

INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE THIRD 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 July and September 2012, the total turnover of ordinary shares, issued by Enemona AD, realised on the BSE-Sofia AD decreased by 22.68 %, while the number of the shares traded decreased by 19.87 % as compared to the second quarter of 2012. A drop of 3.55% was registered in the weighted average price of the shares as compared to the previous quarter.

During Q3 2012, the total turnover realised was worth BGN 869 009.00, while the daily average was BGN 13 793.79. The total number of transactions was 610, while the daily average was 9.68. The weighted average share price for the period was BGN 2.933.

	July	August	September	July - September
Total Number of Transactions	216	286	108	610
Total Number of Shares Traded	143 268	116 513	36 454	296 235
Weighted Average Share Price	BGN 2.962	BGN 2.896	BGN 2.936	BGN 2.933
Total Turnover	BGN 424495.74	BGN 337460.18	BGN 107053.08	BGN 869009.00

Source: www.infostock.bg

Comparative Data about the Trade in Ordinary Shares in Q3 2011 and Q3 2012

	Q3 2011	Q3 2012
Total Number of Transactions	615	610
Total Number of Shares Traded	118 608	296 235
Weighted Average Share Price	BGN 4.894	BGN 2.933
Total Turnover	BGN 580 741	BGN 869 009.00

Source: www.infostock.bg

Preferred shares (E4AP)

During the third quarter of 2012, the total turnover of preferred shares, issued by Enemona AD, increased by 26.96 % as compared to the second quarter of 2012 and totalled BGN 200 780.12, the daily average was BGN 3 186.99. The total number of transactions was 138, while the daily average was 2.19. The total number of shares traded was 53 590, and the weighted average share price for the period was BGN 3.746.

	July	August	September	July – September
Total Number of Transactions	69	60	9	138
Total Number of Shares Traded	18 614	17 613	17 363	53 590
Weighted Average Share Price	BGN 4.384	BGN 3.591	BGN 3.220	BGN 3.746
Total Turnover	BGN 81616.33	BGN 63254.11	BGN 55909.68	BGN 200780.12

Source: www.infostock.bg

Warrants (ZNOA)

During Q3 2012, the total turnover of warrants, issued by Enemona AD, realised on the BSE-Sofia AD was worth BGN 16677.84, while the daily average was BGN 264.73. The total number of transactions was 28, while the daily average was 0.44. The total number of shares traded was 76050 and the weighted average share price for the period was BGN 0.219.

	July	August	September	July - September
Total Number of Transactions	14	11	3	28
Total Number of Shares	6 209	53 796	16 045	76 050

Traded				
Weighted Average Share Price	BGN 0.163	BGN 0.260	BGN 0.102	BGN 0.219
Total Turnover	BGN 1014.36	BGN 14012.89	BGN 1650.59	BGN 16677.84

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 Third Quarter of 2012

The value of new construction and engineering contracts signed in Q3 2012 reached BGN 20.288 million, excl. VAT

Contractor	Subject
Energomontaj AEK AD	Contract for construction and assembly works on site: Reconstruction of poultry buildings N1 and N2 and service area in "Jayca y Ptici" AD, in the town of Mizia
Neochim AD	Annex № 2 to Contract № 959/26.06.2012 for additional construction and assembly works on site Industrial Unit 608

	Improving the energy efficiency and reducing carbon dioxide on installation AM-76.
Agropolychim AD	Annex № 2 to Contract № 129/01.08.2012 for additional construction and assembly works for project IP 703 investment project IP. 703 "Construction of a new workshop for ammonium nitrate of Agropolychim AD in the town of Devnya, Industrial Zone".
Agropolychim AD	Additional agreement to Contract № 129/01.08.2012 for additional construction and assembly works activities and indication for elimination of construction and assembly works for project IP 703 investment project IP. 703 "Construction of a new workshop for ammonium nitrate of Agropolychim AD in the town of Devnya, Industrial Zone".
Agropolychim AD	Additional agreement to Contract № 111/08.07.2011 for construction and assembly works for project IP 703 investment project IP. 703 "Construction of a new workshop for ammonium nitrate of Agropolychim AD in the town of Devnya, Industrial Zone".
Agropolychim AD	Additional agreement to Contract № 208/08.07.2011 for construction and assembly works for project IP 703 investment project IP. 703 "Construction of a new workshop for ammonium nitrate of Agropolychim AD in the town of Devnya, Industrial Zone".
Alstom Power Sweden AB	Annex for additional assignment of activities on site: Production and delivery of steel construction and elements for filter system for flue gas emissions on site NPP Kladno, Czech Republik
NPP Kozloduy EAD, DP RAO	Annex for assignment of rights and obligations to the contractor NPP Kozloduy EAD, according contract N 114000011 for Equipment delivery for for area reduction in machine room blocks 1-2 of Kozloduy NPP, from 18.10.2011
Politechnics EOOD	Annex № 1 to Contract 1674/31.05.2012 for a new contract price
Chelopech Mining EAD	Annex № 1 to Contract 1437/10.05.2012 for write off of work volume as mentioned in 1.1 "195 level" from the quantitative value of the Additional Agreement N 2 to the Contract
GWG Gewerbe Gesellschaft für Kommunal- und Gewerbeimmobilien mbH	Annex for changing the date of completion for site: Educational center Tor zur Welt.
Bosch Sicherheitssysteme,	Additional agreement to Contract № 1799/30.07.212 for

Gmbh	additional works on site Technical Center in the town of Bielefeld, Germany
Elprom Harmanli AD	Energy efficiency audit
Agropolychim AD	Service order for crane - 15 tones
Agropolychim AD	Service order for crane – 16 tones
Agropolychim AD	Service order for crane - 16 tones
Agropolychim AD	Service order for crane - 16 tones
Agropolychim AD	Service order for crane - 16 tones
AES-3C Maritza East I EOOD	Design of project: construction site 82 "Erection of Power Supply for Maintenance"
Slovenske Elektrarne a. s.	Annex № 3 to Contract for construction and assembly works on site NPP Mochovce Units 3 and 4 - Electrical / I & C installation - Work E 022
Bauer Elektroanlagen GmbH	Annex № 2 to Contract № 1413 for additional assignment of activities on site Construction of a new building for the office of Urban Planning and Environment in Hamburg, Wilhelmsburg.
Electricity System Operator EAD	Agreement for additional assignment of activities on site Reconstruction of a 400 kV Open Switchgear Yard and reconstruction of the substation in the town of Blagoevgrad.
TPP Maritsa East 2 EAD	Amendment № 3 to Contract D01-007-251-000 for Construction of an gypsum de-watering plant, sulphur cleaning facilities of Units 1 to 6 of TPP Maritsa East 2, for prolongation of the deadline until 26.09.2012
Neochim AD	Contract for Execution of Construction, Repair and Installation Works (CRIW) at site "Workshop 608 - Improving energy efficiency and reducing carbon dioxide of plant AM-76. Subproject: "Trestle 5 - reconstruction. New trestle 5A"
GWG Gewerbe Gesellschaft für Kommunal- und Gewerbeimmobilien mbH	Execution of Construction and assembly works, part Electro - for data transfer technology for site: Educational center Tor zur Welt.
ADEN-Group OOD	Design, supply and installation of power supply cabinets 0,4kV
Asklepios Kliniken Hamburg GmbH	Execution of Construction and assembly works for site Asklepios clinic in the city of Hamburg, LOT 11

National Research Centre Kurchatov Institute	Providing services for documentation adapting and accompanying of software functionality after changes carried out by NRC "Kurchatov Institute" for Units 5 and 6 of NPP "Kozloduy" for purposes of NRC Kurchatov Institute in 2012
Neochim AD	Execution of Construction, Repair and Installation Works at site "Workshop 608
AgroInvest Engineering EAD	Preparation of the operating air conditioning system during the summer period
AgroInvest Engineering EAD	Additional agreement to Contract № 1757
Alstom Power Sweden AB	Production and supply of steel ware DAP Ironbridge Växjö – Sweden
Bosch Sicherheitssysteme, Gmbh	Execution of Construction and assembly works on site Technical Center in the town of Bielefeld, Germany

Information regarding decisions of the General Shareholders' Meeting of Enemona AD

According Resolution № 799-ПД of July 20, 2012 of the Financial Supervision Commission, through which the Commission imposes on Enemona AD an administrative measure of compulsion under art. 212, para. 1, item 1 of the Law on Public Offering of Securities (LPOS) and obliges the Company to not put on a vote item 3 of the agenda of the present session of the GMS in the following part "Approval of the individual annual financial statements of the Company for 2011; *Draft Resolution: GMS approves the individual annual financial statements of the Company for 2011*", at the General Shareholders' Meeting of Enemona AD, held on July 23, 2012 the following items, related to item 3 of the agenda were not voted by the GMS:

1. Approval of the individual annual report on activities of the Company for 2011;
4. Approval of the consolidated annual report on activities of the Company for 2011;
5. Approval of the consolidated annual financial statements of the Company for 2011 and the independent auditor's report;
6. Adoption of a resolution for dividend distribution to the shareholders, holding preferred shares, issued by the Company;
7. Adoption of a resolution on the distribution of the Company's net profit for 2011;
8. Adoption of a resolution to discharge from responsibility/liability the members of the Board of Directors for their activities during 2011

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, the shareholders elected an Audit Committee of the Company comprising of three people, with a mandate of three years and gross monthly remuneration of BGN 300 for the Chairman of the audit committee and BGN 200 for a member of the audit committee;

Audit Committee members:

- Dimitar Markov Bazlyankov – Chairman;
- prof. Stoyan Ivanov Durin – member and

- Valentin Valentinov Bojilov – member.

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, the shareholders elected „DELOITTE AUDIT” OOD, UIC 121145199, with seat and address of management Sofia 1301, Vuzrajdane District, 103 Alexander Stamboliisky blvd., certified auditor registered under № 33 in the Registry of Institute of Certified Public Accountants to perform the independent financial audit and certify the annual financial statement for 2012.

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, the shareholders authorized the the Board of Directors and the Executive Directors of the Company to sign the following contracts:

- Framework agreement between the "Energetics and Energy Savings Fund - EESF" SPV (receivables buyer) and "Enemona" AD (receivables seller) for sale (cession) of current and future receivables up to BGN 30 000 000 arising from contracts of engineering with guaranteed energy efficiency result and construction – repair works, as these receivables should be purchased with the proceeds from the loan between "Energetics and Energy Savings Fund - EESF" SPV and European Bank for Reconstruction and Development.
- Contract for purchase of electricity at freely negotiated prices between Enemona AD (Buyer) and Enemona Utilities AD (Seller) and guarantee to pay the price in the form of a promissory note.

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, the shareholders authorized the the Board of Directors and the Executive Directors of the Company for a transaction under Article 114 of LPOS with subject surety on a promissory note issued by "EMCO" AD, representing collateral for a bank loan of "EMCO" AD.

Information on framework contracts

At the General Shareholders' Meeting of Enemona AD, held on July 23, 2012, 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 14-07-2010 for supplies and/or assembly between Enemona AD(Executor) and EMCO AD (Contractor);
- Annex to Framework Agreement, dated 27.09.2010 between Energetics and Energy Savings Fund- EESF SPV and „Enemona” AD (transferor) for purchase of current and future receivables in an amount up to BGN 30 000 000, resulting from Contracts for engineering and implementation of energy efficiency result and the necessary construction and repair works;
- Annex to Contract for renting of Opel Vectra with reg. № CT 3637 AP, signed between Enemona AD (Lessee) and Enemona Galabovo AD, Galabovo (Lessor) on 27.10.2010;

- Annex to Framework Agreement for renting of construction equipment between „Enemona” AD (Lessee) and „Enemona Galabovo” AD (Lessor) on 01.08.2011;
- Annex to Framework Agreement for renting of construction equipment and transport between „Enemona” AD (Lessor) and „Enemona Galabovo” AD (Lessee) on 01.08.2011.

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
27.07.2012	Enemona Galabovo AD	Annex № 1 for one year prolongation of the deadline of Framework contract for Temporary and paid usage of mechanization.	1 Year	No changes
27.07.2012	Enemona Galabovo AD	Annex № 5 for one year prolongation of the deadline of Framework contract for Temporary and paid usage of mechanization.	1 Year	No changes
27.07.2012	Enemona Galabovo AD	Annex № 6 for one year prolongation of the deadline of Framework contract for Construction and Assembly Works and/ or delivery of materials and equipment on Contractors site.	1 Year	No changes
27.07.2012	Enemona Galabovo AD	Annex № 1 for one year prolongation of the deadline of Framework contract for Temporary and paid usage of a car	1 Year	No changes
27.07.2012	Enemona Galabovo AD	Annex № 19 for one year prolongation of the deadline of Framework contract for Construction and Assembly Works and/ or delivery of materials and equipment on Contractors site.	1 Year	No changes
27.07.2012	EMCO AD	Annex № 1 for prolongation of the deadline of the Framework contract for fabrication and/ or delivery of metal structures and supports and/ or installation on Contractors site.	1 Year	No changes
27.07.2012	EMCO AD	Annex № 50 for prolongation of the deadline of the Framework contract for fabrication and/ or delivery of metal structures and supports and/ or installation on the Contractors site.	1 Year	No changes

1.8.2012	EMCO AD	Annex № 51 to Framework contract N 351/31.07.2010 and Annex N 34/ 13.12.2011 according contract between Enemona AD and Alstom Power Italia SpA for fabrication and delivery of metal structures on the Contractors site at San Giuseppe di Cairo SV, Italiana Coke.	14 days	32097.62
20.8.2012	EMCO AD	Annex № 52 to Framework contract N 351/13.07.20110 and Annex N 40 according contract between Enemona AD and Alstom Power Italia SpA for fabrication and delivery of metal and elements for filtering system on site Kladno in the Czech Republic.	7 days	18384.78
3.9.2012	Enemona Galabovo AD	Annex № 7 to Framework contract from 13.07.2010 for Construction and Assembly Works for site Contour Global Maritsa East 3 TPP Unit 3 and Unit 4.	According schedule	BGN 99850.00.25
3.9.2012	Enemona Galabovo AD	Annex № 8 to Framework contract from 13.07.2010 for Construction and Assembly Works for site Maritsa East 2 TPP - Disassembly and assembly of DN 8200 - Ke Burgmann compensator.	15.09.2012	BGN 14040.00
10.09.2012	Enemona Galabovo AD	Annex № 9 to Framework contract from 13.07.2010 for Construction and Assembly Works for site Aurubis Bulgaria AD, Pirdop for "Modification and repair of heating surfaces" at Smelter Production Unit, according with the Terms of Reference, Repair payroll and project documentation.	According schedule	BGN 4.50 per hour

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 SEPTEMBER 30, 2012

All amounts are in thousand Bulgarian Levs, except otherwise stated

	As of 30.09.2012	As of 31.12.2011
NON-CURRENT ASSETS		
Property, plant and equipment	36,231	35,382
Intangible assets	620	687
Investments in subsidiaries and associates	16,905	17,022
Loans and advances	9,694	24,596
Deferred tax assets, net	2,520	2,520
TOTAL NON-CURRENT ASSETS	65,970	80,207
CURRENT ASSETS		
Inventories	5,826	3,996

Trade and other receivables	29,867	32,930
Gross amounts due from customers under construction contracts	35,215	22,002
Financial assets held for trading	53,700	53,700
Loans and advances	11,787	8,974
Cash and cash equivalents	736	4,957
TOTAL CURRENT ASSETS	137,131	126,559
TOTAL ASSETS	203,101	206,766
EQUITY		
Issued share capital	49,299	49,299
Reserves	28,709	28,709
Retained earnings	14,563	17,475
TOTAL EQUITY	92,571	95,483
NON-CURRENT LIABILITIES		
Loans	5,726	2,781
Finance lease	339	672
Finance liability on preferred shares	3,354	3,747
Liability on financial assets held for trading	12,365	11,583
Long-term employee benefits	62	62
TOTAL NON-CURRENT LIABILITIES	21,846	18,845
CURRENT LIABILITIES		
Trade and other payables	16,400	17,765
Gross amounts due to customers under construction contracts	7,443	4,946
Loans	64,175	68,516
Finance lease	446	498
Current tax liabilities	-	493
Provisions	220	220
TOTAL CURRENT LIABILITIES	88,684	92,438
TOTAL EQUITY AND LIABILITIES	203,101	206,766

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 30.09.2012	Period ended 30.09.2011
Revenue	43,519	61,960
Investment revenue	3,460	1,761
Changes in inventories of finished goods and work in progress	752	428
Materials and consumables used	(8,104)	(25,278)
Hired services	(13,652)	(23,213)
Employee benefits expenses	(17,632)	(14,223)
Depreciation and amortization expenses	(1,335)	(1,348)
Other expenses	(3,545)	(2,327)
Other gains, net	389	13,390
Loss from securitization of receivables and discounting liabilities	(3,126)	-
Finance costs	(3,638)	(3,698)
Profit before tax	(2,912)	7,452
Income tax benefit / (expense)		(745)
Net profit(loss) for the year	(2,912)	6,707
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,912)	6,707

Basic and diluted earnings per share

(0.24)

0.56

**INTERIM SEPARATE CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2012**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 30.09.2012	Period ended 30.09.2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	47,463	65,592
Payments to suppliers	(41,779)	(59,909)
Payments to employees	(17,455)	(15,486)
Profit tax paid	(145)	(701)
Payments for other taxes	(1,321)	(336)
Other cash flows from operating activities	(1,331)	(1,750)
CASH FLOWS USED IN OPERATING ACTIVITIES, NET	(14,568)	(12,590)
CASH FLOWS FROM INVESTING ACITIVIES		
Purchase for property, plant and equipment	(120)	(488)
Proceeds from sale of property, plant and equipment and intangible assets	399	2,095
Proceeds from cession receivables	15,409	
Loans granted	(9,368)	(5,348)
Proceeds from loan repayment	6,105	7,051
Purchase of investments and increase in share capital of subsidiaries	(85)	(5,551)
Proceeds from sales of investments	-	10,471
Dividends received	2,299	1,464
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES, NET	14,639	9,694
CASH FLOWS FROM FINANCING ACITIVIES		
Proceeds from borrowings	52,790	36,908
Repayments of borrowings	(54,225)	(31,912)
Payments under lease agreements	(377)	(505)
Interest paid	(2,522)	(2,800)
Proceeds from sales of subsidiaries without loss of control		12
Divident payments	-	(884)
CASH FLOWS FROM FINANCING ACTIVITIES, NET	(4,334)	819
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,263)	(2,077)
CASH AT THE BEGINNING OF THE PERIOD (NOTE 10)	4,957	3,818
CASH AT THE END OF THE PERIOD (NOTE 10)	694	1,741
Restricted cash (Note 10)	42	264
TOTAL CASH IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)	736	2,005

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%.

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

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING THE THIRD QUOTER OF 2012 (July 1 - September 30)

Date	Event
2012-07-02	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in June 2012.
2012-07-13	Enemona AD published Investors' Bulletin for July 2012
2012-07-23	Enemona AD discloses information regarding letter received from the Financial Supervision Commission for applying of Compusatory Administrative Measure
2012-07-23	Enemona AD discloses information regarding received purchase offer for acquisition of 15 mln. Ordinary shares of Energoni AD
2012-07-25	Enemona AD publicly disclosed Minutes form the Annual General Meeting of Shareholders
2012-07-30	Enemona AD publicly disclosed its Non-Consolidate Interim Financial Statement for Q2 2012.
2012-08-01	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in July 2012.
2012-08-01	Enemona AD discloses information regarding the appointment of a new Investor Relations Director
2012-08-07	Enemona AD publicly disclosed information, related to signed Framework contract between "Enemona" AD and "Energetics and Energy Saving Fund – EESF" SPV
2012-08-14	Enemona AD published Investors' Bulletin for August 2012
2012-08-30	Enemona AD publicly disclosed its Consolidate Interim Financial Statement for Q2 2012
2012-09-03	Enemona AD publicly disclosed information on Annexes to Framework Contracts signed in August 2012.
2012-09-15	Enemona AD published Investors' Bulletin for September 2012

APPENDIX №2 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE THIRD 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.
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 framework 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 May 2012
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 revealed Invitation and written materials for its Annual General Meeting of Shareholders
11-06-2012	Enemona AD revealed the announcement of the Invitation for its Annual General Meeting of Shareholders in the Commercial Register
13-06-2012	Enemona AD revealed the concerning the decision 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 revealed Invitation and written materials for its Annual General Meeting of Shareholders
20-06-2012	Enemona AD revealed the announcement of the Invitation for its Annual General Meeting of Shareholders in the Commercial Register