

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2011

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
<i>Cost</i>							
JANUARY 1, 2011	22,513	33,554	20,752	11,515	5,943	5,952	100,229
Additions	-	-	351	51	56	2,105	2,563
Transfers	207	97	2	79	2	(387)	-
Disposals	(411)	(95)	(58)	(234)	(179)	-	(977)
Derecognized on disposal of subsidiaries	(16,020)	(6,055)	(9,776)	(1,156)	(2,096)	(1,141)	(36,244)
DECEMBER 31, 2011	6,289	27,501	11,271	10,255	3,726	6,529	65,571
Additions	-	2,268	74	17	14	11	2,384
Transfers	-	-	-	-	-	-	-
Disposals	-	(41)	(84)	(128)	(36)	(6)	(295)
MARCH 31, 2012	6,289	29,728	11,261	10,144	3,704	6,534	67,660
<i>Accumulated depreciation</i>							
JANUARY 1, 2011	-	4,629	9,845	3,553	2,793	-	20,820
Depreciation charge	-	548	1,323	797	410	-	3,078
Impairment	-	-	-	-	11	168	179
Disposals	-	(20)	(55)	(195)	(139)	-	(409)
Derecognized on disposal of subsidiaries	-	(2,412)	(5,408)	(281)	(1,045)	-	(9,146)
DECEMBER 31, 2011	-	2,745	5,705	3,874	2,030	168	14,522
Depreciation charge	-	139	344	199	96	-	778
Disposals	-	(9)	(80)	(95)	(34)	-	(218)
MARCH 31, 2012	-	2,875	5,969	3,978	2,092	168	15,082
<i>Net book value</i>							
DECEMBER 31, 2011	6,289	24,756	5,566	6,381	1,696	6,361	51,049
MARCH 31, 2012	6,289	26,853	5,292	6,166	1,612	6,366	52,578

5.1. **Intangible assets**

	Title of property	Software	Total
<i>Cost</i>			
JANUARY 1, 2011	2,671	394	3,065
Disposals	-	(70)	(70)
Derecognized on disposal of subsidiaries	(1,180)	(16)	(1,196)
DECEMBER 31, 2011	1,491	308	1,799
Additions	-	-	-
MARCH 31, 2012	1,491	308	1,799
<i>Accumulated amortization</i>			
JANUARY 1, 2011	920	268	1,188
Charged for the period	65	34	99
Disposals	-	(63)	(63)
Derecognized on disposal of subsidiaries	(150)	(6)	(156)
DECEMBER 31, 2011	835	233	1,068
Charged for the period	16	7	23
MARCH 31, 2012	851	240	1,091
<i>Net book value</i>			
DECEMBER 31, 2011	656	75	731
MARCH 31, 2012	640	68	708

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## 5.2. Exploration and evaluation assets

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

The project Lom Lignites started in October 2007 with a contract for prospecting and exploration between Enemona AD and Ministry of economy and energy. As of March 31, 2012 and December 31, 2011 exploration and evaluation assets amount to BGN 1,587 thousand and BGN 1,579 thousand, respectively. As of these dates the Group has not charged amortization of the assets as the technical feasibility and commercial viability of the project are not demonstrable.

On 21 April 2011, the Parent company sold the exploration and evaluation assets to its subsidiary Artanes Mining Group AD, established with the special purpose to develop and manage the project.

As of March 31, 2012 and December 31, 2011 the Group estimated that there are no indications for impairment of the exploration and evaluation assets and no impairment has been charged.

## 6. Investments in associates

As of March 31, 2012 and December 31, 2011 the Group has an investment in associate Alfa Enemona OOD which is valued at BGN 4 thousand, whereas the share in the investment's equity is 40%.

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

## 7. Current and non-current loans and receivables

Current and non-current loans and receivables as of March 31, 2012 and December 31, 2011 are as follows:

<i>Non-current loans and receivables</i>	As of 31.03.2012	As of 31.12.2011
Receivables on ESCO contracts of the Group	24,899	25,537
Receivables related to securitization with counterparties outside the Group	1,703	1,890
Cession receivables	3,764	5,181
Loans granted to non related parties	-	-
Loans granted to employees	2,002	2,060
Other assets	14	15
<b>TOTAL NON-CURRENT LOANS AND RECEIVABLES</b>	<b>32,382</b>	<b>34,683</b>
Impairment of loans granted to employees	(973)	(973)
<b>TOTAL NON-CURRENT LOANS AND RECEIVABLES, NET</b>	<b>31,409</b>	<b>33,710</b>

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7. **Current and non-current loans and receivables (continued)**

<i>Current loans and receivables</i>	As of 31.03.2012	As of 31.12.2011
Receivables on ESCO contracts of the Group	7,056	6,497
Receivables related to securitization with counterparties outside the Group	1,236	1,224
Cession receivables	1,840	1,845
Loans granted to non related parties	16,909	16,543
Other assets	-	-
<b>TOTAL CURRENT LOANS AND RECEIVABLES</b>	<b>27,041</b>	<b>26,109</b>
Impairment of loans granted to non related parties (note 27.1)	(4,953)	(4,953)
<b>TOTAL CURRENT LOANS AND RECEIVABLES, NET</b>	<b>22,088</b>	<b>21,156</b>

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

Receivables related to securitization represent receivables, acquired under cession contracts with companies not in the Group.

As of 31 March 2012 cession receivables comprise present value of the transferred receivable to local company.

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

As a result of the impairment analysis, the Group 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 statement of comprehensive income in the year ended December 31, 2011. For the period ended March 31, 2012 the Group considers that no additional impairment is needed.

The movement of the impairment allowance is presented below:

	As of 31.03.2012	As of 31.12.2011
Balance at the beginning of the year	5,926	-
Recognized impairment of non-current loans and receivables	-	973
Recognized loss from impairment of current loans and receivables	-	4,953
Balance at the end of the year	5,926	5,926

8. **Inventories**

	As of 31.03.2012	As of 31.12.2011
Materials	4,566	4,262
Finished goods	-	-
Goods	8	21
Work in progress	568	391
<b>TOTAL</b>	<b>5,142</b>	<b>4,674</b>

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9. Trade and other receivables

	As of 31.03.2012	As of 31.12.2011
Receivables from customers	23,085	28,291
Advances to suppliers	9,992	9,268
Retentions	5,853	5,979
Advances to employees	210	225
Receivables from related parties	2	1
Other receivables	4,147	3,391
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>43,289</b>	<b>47,155</b>
Impairment of receivables from customers	(5,941)	(5,941)
<b>TOTAL TRADE AND OTHER RECEIVABLES, NET</b>	<b>37,348</b>	<b>41,214</b>

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

	As of 31.03.2012	As of 31.12.2011
Balance at the beginning of the year	5,941	860
Recognized loss from impairment of receivables	-	5,308
Recovered during the period	-	(44)
Reintegrated loss from impairment	-	(183)
Balance at the end of the year	5,941	5,941

When determining the recoverability of the receivables the Group 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.

10. Cash

	As of 31.03.2012	As of 31.12.2011
Cash at banks	3,694	10,272
Restricted cash at bank	527	577
Cash in hand	462	889
<b>TOTAL CASH IN HAND AND AT BANKS</b>	<b>4,683</b>	<b>11,738</b>

As of March 31, 2012 and December 31, 2011 restricted cash represents cash in bank account restricted as a collateral under issued guarantees .

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

11. Issued share capital and reserves

Issued share capital includes:

	As of 31.03.2012	As of 31.12.2011
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
<b>TOTAL SHARE CAPITAL</b>	<b>13,037</b>	<b>13,037</b>
Premiums from share issuance – note 11.3	36,262	36,262
<b>TOTAL ISSUED SHARE CAPITAL</b>	<b>49,299</b>	<b>49,299</b>

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**11. Issued share capital and reserves (continued)**

**11.1. Ordinary shares**

	As of 31.03.2012	As of 31.12.2011
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
<b>SHARE CAPITAL – ORDINARY SHARES</b>	<b>11,934</b>	<b>11,934</b>

The share capital of ordinary shares is fully paid in as of March 31,2012 and December 31, 2011 . Group's share capital includes in-kind contribution in the form of titles of property over three combined trademarks, with fair value to the amount of BGN 1,400 thousand obtained through independent appraiser's report. Titles of property are presented as intangible assets (see note 5 above).

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

**11.2. Preferred shares**

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

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

	Upon initial recognition	As of 31.12.2011	As of 31.03.2012
Preferred shares – par value	1,103	1,103	1,103
Premiums from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	3,747	3,616
Dividend payables on preferred shares	-	972	1,246
<b>TOTAL CASH RECEIVED</b>	<b>10,940</b>		

**11.3. Premiums from share issuance**

	As of 31.03.2012	As of 31.12.2011
Balance as of January 1	36,262	36,262
Premiums from preferred shares issuance	-	-
Balance as of December 31	<b>36,262</b>	<b>36,262</b>

**11.4. Reserves**

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

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## 12. Loans

Loans received by the Group as of March 31, 2012 and December 31, 2011 are as follows:

	As of 31.03.2012	As of 31.12.2011
Borrowings from financial institutions	79,091	74,190
Borrowings from not related parties	10,518	10,557
<b>TOTAL</b>	<b>89,609</b>	<b>84,747</b>

### 12.1 Maturity of the loans

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

	As of 31.03.2012	As of 31.12.2011
Up to one year	76,332	71,114
Over 1 year	13,277	13,633
<b>TOTAL LOANS</b>	<b>89,609</b>	<b>84,747</b>

### 12.2 Borrowings from financial institutions

Borrowings from financial institutions, received by the Group as of March 31, 2012 and December 31, 2011 are as follows:

	As of 31.03.2012	As of 31.12.2011
Credit lines – SG Expressbank (a)	17,780	17,855
Investment loans – DSK Bank (b)	14,858	14,930
Credit lines – UniCreditBulbank (c)	18,263	14,501
Investment loans – UniCreditBulbank (d)	6,238	6,568
Overdraft – UniCreditBulbank (e)	1,921	1,467
OverdraftUBB (f)	2,990	4,596
Credit line – ING Bank (g)	4,777	454
Credit line – MKBUnion Bank (h)	-	1,000
Investment loans – Bulgarian Energy Efficiency Fund (i)	-	38
Investment loans – EIBank	8	12
Overdraft – FIB (j)	2,002	1,997
Overdraft- Investbank (k)	1,850	1,696
Overdraft – Alianz Bank Bulgaria (l)	736	726
Investment loan - European Bank for Reconstruction and Development (EBRD) (m)	7,668	8,350
<b>TOTAL LOANS FROM FINANCIAL INSTITUTIONS</b>	<b>79,091</b>	<b>74,190</b>

The main parameters of borrowings from financial institutions are as follows:

(a) In May 2010 a revolving credit line from Societe Generale Expressbank has granted at the amount of EUR 15,325 thousand for the purpose of financing of a project for wiring and installation of control-measurement instrumentation and automation in the third and fourth blocks of NPP - Mochovce, Slovak Republic. The loan is secured with a pledge on receivables from contract for execution, pledge of materials and equipment. As of March 31, 2012 funds utilized amount to BGN 13,691 thousand. The credit line matures on November 30, 2012.

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**12. Loans (continued)****12.2 Borrowings from financial institutions (continued)**

In July 2011 the Group has signed a contract with SG Expressbank for a credit line, limited to EUR 5,000 thousand. As of December 31, 2011 BGN 4,164 thousand have been utilized. The credit line maturity is on July 31, 2012.

(b) The loan from DSK Bank is granted for the purpose of financing of Group's energy efficiency projects. The limit of the loan is EUR 7,750 thousand and as of March 31, 2012 the Group has utilized 14,858 thousand. In order to secure the loan from DSK Bank Enemona AD has issued promissory note, pledge of future receivables from customer on financed projects, financial risk insurance. The loan contract matures in 2014.

(c) As of March 31, 2012 the Group has utilized BGN 18,263 thousand under three credit lines agreed with Unicredit Bulbank. The limit under the credit lines totals at EUR 10,750 thousand. The Group has pledged as a collateral mortgage on land and buildings and present and future receivables from a customer. The two credit lines mature on October 2012 and the third on January 2013.

(d) The Investment loan from Unicredit Bulbank is granted for the purpose of financing the construction and operation of virtual gas line and matures in October 2016, and as of March 31, 2012 amounts to BGN 2,965 thousand. In order to secure the loan the Group has established a mortgage of land and natural gas compensation and decompensation stations built on it, pledge of equipment, and pledge of present and future receivables on the project, pledge of cash. An investment loan was granted for the purchase of an office building in Sofia. Utilized amount as of March 31, 2012 amounts to BGN 3,273 thousand. The loan is secured by a mortgage on the building and its land.

(e) Overdraft loan from UniCredit Bulbank is granted with the limit of EUR 1,000 thousand and maturity at October 31, 2012. The Loan has been granted for working capital purpose and is secured by pledge of future receivables, cash and production equipment. As of March 31, 2012 BGN 1,921 thousand has been utilized.

(f) The overdraft loan from UBB has the limit of EUR 3,500 thousand and is granted for the purpose of working capital and bank guarantees and as of March 31, 2012 the total amount utilized is BGN 2,990 thousand. The loan matures on January 20, 2012. In order to secure the loan the Group has established a mortgage of lands and buildings owned by Enemona AD and pledge over assets.

(g) In 2010, the Group has received a combined limit for contingent liabilities from ING Bank at the amount of BGN 14,800 thousand, of which as of March 31, 2012 BGN 995 thousand has been utilized in the form of overdraft. The Group has pledged as collateral present and future receivables from customers, mortgage on property belonging to the Group and has been issued a promissory note in favor of the Bank. The revolving credit agreement matures in August 2012.

(h) The Group has received three 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 and is fully repaid as of March 31, 2012. The third credit line has the contractual amount of BGN 500 thousand and maturity at 3 January 2012. As of 31 March 2012 the credit line is fully repaid.

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**12. Loans (continued)****12.2 Borrowings from financial institutions (continued)**

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

(j) As of June 2, 2011 the Group 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 March 31, 2012 BGN 2,002 thousand has been utilized by the Group.

(k) The Group has signed a loan with Investbank for the amount of BGN 2,000 thousand and maturity on May 26, 2012. As of March 31, 2012 BGN 1,850 thousand has been utilized. The loan is secured with a pledge on receivables.

(l) The Group has signed a loan with Alianz Bank Bulgaria for the amount of BGN 1,000 thousand and maturity on September 24, 2012. As of March 31, 2012 BGN 736 thousand has been utilized. The loan is secured with a pledge on receivables and equipment.

(m) Under a loan contract dated December 21, 2007 with the European Bank for Reconstruction and Development (EBRD) at total amount of EUR 7 million in 2010 and 2009 the Group received funds at the amount of EUR 2,335 thousand and EUR 3,000 thousand, respectively for the purpose of financing of completed projects for energy efficiency with guaranteed result (ESCO contracts). In 2012 applicable annual interest rate on the loan is as follows: for the first tranche – 6.45%, for the second tranche – 6.5%. During the first quarter of 2012 interest payments have been made under contract at the amount of BGN 170 thousand (2011 : 642 thousand) . Principal of the loan will be repaid in equal quarterly installments (23 installments for the first tranche and 21 installments for the second tranche). The loan matures on March 4, 2015. During the first quarter of 2012 and the year ended at December 31, 2011 part of the principal has been repaid at the amount of EUR 642 thousand and EUR 1,312 thousand respectively.

Interest rates on bank loans are floating based on EURIBOR and SOFIBOR with a margin.

**12.3 Bank loans covenants**

According to the terms of the loans, the Group should comply with certain operational and financial covenants.

As of March 31, 2012 and December 31, 2011 the Group met all covenants of a bank loan from EBRD with carrying amount of BGN 7,668 thousand ( 2011: 8,350 thousand).

*Ratio of overdue receivables*

According to the terms of the loan contract with EBRD the Group maximum ratio of overdue receivables under ESCO contracts for over than 60 days to the total amount of the receivables, purchased with funds from the loan should not exceed 5%. In case of delay of payment of one or more monthly instalments the total receivable from the respective borrower is disclosed as overdue.

As of March 31, 2012 and December 31, 2011 there are no receivables under ESCO contracts overdue.



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**Loans (continued)**

**12.4 Loans from non-related parties**

Loans from non-related parties as of March 31, 2012 comprise non-secured loans from Energomontaj AEK AD, Enemona Start AD, Enida Engineering AD, Izolko OOD and other counterparties at the amount of BGN 688 thousand, BGN 794 thousand, BGN 910 thousand, BGN 8,075 thousand and BGN 51 thousand, respectively. The loans are with interest rates between 8% and 9% and mature in 2012 as the repayment term may be prolonged with 1 month.

Loans from non-related parties as of December 31, 2011 comprise non-secured loans from Energomontaj AEK AD, Enemona Start AD, Enida Engineering AD, Izolko OOD and other counterparties at the amount of BGN 688 thousand, BGN 879 thousand, BGN 849 thousand, BGN 8,050 thousand and BGN 91 thousand, respectively. The loans are with interest rates between 8% and 9% and mature in 2012 as the repayment term may be prolonged with 1 month.

**13. Finance lease**

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

	Minimal lease payments		Present value of minimal lease payments	
	As of 31.03.2012	As of 31.12.2011	As of 31.03.2012	As of 31.12.2011
Liabilities under finance lease with maturity:				
Up to 1 year	1,060	1,111	977	1,011
Between 2 and 5 years	1,222	1,455	1,176	1,400
<b>TOTAL LIABILITIES</b>	<b>2,282</b>	<b>2,566</b>	<b>2,153</b>	<b>2,411</b>
Less: future finance charges	(129)	(155)	-	-
<b>PRESENT AMOUNT OF LIABILITIES</b>	<b>2,153</b>	<b>2,411</b>	<b>2,153</b>	<b>2,411</b>

**14. Trade and other payables**

	As of 31.03.2012	As of 31.12.2011
Payables to suppliers	20,016	28,871
Payables for dividends on preferred shares	1,246	972
Payables to employees	948	945
Payables to social insurance organizations	390	356
VAT payables	682	1,182
Other payables	2,887	3,297
<b>TOTAL</b>	<b>26,169</b>	<b>35,623</b>

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15. Revenue

	Period ended 31.03.2012	Period ended 31.03.2011
Revenue from construction contracts	10,508	17,211
Revenue from sale of electricity	15,233	19,683
Revenue from sale of compressed natural gas	1,532	1,155
Revenue from services	35	41
<b>TOTAL REVENUE</b>	<b>27,308</b>	<b>38,090</b>

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

	As of 31.03.2012	As of 31.12.2011
Construction costs incurred plus recognized profits (less recognized losses) to date	133,265	231,655
Less: Progress billings	(115,251)	(214,292)
	<u>18,014</u>	<u>17,363</u>
Gross amounts stated in the statement of financial position comprise of:		
Gross amount receivable from customers under construction contracts	23,389	22,567
Gross amount payable to customers under construction contracts	(5,375)	(5,204)
	<u>18,014</u>	<u>17,363</u>

Retentions held by customers under construction contracts amount to BGN5,853 thousand and BGN 5,979 thousand as of March 31,2012 and December 31, 2011 , respectively. Advances received from customers under construction contracts amount to BGN 17,147 and BGN16,400 thousand as of March 31,2012 and December 31, 2011, respectively.

As of March 31,2012 and December 31, 2011 the Group reviewed for objective evidences for impairment of the gross amount due from clients under 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.

During 2011 the Group impaired gross amount due from clients under construction contracts at the amount of BGN 22,693 thousand . This amount consists mainly of impairment loss on a construction contract related to projects for renewable energy resources. Due to the significant changes related to the legal framework of RER (Renewable Energy Resources) during 2011, which the Management considers as short term events, the uncertainty related to the recoverability of the investments in equipment for generation of electricity from renewable energy resources significantly increased. Recoverability of the receivables from clients related to RER depends on the legal environment regulations. Despite the collaterals and payments received from the clients, due to the described risks above, the Group recognized impairment on the project at the amount of BGN 21,806 thousand. For the period ended March 31, 2012 the Company considers that no additional impairment is needed.

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<b>16. Financial income</b>	Period ended 31.03.2012	Period ended 31.03.2011
Interest income	777	645
Foreign exchange gains	1	15
Other finance income	51	2
<b>TOTAL FINANCIAL INCOME</b>	<b>829</b>	<b>662</b>
<b>17. Materials and consumables used</b>	Period ended 31.03.2012	Period ended 31.03.2011
Construction materials	3,215	8,048
Expenses for instruments	87	78
Electric power	86	75
Fuels	114	102
Spare parts	14	23
Stationery	22	26
Other	5	6
<b>TOTAL MATERIALS</b>	<b>3,543</b>	<b>8,358</b>
<b>18. Hired services</b>	Period ended 31.03.2012	Period ended 31.03.2011
Under construction agreements with subcontractors	1,214	1,928
Services with mechanization	137	333
Transportation	283	216
Legal and consulting services	301	616
Insurances	492	137
Advertising	7	23
Telecommunications	39	64
Rents	207	168
Taxes, mortgages, guarantees	227	342
Bank fees and commissions	194	126
Heating	24	40
Work permissions	12	3
Other services	528	723
<b>TOTAL HIRED SERVICES</b>	<b>3,665</b>	<b>4,719</b>
<b>19. Employee benefit expenses</b>	Period ended 31.03.2012	Period ended 31.03.2011
Remunerations	5,480	5,897
Social security and health insurance	770	3822
Expenses for paid leaves and leave compensations	130	-
<b>TOTAL EMPLOYEE BENEFITS EXPENSES</b>	<b>6,380</b>	<b>6,719</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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**20. Other expenses**

	Period ended 31.03.2012	Period ended 31.03.2011
Business trips	400	369
Food vouchers	136	170
Expenses for one-off taxes and fees	102	187
Waste on non-current assets	12	-
Other	48	29
<b>TOTAL OTHER EXPENSES</b>	<b>698</b>	<b>755</b>

**21. Loss from securitization of receivables and discounting liabilities**

	Period ended 31.03.2012	Period ended 31.03.2011
Expenses related to discounting liability on financial assets held for trading	261	-
Discount on securitization of receivables	2,623	-
<b>TOTAL LOSS FROM SECURITIZATION OF RECEIVABLES AND DISCOUNTING LIABILITIES</b>	<b>2,884</b>	<b>-</b>

Expenses related to discounting liability on financial assets held for trading arise from discounting the liability regarding the purchase price of the Financial assets held for trading (see note 23).

For the period ended March 31, 2012 Enemona AD sold receivables to a subsidiary EESF SPV. Discount on securitization of receivables arises from this securitization.

**22. Finance costs**

	Period ended 31.03.2012	Period ended 31.03.2011
Interest expense	812	782
Expenses on financial liability on preferred shares	142	160
Foreign exchange losses	12	21
Finance costs on construction contracts	615	264
Other finance cost	21	68
<b>TOTAL FINANCE COST</b>	<b>1,602</b>	<b>1,295</b>

**23. Fair value recognition and revaluation of financial assets**

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

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

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**23. Fair value recognition and revaluation of financial assets (continued)**

As of December 31, 2011 The Group recognizes a gain from revaluation of the shares at the amount of BGN 2,550 thousand as a result of a change in the market price as determined by the regulated market of the Bulgarian Stock Exchange. The market price used for the revaluation is the price of the last transaction on the regulated market of the Bulgarian Stock Exchange. As of March 31, 2012 and December 31, 2011 the Group recognizes financial asset held for trading in the statement of financial position at the amount of BGN 53,700 thousand.

**24. Discontinued operations**

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

results from discontinued operations for the periods ending March 31,2012 and March 31,2011 are presented below:

	Period ended 31.03.2011	Period ended 31.03.2012
Revenue	-	1,809
Finance income	-	7
Changes in inventories in finished goods and work in progress	-	275
Expenses	-	(2,847)
Loss before tax	-	(756)
Attributable income tax expense	-	-
Loss on disposal of operations	-	(4,610)
Loss from discontinued operations	-	(5,366)

The recognized loss of disposal of operations is as follow:

	Year ended 31.12.2011
Consideration received	18,422
Costs to sell investments	(180)
Net assets sold	(26,866)
Non controlling interests	4,014
Loss on disposal of operations	(4,610)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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## 25. Taxation

Deferred taxes are as follows:

	As of 31.03.2012	As of 31.12.2011
Deferred tax assets		
Impairment of receivables	3,373	3,373
Impairment of investments	245	245
Provisions	137	137
Non-current assets	(1,198)	(1,198)
	<u>2,557</u>	<u>2,557</u>
TOTAL DEFERRED TAX ASSETS	<u>2,626</u>	<u>2,626</u>
TOTAL DEFERRED TAX LIABILITIES	<u>69</u>	<u>69</u>

Deferred tax assets and liabilities as of March 31,2012 and December 31, 2011 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.

Income tax expenses for the periods ended March 31,2012 and December 31, 2011 are as follows:

	Period ended 31.03.2012	Period ended 31.03.2011
Current income tax expense	(4)	(263)
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX EXPENSE	<u>(4)</u>	<u>(263)</u>

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

	Period ended 31.03.2012	Period ended 31.03.2011
Profit before taxation	(4,729)	6,069
Applicable tax rate	10%	10%
Tax by applicable tax rate	(473)	607
Tax effect of the non-deductable and non-taxable positions	477	(344)
TAX EXPENSE	<u>4</u>	<u>263</u>
EFFECTIVE TAX RATE	<u>0%</u>	<u>4%</u>

## 26. Earning per share

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

	As of 31.03.2012	As of 31.03.2011
Continuing and discontinued operations		
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4,682,000)	(1,585,000)
Weighted-average number of ordinary shares	<u>11,933,600</u>	<u>11,933,600</u>
Earnings per share (in BGN) – basic and diluted	<u>(0.39)</u>	<u>(0.13)</u>

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**26. Earning per share (continued)**

	As of 31.03.2012	As of 31.03.2011
Continuing operations		
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4,682,000)	(1,585,000)
Profit (loss) from discontinued operations	-	(5,366,000)
Share of net profit for Parent Company shareholders from continuing operations	(4,682,000)	3,781,000
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.39)	0.32

The diluted earnings per share are equal to the basic earnings per share because the Group has no antidilutive securities.

As disclosed in Note 12, as of March 31,2012 and December 31, 2011 the Parent company has issued warrants and preferred shares, 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 related parties within the Group with transactions performed in the periods ending March 31,2012 and March 31, 2011 are as follows:

RELATED PARTY	TYPE OF RELATIONSHIP
Alfa Enemona OOD	Associated company
Global CapitalOOD	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

The table below discloses income received from related parties:

	Period ended 31.03.2012	Period ended 31.03.2011
Alfa Enemona OOD	-	13
G Oil Expert EOOD	1	1
<b>TOTAL INCOME FROM RELATED PARTIES</b>	<b>1</b>	<b>14</b>

During the periods ending March 31, 2012 and March 31,2011 the Group has no expenses on related parties transactions.

The table below discloses the balances of receivables from related parties as of March 31,2012 and December 31, 2011 :

	As of 31.03.2012	As of 31.12.2011
G Oil Expert EOOD	2	1
<b>TOTAL</b>	<b>2</b>	<b>1</b>

Receivables from related parties consist of trade receivables.

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**27. Related parties transactions (continued)**

The table below discloses the balances of liabilities to related parties as of March 31, 2012 and December 31, 2011:

	Period ended 31.12.2011	Period ended 31.12.2011
Alfa Enemona OOD	<u>7</u>	<u>7</u>
TOTAL	<u>7</u>	<u>7</u>

Liabilities to related parties consist of gross amount due to clients under construction contracts.

**28. Geographical distribution**

The Group operates in three basic geographical areas – Bulgaria, Germany and Slovakia. The Group has revenues as well from Serbia and other countries.

The Group'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		Property, plant and equipment	
	Period ended 31.03.2012	Period ended 31.03.2011	As of 31.03.2012	As of 31.12.2011
Bulgaria	23,636	26,229	51,819	50,014
Serbia	-	7,730	-	-
Slovakia	3,167	2,818	687	1,001
Germany	1,596	-	72	34
Other	1,259	1,313	-	-
	<u>29,658</u>	<u>38,090</u>	<u>52,578</u>	<u>51,049</u>

In 2011 the Group started activity in Germany through place of activity there.

In 2010 the Group opened a branch in Slovakia.

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