



ENEMONA



ANNUAL
REPORT
2008

OUR MISSION

We manage and execute responsible projects. Our projects are of national and international importance and of public benefit. Our projects are in the fields of industry, energy, civil engineering and ecology. We carry on our projects with high quality and in time. We constantly improve our unique experience and improve the quality of our work. We are looking ahead in the future and we are mastering the latest technologies. We respect our employees because they are our most valuable asset. We encourage their development and we advance together. We manage and execute responsible projects.

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OUR PROJECTS

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WE ARE GROWING

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WE ARE A TEAM

We respect our employees because they are our most valuable asset. We encourage their development and we advance together.

Letter from the Chief Executive Officer



Dear Investors and Partners,

As a result of our team spirit and joint efforts another beneficial year remains in the history of Enemona. In the course of the past year we have successfully overcome a great number of challenges. Within 2008 we managed to improve, optimize and enhance the efficiency of all of our businesses.

Despite the fact, that the last quarter of 2008 was marked by the threat of the growing global financial and economic crisis, Enemona recorded a considerable increase in its consolidated revenues, that reached BGN 143.630 million, and the consolidated profit measured BGN 14.044 million.

***dipl. eng. Dichko Prokopiev
Chief Executive Officer
Enemona SA***

In 2008 the management of Enemona focused on planning and accomplishing projects in the business fields we had already proven ourselves in, such as power engineering, construction and assembly, energy efficiency, and renewable energy sources. Last year another company joined the big business family of Enemona, and that was Energomontagcomplect (EMCO - Belene) JSC. This decision derives from the production resources and specialization of EMCO, which supplement and expand the capacity of the whole Enemona Group of Companies both by means of quality and quantity. We also brought to a successful completion another important site we had been working on for months, namely the sulphur-cleaning installation of power units 1 to 4 of the Thermal Power Plant (TPP) Maritsa Iztok 2. The installation is of great production and environmental significance. After being put in operation the sulphur-cleaning installation will attain effectiveness of over 94% in order to comply with the European requirements for Clean Environment. The company remains one of the most preferred subcontractors for the modernization and repair works of certain equipment on the territory of Kozloduy Nuclear Power Plant (NPP). At the end of 2008 we took part in the demolition works and preparations on the site of Belene NPP. During the past year we kept and

strengthened our position of a nationwide leader in the field of energy efficiency. After a publicly held tender, Enemona signed a contract with the Ministry of Economy and Energy for the implementation of energy saving measures in 34 public buildings in Southern Bulgaria. The project is financed by Kozloduy International Decommissioning Support Fund. Another symbolic event in 2008 was the secondary trade of our shares on the Bulgarian Stock Exchange, which started in January. The stake owned by minority shareholders amounts to 21.53% of the company's capital. The public statute of Enemona stimulates us to maintain our traditionally responsible attitude towards our shareholders and partners. For the past almost 19 years our team has proven its potential not only to overcome challenges, but also to come out of them stronger and more successful. The whole world is in a global financial and economic crisis. It undoubtedly affects every industrial sector and that is why we could not avoid being affected. Nevertheless, the executive bodies of Enemona believe that despite the worldwide economic difficulties, by means of adequate and consistent management in 2009 our company will maintain its stable growth. The financial crisis is just another opportunity to prove our strong competences and traditions, to prove that we are knowledgeable and capable.

Board of Directors



dipl. eng. Dichko Prokopiev,

Chief Executive Officer,
Chairman of the Board of Directors

Dipl. eng. Dichko Prokopiev graduated his Master`s degree in Electrical machinery and instruments at the Technical University – Gabrovo. Since 1990, he had been a partner at Enemona. Since 1994, when the firm was transformed into a joint-stock company, he has been the Chairman of the Board of Directors and Chief Executive Officer of Enemona.



dipl. eng. Tsvetan Petrushkov,

Managing Director,
Deputy Chairman of Board of
Directors, Authorized Representative
for Quality Management

Dipl. eng. Tsvetan Petrushkov has a Master`s Degree in Engineering from the Technical University of Sofia. Since 2003, he has been a member of the Board of Directors of Enemona and a Managing Director. He is responsible for the financial and administrative matters of the company.



dipl. eng. Lyudmil Stoyanov,

Managing Director of the
Construction and Assembly
Works Division, Member of the
Board of Directors

Dipl. eng. Lyudmil Stoyanov has a Master`s Degree from the University of Architecture, Civil Engineering and Geodesy in Sofia. Since 2000, he has been a Member of the Board of Directors, and since 2002 he has been the Managing Director of the company`s Construction and Assembly Works Division.



dipl. eng. Bogdan Prokopiev,

Procurator of Enemona, Head
of the Power Engineering and
Energy Efficiency Division

Dipl. eng. Bogdan Prokopiev graduated his Master`s degree at the Technical University of Sofia. In 2005 he was chosen to be Enemona`s Procurator, a position he has occupied ever since.

Ilian Markov,

Chief Executive Officer of Enemona Galabovo, Member of the Board of Directors

Mr. Ilian Markov has a Master`s Degree in Economics. He has been working in Enemona since 1994. He is among the foundation members of Enemona`s branch office in Galabovo and has been its Managing Director since 2002. After it was transformed into a separate joint-stock company in 2008, he is the Chief Executive Officer of Enemona Galabovo.



dipl. eng. Bogomil Spiridonov,

Managing Director of the General Division Russia and Asia, Member of the Board of Directors

Dipl. eng. Bogomil Spiridonov has a Master`s Degree in Engineering from the Technical University of Sofia. He has been a Member of the Board of Directors since 1999. From 2000 until 2005 he was the Head of the company`s Marketing and Development Department. Since 2006, he has been the Managing Director of the General Division Russia and Asia in Enemona.



dipl. eng. Prokopi Prokopiev,

Corporate Policy Director, Member of the Board of Directors

Dipl. eng. Prokopi Prokopiev acquired his engineering Master`s Degree in the Technical University of Sofia. Since 2005, he has been the Corporate Policy Director of the company.



Georgi Goranov,
Member of the Board of Directors



Margarita Dineva,
Member of the Board of Directors



Valentin Stoyanov,
Member of the Board of Directors

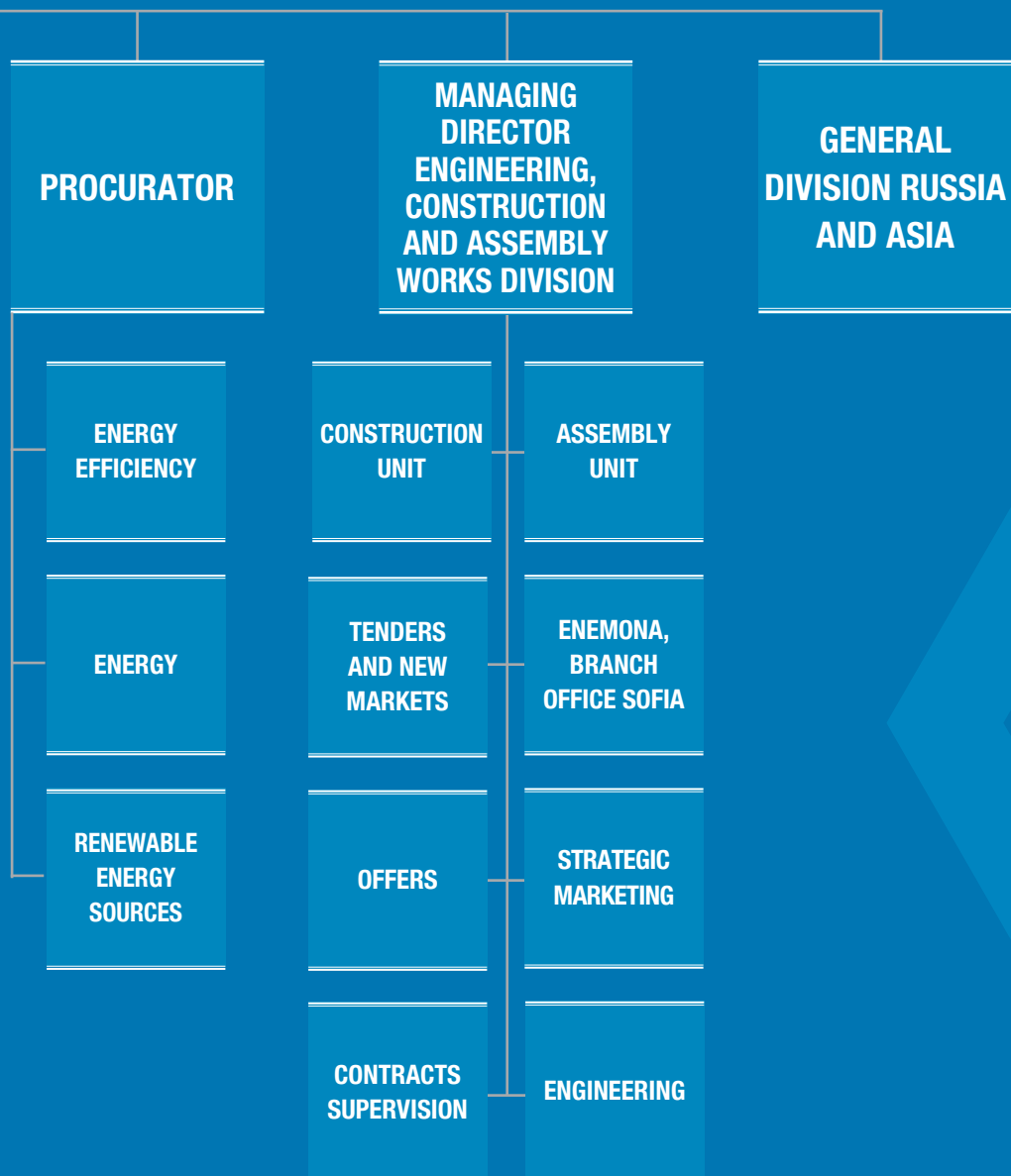


Management Structure



DIRECTORS

OFFICER





Enemona carries out marketing, engineering, design, project management and commissioning of power engineering, industrial and civil sites.

We develop energy efficiency projects in the fields of power engineering, industry and civil engineering.

We design and build power plants, based on Renewable Energy Sources.

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Competitive Advantages of Enemona



Engineering, project management, turnkey projects:

Profound experience including unique projects in nuclear power engineering.

A positive image at national and international level.

Own expertise, as well as an efficient system for organizing and managing subcontractors for large projects.

Own assembly bases at key locations across the country.

Energy efficiency

Engineering, financial and legal know-how in energy efficiency. Solid experience in civil and industrial building construction.

Five years of successful experience as a leading ESCO company in Bulgaria, and a well-developed model of ESCO

financing.

Stable relations with banks, subcontractors, companies from the Bulgarian industrial sector, municipalities and the government.

Power engineering

Excellent engineering competencies and background in the energy sector.

Synergy with the energy efficiency business line, where Enemona is a market leader, and an opportunity to offer comprehensive utility services.

A recognized electricity trading company - Enemona Utilities.

Profound experience in developing projects in conventional power engineering and renewable energy sources.

History



Since its establishment almost 19 years ago, Enemona has been developing most actively its business activities in the field of engineering, construction and assembly works. These are a substantial part of the company's organizational structure. This section carries out its business activities mostly in the fields of nuclear and conventional power engineering and industry. The Engineering, Construction and Assembly Works Division provides services of high added-value such as engineering, project management, and design.

Enemona was founded in 1990 by a group of experts who took part in the construction of Kozloduy Nuclear Power Plant (Kozloduy NPP). Initially, the company started its activities in the field of assembly works, mostly on the territory of Kozloduy NPP. We accomplished our first major contract at the power plant in 1992. Despite the hard working conditions and short deadlines, Enemona succeeded in eliminating a failure in the backup electrical power supply of power units 5 and 6 of the plant. The company's participation and excellent performance in the

modernization process constituted the decisive success that laid the ground for the establishment of a long-lasting cooperative relationship with the Nuclear Power Plant. Therefore, Enemona quickly earned the reputation of a reliable partner and has been standing up for its good name ever since. In the following years, the company was engaged in numerous reconstruction and modernization projects on different sites of NPP Kozloduy.

As a result of the expansion of its activities in the field of conventional power engineering in the energy complex Maritsa Iztok, in 2002 we established a branch office in the town of Galabovo, which later on developed into a separate joint-stock company.

Enemona Galabovo has proven itself as a leader on the territory of the complex for the past seven years. The company is a desired and reliable partner and subcontractor for the reconstruction and modernization of certain equipment in Maritsa Iztok complex. Since its establishment, Enemona Galabovo has successfully accomplished over 480 contracts for the total amount of more than BGN 81 million.

In 2004, we actively started developing a new business line for us - energy efficiency. We have invested a large amount of financial and human resources there for the last couple of years. The main business activities of the Energy Efficiency Division include mastering new energy saving technologies, developing new mechanisms for financing energy efficient projects

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in public and residential buildings, as well as implementing energy saving measures on industrial and infrastructural sites.

Enemona is the first privately-held company in Bulgaria that has successfully carried out an ESCO contract - a contract that guarantees a certain amount of energy savings after the implementation of a package of energy efficiency measures in public buildings. We have strengthened our market positions and have become a market leader among the ESCO companies in the public sector. In 2007, we successfully developed and mastered the ESCO model in the industrial sector and as a result Enemona signed the first ESCO contract for energy efficiency measures in the industry. We plan to become the leading company in this segment by providing utility services as a part of our synergic model, based upon our know-how.

In December 2005, we founded a new company - Enemona Utilities. Its core business involves electricity trading at freely negotiated prices. In March 2006, the State Energy and Water Regulatory Commission issued Enemona Utilities JSC a license for electricity trading for a ten-year period.

In February 2006, Enemona established the first of its kind in the country Energy and Energy Savings Fund SPV (EESF SPV), and with our 60.80% stake we are the majority shareholder of the Fund. The primary activity of the Fund is securitization of receivables, e.g. investing the financial resources raised by issuing



of securities in receivables. The Fund invests primarily in receivables from energy efficiency and energy contracts.

The Initial Public Offering of Enemona common stock, held in 2007, was an important step in our company's development, as 2 million common shares were offered on the Bulgarian Stock Exchange. A significant investors' interest marked the IPO and the raised funds reached up to BGN 33.6 million. The raised financial resources were invested in Enemona's expansion in the business sectors, we are interested in, namely - power engineering, utility services, and energy efficiency. During the past years we have successfully developed a know-how for public-private partnerships in the field of energy efficiency activities and utility services for the public sector. The model successfully combines and uses the synergy between Enemona's experience as an ESCO company and our interest in utility services. Along with the liberalization of the energy market in Bulgaria, that will strengthen our position as a significant part of the energy management and utility business.

Management Systems



Enemona, being a part of a number of international projects, must meet the criteria, requirements and necessities of its clients. In order to keep its competitive power, the company has implemented an efficient Quality Management System (QMS), an Environmental Management System, and an Occupational Health and Safety System, corresponding to ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007, with a Scope - Design, management and execution of projects in energetic (conventional and nuclear), industrial and civil construction.

The company was initially certified to ISO 9001:1994 in 2000. In 2003, Enemona implemented ISO 9001:2000. Currently, the Quality Management System of the company complies with ISO 9001:2008. The System does not exclude any requirements of the ISO 9001:2008 standard. Due to the system, it is possible to promptly detect discrepancies and omissions, and to take corrective and preventive actions. As a result of the successfully implemented Quality Management System, we manage to take opportune measures in order to achieve our goals and to improve the processes of the

system.

After the company passed through a successful certification audit in May 2008, Enemona developed and introduced an Environmental Management System that meets the ISO 14001:2004 requirements. The first supervisory audit of the Environmental Management System was held in March, 2009.

The Environmental Management System is an integral part of the overall business management system of Enemona. It provides a higher level of confidence in the investors and a stable market position on the European and international market.

Enemona introduced an Occupational Health and Safety Management System, certified under OHSAS 18001:1999, as well. The company successfully passed the certification audit in April, 2007. After a successful certification audit, held in April 2009, Enemona implemented OHSAS 18001:2007. The commitment of Enemona's Board of Directors to safety precautions at work, management and control of occupational health and safety risks is incorporated in the approved Occupational Health and Safety Management policy of the company.

Corporate Social Responsibility

Corporate Social Responsibility reflects a philosophy for the attitude of business towards society. At Enemona, we believe that the socially responsible business is much more stable and sustainable and that is why we carry out our business activities with concern for the environment, employees and society. Therefore, Corporate Social Responsibility is considered a part of our overall corporate policy and an element of the business planning process. A major priority of Enemona is to carry out its core business processes in consideration with the possible social and environmental consequences.

Our business activities bring out environmental benefits by decreasing energy consumption through introducing energy saving technologies, reducing harmful emissions, and maximizing the environmentally friendly usage of both conventional and renewable energy sources.

Enemona has a significant role in the reduction of carbon dioxide emissions. For the past year, due to our environmentally friendly business activities, the release of 656 tons of carbon dioxide was prevented, which otherwise would have been emitted into the atmosphere.

As a socially responsible company, we aim at giving our employees the opportunity to continuously improve their knowledge, qualifications and abilities. Therefore, in October 2008, Enemona's Center for Professional Education was granted a license for vocational training in 20 professions by the National Agency for Vocational Education and Training.

In 2008, we donated over BGN 100,000 and most of them were given to the municipalities we work with such as Sofia, Kozloduy, Lom, and Belene.

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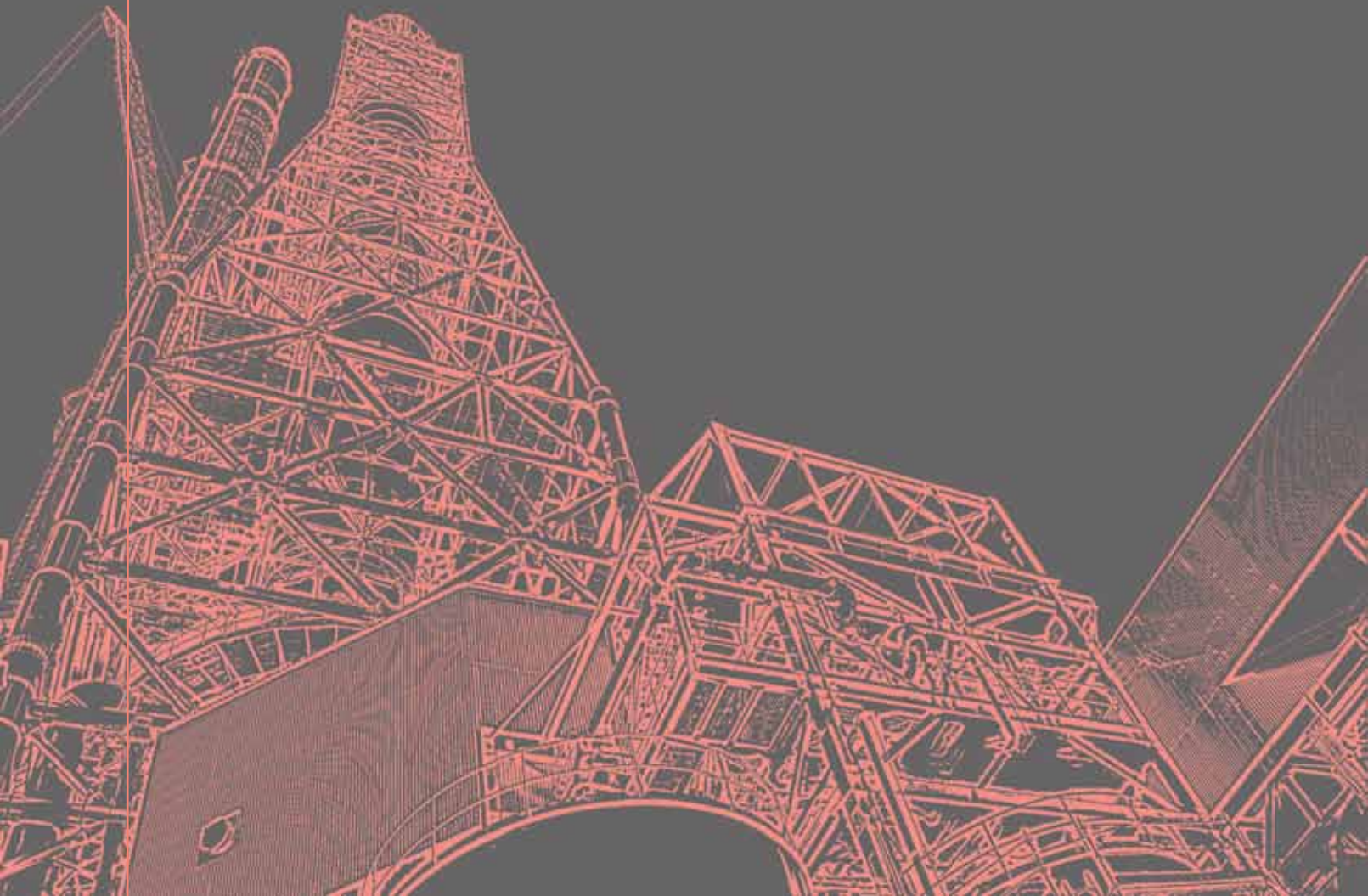
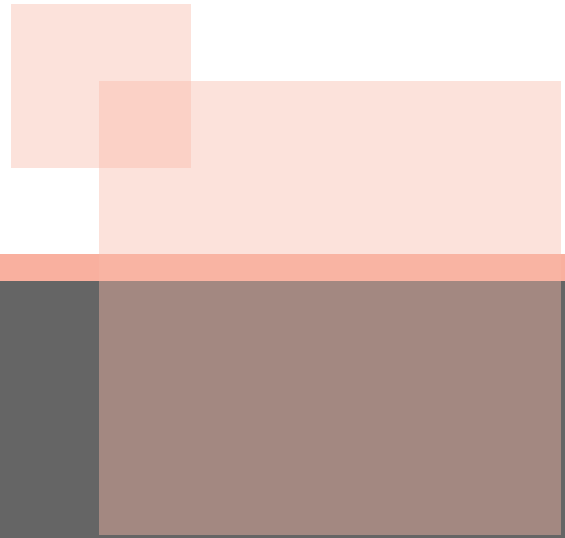
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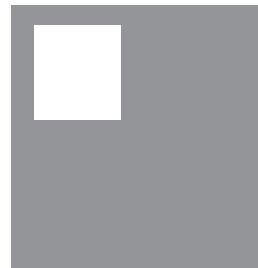


Usually, the donations are in the form of energy efficiency measures or financial aid to public initiatives and events. Last year, we accomplished construction and repair works free of charge at the Home for Children without Parental Care, in the village of Borovan, Vratsa Municipality. As a result, the children now enjoy a warmer and cozier environment. Enemona supports certain art, cultural, sports and educational projects, as well as some economic forums, career development days and social events.

In the town of Lom, we have reconstructed the St. Nicola's Church and the Railway Station, the latter being an architectural and cultural monument of national importance. In the spirit of our corporate social responsibility policy, last year Enemona supported the production of a theatre play in New Dramatic Theatre „Salza i Smiah“.

We strongly believe that companies having socially responsible policy and practice, such as Enemona, collaborate with society, preserve the environment, encourage transparency in all business activities, and provide working conditions that meet all international standards.





Engineering, Construction
and Assembly Works
Division



Engineering, Construction and Assembly Works Division



The Division includes our Construction Works Unit, Assembly Unit, Engineering Department, Enemona – Branch Office Sofia, as well as the companies Enemona Galabovo JSC and EMCO – Belene JSC. All these production units of the Enemona Group of Companies carry out the construction and assembly works on numerous industrial sites all over the country.

We also explore the possibilities to work in the construction field in Russia and the Commonwealth of Independent States (CIS), since there are some significant energy projects to come. We also have the chance to enter the European construction market - regaining our market positions in Germany, and taking part in projects in the United Kingdom, Norway, Denmark and Spain. Since our establishment, we have successfully carried out over 300 contracts and projects on the territory of Kozloduy NPP. They are mainly related to assembly works and functional testing, reconstruction and modernization of radiation safety control systems, ventilation, thermal insulation, improvement

of the seismic stability of structural constructions, etc. Simultaneously, we work on contracts related to all supporting facilities on the site of Kozloduy NPP.

Thanks to our reliable work as a subcontractor of Westinghouse on the reconstruction and modernization of Power Units 5 and 6 of Kozloduy NPP, we actually managed to replace the computer and information management systems with American ones, ahead of schedule.

One of Enemona's projects of great social importance on the territory of Kozloduy NPP is the construction of a Workshop for Processing Radioactive Waste, as well as the depot to it. This specific contract was carried out between 1999 and 2001. Among the other projects of social significance are: implementation of a security management system, construction of a chemical monitoring installation for I Contour of V and VI Power Units, assembly of a filter ventilation system, etc.

During the working process on the projects for reconstruction and modernizing of Kozloduy NPP, Enemona has gained unique

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experience and know-how, and mastered managerial and technical skills that would be of great benefit in subsequent reconstructions and modernizations, in the putting out of operation of Power Units 1 and 2, as well as in the construction of the new Nuclear Power Plant in Belene. The Engineering, Construction and Assembly Works Division also works on large-scale industrial projects all over the country, some of which are Aurubis (Cumerio Med) in the town of Pirdop, Holcim Bulgaria AD, TITAN Zlatna Panega Cement AD, substations of electricity distribution companies, etc.

Enemona is among the main contractors for engineering, construction and assembly works on the gas-cleaning site of the metallurgical plant Aurubis (Cumerio Med), in the town of Pirdop. The factory is a part of the Belgian industrial group - CUMERIO. In 2007, we successfully carried out the construction and assembly works of the cleaning system for uncombined metallurgic gases. After putting the system into operation, a 13-times reduction in the harmful gas emissions

was achieved. By the successful completion of this complex project, we added another achievement of environmental importance to our portfolio.

Since 2005, we have worked on the site of TITAN Zlatna Panega Cement AD, and some of our main projects there are: construction of an iron-sulfate installation, installation and assembly of cement-mill frames, etc. The engineering, construction and assembly works on the site of Holcim Bulgaria AD, carried out by Enemona, include: construction of a packaging and dust cleaning unit, construction and assembly of a heating system tower, etc.

Since 2006, we have worked on the reconstruction and maintenance of substations of electricity distribution companies all over the country. Up to this moment, Enemona has carried out repair works on the substation Prista, in Ruse and the substation Stolnik, near Sofia, where we have made the disassembly of the equipment, replacement of the control panels and cable triggers, assembly of switches, transformers and circuit breakers, etc.

EMCO – Belene JSC



Energomontagcomplex (EMCO - Belene) was established in 1988 with a production and commercial subject of activity. In 1997, the company was registered as a joint stock company under the abbreviation EMCO – Belene JSC, with a subscribed capital of BGN 5,000, which was later on increased up to BGN 50,000, distributed in the same number of registered shares, with a par value of BGN 1 each. At an Extraordinary General Meeting, held on 21.10.2008, it was decided to increase the share capital from BGN 50,000 up to BGN 2,500,000 by means of issuing 2,450,000 new registered shares with a right to vote. During the legally defined period 2,365,696 shares were registered, and therefore the new subscribed capital of the company reached BGN 2,415,696. The business activities of EMCO – Belene include: design, construction, manufacturing, delivery and assembly of reservoirs, boilers, pressure vessels, metal constructions, customized equipment, electrical equipment, etc. The company specializes in the production of customized structures

of carbon, alloyed and stainless steel.

The plant is equipped with machines for welding, cold and hot cutting of steel, ends processing for welding, bending of sheets, tube and profile mills, machinery for turning, drilling, milling, cleaning and corrosion coatings, etc. Methods for indestructible control of metals and welded joints, as well as for local thermal processing are used by the company.

EMCO – Belene JSC is certified in accordance with the international standards ISO 9001:2000 and OHSAS 18001. The company has a certificate, issued by TÜV Rheinland Bulgaria, that it has successfully implemented the Quality Management System with a field of application design, manufacturing, supply and installation of tanks, silos, pressure vessels, steel structures and installation of energy and industrial facilities.

In July 2008, Enemona acquired a majority stake in EMCO – Belene JCS, amounting to 67.42% of the company's subscribed capital. At the end of 2008, the stake of Enemona reached up to 77.36%.

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Thus, EMCO – Belene JSC officially joined Enemona Group of Companies. The decision to acquire a majority stake in the company is related to Enemona's intention to strengthen its position in the region. The financial contribution of EMCO – Belene JSC to the Group in 2008 in terms of income amounted to BGN 10.204 million and profits - to BGN 1.2 million.

Since last year, the company has been a member of the Bulgarian Construction Chamber, and has certificates for categories I, II, III, IV and V. All welders, working at the company, hold valid Euro-certificates. The engineering staff has registered certificates for indestructible control, penetrant and external observations of welding.

EMCO – Belene JSC is one of the largest employers in the region. Over 200 people work at the company. Its production is exported and installed worldwide. Its first major contract was signed in 1995 with Mitsubishi Heavy Industry Kobe - Japan, for the design and manufacturing of tanks up to a volume of

10 000 cubic meters, which were installed in the power plants Allepo TPP 5 x 210 MW, Syria. Since its establishment, the company has been working with contractors such as Bilfinger Berger - Germany, Alstom - Switzerland, OSO Stahlbau GmbH Essen - Germany, Petrofac International - UAE, OMV Bulgaria, TITAN Zlatna Panega and many other foreign and national partners. Throughout the years, EMCO – Belene JSC has carried out projects not only in Bulgaria, but also abroad – in Syria, Iraq, The United Arab Emirates (UAE), Spain, the Netherlands, Cyprus, Greece, Vietnam, Russia, etc. Partners of the company have been many local and international entities, including Enemona, Natsionalna Elektricheska Kompania EAD (NEK EAD) - Bulgaria, TITAN Zlatna Panega Cement, Thyssen Mannesmann Handel – Germany, TOBO - Ltd. - construction and design, Mitsubishi - Japan, the Electricity Authority of Cyprus (EAC), ENERGOMONTAZHTEST SA, AMERON International - Germany, OMV – Bulgaria, ANSALDO CALDAIE spa - Spain, etc.

Enemona Galabovo JSC



In 2002, as a result of the expansion of its activities in the field of conventional power engineering, Enemona established a branch office in the town of Galabovo. In May 2008, Enemona Galabovo was set up as a separate joint-stock company with a subscribed capital of BGN 2,250,000, distributed in the same number of common shares, with a par value of BGN 1 each.

The company carries out the following activities: design, investment, construction and assembly, putting into operation, maintenance and repair, engineering, as well as energy efficiency services including investigation, consultancy, installation, modernization, and maintenance. The successfully accomplished projects are distinguished for their unique and specific characteristics. The company's ability to work under pressure and in cases of emergency is well-proven.

Enemona Galabovo has been recognized as a leader on the territory of the energy complex Maritsa Iztok for the past seven years. The company is a desired and reliable partner and subcontractor

for the on-going rehabilitation, reconstruction, and modernization of certain equipment at the Thermal Power Plant (TPP) Maritsa Iztok 2 and Enel Maritsa Iztok 3. It took a significant part in the construction of the electrical equipment of the two new power units of the TPP Maritsa Iztok 1.

The company has successfully carried out some important strategic projects for Bulgaria. One of them is the construction of the sulphur-cleaning installations for the Power Units from 1 to 4 of the TPP Maritsa Iztok 2. For this project we have built the first ever bearing steel pipe construction in the country with the record height of 120 meters. The employees of Enemona Galabovo worked on the construction of the overall sulphur-cleaning installation with the equipment in the power plant being in operation. After the company had accomplished and successfully put into operation the sulphur-cleaning installations at the power units from 1 to 4 in TPP Maritsa Iztok 2, along with those at the power units 1 and 2 in TPP Maritsa Iztok 1, a considerable reduction in the harmful gas emissions was achieved due to the

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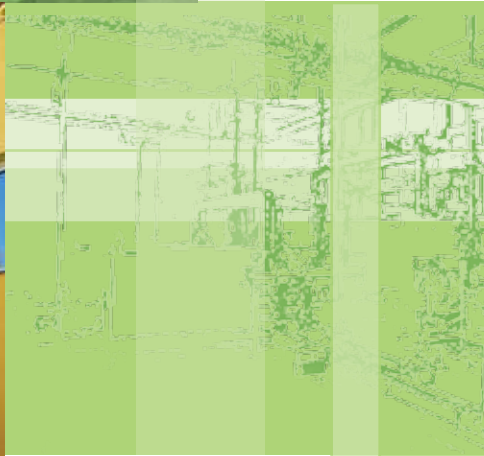
introduced up-to-date technologies for chemical cleaning of the sulphur oxides.

In order to utilize the waste products from the process of electricity production from lignite coals, Enemona Galabovo is building a production unit for plaster construction planes of KNAUF Bulgaria nearby the TPP Enel Maritsa Iztok 3. Within the framework of this contract the company accomplishes design and building of the overall electrical supply network of the unit, assembly of machinery, construction and assembly of silos, and construction and assembly of air supply tubes. Since Enemona Galabovo regularly takes part in projects with international participation, it must provide products and services that meet the requirements and expectations of its clients and business partners. In order to maintain its competitive power Enemona Galabovo has implemented an efficient Quality Management System, Occupational Health and Safety Management System, and Environmental Management System in conformity with the corresponding international standards

ISO 9001:2000, ISO 14001:2004, and OHSAS 18001:1999.

The consecution of the company's successes is a result of the teamwork of its employees. Due to the high expertise of the personnel, the excellent management and the profound experience, Enemona Galabovo signs an increasing number of contracts not only on the territory of the energy complex Maritsa Iztok. As of the end of 2008, Enemona Galabovo gives work to approximately 630 specialists and workers, who make up its managerial, engineering, technical and executive workforce. In the middle of last year, the company hired a team of well-trained experts in vibro-diagnostics. By means of modern measurement devices they can determine the geometry and vibration condition of every rotating mechanism, to analyze the results and define their technical reliability. Vibro-diagnostics is used for early detection of possible failure in rotating systems by controlling the vibration condition. The timely detection of increased vibrations may lead to prevention of early defects of bearings, gears, shafts, and other elements of the rotating mechanisms.





Energy Efficiency



Energy Efficiency



Enemona is a leading company in the fields of energy efficiency, implementation of a comprehensive package of energy efficiency measures in both public and private buildings. We are among the first Bulgarian companies to successfully execute an ESCO contract – a contract with guaranteed results regarding energy efficiency projects in public buildings.

The ESCO model is a perspective form of public-private partnership and the most attractive mean of funding municipal energy efficiency projects.

As a result of the successful implementation of ESCO contracts, once again we proved our company as a reliable partner to municipalities

all over the country. The achieved results stimulate even more municipalities to seek partnership with Enemona, as a way to increase the comfort of the buildings they govern, as well as to decrease utility costs.

We started our activities in the field of energy efficiency in the year 2004, providing and implementing a comprehensive package of energy efficiency measures in public and private buildings, as well as energy efficiency activities in the industrial and infrastructural sectors.

For the past five years, we have signed and successfully accomplished ESCO contracts that exceed BGN 30 million. The total amount of energy saving contracts, we have fulfilled,

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equals to over BGN 55.5 million. In 2008, we strengthened our position as a market leader in the field of energy efficiency projects in municipal buildings – administration buildings, kindergartens, schools, hospitals, orphanages, etc.

In 2008 alone, we signed 24 contracts for implementing energy efficiency measures for a total amount of BGN 24 million. Seven of the contracts signed last year were carried out using the ESCO model, their total value is BGN 7.5 million.

In the year of 2008, we successfully carried out two major energy efficiency projects. After a tender held by the Bulgarian Ministry of Regional Development and Public Works, Enemona was chosen to implement energy efficiency measures in 34 sites in Southern Bulgaria - schools and hospitals. The project was funded by Kozloduy International Decommissioning Support Fund. The other major project was worth BGN 3.2 million and included the implementation of energy efficiency measures in four specialized rehabilitation hospitals in the towns of Sandanski, Velingrad, Varshets, and Hisaria.

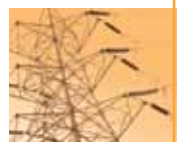
Energy savings in the production process are crucial to most Bulgarian factories. In this field Enemona provides energy efficiency services that contribute to the competitive advantages of the Bulgarian factories. The ESCO contracts are the solution to a fundamental problem for the managers of industrial sites - how to finance the activities needed to reduce the energy consumed in the production process.

Energy efficiency projects are marked by a distinctive social and environmental significance - decrease in energy consumption and reduction of carbon dioxide emissions. The old buildings' facades are renovated, which results in urban environment improvement. The residential comfort is guaranteed. The competitive power of the industrial sites is improved, which makes them succeed better on the European and international markets. By our energy efficiency projects we aim at building up the proper society attitude toward energy saving, and to make people understand that energy saving is beneficial not only to personal finance, but also to society as a whole.





Energy



Energy



Based upon its knowledge and diverse experience in the field since its establishment, Enemona has been developing most actively the Energy business line. We are doing our best to keep the business up-to-date with the worldwide trends. That is why, in the electricity production business line the management of the company will focus on two major projects. These are the Energy Project Lom Lignite and the construction of a Power Plant, fueled by biomass nearby the town of Nikopol. We were granted First Class Investment Certificates for both projects by the Bulgarian Investment Agency.

Solar Energy and Botunya Energy are two renewable energy companies of ours, with main activities aiming at strengthening our position as a significant participant on the “green” energy market. They are both established to produce energy from renewable energy sources such as water and solar power.

Meanwhile, we continue to develop our company Enemona Utilities JSC, which is a licensed trader in electricity. Since its establishment in

2005, the company has recorded a continuous growth in the amount of electricity traded. In 2008, Enemona Utilities made a significant progress towards becoming a trader in natural gas as well. With regard to this, it has successfully carried out the virtual gas project for compressed natural gas transferring in South Central Bulgaria.

In 2009, we plan to fully utilize the built equipment for the supply of compressed natural gas. The first steps in this direction have already been taken – Enemona took part in the establishment of two companies for gas distribution. Those are Svilengrad Gas and Nevrokop Gas. They both have been granted licenses for gas supply and distribution on the territory of the corresponding municipalities by the State Energy and Water Regulatory Commission.

Having a successful experience in agricultural business, we have the opportunity to develop a strong synergy between the energy business line and our agricultural company Agro Invest Engineering. In the future its main activity will focus on the production of energy crops.

Energy Project Lom Lignite

Enemona has a permit issued by the Bulgarian Council of Ministers for coal prospecting and exploration in the area of Momin Brod, where the Lom Lignite field is located. More than 14% of the Bulgarian lignite deposits are concentrated there.

The basic idea of our project is the construction of an opencast lignite mine. It will cover a total area of 21.3 square kilometers. The estimated lignite reserves of this field are around 243 million tons. We expect that the deposits would be extracted in a 60-year period, with an average opencast production capacity of 4 million tons of coal a year. The extracted coal could enable a Thermal Power Plant with a capacity of 400 – 600 MW to operate for a period of 60 years.

In accordance with our investment strategy EPLL should consist of three stages – a preliminary stage, a preparatory stage and a concession period.

During the preliminary stage we funded research and development activities, including strategic market and techno-economic analyses of Lom's lignite field.

The preparatory stage includes the implementation of a program for prospecting and exploration of the Momin brod area, which is conditionally divided into three sectors. During the concession period Enemona plans to apply for a concession for lignite production in accordance with all requirements for preservation of the environment (with a recultivation program), and preservation of any historical and cultural monuments in the area. By 2010 we look forward to have fulfilled all requirements that entitle us to apply for a concession. The planned overall investment in EPLL is over BGN 1 billion. The funds will be used for the development of an opencast mine and the construction of

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a thermal power plant.

Our partner in the carrying out of the technological studies of EPLL is the leading American Energy & Environmental Research Center (EERC) at the University of North Dakota, USA, specialized in the field of environmentally friendly and highly efficient lignite utilization projects. Some Bulgarian companies with a long-standing experience in the field of prospecting and exploration of coal fields, as well as scientists from the Bulgarian Academy of Sciences, are among the partners of Enemona for EPLL.

Environmental effect

The project is in accordance with the requirements for preservation of the environment and decreasing the health safety risks for the population. Near the boundaries of the Momin brod area are located three protected zones, which will not be affected in any way by the planned activities of the mine. All requirements to protect the environment and the health of the population will be fulfilled.

Enemona Utilities JSC



Enemona Utilities JSC is a wholly-owned subsidiary of Enemona. The company was established at the end of 2005. In order to develop and prove itself as a reliable partner, the company has developed a network of regional offices in Blagoevgrad, Gotse Delchev, Varna and Haskovo. The company has two main activities - natural gas trading and electricity trading.

The liberalization of the energy sector gave private investors the opportunity to participate in electricity production, distribution and trading. Enemona Utilities JSC is a licensed trader in electricity. The license was granted by the State Water and Energy Regulatory Commission in March, 2006.

The activities of the company in the field of electricity trading consist of purchasing large amounts of electricity from as many producers as possible, other traders and foreign partners, and selling them afterwards to as many customers, other traders and foreign partners as possible.

These activities are negotiated for periods from one day to one year and the precise amount of bought/sold electricity is specified for each hour of the supply period.

In 2008, Enemona Utilities strengthened its position as a reliable and stable participant on the electricity market in Bulgaria and in the region of the Balkan Peninsula. During that period, we increased the number of contracts for energy supply with local producers, foreign companies and partner companies in the country. That led to an increase in the volume of electricity sold to end-customers in Bulgaria.

Last year, our company successfully strengthened its position on the international energy market. Import and export deals with the neighboring countries have become a common activity for the company and there is a high possibility to sign long-term contracts with partners from Europe.

In 2008, Enemona Utilities made significant progress towards

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becoming a trader in natural gas as well. With regard to this, it has successfully carried out the virtual gas project for compressed natural gas transferring in South Central Bulgaria. That is, buying gas directly from the public supplier, compressing it in special containers and transporting it to points where construction of a gas distribution network is not planned. In this point the gas is decompressed and delivered to the customers. For the project execution around BGN 6 million were invested in equipment, transportation vehicles and construction and assembly works. The virtual gas pipeline constructed and operated by the company connects a compression station in the municipality of Simitly and a distribution station in the town of Gotse Delchev. On the site of the gas-regulating and distribution station, we have installed a 50kW electric compressor and a gas pump. A gas regulating point with six regulators 200/5 bar has also been installed.

By the end of 2008, Enemona Utilities supplied its first customers with natural gas. Pirin Tex Ltd. textile factory and Pirinplast Ltd. corrugated polypropylene cardboard producer are supplied with gas from the regulating and distribution station via a 5-bar gas point. Simultaneously, we are trying to increase the volume of sales in the towns of Gotse Delchev and Svilengrad. All activities, carried out by Enemona Utilities, are environmentally friendly.

2008 Electricity Trading Results

import Romania – Bulgaria:	5 842 MWh
export Bulgaria – Romania:	2 000 MWh
import Serbia – Bulgaria:	744 MWh
export Bulgaria – Serbia:	60 000 MWh
export Bulgaria – Greece:	12 000 MWh

Renewable Energy Sources



As a leading company in the field of energy, we are obliged to keep our business up-to-date with the international trends and in particular - the EU Directives to rapidly utilize renewable energy sources. Therefore, we aim at being a significant participant on the “green” energy market in Bulgaria.

Our main priority is to support the mass penetration of renewable energy sources in Bulgaria by the realization of our projects. By this means, we contribute to the fulfillment of our country’s commitment to decrease the greenhouse

emission effects, which is stated by the ratification of the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

Our experts have chosen the most appropriate potential energy source for every explored region. Meanwhile, we have developed and tested some highly efficient and profitable technologies. Our goal is to have the reputation of a market leader in the development, management and accomplishment of projects in the field of renewable energy sources in Bulgaria.

CHPP Nikopol JSC

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The “Utilization of agricultural biomass and construction of a combined heat and power plant CHPP Nikopol” project is of considerable importance for the development of Enemona in the field of alternative energy sources.

The power plant will be fueled by a mixture of 80% straw and 20% other agricultural waste. The time for construction and putting into operation of similar power plants is three years. A total amount of 47 MW energy production is planned at a total electricity output of 15 MW. The estimated steam output is 56 000 tons a year under pressure of 7 bars. Heating will also be provided for the suitable public and private buildings in Nikopol.

The estimated overall investment is BGN 100 million. Enemona will provide the funding by own financial resources and in cooperation with international financial institutions.

The chosen method for the realization of CHPP Nikopol project is the most appropriate

in comparison to other types of fuel, regarding the effects on the environment and the ecological regulations. The nitrogen oxide emissions are significantly lower in comparison to other types of fuel. The power plant will have neutral effect regarding carbon dioxide emission and will help prevent fire breaks.

In 2008, we started the mandatory coordination procedures with national and local institutions. The first step was to register the project as a joint-stock company in April 2008. At the end of 2008, a property ownership transfer contract was signed by Enemona, the Ministry of Economy and Energy and Pleven Municipality, regarding the property where the CHPP is to be situated.

Along with our Danish partners from COWI, we have prepared the documents to carry out an international tender for choosing the main contractor for the project in accordance with the requirements of the “Yellow book” - FIDIC.

Botunya Energy JSC



Botunya Energy was established on 27.12.2006 with a share capital of BGN 50 000. By the end of 2008, the subscribed capital reached BGN 492 395. Enemona holds 98.68% of the company's capital.

Initially, the company was established to manage the project HPP "Luna" – a small hydro power plant with a planned power capacity of 420 kW. It is planned to be constructed on Botunya River, Krivodol Municipality, Vratsa Region. HPP Luna project is fully environmentally friendly. In addition, it has a significant social importance for the region, as local workers will be hired for the construction and exploitation of the power plant.

By the end of 2008, the project had an approved detailed structural plan, a completed technical project with blueprints and a negotiated equipment delivery.

Solar Energy Ltd.



Solar Energy Ltd. is a part of Enemona Group of Companies. Its main subject of activity is designing, constructing, monitoring and servicing of solar systems and power plants. Enemona holds a 80% stake in Solar Energy Ltd. The remaining 20% of the company's subscribed capital is owned by the Bulgarian Academy of Sciences. The management of Solar Energy Ltd. intends to construct a solar power plant with a total production capacity of 2 MW, located in the District of Tsarevo, South-Eastern Bulgaria. The overall estimated investment amounts up to EUR 7 million. The

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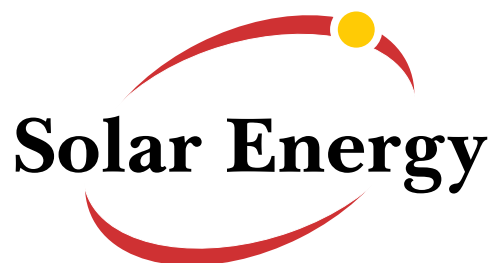
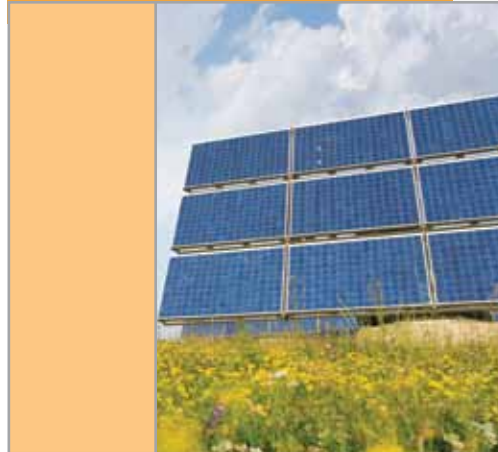
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construction of the solar power plant will be accomplished in two separate stages in 3-years' time. The feasibility study has already been completed. Currently, two other projects with a capacity of 2-2.5 MWp each are being reviewed.

Agro Invest Engineering JSC



Agro Invest Engineering JSC is a joint stock company established as an agricultural producer with main subject of activity production of energy, grain and oil-bearing crops. The company's main scope of activities also includes engineering and investment activities in agriculture, information and consulting services in the fields of agriculture, purchasing, renting, leasing and cultivating of agricultural land, etc. Agro Invest Engineering was established on June, 3rd 2005 with a subscribed capital of BGN 100,000, and by the end of 2008 it reached BGN 10,500,000. Its majority shareholder is Enemona which owns 99.98% of the company's shares. The 2008 total net sales revenue amounts to BGN 2.684 million, which is an increase of 115% as compared to 2007. The absolute value of income growth is BGN 1.436 million. By the end of 2008, the company employed a total

of 42 people, of which 20 on administrative and managerial positions. Agro Invest Engineering also takes the advantage of using the experience of foreign experts. In order to improve the cultivation method of rapeseed, some German consultants were involved. The main investment activity of the company is focused on purchasing agricultural machinery and equipment. That is related to the intention of Agro Invest Engineering's management to expand the cultivated land up to 4,500 hectares by the end of 2012. During the 2007-2008 agricultural season, the company cultivated 2,571 hectares of land. The main crops were barley, wheat, corn, sunflower, and rapeseed. Among the company's investment activities are also the production and growing of energy crops, building an eco-pellets production facility, constructing a storehouse, a warehouse for fertilizers

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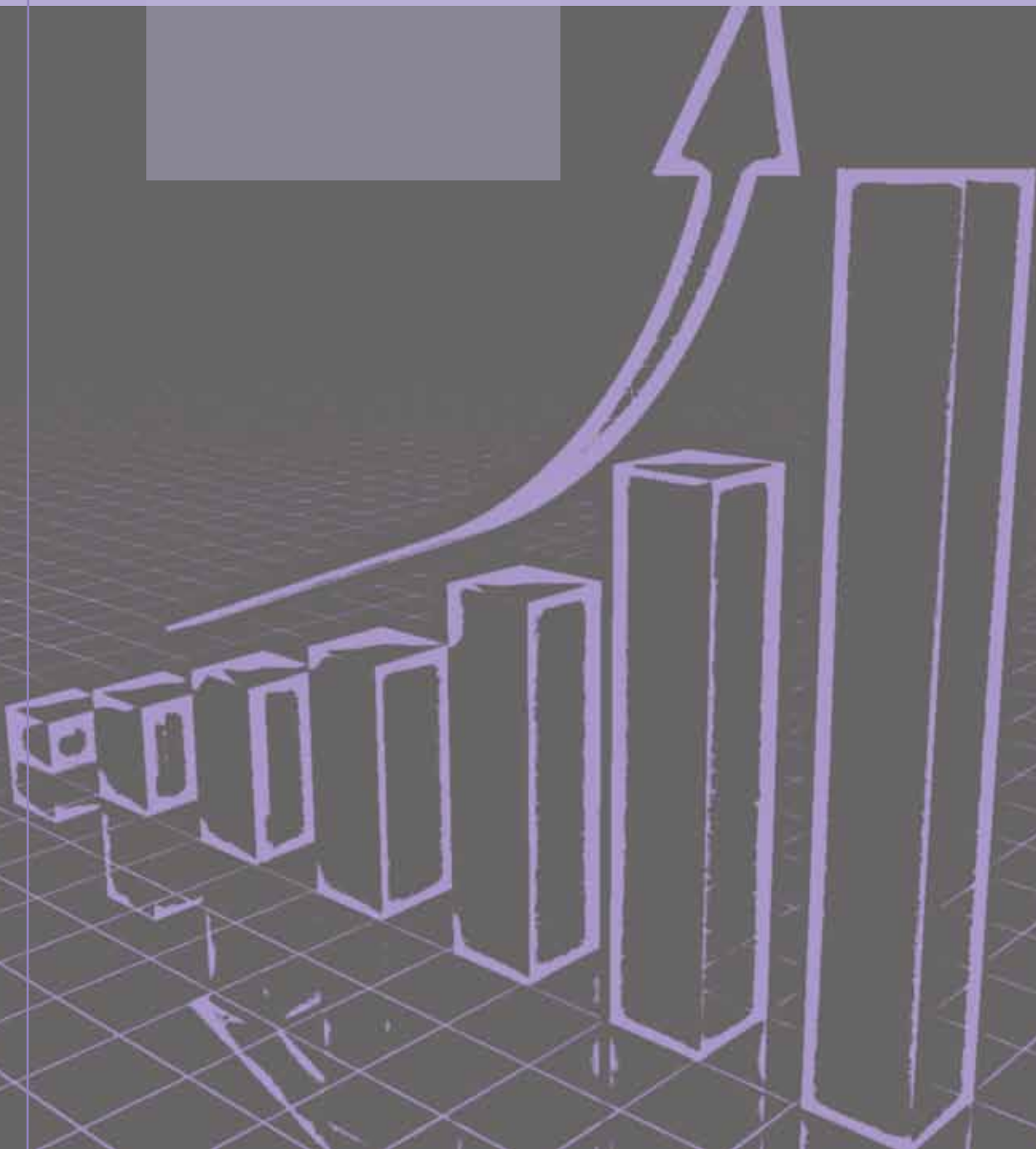
Financials

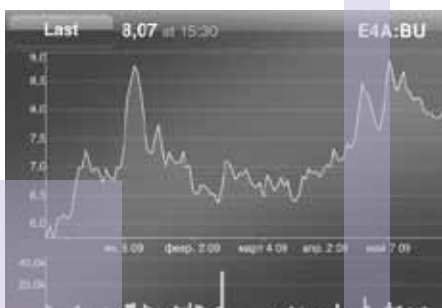
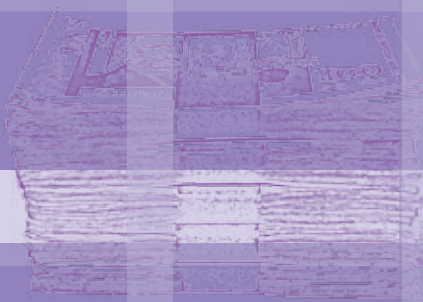
AGROINVEST
ENGINEERING



and detergents, and a unit for production and storage of certified seeds, etc. The company aims at increasing its regional market share and finding new niches. On the basis of contracts for the purchase of sunflower and rapeseed signed with processors of energy crops, approved by the Ministry of Agriculture, Agro Invest Engineering expects to receive additional subsidies for the cultivation of energy crops. Among the long-term goals of the company are achieving higher quality of its products, increasing its market share, investing in up-to-date machines and equipment to increase efficiency and profitability. One of the main competitive advantages of the company is the optimal realization of the output provided by long-term contracts with customers. In its production activities Agro Invest Engineering observes the principal environmental requirements and applies advanced farming techniques, based on the „Good agricultural

practices“ imposed by the European Union. The environmentally friendly activities of the company are in strict compliance with the agricultural requirements for various crops growing after planting appropriate predecessors and carrying out of various practices of crop rotation. The fertilization of the soil is in conformity with the soil analysis and use of herbicides, fungicides and insecticides, applied only when necessary. Agro Invest Engineering’s business activities do not lead to water pollution or damage to the other natural resources. The company does not burn stubble fields, and the crop waste (such as straw) is baled and stored in the company’s warehouses. Agro Invest Engineering holds a 53.3% stake in Lomsko pivo brewery. In 2008, Lomsko pivo’s net sales revenue grew by approximately 8% on annual basis. The absolute revenue increase amounts to BGN 7.235 million in 2008, and to BGN 6.723 million in 2007.





Financial and Investment Activities



Financial and Investment Activities



Enemona is the founder and majority shareholder in two special investment purpose vehicles – Energetics and Energy Savings Fund SPV, and Real Estate Investments Fund - FINI REIT. Those two entities have been established in order to utilize different investment instruments, i.e. the opportunity of investing by means of securitization

in the two legally defined directions by the Bulgarian Law on the Special Purpose Vehicles (LSPV). The process of securitization includes investing the financial resources, raised by security issues, in real estate or receivables. The operations of the two companies are subject to the Bulgarian Law on the Special Purpose Vehicles (LSPV).

Real Estate Investment Fund - FINI REIT

The Real Estate Investment Fund - FINI REIT is a joint-stock company with a special investment purpose, established on 01.02.2007. The company's activity is raising funds through issues of securities and investing the raised funds in real estate (real estate securitization) and property rights on real estate, construction works, upgrading and furnishing the constructed buildings in order to let them for use, rent, given under a hire purchase agreement, leased and/or sold later. The main investment goal of

the company is to guarantee its shareholders that the value of their investments will remain stable or increase through posting stable revenue and achieving a balanced risk distribution, and to give its shareholders a chance to invest in a diversified portfolio of real estates by acting on the principles of shareholder risk diversification. FINI REIT can securitize real estates and agricultural land in Bulgaria and services and maintains the acquired assets via a Managing Company.



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2008 Annual Income Statement for ('000 BGN)

Operating income	236
Net sales revenue	54
Income from financing	
Financial income	182
Operating expenses	176
Expenses by category	167
Financial expenses	9
Net profits	60

Liquidity Ratios for the year ended December 31, 2008

Total ratio	2.11
Current ratio	2.11
Quick ratio	1.89
Cash ratio	1.89

Debt-to-equity ratio for the year ended December 31, 2008

Debt-to-equity ratio	10.13 %
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2008 Annual Balance Sheet ('000 BGN)

ASSEST	2008	LIABILITIES	2008
Non-current assets	742	Equity	691
Current assets	19	Non-currents liabilities	61
		Current liabilities	9
Total assets	761	Total liabilities	761

Portfolio of the Company

ESTATE	LOCATION
Land with cadastral number № 7069	Lom
Land with cadastral number № 7041	Lom
Land with cadastral number № 7084	Lom
A floor of an administrative building, located in the town of Belene, at 23 Bulgaria Blvd.	Belene
Land, located in the village of Cherkovitsa, Nikopol Municipality	Cherkovitsa village

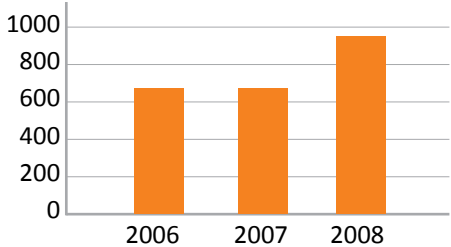
Energetics and Energy Savings Fund SPV



In 2008, the Energetics and Energy Savings Fund (EESF) SPV continued to strengthen its position as a market leader in securitization of receivables in the energy efficiency field in Bulgaria. As a part of Enemona’s business strategy to develop in this field, the Fund has been granted a 7-million-euro loan by the European Bank for Reconstruction and Development (EBRD).

EESF SPV primary securitizes receivables from energy efficiency contracts with municipalities and other contracting parties with low credit risk. Aiming to minimize the possibilities of not fulfilling the contracting obligations by the debtors, in April 2008 the company signed a guarantee agreement with the Bulgarian Energy Efficiency Fund. Under the agreement, the Fund guarantees 5% of the contracting payments to the total amount of BGN 16 million for a period of 7 years.

Equity ('000 BGN)





Investment portfolio 2008

In 2008, EESF SPV securitized the receivables of 20 contracts with a total nominal value of over BGN 12.2 million, and a purchasing price of more than BGN 9.7 million. As of 31.12.2008, the company bought 32 receivables for a total purchasing price of BGN 13 million. The price was determined by the assessments, made by an independent licensed expert. Twelve percent of the receivables are from energy efficiency contracts in the industrial sector, and 88% are from ESCO contracts with municipalities.

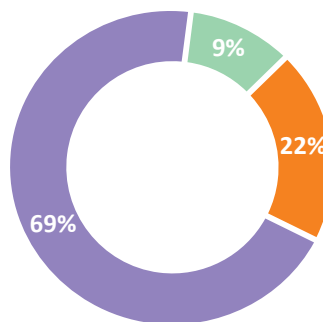
Maturity

In terms of duration the contracts are divided as follows:

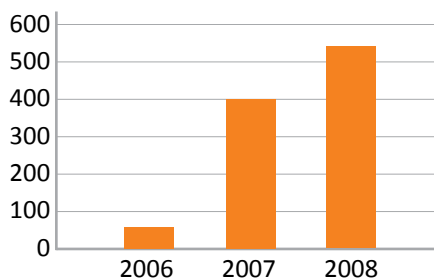
Up to 3 years – 9%

Up to 5 years - 22%

Up to 7 years - 69%



Financial Income from Securitized Receivables ('000 BGN)



In accordance with its business plan, EESF SPV continues to increase its revenue from payments from purchased receivables. In 2008, they increased by 29.9% as compared to the previous year.



Frequency	Probability	Cumulative Probability	Frequency	Probability	Cumulative Probability	Frequency	Probability	Cumulative Probability
1.40	0.9193	1.90	0.9718	2.40	0.9914	2.50		
1.41	0.9207	1.91	0.9719	2.41	0.9925	3.32		
1.42	0.9222	1.92	0.9726	2.42	0.9927	3.3		
1.43	0.9236	1.93	0.9732	2.43	0.9928	3.		
1.44	0.9251	1.94	0.9738	2.44	0.9927	3		
1.45	0.9265	1.95	0.9744	2.45	0.9929			
1.46	0.9279	1.96	0.9750	2.46	0.9931			
1.47	0.9292	1.97	0.9756	2.47	0.9932			
1.48	0.9305	1.98	0.9761	2.48	0.9934			
1.49	0.9319	1.99	0.9767	2.49	0.9935			

$$f(-u) = 1 - f(u)$$



FINANCIALS



Subsidiaries and Affiliates of Enemona SA

Subsidiaries, in which Enemona holds over 50%-stake, as of 31.12.2008:

Subsidiary	Percentage
Enemona Utilities JSC	100,00%
Agro Invest Engineering JSC	99,98%
Energetics and Energy Savings Fund SPV	60,80%
Real Estate Investment Fund –FINI REIT	69,23%
Pirin Power JSC	84,00%
ESCO Engineering JSC	99,00%
Botunya Energy JSC	98,68%
Hemusgas JSC	50,00%
Solar Energy Ltd.	80,00%
Neo Agro Tech JSC	90,00%
CHPP Nikopol JSC	100,00%
Nevrokop Gas JSC	90,00%
Energomontagcomplect JSC	77,36%
Enemona Galabovo JSC	91,11%
Lomsko pivo JSC*	53,19%
Regionalgas JSC**	50,00%

* Indirect by Agro Invest Engineering JSC

** Indirect by Enemona Utilities JSC

Affiliates, in which Enemona holds less than 50%-stake, as of 31.12.2008:

Affiliate	Percentage
Alpha Enemona Ltd.	40,00%
Tara Trade - Consult JSC, in liquidation	4,90%
Sofgeo Lint Ltd.	26,00%
Enemona Start JSC	4,90%
Enida Engineering JSC	4,90%
Svilengrad gas JSC	30%

Financials

The continuous implementation of major power engineering and industrial projects, along with our active involvement in the field of energy efficiency and electricity trade are among the main reasons for the stable financial results achieved in 2008.

The management of Enemona Group of Companies has already identified various opportunities for mitigating the consequences of the global financial crisis. Measures for reduction of expenses and active risk management related to our partners and projects were taken during the second half of 2008, as a part of our action plan to minimize the effects of the financial and economic crisis. Despite the global crisis, up to the moment our partners and projects have not been severely affected.

That is due to the fact, that most of our projects involve governmental, governmentally-supported and municipal contracting parties, along with projects with leading power engineering companies with stable financial results and good credit ratings. These groups of contractors form more than 80% of Enemona's revenue in 2008. Our management monitors the macro-economic risks with great care, with particular focus on risks in terms of budget revenue and governmental investment policy. We continue to be particularly vigilant about the risks related to electricity and gas trading, in which Enemona Utilities JSC has significant market positions. The active work aiming to improve our competitive positions in each of the company's fields of business activities, as well as our so far successful efforts to secure the increase in sales give us hope that Enemona will successfully pass through the difficult months, which the Bulgarian economy is facing.



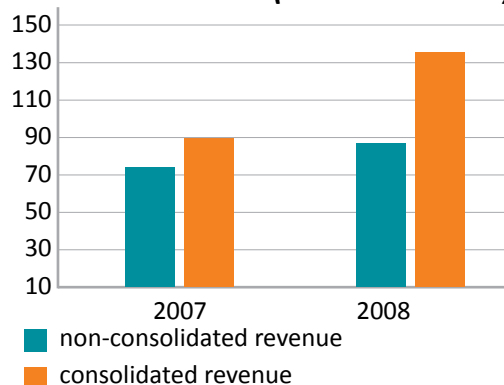
INCOME

In 2008, Enemona managed to achieve an increase in its revenues. The consolidated net sales revenue reached BGN 136.247 million as compared to BGN 89.382 million in 2007, which was a growth of 52% on an annual basis. The non-consolidated net sales revenue of Enemona reached BGN 83.325 million as compared to BGN 73.767 million in 2007.

2008 Non-consolidated net sales revenue – BGN 83.325 million

2008 Consolidated net sales revenue – BGN 136.247 million

Net Sales Revenue (BGN in millions)



The revenue increase in 2008 was primarily due to increased sales revenue from production – by 19% on non-consolidated basis and by 51% on consolidated basis, which resulted mainly from revenues from electricity trading.

Financial Results



In 2008, the net income of the company grew significantly. The consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) reached BGN 20.435 million as compared to BGN 15.449 million in 2007, which is an increase of approximately 32%.

- **2008 Non-consolidated EBITDA - BGN 13.674 million**
- **2008 Consolidated EBITDA - BGN 20.435 million**

The main reasons for the substantial EBITDA growth were the improvement of the operational corporate practices and higher sales.

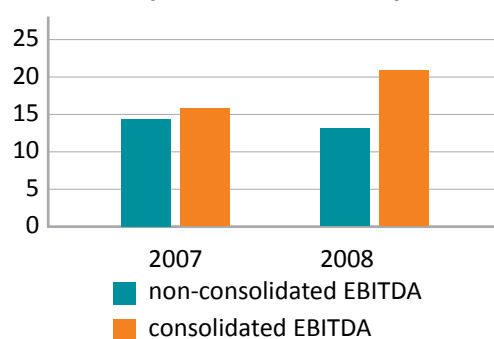
The consolidated net profit reached BGN 14.044 million in 2008 as compared to BGN 13.986 million in 2007.

- **2008 Non-consolidated net profit - BGN 9.612 million**
- **2008 Consolidated net profit - BGN 14.044 million**

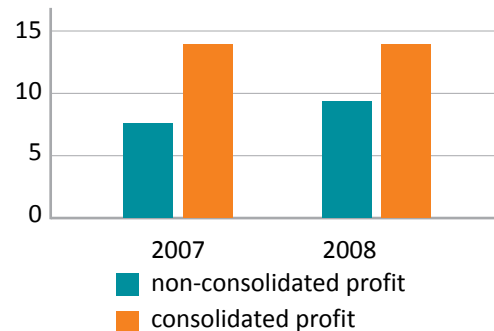
In 2008, the return on equity (ROE) ratio of Enemona is as follows:

- **2008 Non-consolidated ROE - 14.00%**
- **2008 Consolidated ROE - 16.48%**

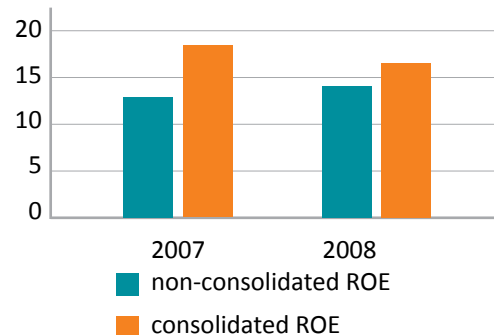
Earnings before Interest, Taxes, Depreciation, and Amortization EBITDA (BGN in millions)



Net Profit (BGN in millions)



Return on Equity (ROE) (%)



LIQUIDITY

The company will continue to maintain a sufficient amount of cash in order to remain financially flexible and to be considered a reliable payer. Enemona is hardly exposed to any liquidity risk since the company maintains good relations not only with its suppliers, but also with banks and other financial institutions. That is why, despite the financial crisis, we do not face any difficulties in providing financial resources for our business activities.

The management of the company especially focuses on liquidity management and receivables collecting.

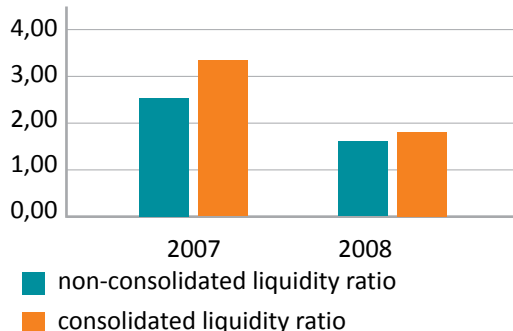
Enemona Group of Companies maintains a good level of liquidity and makes all of its payments

on time. The Board of Directors supports the interests of the creditors and bond-holders of the company.

- **2008 Non-consolidated liquidity ratio - 1.66**
- **2008 Consolidated liquidity ratio - 1.80**



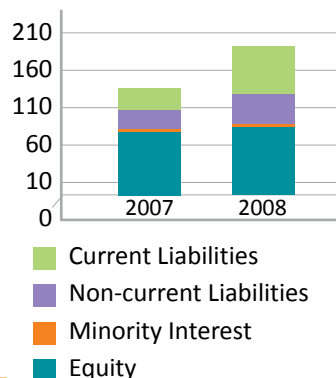
Liquidity Ratio



CAPITAL STRUCTURE AND FINANCING

In 2008, all capital components on the consolidated balance sheet marked an increase. Current liabilities grew most significantly, because of an increased business volume and greater working capital requirements. Equity grew organically by BGN 8.9 mln., with no major capital increase events such as the 2007 IPO of Enemona.

Capital Structure - 2008 (in mln. BGN)



Consolidated Capital Structure 2008

Equity	85,223
Minority Interest	3,445
Consolidated Non-current Liabilities	41,369
Consolidated Current Liabilities	61,048

**Non-Consolidated Financial Statement of
Enemona SA for the
year ended December 31, 2008**

Balance Sheet

Income Statement

Cash Flows Statement

Statement of Changes in Equity

**Notes to the Non-Consolidated Financial
Statement of Enemona SA for the year
ended December 31, 2008**

Balance Sheet

ASSETS	2008	2007	EQUITY, MINORITY INTERESTS AND LIABILITIES	2008	2007
A. NON-CURRENT ASSETS			A. EQUITY		
I. Non-current tangible assets			I. Share capital		
1. Land	3064	1350	Paid-in share capital	11934	11934
2. Buildings	9622	7744	<i>incl. ordinary shares</i>		
3. Machines and equipment	2272	3081	<i>incl. preferred shares</i>		
4. Installations			Ordinary shares bought back		
5. Transportation vehicles	8632	2944	Preferred shares bought back		
6. Tools	457	394	Share capital not paid-in		
7. Assets under construction	2259	1208	Total (I):	11934	11934
8. Other assets	1885	1331	II. Reserves		
Total (I):	28191	18052	1. Share premium reserves	31600	31600
II. Investment properties			2. Reserve from revaluation of assets and liabilities	5626	5650
III. Biological assets			3. Special purpose reserves	9889	2306
IV. Non-current intangible assets			general reserves	8665	814
1. Rights of ownership	794	848	special reserves		
2. Software products	156	170	other reserves	1224	1492
3. R&D			Total (II):	47115	39556
4. Other			III. Financial Results		
Total (IV):	950	1018	1. Retained Profit/Loss	0	0
V. Goodwill			retained Profit		
1. Positive goodwill			accumulated Loss		
2. Negative goodwill			changes in accounting policies		
Total (V):	0	0	2. Current profit	9612	7871
VI. Financial assets			3. Current loss		
1. Share participation	20502	6784	Total (III):	9612	7871
in subsidiaries	19896	6766	TOTAL (A)	68661	59361
joint ventures			B. MINORITY INTERESTS		
in associated companies	592		C. NON-CURRENT LIABILITIES		
in other companies	14	18	I. Commercial and other liabilities		
2. Financial assets held until maturity	0	0	1. Liabilities to related parties	6310	50
Treasury bonds			2. Liabilities to financial institutions	333	587
bonds including:			3. ZUNK bond liabilities		
municipal bonds			4. Commercial loans		
other			5. Bonds	12011	12743
3. Other financial assets			6. Other long-term liabilities	3433	904
Total (VI):	20502	6784	Total (I):	22087	14284
VII. Commercial and other receivables			II. Other non-current liabilities		
1. Receivables from related parties	1962	735	III. Deferred income		
2. Commercial loans	587	740	IV. Deferred taxes	27	
3. Financial leasing			V. Financing	27	37
4. Other	2920	1469	TOTAL (C)	22141	14321
Total (VII):	5469	2944			
VIII. Deferred expenses					
IX. Deferred taxes		64			
TOTAL (A)	55112	28862			

in thousand BGN

in thousand BGN

Balance Sheet

ASSETS	2008	2007
B. CURRENT ASSETS		
<i>I. Inventory</i>		
1. Materials	16589	9732
2. Production		
3. Goods		
4. Unfinished production	19880	11015
5. Biological assets		
6. Other	317	164
Total (I):	36786	20911
<i>II Receivables</i>		
1. Receivables from related parties	1795	2214
2. Receivables from clients and suppliers	25453	11604
3. Advance payments	3732	2860
4. Receivables from commercial loans	3741	674
5. Receivables awarded by court decisions	5	10
6. Tax recovery	2	33
7. From the personnel		
8. Other current receivables	2874	5513
Total (II):	37602	22908
<i>III. Financial Assets</i>		
1. Held for trading	0	0
<i>incl. debt</i>		
<i>incl. derivatives</i>		
<i>other</i>		
2. Financial assets for sale		
3. Other		
Total (III):	0	0
<i>IV. Cash and cash equivalents</i>		
1. Cash	2217	4423
2. Current accounts	12923	25452
3. Frozen cash in accounts		
4. Cash equivalents		
Total (IV):	15140	29875
<i>V. Deferred expenses</i>		
TOTAL (B)	89528	73694
TOTAL ASSETS (A + B)	144640	102556

in thousand BGN

EQUITY, MINORITY INTERESTS AND LIABILITIES	2008	2007
D. CURRENT LIABILITIES		
<i>I. Commercial and other liabilities</i>		
1. Liabilities to banks and non-bank financial institutions	24798	6521
2. Non-current liabilities due	2682	1013
3. Current liabilities, incl.	24570	20260
<i>related parties</i>	1771	7837
<i>commercial loans</i>		
<i>liabilities to suppliers and clients</i>	5896	4807
<i>advance payments</i>	11186	5687
<i>personnel</i>	1928	638
<i>social insurance</i>	183	212
<i>tax</i>	3606	1079
4. Other	1788	1080
5. Provisions		
Group I total:	53838	28874
<i>II. Other current liabilities</i>		
<i>III. Deferred income</i>		
<i>IV. Financing</i>		
TOTAL (D)	53838	28874
TOTAL EQUITY, MINORITY INTERESTS AND LIABILITIES	144640	102556

in thousand BGN

Income Statement

EXPENSES	2008	2007	INCOME	2008	2007
A. OPERATING EXPENSES			A. OPERATING INCOME		
<i>I. Expenses by category</i>			<i>I. Net sales revenue from:</i>		
1. Materials	20291	16662	1. Production	76905	64533
2. External services	39038	34510	2. Goods		
3. Depreciation	1672	1330	3. Services	782	3043
4. Wages	9182	5844	4. Others	5638	6191
5. Social insurance	1586	1404	Total (I):	83325	73767
6. Balance sheet value of assets sold	3489	4637			
7. Changes in the value of inventory and unfinished production	-8865	-5234	<i>II. Income from financing</i>	11	25
8. Other costs:	5260	2103	incl. financing from the government		
incl. assets devaluation	330	242			
incl. provisions	1	200	<i>III. Financial income</i>		
Total (I):	71 653	61 256	1. Interest	4413	305
			2. Dividends	1	73
<i>II. Financial expenses</i>			3. Gain from financial operations (financial assets and instruments)		219
1. Interest	3343	2596	4. Gain due to exchange rate changes	590	18
2. Loss from financial operations (financial assets and instruments)		53	5. Other income from financial operations	90	34
3. Loss due to exchange rate changes	642	39	Total (III):	5094	649
4. Other	2134	1930			
Total (II):	6 119	4 618			
			B. TOTAL OPERATING INCOME	88430	74441
B. TOTAL OPERATING COSTS	77 772	65 874			
			C. OPERATING LOSS	0	0
C. OPERATING PROFIT	10 658	8 567	<i>IV. Share of loss of associated companies and joint-ventures</i>		
<i>III. Share of profit of associated companies and joint-ventures</i>			<i>V. Extraordinary income</i>	0	7
<i>IV. Extraordinary expenses</i>			D. TOTAL INCOME	88 430	74 448
D. TOTAL COSTS	77 772	65 874	E. GROSS LOSS	0	0
E. GROSS PROFIT	10 658	8 574			
<i>V. Taxes</i>	1 046	703			
1. Current corporate tax	1019	767	F. AFTER TAX-LOSS	0	0
2. Deferred corporate tax	27	-64	Minority interest		
3. Others			G. NET LOSS	0	0
F. AFTER-TAX PROFIT	9 612	7 871			
Minority interest			TOTAL (D + F):	88 430	74 448
G. NET PROFIT	9 612	7 871			
TOTAL (D + V + F)	88 430	74 448			

Cash Flows Statement

CASH FLOWS	2008	2007
A. Cash flows from operating activities		
1. Proceeds from clients	99329	66773
2. Payments to suppliers	-82038	-58735
3. Payments/proceeds, related to financial assets, held for trading		
4. Payments related to remuneration	-9476	-6719
5. Paid / recovered taxes (without corporate tax)	-651	-1119
6. Corporate tax	-767	-688
7. Proceeds from interest	187	50
8. Bank fees and interest on short term loans	-349	-328
9. Gains / Loss from changes in exchange rates	112	-40
10. Other proceeds / payments from operating activities	-5942	-1699
Net cash flow from operating activities	405	-2 505
B. Cash flows from investment activities		
1. Purchase of non-current assets	-5520	-2992
2. Proceeds from sales of non-current assets		
3. Loans provided	23365	-991
4. Recovered loans, incl. financial leasing	-8660	-2874
5. Interest on loans provided		
6. Investments	-7459	-641
7. Proceeds from sales of investments	3	33896
8. Dividends on investments	1	73
9. Gains / Loss from changes in exchange rates		
10. Other proceeds / payments from investment activities	-454	-48
Net cash flow from investment activities	1 276	26 423
C. Cash flows from financial activities		
1. Proceeds from issues of securities		
2. Payments related to buy-backs of securities		
3. Proceeds from loans	16311	28356
4. Payments on loans	-24658	-18397
5. Payments on leasing contracts	-3743	-3063
6. Bank fees and interest on investment loans	-2707	-1934
7. Dividends paid-out		
8. Other proceeds / payments from financial activities	-1619	-1794
Net cash flow from financing activities	-16 416	3 168
D. Net Cash Flow	-14 735	27 086
E. Opening balance	29875	2789
F. Closing balance, incl.	15 140	29 875
Cash and current accounts	15140	29875
Frozen cash in accounts		

in thousand BGN

Statement of Changes in Equity

ITEMS	Share capital	Reserves					Retained Profit/Loss		Transfer reserves	Total equity	Minority interest
		Share premium reserves	Reserve from re-valuation of assets and liabilities	Special purpose reserves			Retained profit	Accumulated loss			
				General reserves	Special reserves	Other reserves					
Opening balance	11 934	31 600	5 650	814	0	1 492	7 871	0	59361	0	
Changes in opening balances due to:	0	0	0	0	0	0	0	0	0	0	
Changes in accounting policies										0	
Fundamental errors										0	
Modified opening balance	11 934	31 600	5 650	814	0	1 492	7 871	0	0	59361	0
Net profit/loss							9612	0		9612	
1. Profit distribution for	0	0	0	7 871	0	0	-7 871	0	0	0	0
dividends										0	
other				7871			-7871			0	
2. Covering of accumulated loss										0	
3. Revaluation of assets and liabilities, including:	0	0	0	0	0	0	0	0	0	0	0
increase										0	
decrease										0	
4. Revaluation of financial assets, including:	0	0	0	0	0	0	0	0	0	0	0
increase										0	
decrease										0	
5. Deferred taxes										0	
6. Other			-24	-20		-268				-312	
Closing balance	11 934	31 600	5 626	8 665	0	1 224	9 612	0	0	68661	0
7. Changes due to annual financial statement transfers to companies abroad										0	
8. Changes due to annual financial statement modifications due to hyperinflation										0	
Closing equity	11 934	31 600	5 626	8 665	0	1 224	9 612	0	0	68661	0

in thousand BGN

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENT OF ENEMONA SA FOR THE YEAR ENDED DECEMBER 31, 2008

1. Information about the Company

Enemona SA was established in 1990 in the town of Kozloduy. Initially it was registered as cooperative company Enemona in July 1990 under company file No 542/1990 at Vratsa District Court (VDC). In 1994, with a decision No 1323/28.07.1994 of VDC the Company was transformed into a joint stock company - Enemona SA.

- The amount of the subscribed share capital as of December 31, 2005 is BGN 3,700,000 with a par value per share of BGN 1 (one) regardless of the share type. The shares are indivisible.
- With Decision No 710/30.05.2006 VDC registered an increase in the Company's share capital from BGN 3,700,000 to BGN 4,700,000 carried out by issuing 1,000,000 new shares.
- With Decision No 823/23.06.2006 VDC registers an increase in the Company's share capital from BGN 4,700,000 to BGN 6,000,000 through the capitalization of BGN 1,300,000 of the Company's Reserves and an issue of 1,300,000 shares.
- With Decision No 823/02.05.2007 VDC registers an increase in the Company's share capital from BGN 6,000,000 to BGN 9,933,600 through the capitalization of BGN 3,933,600 of the Company's Net Profit in 2006.
- With Decision No 823/12.12.2007 VDC registers an increase in the Company's share capital from BGN 9,933,600 to BGN 11,933,600 by issuing of 2,000,000 new common dematerialized shares that give the right to a single vote at the General Assembly of Shareholders; the right of dividend and the right of liquidation share corresponding to the par value of the shares, which amounts to BGN 1 (one) per share.

Ownership and Management

For the accounting period 01.01.2008 – 31.12.2008, the following changes occurred in the Company's Management Structure: With Decision No 945/02.05.2007 VDC registered an increase in the number of the Company's Board of Directors from 6 to 9 members. The Company is managed by a Board of Directors, which consists of: Dichko

Prokopiev Prokopiev, Lyudmil Ivanov Stoyanov, Tsvetan Kamenov Petrushkov, Bogomil Arsenov Spiridonov, Ilian Borisov Markov, Prokopi Dichev Prokopiev, Margarita Ivanova Dineva, Valentine Michaylov Stoyanov and Georgi Zamfirov Goranov.

The Company is represented by the following managing directors: Dichko Prokopiev Prokopiev, Lyudmil Ivanov Stoyanov, Tsvetan Kamenov Petrushkov and the Procurator Bogdan Dichev Prokopiev, jointly and separately.

The Company has a single staged management structure.

The Management Bodies of Enemona are:

- General Assembly of the Shareholders
 - Board of Directors
- The Company is represented by the managing directors:
- Dichko Prokopiev Prokopiev,
 - Lyudmil Ivanov Stoyanov,
 - Tsvetan Kamenov Petrushkov,
 - and the Procurator Bogdan Dichev Prokopiev

Scope of activities

The company's main business activities include: Construction and assembly works, project design, investment, commissioning, repairs, servicing, engineering, marketing, tourism, production, purchasing, construction and servicing of machinery, equipment, materials, details and spare parts and goods for general use, electricity production from renewable energy sources, project design and construction of power engineering and energy saving installations, energy efficiency services (including investigation, consultancy, installation, modernization, maintenance, management and monitoring of machinery, equipment and buildings), consulting, translation services, service-station services, transportation, as well as all other activities not prohibited by the legislation of the Republic of Bulgaria.

2. Accounting policy basics

2.1. Basis for preparation of the financial statements

The present financial statements have been prepared in accordance with the International Financial Reporting Standards (issued by the International Accounting Standards Board,

approved in the Republic of Bulgaria), Bulgaria's Accountancy Act and the accounting policies, approved by the Company's Management. The financial statements have been prepared in accordance with: the principle of historical cost, modified in certain cases by a revaluation of some assets in order to reflect their fair value - this is duly indicated; the current accrual principle; the going concern assumption. The annual financial statements contain explanations of the events and transactions that have an impact on understanding the changes in the financial status and the results of the enterprise since the date of the previous annual report.

All indicated amounts for 2008 and 2007 are shown in thousand Bulgarian levs (BGN). The Annual Financial Statement for the year ended December 31, 2008 was attested by Mr. Plamen Kirilov Angelov – a certified expert-accountant (oditor), Diploma № 316/1995, NG 28/2008, a representative of Agelov Oditing Ltd., town of Lom. His payment was BGN 3 881,25 (with no VAT included), under a contract № DO-064/20.08.2008.

2.2. Comparative figures

The Company presents comparative information in the present financial statements:

- Balance sheet as of the end of the period under review and comparative balance sheet as of the end of the year that precedes the period under review;
- Income statement for the period under review and with accumulation for the fiscal year ended December 31, 2008, as well as a comparative income statement for the same period of the year that precedes the period under review;
- Statement on the changes in the Shareholders' equity, cumulative for the fiscal year ended December 31, 2008;
- Cash flow statement cumulative for the fiscal year ended December 31, 2008 with the comparative report for the same period of the year that precedes the period under review.

When necessary, comparative figures are reclassified in order to achieve comparability against the background of changes that have taken place during the period under review.

2.3. Accounting assumptions and approximate accounting estimates

The preparation of the financial statements in accordance with the International Standards

requires the management to apply some accounting assumptions and approximate accounting estimates, which refer to the reported assets and liabilities, conditional assets and liabilities, along with the recognized revenues and expenses for the period.

They have all been prepared on the basis of the best estimate made by the management as of the date of preparation of the financial statements. The actual results could differ from the ones shown in the present financial statements.

2.4. Revenues

The revenue is recognized on the basis of accrual accounting and the comparability principle up to the extent that the Company generates economic benefits and as far as the revenue can be measured.

When services are provided, the generated revenue is recognized according to the stage of completion of the deal at the balance sheet date, provided that this stage as well as the expenses related to the completion of the deal can be reliably measured.

In case of sales of goods and materials, the revenue is recognized when all substantial risks and benefits arising from ownership are passed on to the buyer.

2.5. Expenses

The expenses of the Company are recognized at the moment when they arise and on the basis of the accrual accounting and comparability principles.

Expenses for future periods are deferred for recognition as current expenses for the periods, during which the contracts to which they refer are executed.

Financial revenues and expenses are included in the Income statement. They are reported separately and consist of: expenses and revenues from interests, from changes in currency exchange rates and from bank fees and commissions.

2.6. Transactions in foreign currency

The transactions in foreign currency are recalculated into Bulgarian levs by applying the exchange rate valid for the date of the transaction. The assets and liabilities, denominated in foreign currency, are recalculated using the closing exchange rate of the Bulgarian National Bank, which is the central bank of Bulgaria.

The financial profit or loss, generated as a result,

is shown in the Income statement.

Effective from January 1, 1999, the Bulgarian Lev (BGN) was pegged to the euro (EUR) at a rate of BGN 1.95583 = EUR 1.00. The Bulgarian National Bank (BNB) sets the exchange rate of the BGN to other currencies using the EUR rate to the respective currency, quoted on the international markets.

2.7. Fixed tangible assets

The fixed tangible assets are presented on the Balance Sheet at the acquisition price, from which the accumulated depreciation and the losses from devaluation are subtracted.

Initial evaluation

The fixed tangible assets are initially evaluated at the acquisition cost, which includes customs duties and all direct expenses that are necessary for putting the asset into use. The direct expenses are: expenses for preparation of the site, expenses for initial delivery and processing, expenses for assembly works, expenses for payments to personnel involved in the project, non-refundable taxes, etc.

The Company has determined that assets with a value of less than 500 BGN are to be expensed as current operating expenses, rather than accounted for as fixed assets, regardless of their nature.

Subsequent evaluation

The Company has chosen a method for subsequent balance evaluation of the fixed tangible assets which is the preferred method, as described in IAS 16: acquisition cost, less accumulated depreciation and any accumulated devaluation losses.

After being initially recognized as assets the ones of class Buildings are accounted for a sum revaluated in 2007 and reduced by the loss from depreciation. As a result a revaluation reserve of BGN 5 608 thousand has been added.

In 2008, a building with a revaluated value of BGN 24 thousand was sold, by which the total revaluation reserve from 2007 was depreciated. The equitable value is determined by an evaluation of an independent licensed expert.

Depreciation methods

The Company calculates the depreciation of the fixed tangible assets according to the useful life of each separate asset, determined by the Company's management for each class of assets where the straight-line method of depreciation

is used. The depreciation is being calculated as follows:

- buildings, including investment properties, installations, transmission devices, power lines, communication lines – 2%;
- machinery, production equipment, appliances – 15%;
- vehicles (except for cars), road pavements, runways – 5%;
- personal computers, additional hardware, software and copyrights for software – 15%;
- cars – 10%;
- tangible and intangible assets with limited usage time due to contracts or legislation - 4%;
- all other assets that are subject to depreciation – 10%.

Depreciation is not calculated for land and for assets which are in the process of being built or being delivered.

The balance sheet value of fixed tangible assets is subject to devaluation when events or changes in circumstances may lead to the balance value being significantly different from their recovery value. If there are indicators that the approximate recovery value is lower than the balance sheet value of the assets, the latter should be corrected and brought to the recovery value of the assets.

The recovery value of fixed tangible assets is the higher of the two: the net market price or the value in use. In order to determine the value in use of the assets, the future cash flows are discounted to their present value by applying a pre-tax discount factor which reflects the current market conditions and valuation of the present value of money and the specific risks for the corresponding asset. The losses from devaluation are reported in the Income statement.

2.8. Fixed intangible assets

The intangible assets are accounted using their acquisition price or their value and are depreciated using the straight-line method on the basis of their expected useful life, as follows:

- tangible and intangible assets with a limited usage time due to contracts or legislation - 4%.

The depreciation period complies with the legal rights that the Company has on the various assets – trademarks.

The expenses for research activities are recognized in the period when they were made.

The expenses that originate from development projects are recognized as fixed intangible assets when they are expected to generate future economic benefits. In cases where expert evaluations cannot establish the probability of such future economic benefits, these expenses are recognized as a part of the net profit or loss for the period. The expenses for development activities that have already been recognized as current expenses cannot be recognized as fixed intangible assets in an ensuing period.

When there are signs of devaluation of a fixed intangible asset, its balance sheet value should immediately be reduced to its recovery value according to the requirements of IAS 36 "Devaluation of assets".

2.9. Subsequent expenses for fixed assets

Subsequent expenses are capitalized only in case they lead to an increase of the economic benefit from the use of the respective asset for which they were made. The subsequent expenses that arise from changing a component of fixed tangible assets that has been accounted separately so far are capitalized after the independent component is written off. All other subsequent expenses are accounted as current expenses in the Income statement. In case of sale or waste both the value and the depreciation are being deducted from the Balance Sheet.

2.10. Lease contracts

Fixed assets used under lease contracts, when all risks and benefits are practically transferred in favor of the leaseholder, should be classified as financial lease contracts. These assets are reported on the balance sheet as fixed assets and as a debt towards the lessor. The leasing payments are accounted as a decrease in the debt owed to the creditor. The assets received under financial lease contracts are depreciated on the basis of their evaluated useful life using the straight-line method.

The contracts for assets when all risks and benefits effectively remain with the lessor are classified as operating lease contracts. The obligations for payment under these contracts are reported in the Income statement using a proportional time base for the period of the lease contract.

2.11. Inventory

Materials – they are evaluated at their acquisition using their delivery price, which includes the expenses for purchase and

processing as well as other expenses made while delivering to the current site and in the present condition. At the time they are written off, the average price method on a monthly basis is used.

Finished production – they are accounted at price cost.

The price cost of the finished product is calculating on the basis of the expenses made under the building contracts, which include:

- Expenses which are directly related to the particular contract, such as expenses for labor at the site, including site monitoring, expenses for materials used in the construction, amortization of the machinery, equipment, installations and the materials used according to the contract, expenses for moving the machinery, equipment and materials to and from the site at which the contract is being executed, expenses for renting of machinery, equipment and installations, expenses for project design and technical assistance, expenses for performing corrective works, and guarantee maintenance including the expected guarantee expenses.
- Expenses which are related to the contract activities in general and can be accounted in the contract, such as insurance, expenses for project design and technical assistance which are not directly connected to a specific contract, general expenses for the construction.
- Other expenses which can be charged directly to the client according to the contract clauses.

Unfinished production – accounted at price cost which is determined at the end of every month through a stock-taking of actually finished construction works. The method "stage of completion" is used.

Goods – at the time of their acquisition they are evaluated at their cost which includes the expenses for acquisition and processing as well as other expenses made for their delivery to the current site and in the present condition. At the time they are written off, the method of the weighted average price is used on a periodic monthly basis.

2.12. Commercial and other receivables

Commercial receivables are represented and accounted at their value according to the issued

original invoice less the amount of sums that cannot be collected. An approximate value of dubious receivables and those that cannot be collected is determined when there is a high degree of insecurity for the collection of the whole sum or a part of it. The receivables that cannot be collected are completely devaluated when the legal reasons for this arise.

As of December 31, 2008, a devaluation of receipts from clients has been made according IAS 39 "Financial instruments: recognition and evaluation", as follows:

Total amount of receipts:

BGN 11,173,216.78

Of them questionable:

BGN 642,224.39

10% depreciation

BGN 64,222.44

Of them hard to collect:

BGN 888,754.61

20% depreciation

BGN 177,750.92

Total amount of depreciation as of December 31, 2007:

BGN 241,973.36

From the depreciation calculated in 2007, during 2008 were paid as follows:

- 10% depreciation – BGN 42,405.64
- 20% depreciation – BGN 100,986.79

Total amount of depreciation of receivables from customers as of 31.12.2008 – BGN 546,776.13 including:

- 10 % - BGN 56,192.41.
- 20 % - BGN 490,583.72

Provision of receivables from customers by sales under certain conditions (guarantees), calculated as of 31.12.2007 – BGN 199,837.19

From the provision of guarantees calculated in 2007 BGN 91,875.88 were paid in 2008.

Total amount of the provision for guarantees as of 31.12.2008 – BGN 200,655.49

2.13. Cash and cash equivalents

The cash and cash equivalents include BGN and foreign currency held in cash, at banks and in cash equivalents.

The BGN amounts are represented in nominal

value and foreign currencies are recalculated at the closing exchange rate of the Bulgarian National Bank as of December 31, 2008.

2.14. Short term and long term bank loans

2.14.1. HVB Bank Biochim

/UniCredit Bulbank AD/

On 14.04.2003, Enemona signed a contract with Biochim SA for receiving a credit line of BGN 800,000 (eight hundred thousand levs) to be used as working capital. The period in which sums under the credit line can be drawn is 12 months, with an extension option.

The collateral for the credit line is a mortgage contract for real estate valued at BGN 1,171,480. On 14.03.2004, the Company signed Annex №1 to the contract, with which the term for paying up the loan was extended to 14.03.2005.

With an Annex dated 25.02.2005, the clause for prolongation was executed and the maturity date was set to 14.03.2007.

According to Contract №005/01.09.2005 Enemona received a mixed credit line for issuing Bank Guaranties and for revolving credit for working capital to the amount of EUR 1,090,000, which united the working capital credit line of BGN 800,000 and the utilized limits for Bank Guaranties of BGN 200,000 and BGN 400,000. They are united into a new mortgage contract and the collateral includes a special pledge of motor vehicles and receivables under contract. As of 30.09.2006, bank guarantees worth EUR 235,000 had been issued under the credit line, while the remaining resources of EUR 855,000 were used as a revolving credit for working capital. The maturity of the loan is 31.08.2006 with an extension option. With Annex № 1/31.08.2006 to contract № 005/01.09.2005, the maturity of the loan was extended by one year to 31.08.2007.

As of 31.12.2006, bank guarantees worth EUR 300,000 had been issued, while the remaining resources were used as revolving credit for working capital.

With Annex No 2/22.05.2007 to contract No 005/01.09.2005, the maturity of the loan was extended to 31.05.2008.

As of 31.12.2008, bank guarantees worth EUR 186,686 had been issued, while the remaining resources amounted to EUR 820,000 were used as revolving credit that is paid off as of today.

2.14.2. HVB Bank Biochim /UniCredit Bulbank AD/

According to a contract of 22.05.2007, Enemona received a mixed credit line for issuing Bank Guaranties and for revolving credit for working capital to the amount of EUR 2,000,000. The collateral for the credit line is a second mortgage contract for the same assets, provided for the credit line amounted to EUR 1,090,000. The date of payment is 31.05.2008 with an extension option.

Due to congestion of the files in Annexes 2 and 3, the bank made internal prolongation to the line up to 31.08.2008 to enable the file to be examined at a credit board. By Annex № 4/25.07.2008 the amount of the credit limit was increased from 2,000,000 euro to 4,000,000 euro, of which 3,000,000 euro were mixed credit line for the issuance of bank guarantees and working capital financing, and 1,000,000 euro for the issuance of bank guarantees in favor of subsidiaries in which Enemona owns over 50% stake.

As of 31.12.2008, the 3,000,000 euro of the first sublimit had been completely used as working capital. From the 1,000,000 euro sublimit no bank guarantees were issued to subsidiaries.

2.14.3. UniCredit Bulbank AD

According to a contract № 005/22.05.2007 Enemona received a mixed credit line for issuing Bank Guaranties and for revolving credit for working capital to the amount of EUR 4,421,198, of which 2,000,000 for working capital and 2,421,198 for the issue of bank guarantees. By Annex № 2/28.08.2008 the credit line was extended until 31.08.2009. As of 31.12.2008, EUR 1,500,000 had been used for working capital. Bank guarantees worth 1,842,525 euro were issued.

2.14.4. United Bulgarian Bank (UBB) AD

Contract №143 was signed on 18.11.2003. Under this contract, Enemona received a credit line for working capital to the amount of EUR 310,000 (three hundred and ten thousand) with a maturity of 29.12.2004 and an extension option. The line was collateralized with a mortgage contract for real estate evaluated at BGN 560,000 and a special pledge of motor vehicles, production equipment and aggregates valued at BGN 362,000. With Annex №2/21.12.2004, the maturity

of the credit was extended to 29.12.2005. Framework Contract №81 was signed on 26.05.2005 for a limit of bank guarantees and the granting of a conditional bank loan to the amount of EUR 1,350,000, collateralized with a mortgage contract for a production building owned by Lomsko Pivo SA, in the town of Lom. With a Supplement Agreement №1/08.08.2005, the clauses of the contract were amended and it was changed to a contract for an account overdraft and for issuing bank guarantees and issuing a bank loan under condition. The date of payment is 14.05.2006 with an extension option. With a Supplement Agreement №2/20.12.2005, a new mortgage was notarized and was included as additional collateral (real estate of Energomontazh AEK JSC, in the town of Kozloduy), and the size of the credit line was increased from EUR 1,350,000 to EUR 1,700,000. This collateral was released from the EUR 310,000 credit for working capital under Contract 143/18.11.2004, which was terminated with a Termination Agreement from December 2005. As of 30.09.2006, from the mixed credit line one bank guarantee worth EUR 223, 000 had been issued. The remaining part was used as an account overdraft.

With Supplemental Agreement №3 from 01.03.2006 and after the signing of a special pledge of machines and transport vehicles worth EUR 411,000, the size of the credit line was increased from EUR 1,700,000 to EUR 2,000,000.

With an agreement from 06.07.2006, the use of the account overdraft was terminated, the sum was paid up and the line is being used only for issuing bank guarantees.

With a Supplement Agreement №4/28.03.2007 the amount of the credit line was increased from EUR 2,000,000 to EUR 3,500,000. The credit line transformed to a mixed overdraft account opted for issuing bank guarantees. The increase of the credit line is collateralized with another mortgage contract for tangible assets owned by Lomsko Pivo JSC, Energomontazh AEK and Enemona. With Annex №5/12.05.2008, the maturity of the credit line was extended to 14.05.2009. As of 31.12.2009, from the line an overdraft worth EUR 1 690 000 had been used, and bank guarantees for the remaining part had been issued.

On September 2, 2005, Enemona and the Bulgarian Stock Exchange - Sofia signed a contract for trading the first issue of corporate

bonds worth BGN 2,500,000 on the Unofficial market of bonds. The type of the bonds is common, registered, book-entry, interest bearing, freely-transferable, secured by a financial-risk insurance, with face value of BGN 1,000 and total number of 2,500 (two thousand and five hundred) bonds. The maturity of the issue is May 20, 2010.

In May 2008, the first principal redemption worth BGN 500 000 was made. The second one to the same amount was made in November, 2008. As of 31.12.2008, the remaining principal was BGN 1 500 000.

A second issue of bonds was launched with UBB bank as lead manager; the subscription started on 26.06.2006. The bond issue was worth EUR 6,000,000 and consisted of 6,000 bonds of the following type: common, registered, book-entry, interest bearing, freely-transferable, without collateral, with a nominal value of EUR 1,000 and an issuing value of EUR 1,000.

2.14.5. DSK Bank EAD

On 18.08.2006, DSK Bank EAD and Enemona signed a contract for a credit limit of EUR 1,250,000 for financing energy efficiency projects on the basis of ESCO contracts, in accordance with Art. 21 of the Energy Efficiency Act. The bank finances 100% of the value of the presented contract excluding VAT. The deadline for reaching the limit is 18.08.2009, or a period of 36 months, and each of the separate loans within the limit has a maturity of no longer than 12 months and cannot exceed the term of the credit line.

As of 31.12.2008, EUR 844,184 had been used up on two ESCO contracts which paid off period is in 2009.

According to contract № 380/13.03.2007, DSK Bank granted Enemona a credit worth EUR 300,000 intended to finance an energy saving project for the replacement of outdated power equipment with a new one. The maturity of the credit is 25.02.2011. The first installment was paid in September 2007 and as of 31.12.2008 the outstanding principal had been reduced to EUR 170,357.

According to a credit contract dated 20.07.2007 DSK Bank granted Enemona a credit limit worth EUR 5,000,000 intended to finance energy saving projects in conformity with the ESCO model. As of 31.12.2008, EUR 2,715,363 of the credit limit had been used up to finance 9 ESCO contracts. The maturities of those ESCO contracts are in 2009.

2.14.6. The Bulgarian Energy Efficiency Fund

According to contract № 011/22.11.2006 the Bulgarian Energy Efficiency Fund granted Enemona a credit worth BGN 67,728 intended to finance engineering with guaranteed outcomes and construction and repair works of Vassil Levski kindergarten in the town of Karlovo. The maturity of the credit is November 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 32,453.

According to contract № 012/22.11.2006 the Energy Efficiency Fund granted Enemona a credit worth BGN 66,258 intended to finance engineering with guaranteed outcomes and construction and repair works of Slantse kindergarten in the town of Karlovo. The maturity of the credit is November 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 31,748.63.

According to contract №013/22.11.2006 the Energy Efficiency Fund granted Enemona a credit worth BGN 109,471 intended to finance engineering with guaranteed outcomes and construction and repair works of Gina Kouncheva kindergarten in the town of Karlovo. The maturity of the credit is November 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 52,454.85.

According to contract № 014/22.11.2006 the Bulgarian Energy Efficiency Fund granted Enemona a credit worth BGN 93,055 intended to finance engineering with guaranteed outcomes and construction and repair works of Parvi Yuni kindergarten in the town of Karlovo. The maturity of the credit is November 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 44,588.85.

According to contract № 015/22.11.2006 the Energy Efficiency Fund granted Enemona a credit worth BGN 94, 991 intended to finance engineering with guaranteed outcomes and construction and repair works of Zornitsa kindergarten in the town of Karlovo. The maturity of the credit is November 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 45,516.52.

According to contract № 003/29.05.2006 the Bugarian Energy Efficiency Fund granted Enemona a credit worth BGN 197,000 intended to finance energy saving measures and construction of a heating system in the building of the Municipality of Krivodol where is also accommodated Nicola Vapzarov community center and library. The maturity of the credit is March 2010. As of 31.12.2008, the outstanding principal had been reduced to BGN 72,804.35.

According to contract №019/28.03.2006 the Energy Efficiency Fund granted Enemona a credit worth BGN 768,000 intended to finance an ESCO contract for energy saving measures in the hospital in the town of Troyan. The maturity of the credit is March 2012. As of 31.12.2008, the outstanding principal had been reduced to BGN 499,200.

2.14.7. CityBank, N.A. – branch Sofia

According to a contract №264/01.05/28.07.2008 Enemona received a credit line amounted to BGN 6,800,000, of which BGN 1,800,000 for issuing bank guarantees and BGN 5,000,000 for working capital. As of 31.12.2008, BGN 3,347,182 had been used up for working capital. Bank guarantees worth BGN 1, 687, 094 had been issued.

2.14.8. BNP Paribas Bulgaria S.A. – branch Sofia

According to contract №686/01.05/10.01.2005 BNP Paribas granted Enemona a credit line for issuing bank guarantees to EUR 2,000,000. As of 31.12.2008, bank guarantees worth EUR 917,600 had been issued.

2.14.9. ING Bank N.V. – branch Sofia

According to contract №054/06/06.10.2006 ING Bank granted Enemona a credit line for issuing bank guarantees to BGN 4,000,000. As of 31.12.2008, bank guarantees worth BGN 3,109,648 had been issued.

2.14.10. First Investment Bank AD (FiBank) – branch Vratsa

According to contract №38 KP – AA - 2727/14.02.2006 FiBank – branch Vratsa granted Enemona a credit line for issuing bank guarantees to EUR 3,500,000. As of 31.12.2008, bank guarantees worth EUR 2,214,149 had been issued.

2.14.11. Corporate Commercial Bank AD

According to contract dated 14.02.2006 the Corporate Commercial Bank issued Enemona a bank guarantee worth BGN 14,250,000 (for a contract with the Bulgarian Ministry of Justice for pre-project research, project design, construction and commissioning of a building for Sofia Regional Court of Justice and Sofia Regional Prosecutor's Office).

2.15. Long-term payables

The long term payables as of 31.12.2008 include

all payables under contracts for financial leasing to the amount of BGN 6,115,000 – of which BGN 2,682,000 current payables, and BGN 3,433,000 non-current payables. Fixed assets used under lease contracts, when all risks and benefits are practically transferred in favor of the leaseholder, are classified as financial lease contracts. These assets are accounted as own assets and as a debt towards the lessor.

The leasing payments are accounted as a decrease in the debt owed to the creditor. The assets received under financial lease contracts are depreciated on the basis of their evaluated useful life using the straight-line method. In accordance with IAS 12 and the taxation legislation in force, deferred taxation liabilities are calculated.

2.16. Revaluation reserve

The results of revaluations of fixed tangible assets conducted in previous years back to 2001 inclusive, in accordance with the accounting legislation in force by the end of 2001, are included on the balance sheet as a revaluation reserve. The revaluation of some fixed assets up to their fair value conducted as of 31.12.2002 with the aim of meeting the requirements of the National accounting legislation are also included on the balance sheet as revaluation reserve. The revaluation reserve, formed through revaluations under the accounting legislation in force by the end of 2001, is recognized as undistributed profit after the respective asset is taken out of use or after its full depreciation in the depreciation plan.

The revaluation reserve formed through revaluation as of 31.12.2002 is transferred to the undistributed profit when the revaluation is applied completely up to the asset's full depreciation.

Deferred tax liabilities are subtracted from the revaluation reserve.

According to the changes made on 01.01.2007 and to article 10 of the Current and Final Decrees of the Corporate Income Taxation Act, as of 01.01.2007 a revaluation reserve amounted to BGN 42,653.44 was stroked out from the Taxation Depreciation Plan.

2.17. Taxes

Tax liabilities are defined in accordance with the national taxation legislation. In accordance with Bulgaria's taxation legislation, Enemona is subject to a corporate income tax of 10%

**Consolidated Financial Statement of
Enemona SA for the
year ended December 31, 2008**

Balance Sheet

Income Statement

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Statement of Changes in Equity

**Notes to the Consolidated Financial
Statement of Enemona SA for the year
ended December 31, 2008**

Balance Sheet

ASSETS	2008	2007	EQUITY, MINORITY INTERESTS AND LIABILITIES	2008	2007
A. NON-CURRENT ASSETS			A. EQUITY		
I. Non-current tangible assets			I. Share capital		
1. Land	17620	14099	Paid-in share capital	11934	11934
2. Buildings	15661	11602	<i>incl. ordinary shares</i>	0	
3. Machines and equipment	8590	6258	<i>incl. preferred shares</i>	0	
4. Installations	437	307	Ordinary shares bought back	0	
5. Transportation vehicles	11501	3319	Preferred shares bought back	0	
6. Tools	704	643	Share capital not paid-in	0	
7. Assets under construction	7824	4195	Total (I):	11934	11934
8. Other assets	2399	1419			
Total (I):	64736	41842	II. Reserves		
II. Investment properties	742	567	1. Share premium reserves	32590	31880
III. Biological assets	0	0	2. Reserve from revaluation of assets and liabilities	14573	14876
IV. Non-current intangible assets			3. Special purpose reserves incl.	12137	3176
1. Rights of ownership	1921	1946	general reserves	9708	1030
2. Software products	183	185	special reserves	0	0
3. R&D	0	0	other reserves	2429	2146
4. Other	11	14	Total (II):	59300	49932
Total (IV):	2115	2145	III. Financial Results		
V. Goodwill			1. Retained Profit/Loss incl.	-55	502
1. Positive goodwill			retained Profit	98	558
2. Negative goodwill	-2320	-1551	accumulated Loss	-153	-56
Total (V):	-2320	-1551	changes in accounting policies	0	0
VI. Financial assets			2. Current profit	14044	13986
1. Share participation	608	20	3. Current loss		0
in subsidiaries	0	0	Total (III):	13989	14488
joint ventures	0	0			
in associated companies	592	0	TOTAL (A)	85223	76354
in other companies	16	20			
2. Financial assets held until maturity	11228	3636	B. MINORITY INTERESTS	3445	3000
Treasury bonds	0	0			
bonds including:	0	0	C. NON-CURRENT LIABILITIES		
municipal bonds	0	0	I. Commercial and other liabilities		
other	11228	3636	1. Liabilities to related parties	452	0
3. Other financial assets	0	8	2. Liabilities to financial institutions	17544	8069
Total (VI):	11836	3664	3. ZUNK bond liabilities	0	0
VII. Commercial and other receivables			4. Commercial loans	0	0
1. Receivables from related parties	0	726	5. Bonds	17394	17996
2. Commercial loans	587	740	6. Other long-term liabilities	5925	2166
3. Financial leasing	0	0	Total (I):	41315	28231
4. Other	3233	1478	II. Other non-current liabilities	0	
Total (VII):	3820	2944	III. Deferred income	0	
VIII. Deferred expenses	0	1	IV. Deferred taxes	27	
IX. Deferred taxes	34	25	V. Financing	27	82
TOTAL (A)	80963	49637	TOTAL (C)	41369	28313

in thousand BGN

in thousand BGN

Balance Sheet

ASSETS	2008	2007	EQUITY, MINORITY INTERESTS AND LIABILITIES	2008	2007
B. CURRENT ASSETS			D. CURRENT LIABILITIES		
<i>I. Inventory</i>			<i>I. Commercial and other liabilities</i>		
1. Materials	20321	12377	1. Liabilities to banks and non-bank financial institutions	28655	7566
2. Production	344	166	2. Non-current liabilities due	4454	1257
3. Goods	10	4	3. Current liabilities, incl.	24759	14339
4. Unfinished production	23500	12685	<i>related parties</i>	0	402
5. Biological assets	0	0	<i>commercial loans</i>	65	57
6. Other	1317	984	<i>liabilities to suppliers and clients</i>	5315	5897
Total (I):	45492	26216	<i>advance payments</i>	12062	5747
<i>II Receivables</i>			<i>personnel</i>	2505	755
1. Receivables from related parties	0	1302	<i>social insurance</i>	387	259
2. Receivables from clients and suppliers	24399	13226	<i>tax</i>	4425	1222
3. Advance payments	4316	2901	4. Other	3180	3693
4. Receivables from commercial loans	3811	674	5. Provisions		0
5. Receivables awarded by court decisions	320	216	Total (I):	61048	26855
6. Tax recovery	1416	963	<i>II. Other current liabilities</i>		
7. From the personnel	1	0	<i>III. Deferred income</i>		29
8. Other current receivables	6169	6260	<i>IV. Financing</i>		
Total (II):	40432	25542	TOTAL (D)	61048	26884
<i>III. Financial assets</i>					
1. Held for trading	1103	0			
<i>incl. debt</i>	1103				
<i>incl. derivatives</i>					
<i>other</i>					
2. Financial assets for sale					
3. Other	522				
Total (III):	1625	0			
<i>IV. Cash and cash equivalents</i>					
1. Cash	4384	4650			
2. Current accounts	15481	28240			
3. Frozen cash in accounts	2654	66			
4. Cash equivalents	0	150			
Total (IV):	22519	33106			
<i>V. Deferred expenses</i>	54	50			
TOTAL (B)	110122	84914			
TOTAL ASSETS (A + B)	191085	134551	TOTAL EQUITY, MINORITY INTERESTS AND LIABILITIES	191085	134551
	in thousand BGN			in thousand BGN	

Income Statement

EXPENSES	2008	2007	INCOME	2008	2007
A. OPERATING EXPENSES			A. OPERATING INCOME		
<i>I. Expenses by category</i>			<i>I. Net sales revenue from:</i>		
1. Materials	30974	19653	1. Production	106851	70748
2. External services	48783	36308	2. Goods	28125	8979
3. Depreciation	3038	1952	3. Services	0	3216
4. Wages	14828	7156	4. Others	1271	6439
5. Social insurance	2839	1780	Total (I):	136247	89382
6. Balance sheet value of assets sold	28033	13032			
7. Changes in the value of inventory and unfinished production	-10890	-5972	<i>II. Income from financing</i>	812	345
8. Other costs:	1688	2185	incl. financing from the government	801	320
incl. assets devaluation	443	209			
incl. provisions	1	200	<i>III. Financial income</i>		
Total (I):	119 293	76 094	1. Interest	4768	628
			2. Dividends	241	0
<i>II. Financial expenses</i>			3. Gain from financial operations (financial assets and instruments)	325	6471
1. Interest	5217	3522	4. Gain due to exchange rate changes	591	20
2. Loss from financial operations (financial assets and instruments)	0	103	5. Other income from financial operations	646	464
3. Loss due to exchange rate changes	657	40	Total (III):	6571	7583
4. Other	2369	2287			
Total (II):	8 243	5 952			
			B. TOTAL OPERATING INCOME	143630	97310
B. TOTAL OPERATING COSTS	127 536	82 046			
			C. OPERATING LOSS	0	0
C. OPERATING PROFIT	16 094	15 264	<i>IV. Share of loss of associated companies and joint-ventures</i>		
<i>III. Share of profit of associated companies and joint-ventures</i>			<i>V. Extraordinary income</i>		7
<i>IV. Extraordinary expenses</i>			D. TOTAL INCOME	143 630	97 317
D. TOTAL COSTS	127 536	82 046	E. GROSS LOSS	0	0
E. GROSS PROFIT	16 094	15 271			
<i>V. Taxes</i>	1 586	889			
1. Current corporate tax	1520	958	F. AFTER TAX-LOSS	0	0
2. Deferred corporate tax	66	-69	Minority interest		
3. Others			G. NET LOSS	0	0
F. AFTER-TAX PROFIT	14 508	14 382			
Minority interest	464	396	TOTAL (D + F):	143 630	97 317
G. NET PROFIT	14 044	13 986			
TOTAL (D + V + F)	143 630	97 317			

Cash Flows Statement

CASH FLOWS	2008	2007
A. Cash flows from operating activities		
1. Proceeds from clients	162762	92613
2. Payments to suppliers	-132318	-81374
3. Payments/proceeds, related to financial assets, held for trading	0	0
4. Payments related to remuneration	-15408	-7800
5. Paid / recovered taxes (without corporate tax)	-448	-3363
6. Corporate tax	-1030	-804
7. Proceeds from interest	305	137
8. Bank fees and interest on short term loans	-410	-464
9. Gains / Loss from changes in exchange rates	107	-40
10. Other proceeds / payments from operating activities	-6866	-2912
Net cash flow from operating activities	6 694	-4 007
B. Cash flows from investment activities		
1. Purchase of non-current assets	-25753	-12177
2. Proceeds from sales of non-current assets	0	1737
3. Loans provided	21829	-10280
4. Recovered loans, incl. financial leasing	-8460	-631
5. Interest on loans provided	223	177
6. Investments	-1103	-641
7. Proceeds from sales of investments	181	40148
8. Dividends on investments	1	0
9. Gains / Loss from changes in exchange rates	-9	0
10. Other proceeds / payments from investment activities	-1110	2965
Net cash flow from investment activities	-14 201	21 298
C. Cash flows from financial activities		
1. Proceeds from issues of securities	1658	175
2. Payments related to buy-backs of securities	0	0
3. Proceeds from loans	32646	39819
4. Payments on loans	-26902	-23147
5. Payments on leasing contracts	-5198	-3380
6. Bank fees and interest on investment loans	-2858	-2848
7. Dividends paid-out	-767	-44
8. Other proceeds / payments from financial activities	-1659	-1759
Net cash flow from financing activities	-3 080	8 816
D. Net Cash Flow	-10 587	26 107
E. Opening balance	33106	6999
F. Closing balance, incl.	22 519	33 106
Cash and current accounts	19865	33040
Frozen cash in accounts	2654	66

in thousand BGN

Statement of Changes in Equity

ITEMS	Share Capital		Reserves				Retained Profit/Loss		Transfer reserves	Total Equity	Minority interest
	Share premium reserves	Reserve from re-valuation of assets and liabilities	Special purpose reserves			Retained profit	Accumulated loss				
			General reserves	Special reserves	Other reserves						
Opening balance	11 934	31 880	14 876	1 030	0	2 146	14 544	-56		76354	3 000
Changes in opening balances due to:	0	0	0	0	0	-652	-80	0	0	-732	0
Changes in accounting policies										0	
Fundamental errors						-652	-80			-732	
Modified opening balance	11 934	31 880	14 876	1 030	0	1 494	14 464	-56	0	75622	3 000
Net profit/loss							14044	0		14044	464
1. Profit distribution for	0	0	0	7 979	0	1 179	-15 863	0	0	-6705	0
dividends							-524			-524	
other				7979		1179	-15339			-6181	
2. Covering of accumulated loss							-10			-10	
3. Revaluation of assets and liabilities, including:	0	0	0	0	0	0	0	0	0	0	0
increase										0	
decrease										0	
4. Revaluation of financial assets, including:	0	0	-279	0	0	0	0	0	0	-279	0
increase										0	
decrease			279							279	
5. Deferred taxes										0	
6. Other		710	-24	699		-244	1507	-97		2551	-19
Closing balance	11 934	32 590	14 573	9 708	0	2 429	14 142	-153	0	85223	3 445
7. Changes due to annual financial statement transfers to companies abroad										0	
8. Changes due to annual financial statement modificatios due to hyperinflation										0	
Closing equity	11 934	32 590	14 573	9 708	0	2 429	14 142	-153	0	85223	3 445

in thousand BGN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT OF ENEMONA SA FOR THE YEAR ENDED DECEMBER 31, 2008

1. Information about the Company

Enemona SA was established in 1990 in the town of Kozloduy. Initially it was registered as cooperative company Enemona in July 1990 under company file No 542/1990 at Vratsa District Court (VDC). In 1994 with a decision No 1323/28.07.1994 of VDC the Company was transformed into a joint stock company - Enemona SA.

- The amount of the subscribed share capital as of December 31, 2005 is BGN 3,700,000 with a par value per share of BGN 1 (one) BGN regardless of the share type. The shares are indivisible.
- With Decision No 710/30.05.2006 VDC registered an increase in the Company's share capital from BGN 3,700,000 to BGN 4,700,000 carried out by issuing 1,000,000 new shares.
- With Decision No 823/23.06.2006 VDC registers an increase in the Company's share capital from BGN 4,700,000 to BGN 6,000,000 through the capitalization of BGN 1,300,000 of the Company's Reserves and an issue of 1,300,000 shares.
- With Decision No 823/02.05.2007 VDC registers an increase in the Company's share capital from BGN 6,000,000 to BGN 9,933,600 through the capitalization of BGN 3,933,600 of the Company's Net Profit in 2006.
- With Decision No 823/12.12.2007 VDC registers an increase in the Company's share capital from BGN 9,933,600 to BGN 11,933,600 by issuing of 2,000,000 new common dematerialized shares that give the right to a single vote at the General Assembly of Shareholders; the right of dividend and the right of liquidation share corresponding to the par value of the shares, which amounts to BGN 1 (one) per share.

Ownership and Management

For the accounting period 01.01.2008 – 31.12.2008, the following changes occurred in the Company's Management Structure:
With Decision No 945/02.05.2007 VDC registered an increase in the number of the Company's Board of Directors from 6 to 9 members. The Company is managed by a Board of Directors, which consists of: Dichko Prokopiev Prokopiev, Lyudmil Ivanov Stoyanov, Tsvetan Kamenov Petrushkov, Bogomil Arsenov Spirdonov, Ilian Borisov Markov, Prokopi Dichev Prokopiev,

Margarita Ivanova Dineva, Valentine Michaylov Stoyanov and Georgi Zamfirov Goranov.

The Company has a single staged management structure.

The Management Bodies of Enemona are:

- General Assembly of the Shareholders
- Board of Directors

The Company is represented by the managing directors:

- Dichko Prokopiev Prokopiev,
- Lyudmil Ivanov Stoyanov,
- Tsvetan Kamenov Petrushkov,
- and the Procurator Bogdan Dichev Prokopiev

Scope of activities

The company's main business activities include: Construction and assembly works, project design, investment, commissioning, repairs, servicing, engineering, marketing, tourism, production, purchasing, construction and servicing of machinery, equipment, materials, details and spare parts and goods for general use, electricity production from renewable energy sources, project design and construction of power engineering and energy saving installations, energy efficiency services (including investigation, consultancy, installation, modernization, maintenance, management and monitoring of machinery, equipment and buildings), consulting, translation services, service-station services, transportation, as well as all other activities not prohibited by the legislation of the Republic of Bulgaria.

Information about the consolidated financial statements

Enemona SA holds stakes in:

Pirin Power JSC

The Constituent assembly of Pirin Power JSC held on 04.05.2006 took the decision to establish the company with a share capital of BGN 50,000.00. Enemona SA participates with 25,000 shares which represent a 50% stake of the company's capital. The Sofia District Court – Company Department registered Pirin Power JSC with Decision No 1 as of 15.05.2006. The Company's headquarters and registered address is in the town of Sofia, Triaditsa District, Ivan Vazov Quarter, 1 Balsha Str., with the following scope

of activities: entrepreneurship, preparation and realization of investment projects in the energy and telecommunication sectors, project design, building and exploitation of energy sites, including gas transportation and gas distribution networks, as well as other activities, not prohibited by the legislation of the Republic of Bulgaria. As of 31.12.2008, Enemona SA holds a 84% stake in Pirin Power JSC (42,000 shares).

Energetics and Energy Savings Fund SPV

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting took the decision to participate as a constitutor of a Special Investment Purpose Joint Stock Company under the the Bulgarian Law on the Special Purpose Vehicles (LSPV). - Energetics and Energy Savings Fund - EESF SPV with the scope of activities: investing cash, raised through the issuance of securities, in receivables (securitization of receivables), purchasing and selling of receivables, as well as performing other commercial activities directly related to the purchasing and selling and/ or securitization of receivables. According to a contract-order with Eurofinance AD 50,000 shares of the Fund's capital were sold on 30.06.2007; during the third quarter of 2007 – 26,261 shares of the Fund's capital were sold; and during the first half of 2008 another 213,211 shares of the Fund's capital were sold. As of 31.12.2008, Enemona SA holds 60.80% stake in EESF SPV (591,134 shares).

Agro Invest Engineering JSC

The Board of Directors of Enemona SA, through a Record of Proceedings from its meeting held on 11.05.2005, took the decision to establish Agro Invest Engineering JSC, participating with 99% of the share capital. The company's scope of activities includes: purchasing, renting, leasing and cultivating agricultural land, production, purchasing, storing and commerce with seeds and seedlings, performing of agricultural activities on own or rented land, mechanized services with agricultural equipment (machinery and farm equipment), engineering and investment activities in agriculture, as well as other activities, not prohibited by the legislation of the Republic of Bulgaria.

On 24.07.2008 the company registered a capital increase in the Bulgarian Commercial Register. As of 31.12.2008, Enemona SA holds a 99.98 % stake in the company (10,498,110 shares).

Enemona Utilities JSC

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting held on 26.11.2005 took the decision to found the

company Enemona Utilities with the following scope of activities: electricity trade, production, import and export of electricity and thermal energy, trade in green certificates, energy management, investment project design and consultancy in energy, commerce (internal and external) with all kinds of energy resources – after acquisition of the corresponding permission/ license in the cases stipulated by the Law, building and management of gas supply networks in the industrial zones near towns, exploitation, support and repair of already built water supply installations, water-supply networks, installations and pump stations, delivery, supply and water-supply, transportation and supply of drinking water, distribution of the quantities of used cold drinking water, building and management of sewerage, supplying telecommunication services, project design and building of telecommunication installations and systems in the country and abroad, collecting, transportation, treating and processing of hard wastes (public and industrial) and the corresponding processing of the canal silts, as well as other activities, not prohibited by the Bulgarian legislation. Enemona SA holds a 100% stake in Enemona Utilities JSC.

On 10.08.2008, the company registered change of capital in the Bulgarian Commercial Register. As of 31.12.2008, Enemona SA holds a 100% stake in Enemona Utilities JSC (2,250,000 shares).

Resource BG Ltd.

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting held on 21.09.2006 took the decision to found the company Resource BG Ltd. with a main scope of activities: marketing, production, commerce, development, consultancy, as well as other activities, not prohibited by the legislation. Enemona SA holds a 50% stake in the capital of Resource BG Ltd. According to contract registered on 25.08.2008 in the Commercial register, Enemona SA transfers to Daniel Miroslavov Petkov 25 company shares, each with a nominal value of BGN 100. As of 31.12.2008 Enemona SA holds no shares in the capital of Resource BG Ltd.

Botunya Energy JSC

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting held on 01.12.2006 took the decision to found the joint stock company Botunya Energy JSC with a main scope of activities: trade in electrical energy, production, import and export of electrical and thermal energy, trade in green certificates, energy management, investment project design and consultancy in energy, commerce (internal and external) with all kinds of energy resources – after

acquisition of the corresponding permission/ license in the cases stipulated by the Law, building and management of gas supply networks in the industrial zones near towns, exploitation, support and repair of already built water supply installations, water supply networks, installations and pump stations, delivery, supply and water supply, transportation and supply of drinking water, distribution of the quantities of used cold drinking water, building and management of sewerage, supplying telecommunication services, project design and building of telecommunication installations and systems in the country and abroad, collecting, transportation, treating and processing of hard wastes (public and industrial) and the corresponding processing of the canal silts, cultivation of the polluted areas, public utilities (street lightning, management of buildings, parking lots, subways and others), planting, parks and gardens maintenance, construction of parks, as well as other activities, not prohibited by the Bulgarian legislation. The company increased its capital to BGN 492, 395 and the latter was registered in the Commercial register on 19.09.2008. As of 31.12.2008, Enemona SA holds a 98.68 % stake in Botunya Energy JSC (485,895 shares).

Real Estate Investment Fund - FINI REIT

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting took the decision to establish FINI Real Estate Investment Trust – FINI REIT with the scope of activities: investing cash, raised by issuing of securities, in real estate (securitization of real estate), purchasing property rights and other legal rights over real estate, constructing and reconstructing buildings in order to let the property management to third parties for rent, leasing or selling them. As of 31.12.2008, Enemona SA holds a 69.23% stake in FINI REIT (450,000 shares).

Hemusgas JSC

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting took the decision to establish Hemusgas JSC with the scope of activities: researching, designing, constructing, introducing, exploiting, maintaining and trading in special technological equipment and technical resources for trade in liquid and gaseous fuels; trading in liquid and gaseous fuels; leasing and transportation; supplying, servicing and repairing of gas equipment and apparatus; entrepreneurship, preparation and accomplishment of investment projects in power engineering; consulting and engineering services in project management in the field of power engineering and industry; mediation of local

and foreign physical and legal entities, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds a 50% stake in Hemusgas SA (25,000 shares).

ESCO Engineering JSC

The Board of Directors of Enemona SA through a Record of Proceedings from its meeting took the decision to establish ESCO Engineering SA with the scope of activities: consulting, researching, designing, constructing, assembling, enhancing, servicing, management and monitoring of machinery, equipment and buildings that result in reducing the energy consumption; producing and supplying assemblies, pieces, machinery, equipment and installations; trading; producing electrical power; acquiring and conceding rights over intellectual property and know-how; guarantee and post-guarantee services of machinery and equipment; mediation of local and foreign physical and legal entities, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds a 99% stake in ESCO Engineering JSC (4,950 shares, of face value BGN 100 each).

Lomsko pivo JSC

The Board of Directors of Agro Invest Engineering JSC through a Record of Proceedings from its meeting held on 07.12.2005 took the decision to purchase shares from the capital of Lomsko pivo JSC, with a headquarters and registered address in Lom, 43, Alexander Stamboliiski Str. The company's main scope of activities is: producing beer and other corresponding activities and services, producing malt distillate, beverages with high volume percentage and non-alcoholic beverages, commercial activity in the country and abroad, as well as other commercial activities not prohibited by the Bulgarian legislation. As a result from a public trading of shares of the capital of Lomsko pivo JSC, Agro Invest Engineering JSC reduced its stake in the brewery from 98% to 53.26% (2,396,609 shares), as of 31.12.2008.

Solar Energy Ltd.

Solar Energy Ltd. was established with Decision №1/29.08.2007 of Sofia City Court with the scope of activities: designing, constructing, monitoring and servicing of solar systems in order to produce electrical and heating power; designing, constructing and servicing of independent systems that use renewable energy sources for electrical and heating power supply; producing and trading in electrical and heating power from renewable energy sources; producing components and equipment for solar systems

and trading in them, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds an 80% stake in Solar Energy Ltd. (40 shares, of face value BGN 100 each).

Neo Agro Tech JSC

Neo Agro Tech JSC was established with Decision No. 3731/07.11.2007 of Stara Zagora District Court with the scope of activities: designing and implementing engineering, land improvement, agricultural, forestry and other actions in order to re-cultivate certain poor terrains, acquiring and trading in agricultural production, working out environmental projects and expert reports, growing and trading bio-energy and industrial crops after acquiring a license for doing that, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds a 90% stake in Neo Agro Tech JSC (45,000 shares).

CHPP Nikopol JSC

The company was registered in the Commercial register on 01.04.2008 with a capital of BGN 2,000,000 and a scope of activities: research, design, construction, repairs, servicing, engineering, production and selling of electricity and heating from different energy resources, including renewable energy sources, commerce with electricity and heating, export and import of electricity – after acquisition of the corresponding permission/license in the cases stipulated by the Law; consultancy services in the field of power engineering; commerce (internal and external) with all types of energy resources, production of and commerce with bio-fuels, industrial and civil construction, installation and repair of power facilities, power plants, treatment facilities, industrial and technological equipment, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds a 100% stake in the company (2,000,000 shares).

Enemona Galabovo JSC

The company was registered in the Commercial register on 08.05.2008 with a capital of BGN 2,250,000 and a scope of activities: project design, investment, commissioning, repairs, servicing, engineering, as well as energy efficiency services including investigation, consultancy, installation, modernization, and maintenance, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona SA holds a 91.11% stake in the company (2,050,000 shares).

Nevrokop Gas JSC

The company was registered in the Commercial register on 03.08.2008 with a capital of BGN 50,000 and a scope of activities: research, design, construction, exploitation of gas distribution networks – low, medium and high pressure, delivery, maintenance and repair of gas appliances and equipment, trade (internal and external) in all types of energy resources.

As of 31.12.2008, Enemona SA holds a 90% stake in the company (45,000 shares).

EMCO JSC

The company was registered in the Commercial register in Pleven under the Company file 920/1997 and a scope of activities: design, construction, assembly and repairs of power engineering and industrial sites, gas supply sites in the country and abroad, manufacturing, delivery and assembly of reservoirs, boilers, pressure vessels, metal constructions, customized equipment, electrical equipment for the country and abroad, home and foreign trade, as well as other commercial activities not prohibited by the Bulgarian legislation.

On 06.01.2009 the company filed in the Commercial Register a change in its share capital. As a result, as of 31.12.2008, Enemona SA holds a 77.36% stake in EMKO JSC (1,868,751 shares) as compared to 67.42% (33,708 shares) as of 30.09.2008.

Regionalgas JSC

The company was registered in the Commercial register on 25.06.2008 through a Record of Proceedings, with a scope of activities: research, design, construction, implementation, exploitation and commerce with specialised equipment and technical means for trade in liquid and gas fuels, leasing and transportation, supply, maintenance and repair of gas installations and appliances, entrepreneurship, preparation and implementation of investment projects in the field of power engineering, consultancy and engineering services in the field of management of the power engineering and industry, mediation of local and foreign natural and legal persons, as well as other commercial activities not prohibited by the Bulgarian legislation. As of 31.12.2008, Enemona Utilities JSC holds a 50% stake in Regionalgas JSC (25,000 shares).

2. Accounting policy basics

2.1. Basis for preparation of the financial statements

The present financial statements have been prepared in accordance with the International Financial Reporting Standards (issued by the

International Accounting Standards Board, approved in the Republic of Bulgaria), Bulgaria's Accountancy Act and the accounting policies, approved by the Company's Management. The financial statements have been prepared in accordance with: the principle of historical cost modified in certain cases by a revaluation of some assets in order to reflect their fair value - this is duly indicated; the current accrual principle; the going concern assumption. The annual financial statements contain explanations of the events and transactions that have an impact on understanding the changes in the financial status and the results of the enterprise since the date of the previous annual report. All indicated amounts for 2008 and 2007 are shown in thousand Bulgarian levs (BGN).

2.2. Comparative figures

The Company presents comparative information in the present financial statements:

- Balance sheet as of the end of the period under review and comparative balance sheet as of the end of the year that precedes the period under review;
- Income statement for the period under review and with accumulation for the fiscal year ended December 31, 2008, as well as a comparative income statement for the same period of the year that precedes the period under review;
- Statement on the changes in the Shareholders' equity, cumulative for the fiscal year ended December 31, 2008;
- Cash flow statement cumulative for the fiscal year ended December 31, 2008 with the comparative report for the same period of the year that precedes the period under review. When necessary, comparative figures are reclassified in order to achieve comparability against the background of changes that have taken place during the period under review.

2.3. Accounting assumptions and approximate accounting estimates

The preparation of the financial statements in accordance with the International Standards requires the management to apply some accounting assumptions and approximate accounting estimates which refer to the reported assets and liabilities, conditional assets and liabilities, along with the recognized revenues and expenses for the period.

They have all been prepared on the basis of the best estimate made by the management as of the date of preparation of the financial statements. The actual results could differ from the ones shown in the present financial statements.

2.4. Revenues

The revenue is recognized on the basis of accrual accounting and the comparability principle up to the extent that the Company generates economic benefits and as far as the revenue can be measured.

When services are provided, the generated revenue is recognized according to the stage of completion of the deal at the balance sheet date, provided that this stage as well as the expenses related to the completion of the deal can be reliably measured.

In case of sales of goods and materials, the revenue is recognized when all substantial risks and benefits arising from ownership are passed on to the buyer.

2.5. Expenses

The expenses of the Company are recognized at the moment when they arise and on the basis of the accrual accounting and comparability principles.

Expenses for future periods are deferred for recognition as current expenses for the periods, during which the contracts to which they refer are executed.

Financial revenues and expenses are included in the Income statement. They are reported separately and consist of: expenses and revenues from interests, from changes in currency exchange rates and from bank fees and commissions.

2.6. Transactions in foreign currency

The transactions in foreign currency are recalculated into Bulgarian levs by applying the exchange rate valid for the date of the transaction. The assets and liabilities, denominated in foreign currency, are recalculated using the closing exchange rate of the Bulgarian National Bank, which is the central bank of Bulgaria.

The financial profit or loss generated as a result is shown in the Income statement.

Effective from January 1, 1999, the Bulgarian Lev (BGN) was pegged to the euro (EUR) at a rate of BGN 1.95583 = EUR 1.00. The Bulgarian National Bank (BNB) sets the exchange rate of the BGN to other currencies using the EUR rate to the respective currency, quoted on the international markets.

2.7. Fixed tangible assets

The fixed tangible assets are presented on the Balance Sheet at the acquisition price, from which the accumulated depreciation and the losses from devaluation are subtracted.

Initial evaluation

The fixed tangible assets are initially evaluated at the acquisition cost, which includes customs duties and all direct expenses that are necessary for putting the asset into use. The direct expenses are: expenses for preparation of the site, expenses for initial delivery and processing, expenses for assembly works, expenses for payments to personnel involved in the project, non-refundable taxes, etc.

The Company has determined that assets with a value of less than 500 BGN are to be expensed as current operating expenses, rather than accounted for as fixed assets, regardless of their nature.

Subsequent evaluation

The Company has chosen a method for subsequent balance evaluation of the fixed tangible assets which is the preferred method, as described in IAS 16: acquisition cost, less accumulated depreciation and any accumulated devaluation losses.

After being initially recognized as assets the ones of class Buildings are accounted for a sum revaluated in 2007 and reduced by the loss from depreciation. The equitable value is determined by an evaluation of an independent licensed expert.

Depreciation methods

The Company calculates the depreciation of the fixed tangible assets according to the useful life of each separate asset, determined by the Company's management for each class of assets where the straight-line method of depreciation is used.

Depreciation is not calculated for land and for assets which are in the process of being built or being delivered.

The balance sheet value of fixed tangible assets is subject to devaluation when events or changes in circumstances may lead to the balance value being significantly different from their recovery value. If there are indicators that the approximate recovery value is lower than the balance sheet value of the assets, the latter should be corrected and brought to the recovery value of the assets. The recovery value of fixed tangible assets is the higher of the two: the net market price or the value in use. In order to determine the value in use of the assets, the future cash flows are discounted to their present value by applying a pre-tax discount factor which reflects the current market conditions and valuation of the present value of money and the specific risks for the corresponding asset. The losses from devaluation are reported in the Income statement.

2.8. Fixed intangible assets

The intangible assets are accounted using their acquisition price or their value and are depreciated using the straight-line method on the basis of their expected useful life. The depreciation period complies with the legal rights that the Company has on the various assets – trademarks.

The expenses for research activities are recognized in the period when they were made. The expenses that originate from development projects are recognized as fixed intangible assets when they are expected to generate future economic benefits. In cases where expert evaluations cannot establish the probability of such future economic benefits, these expenses are recognized as a part of the net profit or loss for the period. The expenses for development activities that have already been recognized as current expenses cannot be recognized as fixed intangible assets in an ensuing period.

When there are signs of devaluation of a fixed intangible asset, its balance sheet value should immediately be reduced to its recovery value according to the requirements of IAS 36 "Devaluation of assets".

2.9. Subsequent expenses for fixed assets

Subsequent expenses are capitalized only in case they lead to an increase of the economic benefit from the use of the respective asset for which they were made. The subsequent expenses that arise from changing a component of fixed tangible assets that has been accounted separately so far are capitalized after the independent component is written off. All other subsequent expenses are accounted as current expenses in the Income statement.

2.10. Lease contracts

Fixed assets used under lease contracts, when all risks and benefits are practically transferred in favour of the leaseholder, should be classified as financial lease contracts. These assets are reported on the balance sheet as fixed assets and as a debt towards the lessor. The leasing payments are accounted as a decrease in the debt owed to the creditor. The assets received under financial lease contracts are depreciated on the basis of their evaluated useful life using the straight-line method.

The contracts for assets when all risks and benefits effectively remain with the lessor are classified as operating lease contracts. The obligations for payment under these contracts are reported in the Income statement using a proportional time base for the period of the lease contract.

2.11. Inventory

Materials – they are evaluated at their acquisition using their delivery price, which includes the expenses for purchase and processing as well as other expenses made while delivering to the current site and in the present condition. At the time they are written off, the “First in-First out” method is used.

Finished production – they are accounted at price cost.

The price cost of the finished product is calculating on the basis of the expenses made under the building contracts, which include:

- Expenses which are directly related to the particular contract, such as expenses for labour at the site, including site monitoring, expenses for materials used in the construction, amortization of the machinery, equipment, installations and the materials used according to the contract, expenses for moving the machinery, equipment and materials to and from the site at which the contract is being executed, expenses for renting of machinery, equipment and installations, expenses for project design and technical assistance, expenses for performing corrective works, and guarantee maintenance including the expected guarantee expenses.
- Expenses which are related to the contract activities in general and can be accounted in the contract, such as insurance, expenses for project design and technical assistance which are not directly connected to a specific contract, general expenses for the construction.
- Other expenses which can be charged directly to the client according to the contract clauses.

Unfinished production – accounted at price cost which is determined at the end of every month through a stock-taking of actually finished construction works. The method “stage of completion” is used.

Goods – at the time of their acquisition they are evaluated at their cost which includes the expenses for acquisition and processing as well as other expenses made for their delivery to the current site and in the present condition. At the time they are written off, the method of the weighted average price is used on a periodic monthly basis.

2.12. Commercial and other receivables

Commercial receivables are represented and accounted at their value according to the issued original invoice less the amount of sums that cannot be collected. An approximate value of dubious receivables and those that cannot be collected is determined when there is a high

degree of insecurity for the collection of the whole sum or a part of it. The receivables that cannot be collected are completely devaluated when the legal reasons for this arise.

2.13. Cash and cash equivalents

The cash and cash equivalents include BGN and foreign currency held in cash, at banks and in cash equivalents.

The BGN amounts are represented in nominal value and foreign currencies are recalculated at the closing exchange rate of the Bulgarian National Bank as of December 31, 2008.

2.15. Long-term payables

The fixed assets used under lease contracts, when all risks and benefits are practically transferred in favour of the leaseholder, are classified as financial lease contracts. These assets are accounted as own assets and as a debt towards the lessor.

The leasing payments are accounted as a decrease in the debt owed to the creditor. The assets received under financial lease contracts are depreciated on the basis of their evaluated useful life using the straight-line method.

In accordance with IAS 12 and the taxation legislation in force, deferred taxation liabilities are calculated.

2.16. Revaluation reserve

The results of revaluations of fixed tangible assets conducted in previous years back to 2001 inclusive, in accordance with the accounting legislation in force by the end of 2001, are included on the balance sheet as a revaluation reserve. The revaluation of some fixed assets up to their fair value conducted as of 31.12.2002 with the aim of meeting the requirements of the National accounting legislation are also included on the balance sheet as revaluation reserve. The revaluation reserve, formed through revaluations under the accounting legislation in force by the end of 2001, is recognized as undistributed profit after the respective asset is taken out of use or after its full depreciation in the depreciation plan.

The revaluation reserve formed through revaluation as of 31.12.2002 is transferred to the undistributed profit when the revaluation is applied completely up to the asset’s full depreciation.

Deferred tax liabilities are subtracted from the revaluation reserve.

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