

# **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](mailto:office@enemona.com), Internet site: [www.enemona.com](http://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, earthing 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 Spiridonov 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 tools 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	% from Total Operating Income	31.12.2010	% from Total Operating Income
	('000 BGN)		('000 BGN)	
<b>Total Operating Income</b>	<b>73 876</b>	<b>96.18%</b>	<b>87 269</b>	<b>96.05%</b>

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%
<i>Income from financing</i>	<b>5</b>	<b>0.01%</b>	<b>11</b>	<b>0.01%</b>
<i>Finance income</i>	<b>2 938</b>	<b>3.82%</b>	<b>3 574</b>	<b>3.93%</b>
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%
<i>including:</i>				
<i>Engineering /design, supply, construction and assembly works/</i>	68 868 213	87.33%	78 369 683	90.81%
<i>Energy Efficiency</i>	9 993 442	12.67%	7 929 828	9.19%

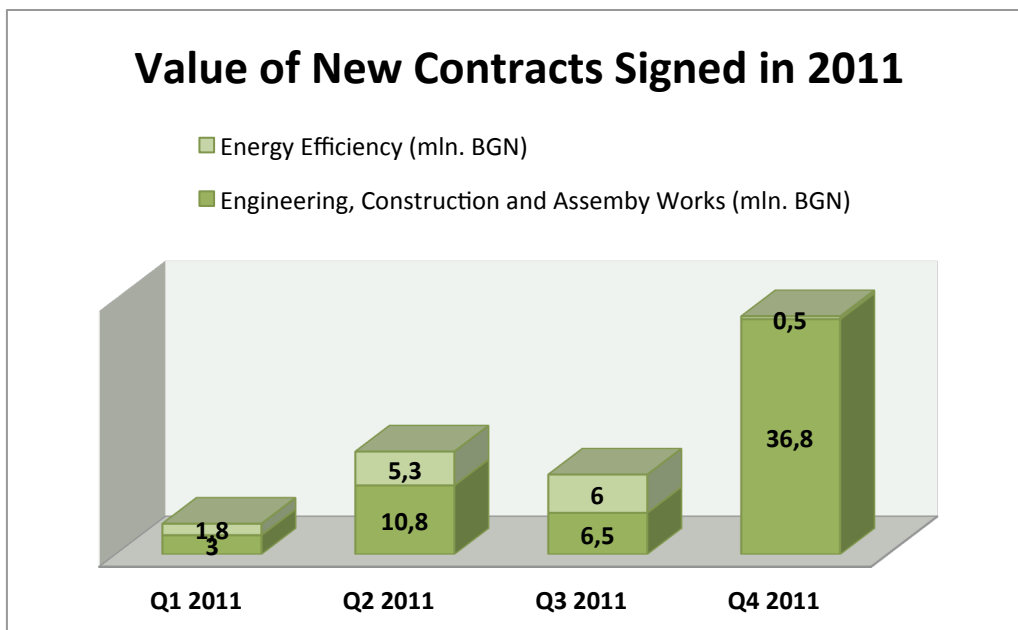
## VII. INFORMATION ABOUT THE SOURCES FOR SUPPLY OF MATERIALS FOR 2011

### TOP 5 SUPPLIERS IN TERMS OF VALUE OF SUPPLIES

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**

<b>COMPANY</b>	<b>Percentage (%) as of 31.12.2011</b>	<b>Percentage (%) as of 31.12.2010</b>
„CHPP NIKOPOL” EAD	100.00	100.00
„PPP MLADENOV” 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



„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)
<b>Dichko Prokopiev Prokopiev</b>		
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
<b>Total</b>	<b>344 192,55</b>	<b>307 033,91</b>
<b>Tsvetan Kamenov Petrushkov</b>		
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
<b>Total</b>	<b>366 218,00</b>	<b>326 824,20</b>
<b>Lyudmil Ivanov Stoyanov</b>		
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
<b>Total</b>	<b>99 128,00</b>	<b>86 443,20</b>
<b>Prokopi Dichev Prokopiev</b>		
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

<b>Total</b>	<b>205 263,56</b>	<b>181 965,23</b>
<b>Ilian Borisov Markov*</b>		
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
<b>Total</b>	<b>210 109,99</b>	<b>178 543,96</b>
<b>Margarita Ivanova Dineva</b>		
Enemona AD	<b>8 910,02</b>	<b>6 989,77</b>
<b>Ivan Dimitrov Petrov</b>		
Enemona AD	<b>8 910,00</b>	<b>8 019,00</b>
<b>Georgi Zamfirov Goranov</b>		
Enemona AD	<b>8 910,00</b>	<b>7 355,46</b>
<b>Bogdan Dichev Prokopiev</b>		
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
<b>Total</b>	<b>320 431,96</b>	<b>285 328,62</b>

\* 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**

<b>Dichko Prokopiev Prokopiev</b>
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 Supervisory Board
Izolko OOD, Kozloduy - Partner
<b>Tsvetan Kamenov Petrushkov</b>
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
<b>Lyudmil Ivanov Stoyanov</b>
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
<b>Ilian Borisov Markov</b>
Enemona AD, Kozloduy – Member of the of Board of Directors
Enemona AD – Galabovo Branch – Manager
Enemona AD – Slovakia Branch – Manager
<b>Prokopi Dichev Prokopiev</b>
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
<b>Margarita Ivanova Dineva</b>
Enemona AD, Kozloduy – Member of the of Board of Directors
<b>Ivan Dimitrov Petrov</b>
Enemona AD, Kozloduy – Member of the of Board of Directors
NODIG OOD, Sofia – Manager and Partner
Solers Bulgaria OOD, Sofia - Partner
<b>Georgi Zamfirov Goranov</b>
Enemona AD, Kozloduy – Member of the of Board of Directors
G Oil Expert EOOD, Novi Iskar – Manager and Sole Partner
<b>Bogdan Dichev Prokopiev</b>
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**

<b>Shares in Enemona AD</b>	<b>Percentage of the capital as of 31 December 2011 at a capital of 13 036 501</b>	<b>Percentage of the ordinary shares as of 31 December 2011 at OS of 11 933 600</b>	<b>Percentage of the preferred shares as of 31 December 2011 at PS of 1 102 901</b>	<b>Percentage of warrants as of 31 December 2011 at an issue of 5 966 792</b>
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 PERCENT 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**



**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](mailto: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](http://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](http://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**

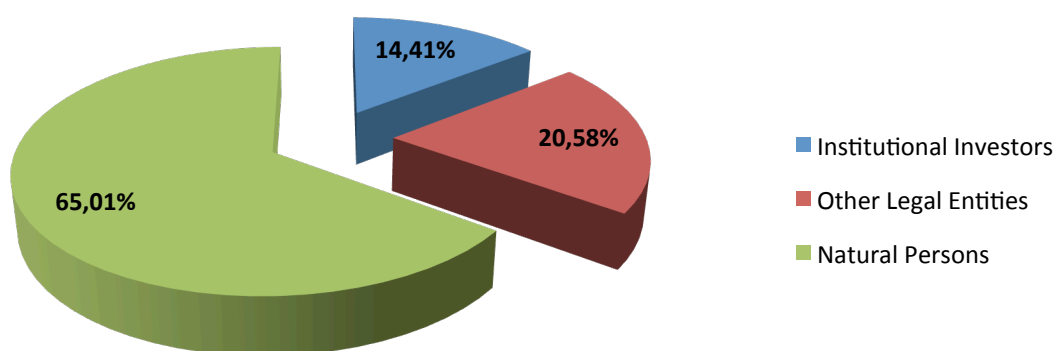
As of December 31, 2011 the Company's share capital amounts to 13,036,501 (thirteen million thirty-six thousand five hundred and one), divided into 11,933,600 ordinary shares with voting rights in the GMS and 1,102,901 preferred shares without voting rights at the GMS, giving their owners a guaranteed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

**Structure of the capital (ordinary and preferred) shares:**

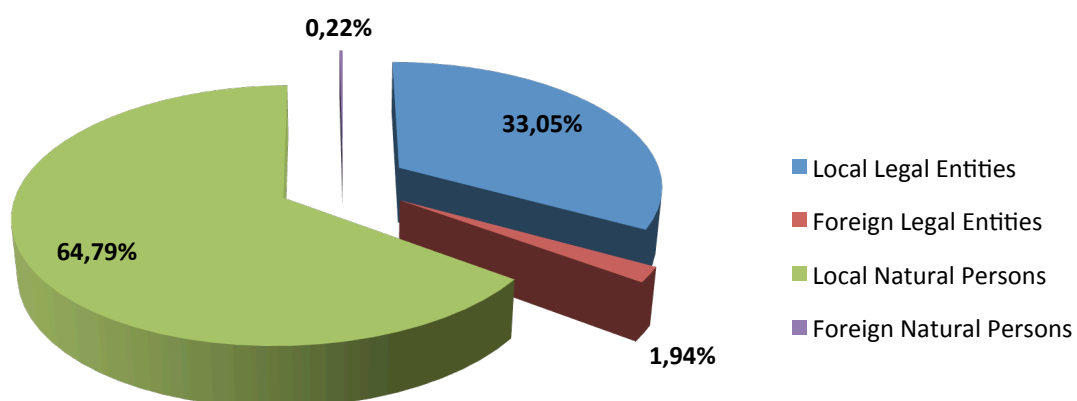
No	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	2 312	8 475 239

2.	Legal entities	252	4 561 262
<b>Total:</b>		<b>2 564</b>	<b>13 036 501</b>

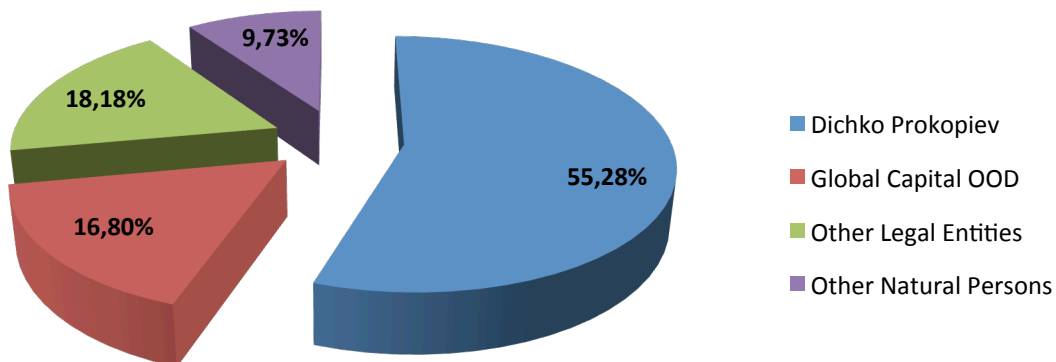
### Share Capital Structure of Enemona AD as of 31.12.2011



### Share Capital Structure of Enemona AD as of 31.12.2011



## Share Capital Structure of Enemona AD as of 31.12.2011

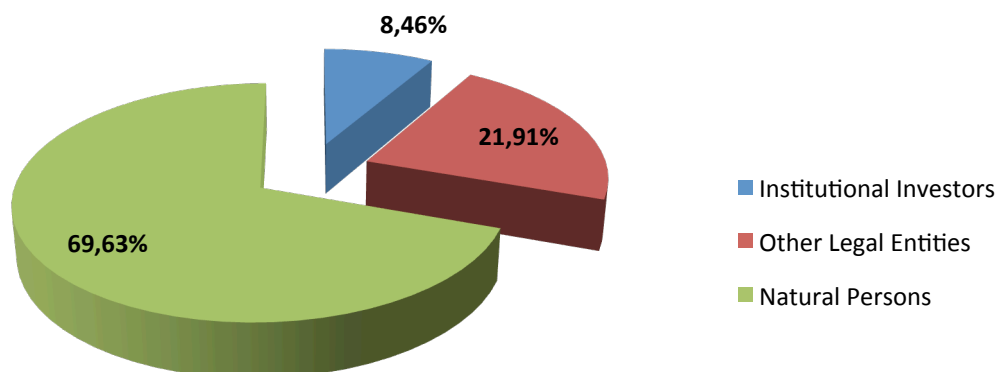


The structure of the issue of ordinary dematerialized shares, with voting rights, with a nominal value of BGN 1.00 and ISIN code BG1100042073 is shown below:

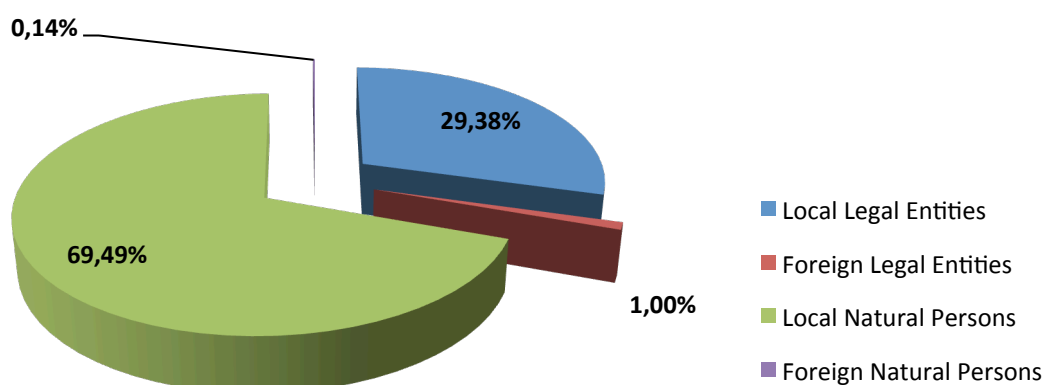
<b>№</b>	<b>Shareholders</b>	<b>Number of shareholders</b>	<b>Number of shares</b>
<b>1.</b>	Natural persons	2 056	<b>8 309 202</b>
<b>2.</b>	Legal entities	198	<b>3 624 398</b>
<b>Total:</b>		<b>2 254</b>	<b>11 933 600</b>

## ORDINARY SHARES<sup>1</sup>

### Shareholder Structure of Ordinary Shares, issued by Enemona AD as of 31.12.2011

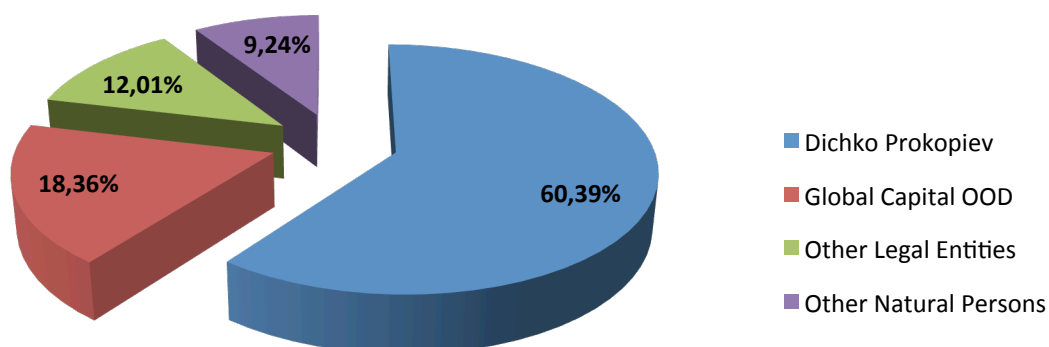


### Shareholder Structure of Ordinary Shares, issued by Enemona AD of at 31.12.2011



<sup>1</sup> 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.

## Shareholder Structure of Ordinary Shares, issued by Enemona AD of at 31.12.2011

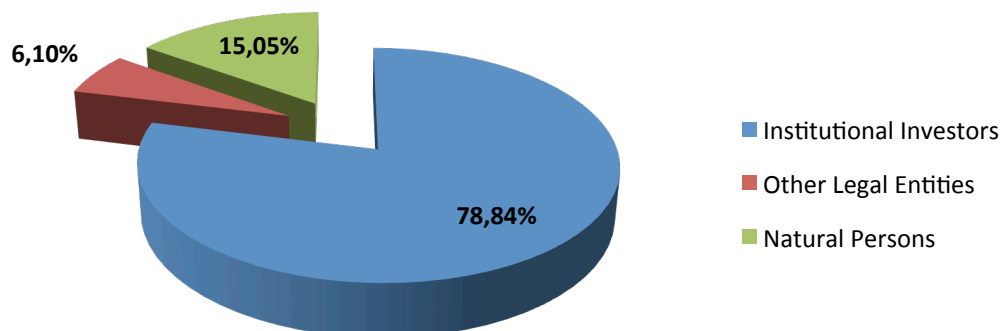


The structure of the issue of preferred, dematerialized shares, without voting rights, with a nominal value of BGN 1.00 and ISIN code BG1200001102 is shown below:

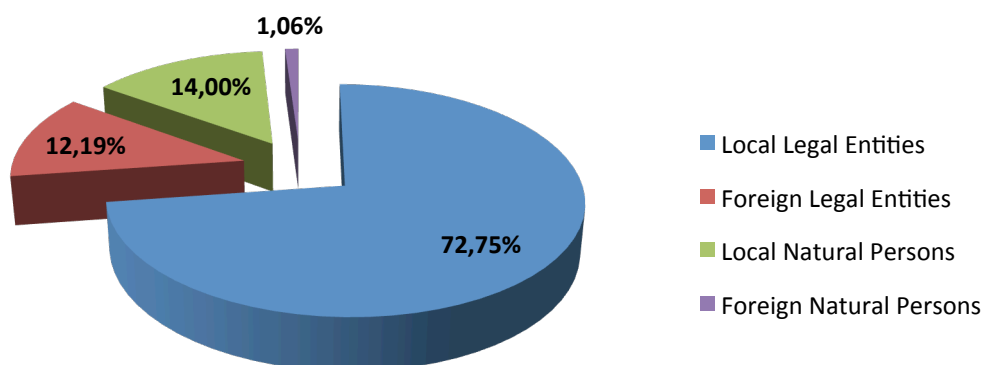
No	Shareholders	Number of shareholders	Number of shares
<b>1.</b>	Natural persons	<b>256</b>	<b>166 037</b>
<b>2.</b>	Legal entities	<b>54</b>	<b>936 864</b>
	<b>Total:</b>	<b>310</b>	<b>1 102 901</b>

## PREFERRED SHARES

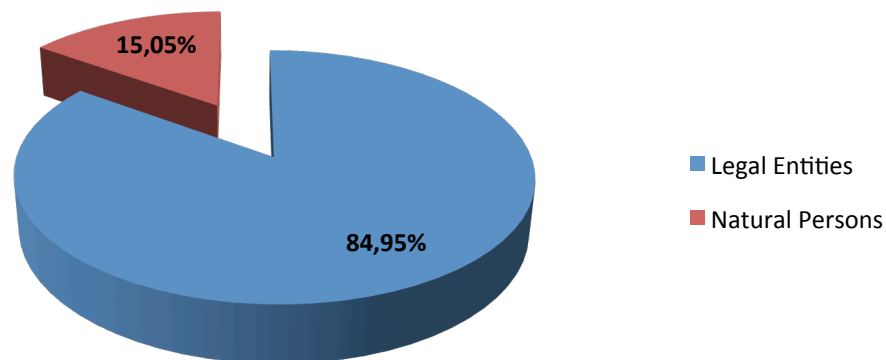
### Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2011



### Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2011



## Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2011



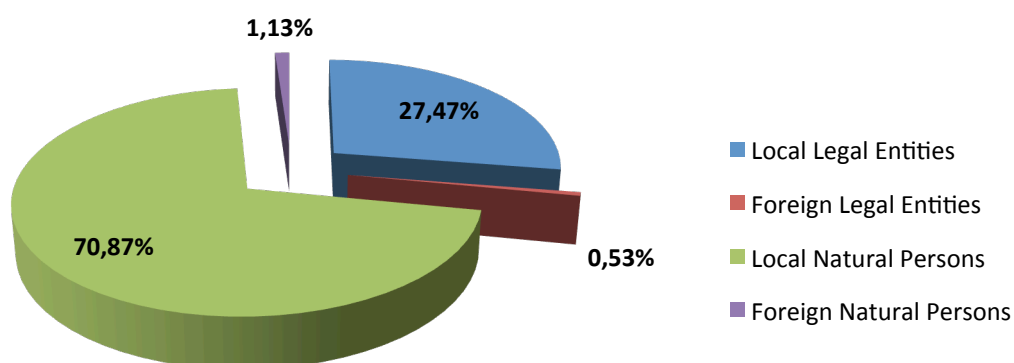
## WARRANTS

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

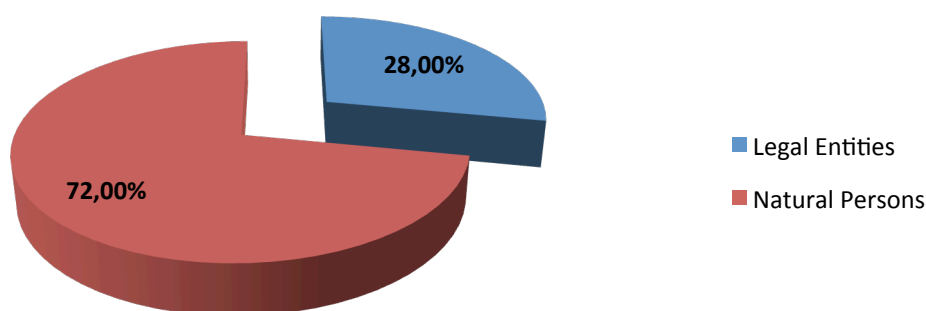
№	Shareholders	Number of shareholders	Number of shares
<b>1.</b>	Natural persons	<b>277</b>	<b>4 296 152</b>
<b>2.</b>	Legal entities	<b>35</b>	<b>1 670 640</b>
<b>Total:</b>		<b>312</b>	<b>5 966 792</b>



### Structure of the Holders of Warrants issued by Enemona AD as of 31.12.2011



### Structure of the Holders of Warrants issued by Enemona AD as of 31.12.2011



## 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<sup>2</sup>

<b>Ownerships as of 31 December 2011</b>	<b>Ordinary Shares – 11 933 600</b>	<b>Preferred Shares – 1 102 901</b>	<b>Issued Share Capital – 13 036 501</b>
Dichko 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**

---

<sup>2</sup> 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;

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.

Date: December 5, 2012



On behalf of the Management of Enemona AD:

  
Tsvetan Kamenov Petrushkov  
Executive Director