

INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE SECOND QUARTER OF 2012

Unofficial translation of the original in Bulgarian

Short description of the Company's activity

Enemona AD is a publically traded joint stock company, with **seat and registered office**: at 1A, Panayot Hitov, Kozloduy, Vratsa District, Bulgaria, tel.: 0973/80159, fax: 0973/80701, e-mail: office@enemona.com, Internet site: www.enemona.com. The Company has currently two Bulgarian branches, Enemona AD – Sofia Branch (UIC 0024) and Enemona AD – Galabovo Branch (UIC 0016).

The **scope of activity** of the Company is: *design, investment, construction and assembly, commissioning works, repair, maintenance, engineering, marketing, tourist, public catering, hotel management, camping, agency, advertising, business activities /including import, export, purchase and sale of real property including agricultural lands, purchase and sale of receivables, exchange, compensation, leasing, rental, barter, consignment transactions/, production, purchase, marketing, maintenance of and trade with machines, equipment, materials, elements and spare parts and commodities. production, transmission, distribution and trade with heat and electrical energy, including energy from renewable sources, production and trade with energy carriers – after the obtaining the relevant permit/licence in the cases provided in the law; design and construction of energy facilities and energy saving facilities; energy efficiency services /including investigation, consulting, research, design, construction, installation, modernization, maintenance, operation and monitoring of machines, facilities and buildings/prospecting, investigation, development, production and use of deposits of mineral resources within the meaning of art. 2 of the mineral resources act, and of biological resources, mineral resources, energy resources and water. acquisition of concessions for hydromeliorative and water supply facilities and systems, port terminals, republican roads, objects of the railroad infrastructure. Consultancy, translation, motor vehicle repair, transport, taxi, tourist, communication and household services. agricultural activities /including production, purchase, processing and marketing of agricultural products/ in this country and abroad; veterinary services and consultations; holding of shares and interest including acquisition of shares and interest in other companies, participation in joint ventures, acquisition of shares, interest and/or companies by merger and bundling and their sale; trade with shops and any other activities that are not forbidden by the laws of the Republic of Bulgaria.*

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

DICHKO PROKOPIEV PROKOPIEV – Chairman of the of Board of Directors and Chief Executive Officer, TSVETAN KAMENOV PETRUSHKOV - Deputy Chairman of the Board of Directors and Executive Director, LYUDMIL IVANOV STOYANOV- Deputy Chairman of the Board of Directors and Executive Director, ILIAN BORISOV MARKOV – Member of the Board of Directors; PROKOPI DICHEV PROKOPIEV - Member of the Board of Directors; MARGARITA IVANOVA DINEVA – Independent Member of the Board of Directors; GEORGI ZAMFIROV GORANOV - Independent Member of the Board of Directors, and IVAN DIMITROV PETROV - Independent Member of the Board of Directors. The Company is represented by DICHKO PROKOPIEV PROKOPIEV, TSVETAN KAMENOV PETRUSHKOV, LYUDMIL IVANOV STOYANOV and the Procurator BOGDAN DICHEV PROKOPIEV – both together and independently.

The **registered capital** of the Company currently amounts to BGN 13 036 501 and is fully paid in. It is distributed into 13 036 501 dematerialized (book-entry form) shares, with a nominal value of BGN 1.00 each. The shares are divided in two classes: Class I – consisting of 11 933 600 ordinary voting shares and Class II – consisting of 1 102 901 non-voting preference shares.

Information on the securities, issued by Enemona AD

Ordinary shares (E4A)

For the period between April and June 2012, the total turnover of ordinary shares, issued by Enemona AD, realised on the BSE-Sofia AD increased by 128.28%, while the number of the shares traded increased by 158.75% as compared to the first quarter of 2012. A drop of 11.79% was registered in the weighted average price of the shares as compared to the previous quarter.

During Q2 2012, the total turnover realised was worth BGN 1 123 776.79, while the daily average was BGN 19 715.38. The total number of transactions was 868, while the daily average was 15.23. The weighted average share price for the period was BGN 3.039.

	April	May	June	April-June
Total Number of Transactions	52	252	564	868
Total Number of Shares Traded	18 166	123 540	228 057	369 713
Weighted Average Share Price	BGN 3.330	BGN 3.048	BGN 3.011	BGN 3.039
Total Turnover	BGN 60343.83	BGN 376555.42	BGN 686877.53	BGN 112776.79

Source: www.infostock.bg

Comparative Data about the Trade in Ordinary Shares in Q2 2011 and Q2 2012

	Q2 2011	Q2 2012
Total Number of Transactions	664	400
Total Number of Shares Traded	123 747	142 885
Weighted Average Share Price	BGN 6.942	BGN 3.445
Total Turnover	BGN 859 055.41	BGN 492 285.21

Source: www.infostock.bg

Preferred shares (E4AP)

During the second quarter of 2012, the total turnover of preferred shares, issued by Enemona AD, decreased by 40.51% as compared to the first quarter of 2012 and totalled BGN 146 645.00, the daily average was BGN 2 572.72. The total number of transactions was 167, while the daily average was 2.93. The total number of shares traded was 27 379, and the weighted average share price for the period was BGN 5.356.

	April	May	June	April-June
Total Number of Transactions	5	91	71	167
Total Number of Shares Traded	1 749	14 005	11 625	27 379
Weighted Average Share Price	BGN 6.454	BGN 5.523	BGN 4.988	BGN 5.356
Total Turnover	BGN 11289.25	BGN 77362.48	BGN 57993.28	BGN 146645

Source: www.infostock.bg

Warrants (ZNOA)

During Q2 2012, the total turnover of warrants, issued by Enemona AD, realised on the BSE-Sofia AD was worth BGN 1 904.31, while the daily average was BGN 33.41. The total number of transactions was 15, while the daily average was 0.26. The total number of shares traded was 14 243 and the weighted average share price for the period was BGN 0.133.

	April	May	June	April-June
Total Number of Transactions	1	4	10	15
Total Number of Shares Traded	75	4 926	9 242	14 243
Weighted Average Share Price	BGN 0.482	BGN 0.474	BGN 0.399	BGN 0.401

Total Turnover	BGN 325.35	BGN 94.90	BGN 18 234.10	BGN 18 654.35
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Source: www.infostock.bg

Comparison between the price movements of the securities, issued by Enemona AD



Source: www.investor.bg

Main Activities and Events during the Second Quarter of 2012

The value of new construction and engineering contracts signed in Q2 2012 reached BGN 12.589 million, excl. VAT

Contractor	Subject
Assarel Medet AD	Annex № 2 to Contract №638/08.02.2011 for additional activities amounting BGN 153 901.74 and for the exclusion of works included in the Contract amounting BGN 155 481.97, excl.VAT
Chelopech Mining EAD	Annex № 2 to Contract № 1272/01.12.2011. Replacement of the fabrication and delivery of a metal profile UPE200 with UPE240 for site: "Structural Steel Fabrication for underground premises for CV-1105, Area 11 – Surface Stockpile & Reclaim System
Chelopech Mining EAD	Annex № 1 to Contract № 1383/22.02.2012 for additional steel

	construction supply for site: Production of steel construction and mechanical equipment for GTL GV -1106, Area 11 - Development of a system for ore transportation.
Agropolychim AD	Construction of connections for fresh water supply.
TenneT TSO GmbH	
Municipality of Kozloduy	Completion of the local waste water treatment plant (LWWTP) in the town of Kozloduy
Imtech Deutschland GmbH & Co.KG	Electrical Erection at a University in the town of Bielefeld.
Chelopech Mining EAD	Additional Agreement to Contract № 1111/19.09.2011 for additional activities for site: "Concentrator Upgrade Project" Zone 78-tailings thickener installation" of Chelopech Mining EAD.
LOIBL Allen-Sherman-Hoff GmbH	Execution of assembly works of pipelines and steel constructions at Meinheim Power Plant, Germany.
Electricity System Operator EAD	Reconstruction of a 400 kV Open Switchgear Yard and reconstruction of the substation in the town of Blagoevgrad.
Medical University of Sofia	Carrying out of additional Construction and Assembly Works – Reconstruction of a transformer station and boards CH for the building of the Pre-clinical University Center, including reconstruction of a transformer station MA-VI and boards CH for a temporarily electricity supply for the building of the Pre-clinical University Center on site with subject: Reconstruction, replacement and modernization of power supply installations (high voltage, grounding and lightning rod, low voltage) and expansion of the system for fire alarm in the building of the Pre-clinical University Center within the Medical Faculty of the Medical University of Sofia, according to an approved Working Project
Agropolychim AD	Construction of connection in the fertilizers industrial unit - condensation products.
GWG Gewerbe Gesellschaft für Kommunal- und Gewerbeimmobilien mbH	Annex for additional activities for site: Educational center Tor zur Welt.
Assarel Medet AD	Annex № 3 to Contract №638/08.02.2011 for additional activities amounting BGN 26 904.07 and for the exclusion of works included in the Contract amounting BGN 26 919.80, excl.VAT

Alstom Power Italia SpA	Annex № 1 for additional activities for site: Production and steel constructions delivery the contractors site - San Giuseppe di Cairo SV, Italiana Coke.
Schneider Electric Energy GmbH	Implementation of additional assembly network operations in Moorburg Power Plant
Kozloduy NPP EAD	Design, supply and installation of power supply cabinets 0,4kV.
Bauer Elektroanlagen GmbH	Annex № 1 for additional activities for site: Construction of a new building for the office of Urban Planning and Environment in Hamburg, Wilhemsburg.
Chelopech Mining EAD	Manufacture and assembly of hydraulic pipelines - Area 27- Project for underground crusher and conveyor belt system at Chelopech Mining EAD
Enemona Start AD	Repair of ceilings and sanitation.
Key Developments EOOD	Service with an excavator (Hyundai 450-LC7A, 45 tons).
Chelopech Mining EAD	Annex № 1 to Contract № 1201/14.10.2011. Additional activities for site: "Implementation of concrete work and installation of structural and mechanical part of the conveyor area and reclaiming units - Area 27 - Underground Crusher and Conveyors System Project at Chelopech Mining EAD

The value of new energy efficiency contracts signed in Q2 2012 totalled BGN 3.76 million, excl. VAT

Contractor	Subject
Municipality of Strelcha	Annex to Contract № 4646/20.06.2007 regarding the closure of the monitoring activities for the building of St.St. Kiril y Metodi school, in the town of Strelcha.
Energokonsult EOOD	
Multiprofile Hospital for Active Treatment St.Ivan Rilski, Razgrad	ESCO contract with guaranteed energy saving results
Municipality of Haskovo	Implementation of engineering with guaranteed energy saving results for the administrative building of the Municipality.

Information on framework contracts

At the General Shareholders' Meeting of Enemona AD, held on June 30, 2011, the shareholders authorized the Board of Directors and the Executive Directors of the Company to extend for one year the period of transactions under Article 114 of the Law on Public Offering of Securities (LPOS), as follows:

- Annex to the Contract of 13-07-2010 for the implementation of construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Contractor) and Enemona Galabovo AD (Executor);
- Annex to the Contract of 13-07-2010 for the implementation of the CMP for construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Executor) and Enemona Galabovo AD (Contractor);
- Annex to the Contract on 13-07-2010 for manufacturing and/or delivery of metal structures and supports and/or assembly between Enemona AD (Contractor) and EMCO AD (Executor);
- Annex to the Contract on 13-07-2010 for supplies and/or assembly between Enemona AD(Executor) and EMCO AD (Contractor);

At the Extraordinary Shareholders' Meeting of Enemona AD, held on December 2, 2011, the shareholders of the Company authorized the Board of Directors and the Executive Directors for transactions under Article 114 of the LPOS with a subject - sale of electricity between Enemona Utilities AD and Enemona AD for a period of three years.

Date	Contractor	Subject	Value in BGN, excl. VAT	Turnover
02.04.2012	Enemona-Galabovo AD	Annex №17 to framework contract №349/13.07.2010 for Construction and Assembly Works for site:"Construction of a rubber conveyor belt №3", as a fourth stage of the implementation of the Building site:"Construction of a new cyclic flow technology /CFT/ for transportation of the overburden from Asarel mine to West Dump site with a capacity of 5 000 tones/hour".	45 calendar days from signing	By unit prices
10.04.2012	"EMCO" AD	Annex № 46 to contract №351/13.07.2010 and to Annexes № 33/06.12.11 and №41/15.02.2012 for Replacement of the fabrication and delivery of a metal profile UPE200 with UPE240 for site: "Structural Steel Fabrication for underground premises for CV-1105, Area 11 – Surface Stockpile & Reclaim System (Phase 2)"	2 weeks from signing	1 132.87
18.04.2012	Enemona-Galabovo AD	Annex № 2 to framework contract №1138/01.08.2011 for Temporary and paid usage of a Liebherr Crane 35 tones	4 months	BG 400.00 a month

		for site: „Execution of the Conveying and transfer area – Civil, Structural and Mechanical Works – Area 27 – Underground Crusher and Conveyors System Project at Chelopech Mining EAD”.		
18.04.2012	Enemona-Galabovo AD	Annex № 3 to framework contract №1138/01.08.2011 for Temporary and paid usage of an auto-crane 35 tones and auto-crane 80 tones for site: ”Construction of a new cyclic flow technology /CFT/ for transportation of the overburden from Asarel mine to West Dump site with a capacity of 5 000 tones/hour”	1 month	For crane 35 tones – BGN 400.00 a month; For crane 80 tones - BGN 1 000.00 a month
20.04.2012	EMCO AD	Annex №47 to framework contract №351/13.07.2010 for Fabrication and delivery of a metal structure for site: „Execution of the Conveying and transfer area – Civil, Structural and Mechanical Works – Area 27 – Underground Crusher and Conveyors System Project at Chelopech Mining EAD”.	16.05.2012	32 360.00
09.05.2012	Enemona-Galabovo AD	Annex № 4 to framework contract №1138/01.08.2011 for Temporary and paid usage of a five-tone heavy truck for site: ”Construction of a new cyclic flow technology /CFT/ for transportation of the overburden from Asarel mine to West Dump site with a capacity of 5 000 tones/hour”	2 months	BGN 200 a month; BGN 2 a km
15.5.2012	EMCO AD	Annex № 48 to contract №351/13.07.2010 for Fabrication and delivery of a metal structure for site: Installation of construction and mechanical part and pipelines” for Zone 78- tailings thickener” of Chelopech Mining EAD.	3 days after signing	7 526.31
15.5.2012	Enemona-Galabovo AD	Annex № 18 to framework contract №349/13.07.2012 for Construction and Assembly works for site: Installation of construction and mechanical part and pipelines” for Zone 78- tailings thickener” of	3 calendar days after signing	49 326.14

Chelopech Mining EAD.

06.06.2010	EMCO AD	Annex № 49 to framework contract № 351/13.07.2010 for elaboration of 4 straps with dimentions 30x400x400 mm. for site: "Construction of a new cyclic flow technology /CFT/ for transportation of the overburden from Asarel mine to West Dump site with a capacity of 5 000 tones/hour"	08.06.2012	403.92
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On April 23, 2012 the following cessions under the Framework contract for transferring (cession) of current and future receivables up to BGN 30 million, arising from contracts for engineering with a guaranteed energy-efficient result and related construction and repair activities, payable in equal monthly installments, the first installment maturity of which should not occur sooner than one month after signing of the agreement for the transfer of the receivables, and the last installment maturity of each one of which should not occur later than 96 (ninety six) months after signing of the agreement for transfer of the receivables, as follows:

1st Receivable:	
Contract	13.06.2011
Subject of the Contract	Implementation of engineering activities for energy efficiency with guaranteed result and related repair activities to the buildings of Hospital Pazardjik AD – ESCO part
Debtor	Hospital "Pazardjik" AD
Value of the Receivable	BGN 1 838 182.67
Owner of the Receivable / Seller	"Enemona" AD
Buyer	"Energetics and Energy Savings Fund - EESF" SPV
Installments	82 monthly installments
Value of the transaction (cession)	BGN 1 250 347.04

2nd Receivable:	
Contract	13.06.2011
Subject of the Contract	Implementation of engineering activities for energy efficiency with guaranteed result and related repair activities to the buildings of Hospital Pazardjik AD – repair activitites part
Debtor	Hospital Pazardjik AD
Value of the Receivable	BGN 1 872 079.71
Owner of the Receivable / Seller	Enemona AD
Buyer	Energetics and Energy Savings Fund - EESF SPV

Installments	82 monthly installments
Value of the transaction (cession)	BGN 1 273 404.29

3rd Receivable:

Contract	№14/16.05.2011
Subject of the Contract	Implementation of engineering activities for energy efficiency with guaranteed result and related repair activities to the buildings of “Toshka Petrova” central kindergarten – Borovan village, “Yurii Gagarin” municipal kindergarten – Malorad village and “Ivan Nivyanin” municipal kindergarten – Dobrolevo village – ESCO part
Debtor	Municipality of Borovan
Value of the Receivable	BGN 734 435.57
Owner of the Receivable / Seller	Enemona AD
Buyer	Energetics and Energy Savings Fund - EESF SPV
Installments	76 monthly installments
Value of the transaction (cession)	BGN 485 268.25

4th Receivable:

Contract	№14/16.05.2011
Subject of the Contract	Implementation of engineering activities for energy efficiency with guaranteed result and related repair activities to the buildings of “Toshka Petrova” central kindergarten – Borovan village, “Yurii Gagarin” municipal kindergarten – Malorad village and “Ivan Nivyanin” municipal kindergarten – Dobrolevo village - repair activities part
Debtor	Municipality of Borovan
Value of the Receivable	BGN 610 605.43
Owner of the Receivable / Seller	Enemona AD
Buyer	Energetics and Energy Savings Fund - EESF SPV
Installments	76 monthly installments
Value of the transaction (cession)	BGN 403 449.25

Research and development activities

During the period under review, the Issuer has not been not engaged in any research and development activities.

Financial standing for the period

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

AS OF MACRH 31, 2012

All amounts are in thousand Bulgarian Levs, except otherwise stated

	As of 30.06.2012	As of 31.12.2011
NON-CURRENT ASSETS		
Property, plant and equipment	36,879	35,382
Intangible assets	642	687
Investments in subsidiaries and associates	16,905	17,022
Loans and advances	10,161	24,596
Deferred tax assets, net	2,520	2,520
TOTAL NON-CURRENT ASSETS	67,107	80,207
CURRENT ASSETS		
Inventories	5,649	3,996
Trade and other receivables	28,380	32,930
Gross amounts due from customers under construction contracts	25,783	22,002
Financial assets held for trading	53,700	53,700
Loans and advances	11,150	8,974
Cash and cash equivalents	1,779	4,957
TOTAL CURRENT ASSETS	126,441	126,559
TOTAL ASSETS	193,548	206,766
EQUITY		
Issued share capital	49,299	49,299
Reserves	28,709	28,709
Retained earnings	12,265	17,475
TOTAL EQUITY	90,273	95,483
NON-CURRENT LIABILITIES		
Loans	3,393	2,781
Finance lease	465	672
Finance liability on preferred shares	3,485	3,747
Liability on financial assets held for trading	12,104	11,583
Long-term employee benefits	62	62
TOTAL NON-CURRENT LIABILITIES	19,509	18,845
CURRENT LIABILITIES		
Trade and other payables	13,229	17,765
Gross amounts due to customers under construction contracts	5,991	4,946
Loans	63,871	68,516
Finance lease	455	498

Current tax liabilities	-	493
Provisions	220	220
TOTAL CURRENT LIABILITIES	83,766	92,438
TOTAL EQUITY AND LIABILITIES	193,548	206,766

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2012**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 30.06.2012	Period ended 30.06.2011
Revenue	24,564	37,538
Investment revenue	1,563	991
Changes in inventories of finished goods and work in progress	347	764
Materials and consumables used	(4,316)	(16,761)
Hired services	(8,550)	(14,341)
Employee benefits expenses	(9,940)	(9,087)
Depreciation and amortization expenses	(896)	(904)
Other expenses	(2,155)	(1,748)
Other gains, net	211	13,208
Loss from securitization of receivables and discounting liabilities	(3,614)	-
Finance costs	(2,424)	(2,393)
Profit before tax	(5,210)	7,267
Income tax benefit / (expense)	-	(727)
Net profit for the year	(5,210)	6,540
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(5,210)	6,540
Basic and diluted earnings per share	(0.44)	0.55

**INTERIM SEPARATE CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2012**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 30.06.2012	Period ended 30.06.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	31,807	45,679
Payments to suppliers	(27,484)	(34,822)
Payments to employees	(10,928)	(10,810)
Profit tax paid	(145)	(436)
Payments for other taxes	(1,440)	(282)
Other cash flows from operating activities	(1,057)	(1,184)
CASH FLOWS USED IN OPERATING ACTIVITIES, NET	(9,247)	(1,855)
CASH FLOWS FROM INVESTING ACITIVIES		
Purchase for property, plant and equipment	(74)	(484)
Proceeds from sale of property, plant and equipment and intangible assets	6	2,095
Proceeds from cession receivables	15,409	-
Loans granted	(6,831)	(4,016)
Proceeds from loan repayment	3,296	4,750
Purchase of investments and increase in share capital of subsidiaries	(83)	(5,496)
Proceeds from sales of investments	-	61
Dividends received	72	1,225
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES, NET	11,795	(1,865)
CASH FLOWS FROM FINANCING ACITIVIES		
Proceeds from borrowings	35,165	17,974
Repayments of borrowings	(39,186)	(12,554)
Payments under lease agreements	(314)	(396)
Interest paid	(1,618)	(1,847)
Other cash flows from financing activities	-	(11)
CASH FLOWS FROM FINANCING ACTIVITIES, NET	(5,953)	3,166
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,405)	(554)
CASH AT THE BEGINNING OF THE PERIOD (NOTE 10)	4,957	3,818
CASH AT THE END OF THE PERIOD (NOTE 10)	1,552	3,264
Restricted cash (Note 10)	227	-
TOTAL CASH IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)	1,779	3,264

Principal risks and uncertainties facing the Company during the period under review

In its ordinary course of business, the Company may be exposed to various financial risks, the most important of which are foreign exchange risk, credit risk and liquidity risk.

The risk management of the Company is currently carried out under the direct supervision of the Executive Director and the financial experts under the policy, established by the Board of Directors, who developed the basic principles of general management of financial risk, based on which are developed specific (written) procedures for managing the individual specific risks, such as currency, price, interest rate, credit and liquidity, and the use of non-derivative instruments.

The following describes the different types of risks the Company faces in the course of its business operations and the approach for managing those risks.

Impact of the Global Economic Crisis

Currently, the macroeconomic environment in Bulgaria faces the negative impact of the global financial and economic crisis and its results continue to be strongly felt. The measures taken by the EU and the Bulgarian Government destroyed to some extent, the negative phenomena in the economy.

Sector Risk

The construction sector suffered most severely and continuously by the negative impact of the global economic crisis, which resulted in the following trends:

- Shrinking of the construction market;
- Termination of contracts already signed;
- Freezing of construction works of already started contracts;
- Stronger competition in all market segments;
- Lowering prices to dumped levels.

Measures that the Company intends to undertake to reduce the impact of the global financial crisis, given the increase of global credit risk, liquidity stagnation and collapse of capital flows:

- strict compliance with the contracts concluded with financial institutions to exclude the possibility to early payment requests;
- limited investments in projects outside the main focus of the Company;
- cost optimization and investment program review;
- speeding up the collection of receivables as well as their categorization for risk assessment and finding effective tolls for collection;
- insurance of the financial risks for significant receivables;
- establishment of relationships with affluent investors only (such as government institutions, municipalities, companies working on projects secured by government guarantees);
- if long-term receivables occur, searching for a form of their restructuring into long-term debt and securing them with appropriate assets;
- with regard to the implementation of certain energy projects and energy-efficient operations, searching for options for EU- and other financing programs.

Currency Risk

The Company carries out its activities primarily on the domestic market, whereas the contracts abroad are in Euro. Therefore, Enemona AD is not exposed to significant currency risk because almost all of its operations and transactions are denominated in Bulgarian lev (BGN) and Euro (EUR).

The company has introduced a system for planning of imported deliveries and future payments in order to control the currency risk.

Credit Risk

When carrying out its activities the Company is exposed to credit risk that is the risk associated with some of its Contractors which will not be able to comply fully and in time with their payments.

The Company's financial assets are concentrated in two groups: cash and receivables from customers.

The Company's cash and payment operations are carried out by the following banks - DSK, Eurobank EFG, UBB, Unicredit Bulbank, FIBank, etc., which have a high reputation and strong liquidity, that limits the risk on cash and cash equivalents.

The Company has no significant concentration of credit risk. Its policy is that payments are made within the terms specified in the contracts for the execution of construction and assembly works. The collection and concentration of receivables is monitored currently, according to the established policy of the Company. For that purpose, a daily review is made by the financial and accounting department to monitor by clients and by received payments, followed by an analysis of the unpaid amount and the condition of the client.

To control the risk, the Company ensures immediate payment of collect receivables and the long-term ones are formed into individual agreements with debtors.

Measures that companies from the Enemona Group has introduced in order to control the collection of receivables:

- A detailed estimation for the expected revenues from receivables and uncollected receivables is made. A daily forecast for the next two months is made. A separate forecast is made on a monthly basis for the whole year. The implementation of the underlying assumptions are monitored by the Executive Director and the Financial Department of the Group;
- Every week, in some cases even more frequently, meetings are held by the Financial Committee to the Board of Directors, to discuss problems with uncollected receivables. A person responsible for each overdue receivable is determined, who is responsible for communicating with the company, sending notifications, if necessary bringing legal proceedings and making a plan to influence the payers. The meetings are attended by the Chief Executive Officer of Enemona AD;
- A model is developed that tracks receivables and cash flows. It is available to all offices and subsidiaries of the company and is constantly updated;
- When negotiating for a business deal with a new contractor, investigations are made for the financial reliability according to a procedure (assessment of the financial risk by

Coface Group (a leading company in the field of financial management) and the Bulgarian Export Insurance Agency (BAEZ);

- Certain receivables are insured - "Financial Risk Insurance";
- The contracts with partners include provisions that ensure the collectability of receivables (indisputability, irrevocability, default interest, valid date, etc.)
- An age analysis of receivables is prepared and when unacceptable delay occurs, measures for their collecting are taken (reminders, calls for repayment notary and legal action).

Liquidity Risk

The liquidity risk is the adverse situation of the company not to be able to meet unconditionally all its obligations according to their maturity.

The Company observes a conservative policy on liquidity management, maintaining constant optimal liquid cash and a good ability to finance its business. Enemona AD uses bank and other loans as well.

Enemona manages liquidity of assets and liabilities by a detailed analysis of the structure and dynamics and forecasting of future cash flows.

Transactions with related parties

On the General Shareholders' Meeting of "Enemona" AD, held on January 16, 2012, a decision was taken to authorize the Board of Directors and the Executive Directors of the company to enter into a transaction under Art.114 of the Law on Public Offering of Securities (LPOS) with a subject – providing of a collateral, resulting from commitments as a guarantor, joint debtor or surety of the liabilities of "Energetics and Energy Savings Fund - EESF" SPV under a loan agreement with the European Bank for Reconstruction and Development amounting up to EUR 10 million for securitization of receivables, arising from ESCO-contracts.

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

Other information

On May 31, 2012, Enemona AD sold a total of 200 000 ordinary shares, representing 10.00% of the subscribed capital of ARTANES MINING GROUP AD. The transaction was made on the over-the-counter market (OTC). The value of the transaction is BGN 200 000.00, and the selling price a share equals the nominal value – BGN 1.00. The buyer is SOFIA FRANCE AUTO AD.

After the transaction, Enemona AD holds 1 799 995 shares or 89.99975% of the capital of ARTANES MINING GROUP AD.

APPENDIX №2 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE SECOND QUARTER OF 2012

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING THE SECOND QUOTER OF 2012 (April 1 - June 30)

Date	Event
02-04-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in March 2012.
11-04-2012	Enemona AD published Investors' Bulletin for April 2012
27-04-2012	Enemona AD publicly disclosed information about cessions under a framwork contract signed with EESF SPV.
27-04-2012	Enemona AD publicly disclosed its Non-Consolidate Interim Financial Statement for Q1 2012.
27-04-2012	Enemona AD publicly disclosed its CONSOLIDATE ANNUAL FINANCIAL STATEMENT of a public company and issuer of securities as of 31-12-2011.
02-05-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in April 2012.
11-05-2012	Enemona AD published Investors' Bulletin for May2012
30-05-2012	Enemona AD publicly disclosed its Consolidate Interim Financial Statement for Q1 2012.
31-05-2012	Enemona AD publicly disclosed information concerning the sale of 200 000 ordinary shares from the subscribed capital of ARTANES MINING GROUP AD
01-06-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in May 2012.
08-06-2012	Enemona AD reveled Invitation and written materials for its Annual General Meeting of Shareholders
11-06-2012	Enemona AD reveled the announcement of the Invitation for its Annual General Meeting of Shareholders in the Commercial Register
13-06-2012	Enemona AD reveled the concerning the desision of the Board of Directors regarding the Annual General Meeting of Shareholders
14-06-2012	Enemona AD published Investors' Bulletin for June 2012
15-06-2012	Enemona AD reveled Invitation and written materials for its Annual General Meeting of Shareholders
20-06-2012	Enemona AD reveled the announcement of the Invitation for its Annual General Meeting of Shareholders in the Commercial Register

APPENDIX №2 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE SECOND QUARTER OF 2012

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING 2012

Date	Event
05-01-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in December 2011.
10-01-2012	Enemona AD publicly disclosed the Protocol from the Annual general meeting of the owners of the warrants issued by Enemona, held on January 9, 2012.
11-01-2012	Enemona AD publicly disclosed information on entering of a Company under the Bulgarian Obligations and Contracts Act – ZZD ENEMONA COM.
18-01-2012	Enemona AD publicly disclosed the Protocol from the EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF ENEMONA, held on January 16, 2012
30-01-2012	Enemona AD publicly disclosed its Non-Consolidate Interim Financial Statement for Q4 2011.
01-02-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in January 2012.
23-02-2012	Enemona AD publicly disclosed information for a contract signed under a Project for constructing a New centre for children, youth and psychosomatic medicine in the town of Bergen, Norway
29-02-2012	Enemona AD publicly disclosed its Consolidate Interim Financial Statement for Q4 2011.
29-02-2012	Enemona AD publicly disclosed information about disclosure of a monthly Investors' Bulletin of Enemona Group of Companies
01-03-2012	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in February 2012.
02-03-2012	Enemona AD signed a Memorandum of Understanding with the Federal State Enterprise "Federal Energy Service Company" of the Ministry of Energy of the Russian Federation.
02-03-2012	Enemona's subsidiary EESF SPV signed a Loan Agreement with EBRD
14-03-2012	Enemona AD publicly disclosed information about cessions under a framework contract signed with EESF SPV.
15-03-2012	Enemona AD publicly disclosed the Investors' Bulletin - March 2012.
30-03-2012	Enemona AD publicly disclosed its NON-CONSOLIDATE ANNUAL FINANCIAL STATEMENT of a public company and issuer of securities as of 31-12-2011.