousand and BGN 40 thousand respectively. The loans have interest rates between 8% and 9% and maturity in 2011, which could be extended by one month.

As of December 31, 2009 the loans from non-related parties consist from unsecured loans from Energomontag AEK AD, Izkolko OOD and Enida Engineering AD at the amount of BGN 1,948 thousand, BGN 600 thousand and BGN 780 thousand respectively. The loans have interest rates of 10% and 12%, respectively, and maturity, which could be extended by one month.

13. Finance lease

Part of the tangible fixed assets owned by the Company has been leased under finance lease contracts. 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 Company is close to their carrying amount.

All amounts are in thousand Bulgarian Levs, except otherwise stated

13. Finance lease (continued)

	Minimum lease liabilities			Present value of minimum lease liabilities		
	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Liabilities under finance lease with maturity:						
Up to 1 year	550	737	1,139	498	661	1,002
Between 2 and 5 years	704	1,161	1,818	672	1,086	1,716
TOTAL LIABILITIES	1,254	1,898	2,957	1,170	1,747	2,718
Less: future finance charges	(84)	(151)	(239)	-	-	-
PRESENT VALUE OF LIABILITIES	1,170	1,747	2,718	1,170	1,747	2,718

The carrying amount of assets (machinery and equipment), acquired through finance lease as of December 31, 2011, 2010 and 2009 is BGN 2,885 thousand, BGN 3,188 thousand and BGN 3,615 thousand, respectively.

14. Provisions

Provisions represent accruals for unused paid leave at the amount of BGN 220 thousand, BGN 167 thousand and BGN 240 thousand as of December 31, 2011, 2010 and 2009, respectively.

15. Long-term employee benefits

In accordance with the Bulgarian Labor Code, upon termination of labor contracts, when the employee is entitled to retirement benefits, the Company owes severance payments of 2 gross monthly salaries. In case the employee has worked for more than 10 years with the Company, the severance payment is 6 gross monthly salaries. As of December 31, 2011, 2010 and 2009 the Company has accrued BGN 62 thousand, BGN 118 thousand and BGN 174 thousand, respectively, for provision of long-term employee benefits as the provision is calculated by a licensed actuary.

The basic assumptions, used by the licensed actuary for calculation of the present value of liabilities are based on:

- Demographic assumptions
- Mortality chart
- Invalidization chart
- Retirement probability
- Financial assumptions
- Salary growth
- Discount rate – due to the long-term nature of the liability, a 6% discount rate has been applied

All amounts are in thousand Bulgarian Levs, except otherwise stated

15. Long-term employee benefits (continued)

Movements in the present value of the defined benefit obligation in the current period are presented below:

	Year ended 31.12.2011	Year ended 31.12.2010	Year ended 31.12.2009
Opening defined benefit obligation, January 1	244	377	184
Interest cost	15	23	11
Current service cost	34	36	74
Benefits paid	(102)	(106)	(30)
Actuarial (gains)/losses	25	(86)	138
Closing defined benefit obligation, December 31	216	244	377

As of December 31, 2011 and 2010 the Company recorded Long-term employee benefits liability as follows:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Present value of funded defined benefit obligation	216	244	377
Unrecognized actuarial (losses)	(154)	(126)	(203)
Net liability arising from defined benefit obligation	62	118	174

The table below summarizes the component of the net expense for employee benefits, recognized in the statement of comprehensive income:

	Year ended 31.12.2011	Year ended 31.12.2010	Year ended 31.12.2009
Current service costs	34	36	74
Interest on obligation	15	23	11
Actuarial (gains) recognized in the year	(3)	(8)	(24)
Benefits paid	(102)	(106)	(130)
Expense recognized in the statement of comprehensive income	(56)	(55)	(69)

All amounts are in thousand Bulgarian Levs, except otherwise stated

16. Trade and other payables

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Payables to suppliers	6,060	13,008	6,280
Payables to related parties	7,154	9,238	2,109
Payables for dividends on preferred shares	972	881	-
Payables to staff	558	682	769
Payables to social insurance organizations	215	251	272
Payables for VAT liabilities	1,068	186	983
Other payables	1,738	289	1,102
TOTAL TRADE AND OTHER PAYABLES	17,765	24,535	11,515

17. Revenue

	Year ended 31.12.2011	Year ended 31.12.2010
Revenue from construction contracts	78,862	86,300
Revenue from services	207	319
TOTAL REVENUE	79,069	86,619

The information on construction contracts in progress as of the end of the reporting period is presented below:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Construction costs incurred plus recognized profits less recognized losses to date	205,037	148,662	136,890
Less: Progress billings	(188,395)	(137,847)	(143,815)
	16,642	10,815	(6,925)
Gross amounts presented in the separate statement of financial position comprise:			
Gross amount due from customers under construction contracts	21,588	16,725	7,220
Gross amount due to customers under construction contracts	(4,946)	(5,910)	(14,145)
	16,642	10,815	(6,925)

Retentions held by customers for contract work amounted to BGN 5,978 thousand, BGN 5,192 thousand and BGN 4,553 thousand as of December 31, 2011, 2010 and 2009, respectively. Advances received from customers for contract work amount to BGN 15,482 thousand, BGN 20,248 thousand and BGN 14,145 thousand as of December 31, 2011, 2010 and 2009, respectively.

As of December 31, 2011, 2010 and 2009 the Company reviewed for objective evidences for impairment of the gross amount due from clients on construction contracts in order to ensure that the carrying amount of the asset does not exceed the present value of the expected future cash flows.

All amounts are in thousand Bulgarian Levs, except otherwise stated

17. Revenue (continued)

In 2011, 2010 and 2009 the Company impaired gross amount due from customers on construction contracts at the amount of BGN 1,301 thousand, BGN 0 and BGN 21,806 thousand, respectively (see note 23.1 and note 29).

18. Investment revenue

	Year ended 31.12.2011	Year ended 31.12.2010
Interest income	2,206	1,875
Dividend income	536	1,663
Foreign exchange gains	27	29
Other finance income	169	7
TOTAL INVESTMENT REVENUE	2,938	3,574

19. Materials and consumables used

	Year ended 31.12.2011	Year ended 31.12.2010
Materials for main activities	30,623	21,806
Expenses for instruments	343	363
Electric power	95	95
Fuels	51	16
Spare parts	12	50
Stationery	62	71
Other	32	49
TOTAL MATERIALS AND CONSUMABLES USED	31,218	22,450

All amounts are in thousand Bulgarian Levs, except otherwise stated

20. Hired services

	Year ended 31.12.2011	Year ended 31.12.2010
Under agreements with subcontractors	21,167	26,545
Services with mechanization	537	200
Transportation	726	872
Legal, consulting and mediatory services	1,199	1,203
Insurances	1,305	291
Advertising	72	54
Telecommunications	144	203
Rents	719	709
Fees, mortgage, guarantees	1,444	1,003
Design	349	2,004
Bank fees	388	625
Heating	94	72
Labor permissions and tender documentation	14	22
Other services	1,911	2,736
TOTAL HIRED SERVICES	30,069	36,539

21. Employee benefits expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Remunerations under labor contracts	15,098	15,598
Remunerations under management contracts	351	330
Civil contracts	133	313
Social and health securities	2,300	2,255
Other expenses	935	315
TOTAL EMPLOYEE BENEFITS EXPENSES	18,817	18,811

22. Other expenses

	Year ended 31.12.2011	Year ended 31.12.2010
Business trips	2,133	644
Food vouchers	475	661
Expenses for one-off taxes and fees	434	362
Impairment of inventory	-	50
Waste on non-current assets	57	-
Entertainment expenses	11	23
Other	424	251
TOTAL OTHER EXPENSES	3,534	1,991

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Other gains / (losses), net

	Year ended 31.12.2011	Year ended 31.12.2010
Proceeds from sale of non-current assets	2,197	208
Carrying amount of sold and disposed non-current assets	(2,072)	(288)
Gains from sale of non-current assets	125	(80)
Proceeds from sale of materials	1,081	3,433
Carrying amount of sold materials	(1,002)	(3,395)
Gains from sale of materials	79	38
Revenue from sale of investments in subsidiaries	18,471	-
Costs to sell investments in subsidiaries	(180)	-
Carrying amount of sold investments in subsidiaries	(5,548)	-
Profit from sale of investments in subsidiaries – note 23.3	12,743	-
Revenue from sale of electricity	4,535	-
Carrying amount of sold electricity	(4,533)	-
Profit from sale of electricity	2	-
Impairment and writing off of receivables – note 23.1	(14,981)	(136)
Loss from sale of receivables	(1,391)	-
Loss from discounting of receivables on ESCO contracts – note 7 and note 29	(2,949)	-
Rent income	653	497
Financing received	5	11
Written-off liabilities	25	140
Gains from consulting services	67	3
Other	429	52
TOTAL OTHER GAINS, NET	(5,193)	525

For the year ended December 31, 2010 the Company reclassified impairment of receivables at the amount of BGN 136 thousand from other expenses to other gains, net.

23.1 Impairment and writing off of assets

Complying with the requirements of IAS 39, the Company developed qualitative and quantitative indicators for the valuation of the risks related to its exposures to clients and for determination the amount of impairment for accounting purposes on an individual basis.

Qualitative and quantitative indicators for valuation of risks include overdue payments, credit rating, deterioration of the market positions of the client and change of the legal environment in which the Company operates.

Each exposition is separately valued and if the risks described above are identified, an impairment loss is recognized. Determining the amount of impairment includes consideration of the expected future cash flows under the identified circumstances.

As of December 31, 2011 the Company analyzed total contract revenue and total estimated costs for construction contracts which are not completed as of the end of the reporting period and recognized impairment losses in the statement of comprehensive income for those construction contracts for which the total estimated profit is lower than the profit already recognized in prior reporting periods.

As of December 31, 2011 the Company reviewed for objective evidences for impairment of the current and non-current loans and receivables and investments in subsidiaries and recognized impairment losses at the amount with which the carrying amounts of the assets exceed their recoverable amount.

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Other gains / (losses), net (continued)

23.1 Impairment and writing off of assets (continued)

Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

		As of 31.12.2011	As of 31.12.2010
Impairment of gross amount due from clients on construction contracts – note 17	(a)	(1,301)	-
Impairment of investment in subsidiaries – note 6	(б)	(2,412)	-
Impairment of receivables – note 9	(в)	(5,304)	(222)
Impairment of loans granted to non-related parties – note 7	(в)	(4,953)	-
Impairment of loans granted to employees – note 7	(г)	(973)	-
Impairment of inventory – note 8		(88)	-
Impairment of property, plant and equipment – note 4		(35)	-
Reversal of impairment of inventory – note 8		47	-
Reversal of impairment of receivables – note 9		38	86
		(14,981)	(136)

(a) The impairment of the gross amounts due from clients on construction contracts consists mainly of impairment loss of a construction contract.

(b) During 2011 the Company performed an impairment testing of the investment in subsidiaries. The analysis is performed based on the expected discounted future cash flows of the subsidiaries in next five years and the net carrying amount of the assets as of December 31, 2011. As a result of the analysis, the Company recognized impairment loss from investment in subsidiaries at the amount of BGN 2,412 thousand:

- EMKO AD - BGN 1,300 thousand;
- TFEZ Nikopol EAD - BGN 756 thousand;
- Esco Engineering AD - BGN 356 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 Company changed its accounting estimates when determining the impairment of trade and other receivables and loans and advances. Some of the changes in the estimates include receiving of 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 Company recognized additional impairment as indicated in the table above. Nevertheless, the Management continues the efforts for collecting the receivables.

23. Other gains / (losses), net (continued)

23.1 Impairment and writing off of assets (continued)

(d) In the past the Company has granted loans without collaterals to its employees related to the necessity to relocate, due to the relocation of the business between Sofia, Kozloduj and Galabovo. 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.

23.2. Profit from sale of investments in subsidiaries

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 income from the investment sale 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. As a result from this transaction the Company recognizes a profit at the amount of BGN 12,743 thousand.

On June 28, 2011 the Company signed contracts for sale of 90% of the share capital of Neo Agro Tech AD and for sale of 80% of the share capital of Solar Energy OOD. The consideration agreed amounted to 49 BGN thousand and the net carrying amount of the assets as of the date of the transaction is BGN 49 thousand.

24. Finance cost

	Year ended 31.12.2011	Year ended 31.12.2010
Interest expense	3,276	2,932
Finance costs on construction contracts	1,207	338
Expenses on financial liability on preferred shares	639	670
Foreign exchange losses	55	46
Other finance costs	75	-
TOTAL FINANCE COST	5,252	3,986

All amounts are in thousand Bulgarian Levs, except otherwise stated

25. Taxation

Deferred taxes are as follows:

	As of 31.12.2011	As of 31.12.2010	As of 01.01.2010
Deferred tax assets			
Impairment of receivables	3,414	2,248	2,234
Impairment of investments in subsidiaries	241	-	-
Impairment of other assets	7	-	-
Provisions	28	34	42
TOTAL DEFERRED TAX ASSETS	3,690	2,282	2,276
Deferred tax liabilities			
Non-current assets	1,129	1,120	1,075
TOTAL DEFERRED TAX LIABILITIES	1,129	1,120	1,075
DEFERRED TAX ASSETS/(LIABILITIES), NET	2,561	1,162	1,201

Deferred tax assets and liabilities as of December 31, 2011, 2010 and 2009 are calculated by applying tax rate of 10% according to the Corporate Income Taxation Act and applicable for the periods in which the temporary differences will be realized.

Deferred tax liabilities recognized in equity as of December 31, 2011, 2010 and 2009 amount to BGN 557 thousand.

Income tax expenses for the year ended December 31, 2011 and 2010 are as follows:

	Year ended 31.12.2011	Year ended 31.12.2010
Current income tax expense	404	436
Deferred tax in relation to occurrence and reversal of temporary differences	(1,399)	39
TOTAL TAX (BENEFIT) / EXPENSE	(995)	475

The calculations for the effective interest rate are presented in the following table:

	Year ended 31.12.2011	Year ended 31.12.2010
Profit / (loss) before taxation	(13,580)	5,163
Applicable tax rate	10%	10%
Tax by applicable tax rate	(1,358)	516
Tax effect of the non-deductable and non-taxable positions	146	(147)
Effect of different tax rates in other tax jurisdictions	217	106
TAX (BENEFIT) / EXPENSE	(995)	475
EFFECTIVE TAX RATE	(7%)	9%

All amounts are in thousand Bulgarian Levs, except otherwise stated

26. Basic and diluted earnings (loss) per share

Basic earnings per share are calculated by dividing the net profit for the year subject to allocation between the shareholders of the Company to the weighted-average number of ordinary shares outstanding for the period.

	As of 31.12.2011	As of 31.12.2010
(Loss) / profit for allocation between the shareholders in BGN	(12,584,875)	4,688,114
Weighted-average number of ordinary shares	11,933,600	11,933,600
(Loss from) / Basic earnings per share (in BGN)	(1.05)	0.39

Diluted earnings per share equal basic earnings per share due to the fact that no dilutive ordinary shares exist.

As disclosed in Note 11, as of December 31, 2011 and 2010 the Company has issued warrants which in 2011 and 2010 do not influence diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

27. Related parties transactions

The Company's related parties with which it has performed transactions in 2011, 2010 and 2009 are as follows:

RELATED PARTY	TYPE OF RELATION
"Agroinvest engineering " AD	Subsidiary until March 31, 2011
"Enemona Utilities" AD	Subsidiary
"Esco Engineering" AD	Subsidiary
"Lomsko pivo" AD	Subsidiary until March 31, 2011
"EESF" SPV	Subsidiary
"Pirin Power" AD	Subsidiary
"Hemusgas" AD	Subsidiary
"Neo Agro Tech" AD	Subsidiary until June 28, 2011
"FINI" REIT	Subsidiary
"TFEZ Nikopol" EAD	Subsidiary
"Nevrokop gas" AD	Subsidiary
"Solar energy" OOD	Subsidiary until June 28, 2011
"Enemona Galabovo" AD	Subsidiary
"EMKO" AD	Subsidiary
"Regionalgas" AD	Subsidiary
"Hemusgas" AD	Subsidiary
"Artanes Mining Group" AD	Subsidiary
"PPP Mladenovo" EOOD	Subsidiary
"Alfa Enemona" OOD	Associated company
"Global Capital" OOD	Company under common control
"G Oil Expert" EOOD	Company under common control
"Eco Invest Holding" AD	Company under common control
"Resource Engineering" EOOD	Company under common control
"Softgeo-Lint 2006" OOD	Company under common control
„Svilengrad-gaz" AD	Company under common control until September 7, 2010
„Botunya Energy" AD	Company under common control until September 30, 2009

All amounts are in thousand Bulgarian Levs, except otherwise stated

27. Related parties transactions (continued)

The table below discloses the transactions performed with related parties:

Related party	Type of transaction	Year ended 31.12.2011	Year ended 31.12.2010
"Agroinvest engineering" AD	income from construction contracts	-	5
	income from services	-	5
	other gains	1	6
"Enemona Utilities" AD	revenue from sale of electricity	4,514	-
	income from services	-	41
	other gains	52	29
	income from dividend	148	1,000
"Esco Engineering" AD	income from interest	-	5
"Enemona Galabovo" AD	income from interest	10	-
	other gains	177	10
	income from dividend	228	456
"EMKO" AD	income from interest	22	4
"Hemusgas" AD	income from interest	-	1
"FINI" REIT	income from rent	5	2
"TFEZ Nikopol" EAD	other gains	3	11
"EESF" SPV	income from dividend	34	71
	income from rent	7	3
"Artanes Mining Group" AD	revenue from sale of exploration for and evaluation of mineral resources	1,555	-
"PPP Mladenovo" EOOD	revenue from sale of property, plant and equipment	22	-
"Alfa Enemona" OOD	income from dividend	126	136
"G Oil Expert" EOOD	income	3	3
TOTAL INCOME FROM RELATED PARTIES		6,907	1,788

In 2011 and 2010 the Company has signed cession agreements with EESF SPV for the sale of receivables at the amount of BGN 1,810 thousand and BGN 3,443 thousand and as of December 31, 2011 and 2010 there are no unsettled balances related to these relations.

The table below discloses the expenses for related parties transactions:

	Year ended 31.12.2011	Year ended 31.12.2010
"Agroinvest engineering " AD	243	4
"Enemona Galabovo" AD	9,918	11,941
"EMKO" AD	3,677	3,688
TOTAL EXPENSES TO RELATED PARTIES	13,838	15,633

29. Reissuance of the separate financial statements for 2011 (continued)

b) Determining of the fair value of a financial instruments held for trading
On December 27, 2011 Enemona AD signed a Memorandum of understanding with a public company registered on the Bulgarian Stock Exchange (the Firm) for cooperation related to exchange of information and experience in the development of projects of renewable energy resources. Together with the Memorandum, Enemona AD receives 15,000,000 ordinary shares, issued by the Firm, from the biggest Firm's shareholder. The shares are transferred to Enemona AD on December 27, 2011 outside the regulated market. According to the agreement for the transfer of 15,000,00 ordinary shares, Enemona AD has the right to pay for the shares an amount equal to their par value in three-years-period from their acquisition or to transfer their ownership back until the expiration of that period.

Initially, at fair value determination of financial instruments held for trading including public company (the Firm) registered on BSE and preparation of the separate financial statements the Company used stock prices of BSE at regulated market. As a result the Company reported profit from revaluation of financial instruments at the amount of BGN 42,117 thousand, financial assets held for trading at the amount of BGN 53,700 thousand and non-current liabilities on trade with investments at the amount of BGN 11,583 thousand for the year ended December 31, 2011. After the date of issuance of the annual separate financial statements Company's management reconsidered its opinion regarding initial and subsequent measurement of the financial instrument. The Company estimated that the transaction represents purchase of option (right) for acquisition of financial instrument in three year period with net cash investment of BGN 0, and that the Firm's shares market is characterized with relatively low volumes. In these reissued financial statements the Company classifies the financial asset and the financial liability with option as financial instrument reported at fair value through profit or loss.

As a result in these reissued financial statements an adjustment has been made according to which recognized financial assets, financial liabilities and results from this transaction are reported at the amount of BGN 0 as of December 31, 2011.

c) Loss on sale of non-current receivables. After the issue date of the financial statements for the year ended December 31, 2011 the Company detected an error in reporting non-current receivables on ESCO contracts, which have not been recognized at amortized cost. As a result, in these financial statements additional loss from valuation of receivables on ESCO contracts at the amount of BGN 2,949 thousand has been recognized.

As a result of the above described errors the financial statements for the year ended December 31, 2011 issued on March 30, 2012 has been corrected as the effect on the respective items in these financial statements is as follows:

All amounts are in thousand Bulgarian Levs, except otherwise stated

29. Reissuance of the separate financial statements for 2011 (continued)

Separate statement of comprehensive income for the year ended December 31, 2011

	Year ended 31.12.2011	Effect of correction	Restated for 2011
Other gains and losses, net	18,481	(23,674)	(5,193)
(Loss) / profit before tax	10,094	(23,674)	(13,580)
Income tax benefit / (expense)	2,693	(1,698)	995
Net (loss) / profit for the year	12,787	(25,372)	(12,585)

Separate statement of financial position as of December 31, 2011

	As of 31.12.2011	Effect of correction	Restated as of 31.12.2011
Assets			
Loans and advances (non-current)	24,596	(2,949)	21,647
Deferred tax assets, net	2,520	41	2,561
Gross amount due from customers on construction contracts	22,002	(414)	21,588
Financial instruments held for trading	53,700	(53,700)	-
Equity			
Retained earnings / (uncovered loss)	17,475	(44,998)	(27,523)
Liabilities			
Current tax liabilities	493	(441)	52
Non-current liabilities on trade with investments	11,583	(11,583)	-

The changes in comparative information related to the above described corrections are as follows:

Separate statement of comprehensive income for the year ended December 31, 2010

The above described corrections a, b and c have no effect on the separate statement of comprehensive income for the year ended December 31, 2010.

Separate statement of financial position as of December 31, 2010

	As of 31.12.2010	Effect of correction	Restated as of 31.12.2010
Assets			
Deferred tax assets, net	-	1,162	1,162
Gross amount due from customers on construction contracts	38,531	(21,806)	16,725
Equity			
Retained earnings / (uncovered loss)	4,688	(19,625)	(14,937)
Liabilities			
Deferred tax assets, net	1,019	(1,019)	-

All amounts are in thousand Bulgarian Levs, except otherwise stated

29. Reissuance of the separate financial statements for 2011 (continued)

Separate statement of comprehensive income for the year ended December 31, 2009

	Year ended 31.12.2009	Effect of correction	Restated for 2009 година
Other gains and losses, net	1,455	(21,806)	(20,351)
(Loss) / profit before tax	11,220	(21,806)	(10,586)
Income tax benefit / (expense)	(1,232)	2,181	949
Net (loss) / profit for the year	9,988	(19,625)	(9,637)

Separate statement of financial position as of December 31, 2009

	As of 31.12.2009	Effect of correction	Restated as of 31.12.2009
Assets			
Deferred tax assets, net	-	1,201	1,201
Gross amount due from customers on construction contracts	29,026	(21,806)	7,220
Equity			
Retained earnings / (uncovered loss)	11,590	(19,625)	(8,035)
Liabilities			
Deferred tax assets, net	980	(980)	-

30. Geographical information

The Company operates in three principal geographical areas – Bulgaria, Germany and Slovakia.

The Company's revenue from external clients and information about non-current assets, excluding financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts, is presented as follows:

	Revenue from external clients		Non-current assets	
	Year ended 31.12.2011	Year ended 31.12.2010	As of 31.12.2011	As of 31.12.2010
Bulgaria	63,312	76,364	34,934	35,340
Slovakia	13,591	9,677	414	312
Germany	1,846	-	34	-
Other	113	259	-	-
	78,862	86,300	35,382	35,652

All amounts are in thousand Bulgarian Levs, except otherwise stated

31. Contingent liabilities

As of December 31, 2011 the Company is a guarantor, co-debtor or avalist of promissory note on loan contract for loans granted to the subsidiaries by Bulgarian banks, as follows:

Type of contingent liability	Borrower	Bank	Amount of loan
Guarantor	EESF SPV	EBRD	13,691
Co-debtor	Enemona Utilities AD	Unicredit Bulbank AD	4,528

As of December 31, 2010 the Company is a guarantor, co-debtor or avalist of promissory note on loan contract for loans granted to the subsidiaries by Bulgarian banks, as follows:

Type of contingent liability	Borrower	Bank	Amount of loan
Guarantor	EESF SPV	EBRD	13,691
Co-debtor	EESF SPV	DSK Bank AD	1,000
Co-debtor	Enemona Utilities AD	Unicredit Bulbank AD	4,528
Co-debtor	Agro Invest Engineering AD	UBB AD	4,960
Co-debtor	Agro Invest Engineering AD	MKB Unionbank AD	750
Co-debtor	Lomsko Pivo AD	MKB Unionbank AD	500
Guarantor	Agro Invest Engineering AD	Emporiki Bank EAD	332
Avalist of promissory note	Lomsko Pivo AD	UBB AD	606

As of December 31, 2009 the Company is a guarantor, co-debtor or avalist of promissory note on loan contract for loans granted to the subsidiaries by Bulgarian banks, as follows:

Type of contingent liability	Borrower	Bank	Amount of loan
Guarantor	Agro Invest Engineering AD	Bulgarian bank	4,948
Guarantor	EESF SPV	International financial institution	9,891
Co-debtor	Enemona Utilities AD	Bulgarian bank	4,528
Avalist of promissory note	Lomsko Pivo AD	Bulgarian bank	628

As of the date of the preparation of the separate financial statements the subsidiaries service regularly the loans.

As of December 31, 2011 the Company is in compliance with all covenants of the loans granted to subsidiaries.

As of December 31, 2010 the financial covenants for the loans granted to subsidiaries have not been met, and as a result the repayment of the loans may be demanded in advance. The amount of these loans is BGN 10,910 thousand and they have been entirely guaranteed by Enemona AD. No provisions have been accrued in these separate financial statements in relation to this liability, because it is not probable that the Company will have outflow of economic resources.

As of December 31, 2009 the Company is in compliance with all covenants of the loans granted to subsidiaries.

31. Contingent liabilities (continued)

As of December 31, 2011, 2010 and 2009 bank guarantees have been issued on behalf of the Company, at the amount of BGN 46,110 thousand, BGN 61,856 thousand and BGN 43,394 thousand, respectively, which are related mainly to the construction works, including energy and other facilities.

32. Events after the reporting period

On January 9, 2012 the Annual general meeting of the owners of the warrants, issued by Enemona, was held, on which a decision was taken that they should not be exercised, since the current market price of the underlying asset (ordinary shares) on the regulated market is below the exercise price of the warrants.

On March 1, 2012, the Federal state enterprise "Federal Energy Service Company" of the Ministry of Energy of the Russian Federation and Enemona AD signed a Memorandum of Understanding. The Memorandum aims to promote cooperation and realization of joint projects in the fields of energy efficiency and energy savings in the Russian Federation, Bulgaria and third countries of Russian and Bulgarian business entities, by attracting funding for projects, as well. The parties will share experience in the area of energy efficiency and energy savings, including technical solutions, organizational approaches and regulations. The Memorandum of Understanding also envisages sharing of experience in the implementation of ESCO contracts (contracts with guaranteed results) and personnel trainings.

Enemona's subsidiary "EESF" SPV signed a Loan Agreement with the European Bank for Reconstruction and Development amounting to EUR 10 million for securitization of receivables arising from ESCO contracts, with providing of a collateral by Enemona AD, resulting from commitments as guarantor. The term of the loan is seven years and the annual interest rate is fixed for the whole period of the loan to the amount of 6.5%.

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This document is a translation of the original in Bulgarian text, in case of divergence the Bulgarian text shall prevail.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Enemona AD

Report on the Reissued Separate Financial Statements

We have audited the accompanying reissued separate financial statements of Enemona AD (the Company), which comprise the reissued separate statement of financial position as of December 31, 2011 and the reissued separate statement of comprehensive income, reissued separate statement of changes in equity and reissued separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Reissued Separate Financial Statements

Management is responsible for the preparation and fair presentation of these reissued separate financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these reissued separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the reissued separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the reissued separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the reissued separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the reissued separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the reissued separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the reissued separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

Emphasis of Matter

As disclosed in Note 29 to the accompanying separate financial statements, the accompanying separate financial statements represent reissuance of the separate financial statements for 2011, issued with an auditor's report, dated March 30, 2012, as a result of correction of errors, related to the reporting of:
a) impairment of a gross amount due from a customer on construction contracts;
b) determining the fair value of a financial instrument;
c) loss on sale of non-current receivables.

The correction of errors described above has led to:
- Decrease in Company's profit for 2011 by BGN 25,372 thousand
- Decrease in Company's total assets as of December 31, 2011 by BGN 57,022 thousand
- Decrease in Company's total liabilities as of December 31, 2011 by BGN 12,024 thousand
- Decrease in Company's equity as of December 31, 2011 by BGN 44,998 thousand.

As a result of the corrections above, the comparative information as of December 31, 2010 and 2009 has been restated.
Our opinion is not modified with respect to this matter.

The present auditor's report replaces our auditor's report, dated March 30, 2012 on the Company's separate financial statements, authorized for issue on March 30, 2012.

Report on Other Legal and Regulatory Requirements – Reissued annual separate report on the activities of the Company, according to article 33 of the Accountancy Act

Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Reissued annual separate report of the activities of the Company. The Reissued annual separate report on the activities of the Company, prepared by the management, is not a part of the reissued separate financial statements. The historical financial information presented in the Reissued annual separate report on the activities of the Company, prepared by the management is consistent, in all material respects, with the financial information disclosed in the reissued separate financial statements of the Company as of December 31, 2011, prepared in accordance with IFRS, as adopted by the European Union. Management is responsible for the preparation of the Reissued annual separate report on the activities of the Company dated December 5, 2012.

Deloitte Audit
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Специализирано одиторско предприятие
София
Рег. №033
"Делойт Одит" ООД

Sylvia Peneva
Managing Director
Registered Auditor

Sofia
December 5, 2012