ENEMONA AD

CONSOLIDATED FINANCIAL
STATEMENTS

September 30, 2012

All amounts are in thousand Bulgarian Levs, except otherwise stated

1. Organisation and scope of activity

Enemona AD (the "Parent company") was initially registered as a partnership company in 1990 and in 1994 the Parent-company was registered as a joint-stock company. The address of the Parent-company according to the court registration is at the city of Kozlodui, Panaoit Hitov 1A. The Parent-company is a public entity and its shares are registered at the Financial Supervision Commission in order to be traded at the Bulgarian Stock Exchange. As of September 30, 2012 and December 31, 2011 the major shareholder of Enemona AD is Dichko Prokopiev Dichkov. There have been no changes in the legal status of the Parent company during the current financial year.

The scope of activity of the Parent Company is construction works, which includes all stages from design to assembly and construction.

As of September 30, 2012 the following subsidiaries of the Parent company have been included in the consolidation:

		Interest	
Company	Description of activities	As of 30.09.2012	As of 31.12.2011
Enemona Utilities AD	Trade in electrical power	99,46%	99,46%
FEEI ADSIP	Special investment purpose company – securitization of receivables	88,97%	88,97%
Pirin Power AD	Design and construction of energy projects	100.00%	100.00%
FINI ADSIP	Special investment purpose company – purchase of real estate	69.23%	69.23%
Hemus gas AD	Construction of compressor stations	50.00%	50.00%
Esko engineering AD	Heating and air conditioning projects	99.00%	99.00%
TFETS Nikopol EAD	Construction of electric power station	100.00%	100.00%
EnemonaGalabovo AD	Construction contracts	91.13%	91.13%
Nevrokop gas AD	Trade in gas	90.00%	90.00%
EMKO AD	Construction contracts	77.36%	77.36%
Regionalgas AD	Gasification projects	50.00%	50.00%
PPPMladenovo EOOD	Prospecting, design, constructionandassembly, commissioning, reparation, servicingandengineeringworks	100.00%	100.00%
Artantes Mining Group AD	Exploration of mineral resources	90.00%	100.00%

Regionalgas AD is subsidiary of Enemona Utilities AD, which as of September 30, 2012 and December 31, 2011 owns 50% of the shares of Regionalgas AD, or the direct share of the Company in Regionalgas AD is 50%.

The management the Group considers that the investments in Regionalgas AD and Hemusgas AD do not represent jointly control activity, as the Company controls the financial and operating policy of these companies.

On May 31, 2012 Enemona AD sold 200,000 ordinary shares, representing 10% of the equity capital of Artanes Mining Group AD. After the sale Enemona AD owns 89.99975% of the shares of Artanes Mining Group AD.

1. Organisation and scope of activity (continued)

On June 19, 2012 PPP Mladenovo EOOD increased its equity capital by registering 300 new shares each with nominal value of BGN 100.

2. General financial reporting framework

These consolidated financial statements are prepared in all material respects in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union (the "EU") and applicable in the Republic of Bulgaria.

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 24 Related Party Disclosures **-** Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party, adopted by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),
- Amendments to IAS 32 Financial Instruments:Presentation– Accounting for rights issues, adopted by the EU on December 23, 2009 (effective for annual periods beginning on or after February 1, 2010),
- Amendments to IFRS 1 First-time Adoption of IFRS- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, adopted by the EU on June 30, 2010 (effective for annual periods beginning on or after July 1, 2010),
- Amendments to various standards and interpretations Improvements to IFRSs (2010) resulting from the annual improvement project of IFRS published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on February 18, 2011 (amendments are to be applied for annual periods beginning on or after July 1, 2010 or January 1, 2011 depending on standard/interpretation),
- Amendments to IFRIC 14 IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction **-** Prepayments of a Minimum Funding Requirement, adopted by the EU on July 19, 2010 (effective for annual periods beginning on or after January 1, 2011),
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, adopted by the EU on July 23, 2010 (effective for annual periods beginning on or after July 1, 2010).

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

2. General financial reporting framework (continued)

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- Amendments to IFRS 7 Financial Instruments: Disclosures- Transfers of Financial Assets, adopted by the EU on November 22, 2011 (effective for annual periods beginning on or after July 1, 2011).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at the date of publication of financial statements:

- IFRS 9 Financial Instruments (effective for annual periods beginning onorafter January 1, 2015),
- IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after January 1, 2013),
- IFRS 11 Joint Arrangements(effective for annual periods beginning onorafter January 1, 2013),
- IFRS 12 Disclosures of Involvement with Other Entities(effective for annual periods beginning on or after January 1, 2013),
- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after January 1, 2013),
- IAS 27 (revised in 2011) Separate Financial Statements(effective for annual periods beginning on or after January 1, 2013),
- IAS 28 (revised in 2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IFRS 1 First-time Adoption of IFRS- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after July 1, 2011),
- Amendments to IFRS 7 Financial Instruments: Disclosures- Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IFRS 9 Financial Instruments” and IFRS 7 Financial Instruments: Disclosures– Mandatory Effective Date and Transition Disclosures,
- Amendments to IAS 1 Presentation of financial statements -Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after July 1, 2012),
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012),
- Amendments to IAS 19 Employee Benefits - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after January 1, 2013),
- Amendments to IAS 32 Financial instruments: presentation - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 1, 2014),

2. General financial reporting framework (continued)

Standards and Interpretations issued by IASB but not yet adopted by the EU(continued)

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine(effective for annual periods beginning on or after January 1, 2013).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application, except for the noted below which might have material effect on the consolidated financial statements:

- IFRS 9 Financial instruments, which uses a single approach to determine whether a financial asset is measured at amortized cost or at fair value, replacing the variety of rules of IAS 39. The approach in IFRS 9 is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the variety of rules of IAS 39.
- IFRS 10 Consolidated financial statements, which defines the accounting principles and procedures for preparation of consolidated financial statements.
- IFRS 12 Disclosures of Involvement with Other Entities, which requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

Standards and Interpretations issued by IASB but not yet adopted by the EU(continued)

- IFRS 13 Fair Value Measurement, which defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Company’s estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: Financial Instruments: Recognition and Measurement, would not significantly impact the financial statements, if applied as at the reporting date.

3. Critical accounting estimates and main sources of uncertainty at making accounting assumptions

The preparation of financial statements in accordance with IFRS requires management to make certain accounting estimates and assumptions that affect some of the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the statement of financial position and the reported revenues and expenses during the reporting period. These estimates and assumptions are based on the available information as of the date of preparation of the separate financial statements as actual results could defer from those estimates.

3. Critical accounting estimates and main sources of uncertainty at making accounting assumptions (continued)

3.1. Revenue and expenses under construction contracts

The Group classifies as construction contract each contract in which it is specifically agreed that the construction of an asset or a number of assets, which are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.
Contract revenue is measured at the fair value of the consideration received or receivable. Contract costs include all direct costs, attributable to the contract. Costs that are not attributable to the contract such as administrative expenses and selling costs are recognized during the reporting period regardless of the stage of completion of the contract.

When the result of a construction contract can be reliably measured, contract revenue and expenses are recognized by reference to the stage of completion of the contract as of the date of the statement of financial position, calculated as a ratio between the up-to-date contract expenses and the expected total amount of expenses under the contract. Expected loss under the construction contract is recognized as expense in the statement of comprehensive income.

Changes in construction works, payment of claims and incentives are recognized to the amount to which it is probable that they will lead to income realization and they can be reliably measured.

When the outcome of a construction cost cannot be reliably measured, contract revenue is recognized to the extent of contract costs incurred, if it is probable that they will be recovered by the customer.

3.2. Impairment of non financial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, whereas the recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm’s length transaction between informed, knowledgeable, willing parties, less the costs of disposal. Value in use is based on the discounted cash flow model. The cash flows are determined on the budget estimates for the next five years. Recoverable amount depends on the discount factor used in the discounted cash flow model and on the expected future cash flows, as well as on the growth assumption.

3.3. Impairment of financial assets

Impairment of financial assets is determined based on the expected future cash flows discounted at the initial effective interest rate. When determining the expected future cash flows, the Group analyzes the financial capabilities of its debtors and the expected period for receiving the cash flows.

3.4. Useful life of property, plant and equipment and intangible assets

Another key sources of estimation uncertainty include estimation of useful lives of property, plant and equipment and intangible assets. During the period ended at March 31, 2012 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

3. Critical accounting estimates and main sources of uncertainty at making accounting assumptions (continued)

3.5. Economic environment

In 2012 and during 2011 year as a result of the global financial crisis, a decrease in the economic development of the Bulgarian economy is perceived which affects a wide range of industrial sectors. This leads to noticeable aggravation of cash flows; decline in income and as a result to substantial worsening of the economic environment in which the Group operates. In addition the entity is exposed to significantly higher price, market, credit, liquidity, interest, operating and other risks. As a result, uncertainty for the ability of clients to settle their liabilities in accordance with contracted terms increases.

Therefore, the amount of impairment losses on loans granted, receivables from clients, and the value of other accounting estimates in subsequent periods could substantially differ from those determined and recorded in this separate financial statements. The management of the Group applies all necessary procedures to control these risks.

3.6. Fair value of financial assets

In 2012 the Bulgarian Stock Exchange market was not quite active. In case that the market does not recover, this may cause difficulties in realizing assets at the current active quotations.

All amounts are in thousand Bulgarian Levs, except otherwise stated

4. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost							
JANUARY 1, 2011	22,513	33,554	20,752	11,515	5,943	5,952	100,229
Additions	-	-	351	51	56	2,105	2,563
Transfers	207	97	2	79	2	(387)	-
Disposals	(411)	(95)	(58)	(234)	(179)	-	(977)
Derecognized on disposal of subsidiaries	(16,020)	(6,055)	(9,776)	(1,156)	(2,096)	(1,141)	(36,244)
DECEMBER 31, 2011	6,289	27,501	11,271	10,255	3,726	6,529	65,571
Additions	-	2,268	176	17	28	11	2,500
Transfers	-	-	1	-	-	(1)	-
Disposals	-	(457)	(175)	(188)	(38)	(12)	(870)
SEPTEMBER 30, 2012	6,289	29,312	11,273	10,084	3,716	6,527	67,201
Accumulated depreciation							
JANUARY 1, 20111	-	4,629	9,845	3,553	2,793	-	20,820
Depreciation charge	-	548	1,323	797	410	-	3,078
Impairment	-	-	-	-	11	168	179
Disposals	-	(20)	(55)	(195)	(139)	-	(409)
Derecognized on disposal of subsidiaries	-	(2,412)	(5,408)	(281)	(1,045)	-	(9,146)
DECEMBER 31, 2011	-	2,745	5,705	3,874	2,030	168	14,522
Depreciation charge	-	434	1,028	590	281	-	2,333
Disposals	-	(132)	(165)	(168)	(69)	-	(534)
SEPTEMBER 30, 2012	-	3,047	6,568	4,296	2,242	168	16,321
Net book value							
DECEMBER 31, 2011	6,289	24,756	5,566	6,381	1,696	6,361	51,049
SEPTEMBER 30, 2012	6,289	26,265	4,705	5,788	1,474	6,359	50,880

5. Investment property

	As of 30.09.2012	As of 31.12.2011
Balance as of January 1, 2012	534	550
Disposals	(364)	-
Impairment	-	(16)
Balance as of June 30, 2012	170	534

On April 4, 2012 the Group sold two land properties located in Lom city with the total area of 35,586 square meter and carrying amount of BGN 331 thousand. The Group sold the properties on their book value of BGN 331 thousand and no financial result from the disposal is recognized in the Consolidated Statement of Comprehensive income for the period ending at September 30, 2012
In August 2012 the Group sold a land property located in Lom city with the total area of 3,500 square meter and carrying amount of BGN 33 thousand. The Group sold the properties at the value of BGN 34 thousand and a financial result of BGN 1 thousand from the disposal is recognized in the Consolidated Statement of Comprehensive income for the period ending at September 30, 2012

All amounts are in thousand Bulgarian Levs, except otherwise stated

5.1. Intangible assets

	Title of property	Software	Total
Cost			
JANUARY 1, 2011	2,671	394	3,065
Disposals	-	(70)	(70)
Derecognized on disposal of subsidiaries	(1,180)	(16)	(1,196)
DECEMBER 31, 2011	1,491	308	1,799
Additions	-	-	-
SEPTEMBER 30, 2012	1,491	308	1,799
Accumulated amortization			
JANUARY 1, 2011	920	268	1,188
Charged for the period	65	34	99
Disposals	-	(63)	(63)
Derecognized on disposal of subsidiaries	(150)	(6)	(156)
DECEMBER 31, 2011	835	233	1,068
Charged for the period	47	21	68
SEPTEMBER 30, 2012	882	254	1,136
Net book value			
DECEMBER 31, 2011	656	75	731
MARCH 31, 20112	609	54	663

5.2. Exploration and evaluation assets

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

The project Lom Lignites started in October 2007 with a contract for prospecting and exploration between Enemona AD and Ministry of economy and energy. As of September 30, 2012 and December 31, 2011 exploration and evaluation assets amount to BGN 1,625 thousand and BGN 1,579 thousand, respectively. As of these dates the Group has not charged amortization of the assets as the technical feasibility and commercial viability of the project are not demonstrable.

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

As of September 30, 2012 and December 31, 2011 the Group estimated that there are no indications for impairment of the exploration and evaluation assets and no impairment has been charged.

6. Investments in associates

As of September 30, 2012 and December 31, 2011 the Group has an investment in associate Alfa Enemona OOD which is valued at BGN 4 thousand, whereas the share in the investment's equity is 40%.

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

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All amounts are in thousand Bulgarian Levs, except otherwise stated

7. Current and non-current loans and receivables

Current and non-current loans and receivables as of September 30,2012 and December 31, 2011 are as follows:

Non-current loans and receivables	As of 30.09.2012	As of 31.12.2011
Receivables on ESCO contracts of the Group	23,023	25,537
Receivables related to securitizationwith counterparties outside the Group	1,342	1,890
Cession receivables	3,764	5,181
Loans granted to non related parties	-	-
Loans grantedtoemployees	1,424	2,060
Other assets	9	15
TOTALNON-CURRENT LOANS AND RECEIVABLES	29,562	34,683
Impairment of loans granted to employees	(973)	(973)
TOTALNON-CURRENT LOANS AND RECEIVABLES, NET	28,589	33,710

Current loans and receivables	As of 30.09.2012	As of 31.12.2011
Receivables on ESCO contractsof the Group	6,872	6,497
Receivables related to securitizationwith counterparties outside the Group	2,394	1,224
Cession receivables	2,102	1,845
Loans granted to non related parties	13,997	16,543
TOTALCURRENT LOANS AND RECEIVABLES	25,365	26,109
Impairment of loans granted to non related parties (note 27.1)	(4,953)	(4,953)
TOTALCURRENT LOANS AND RECEIVABLES, NET	20,412	21,156

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

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

As of 30 September 2012 cession receivables comprise present value of the transferred receivable to local company.

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

As a result of the impairment analysis, the Group recorded impairment of loans granted to employees at the amount of BGN 973 thousand and of loans granted to non related parties at the amount of BGN 4,953 thousand in the statement of comprehensive income in the year ended December 31, 2011. For the period ended March 31, 2012 the Group considers that no additional impairment is needed.

All amounts are in thousand Bulgarian Levs, except otherwise stated

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

The movement of the impairment allowance is presented below:

	As of 30.09.2012	As of 31.12.2011
Balance at the beginning of the year	5,926	-
Recognized impairment of non-current loans and receivables	-	973
Recognized loss from impairment of current loans and receivables	-	4,953
Balance at the end of the year	5,926	5,926

8. Inventories

	As of 30.09.2012	As of 31.12.2011
Materials	6,291	4,262
Finished goods	-	-
Goods	1	21
Work in progress	1,143	391
TOTAL	7,435	4,674

9. Trade and other receivables

	As of 30.09.2012	As of 31.12.2011
Receivables from customers	22,468	28,291
Advances to suppliers	13,053	9,268
Retentions	6,421	5,979
Tax recovery	1,362	
Advances to employees	272	225
Receivables from related parties	2	1
Other receivables	3,593	3,391
TOTAL TRADE AND OTHER RECEIVABLES	47,171	47,155
Impairment of receivables from customers	(5,941)	(5,941)
TOTAL TRADE AND OTHER RECEIVABLES, NET	41,230	41,214

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

	As of 30.09.2012	As of 31.12.2011
Balance at the beginning of the year	5,941	860
Recognized loss from impairment of receivables	-	5,308
Recovered during the period	-	(44)
Reintegrated loss from impairment	-	(183)
Balance at the end of the year	5,941	5,941

When determining the recoverability of the receivables the Group considers the changes in the credit risk of the trade and other receivables as of the date of origination until the end of the reporting period.

All amounts are in thousand Bulgarian Levs, except otherwise stated

10. Cash

	As of 30.09.2012	As of 31.12.2011
Cash at banks	3,042	10,272
Restricted cash at bank	146	577
Cash in hand	98	889
TOTAL CASH IN HAND AND AT BANKS	3,286	11,738

As of September 30, 2012 and December 31, 2011 restricted cash represents cash in bank account restricted as a collateral under issued guarantees .

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

11. Issued share capital and reserves

Issued share capital includes:

	As of 30.09.2012	As of 31.12.2011
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
TOTAL SHARE CAPITAL	13,037	13,037
Premiums from share issuance – note 11.3	36,262	36,262
TOTAL ISSUED SHARE CAPITAL	49,299	49,299

11.1. Ordinary shares

	As of 30.09.2012	As of 31.12.2011
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
SHARE CAPITAL – ORDINARY SHARES	11,934	11,934

The share capital of ordinary shares is fully paid in as of September 30,2012 and December 31, 2011 . Group's share capital includes in-kind contribution in the form of titles of property over three combined trademarks, with fair value to the amount of BGN 1,400 thousand obtained through independent appraiser's report. Titles of property are presented as intangible assets (see note 5 above).

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

11.2. Preferred shares

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

All amounts are in thousand Bulgarian Levs, except otherwise stated

11. Issued share capital and reserves (continued)

11.2. Preferred shares (continued)

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

	Upon initial recognition	As of 31.12.2011	As of 30.09.2012
Preferred shares – par value	1,103	1,103	1,103
Premiums from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	3,747	3,354
Dividend payables on preferred shares	-	972	1,793
TOTAL CASH RECEIVED	10,940		

11.3. Premiums from share issuance

	As of 30.09.2012	As of 31.12.2011
Balance as of January 1	36,262	36,262
Premiums from preferred shares issuance	-	-
Balance as of December 31	36,262	36,262

11.4. Reserves

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

12. Loans

Loans received by the Group as of September 30, 2012 and December 31, 2011 are as follows:

	As of 30.09.2012	As of 31.12.2011
Borrowings from financial institutions	102,121	74,190
Borrowings from not related parties	5,404	10,557
TOTAL	107,525	84,747

12.1 Maturity of the loans

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

	As of 30.09.2012	As of 31.12.2011
Up to one year	79,850	71,114
Over 1 year	27,675	13,633
TOTAL LOANS	107,525	84,747

The credit lines and overdrafts are presented as due to one year. The group ordinary renegotiate the credit lines and overdrafts.

All amounts are in thousand Bulgarian Levs, except otherwise stated

12. Loans (continued)

12.2 Borrowings from financial institutions

Borrowings from financial institutions, received by the Group as of September 30,2012 and December 31, 2011 are as follows:

		As of 30.09.2012	As of 31.12.2011
Credit lines – SG Expressbank	(a)	18,351	17,855
Investment loans – DSK Bank	(b)	10,117	14,930
Credit lines – UniCreditBulbank	(c)	24,352	14,501
Investment loans – UniCreditBulbank	(d)	5,575	6,568
Overdraft – UniCreditBulbank	(e)	1,955	1,467
OverdraftUBB	(f)	1,269	4,596
Credit line – ING Bank	(g)	10,333	454
Credit line – MKBUnion Bank	(h)	2,756	1,000
Overdraft- Investbank	(i)	1,650	1,696
Investment loan - European Bank for Reconstruction and Development (EBRD)	(j)	19,941	8,350
Credit lines – Euro bank EFG	(k)	5,801	-
Corporate credit cards issued by UniCredit Bulbank	(l)	21	
Investment loans – Bulgarian Energy Efficiency Fund	(m)	-	38
Investment loans –EIBank		-	12
Overdraft – FIB	(n)	-	1,997
Overdraft – Alianz Bank Bulgaria	(o)	-	726
TOTAL LOANS FROM FINANCIAL INSTITUTIONS		102,121	74,190

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

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

In July 2011 the Group has signed a contract with SG Expressbank for a credit line, limited to EUR 5,000 thousand. As of September 30, 2012 BGN 4,660 thousand have been utilized.

(b) The loan from DSK Bank is granted for the purpose of financing of Group’s energy efficiency projects. The limit of the loan is EUR7,750 thousand and as of September 30, 2012 the Group has utilized 10,117 thousand . In order to secure the loan from DSK Bank Enemona AD has issued promissory note, pledge of future receivables from customers on financed projects, financial risk insurance. The loan contract matures in November 2014.

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

(c) As of September 30, 2012 the Group has utilized BGN 24,352 thousand under the following credit lines agreed with UnicreditBulbank:

- BGN 16,645 thousand utilized under two credit lines with total limit of EUR 9,750 thousand. The Group has pledged as a collateral mortgage on land and buildings and present and future receivables from a customer.
- BGN 1,779 thousand credit line with total limit of EUR 1,000 thousand. The Group has pledged equipment and future receivables.
- BGN 482 thousand credit line for financing a construction contract. The credit limit is EUR 297 thousand from which EUR 250 thousand are for working capital. The loan is secured with pledge of receivables from the construction contract.
- BGN 2,500 thousand a credit line for financing a construction contract. The credit limit is BGN 2,910 thousand from which BGN 2,500 thousand are for working capital. The loan is secured with pledge of receivables from the construction contract.
- BGN 1,968 thousand credit line from Unicredit Bulbank for financing a construction contract. The credit limit is BGN 2,100 thousand from which BGN 2,000 are for working capital. The loan is secured with pledge of receivables from the construction contract.
- BGN 978thousand credit line from Unicredit Bulbank for financing a construction contract. The credit limit is EUR 600 thousand from which EUR 500 are for working capital. The loan is secured with pledge of receivables from the construction contract.

(d) The Investment loan from Unicredit Bulbank is granted for the purpose of financing the construction and operation of virtual gas line and matures in October 2016, and as of September 30, 2012 amounts to BGN 2,641 thousand. In order to secure the loan the Group has established a mortgage of land and natural gas compensation and decompensation stations built on it, pledge of equipment, and pledge of present and future receivables on the project, pledge of cash. An investment loan was granted for the purchase of an office building in Sofia. Utilized amount as of September 30, 2012 amounts to BGN 2,934 thousand. The loan is secured by a mortgage on the building and its land.

(e) Overdraft loan from UniCreditBulbankis granted with the limit of EUR 1,000 thousand . The Loan has been granted for working capital purpose and is secured by pledge of future receivables, cash and production equipment. As of September 30, 2012 BGN1,955 thousand has been utilized.

(f) The overdraft loan from UBB has the limit of EUR 1,450 thousand and is granted for the purpose of working capital and bank guarantees and as of September 30, 2012 the total amount utilized is BGN 1,269 thousand. In order to secure the loan the Group has established a mortgage of lands and buildings owned by Enemona AD and pledge over assets.

(g) In 2010, the Group has received a combined limit for overdraft and contingent liabilities from ING Bank at the amount of BGN 14,800 thousand, of which as of September 30,2012 BGN 10,333 thousand has been utilized in the form of overdraft. The Group has pledged as collateral present and future receivables from customers, mortgage on property belonging to the Group and has been issued a promissory note in favor of the Bank. The revolving credit agreement matures in December 2012 and the overdraft in August 2013.

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

(h) The Group has received four credit lines from Unionbank. The first credit line has the contractual amount of BGN 300 thousand and maturity on October 6, 2011 and is fully repaid as of December 31, 2011. The second credit line has the contractual amount of BGN 500 thousand, fully utilized as of December 31, 2011. The maturity of the second credit line is on January 31, 2012 and is fully repaid as of September 30,2012 . The third credit line has the contractual amount of BGN 500 thousand and maturity at 3 January 2012. As of 30 September 2012 the credit line is fully repaid.
At March 28, 2012 The Group signed a new credit line contract from combined type for financing a particular construction contract with a total limit of EUR 4,800 thousand, from which EUR 2,500 thousand designated for working capital. The utilized amount as of September 30, 2012 is BGN 2,756 thousand. The line is secured by pledge of receivables from construction contract.

(i) The Group has signed a loan with Investbank for the amount of BGN 2,000 thousand and maturity on April 26, 2013. As of September 30, 2012 BGN 1,650 thousand has been utilized. The loan is secured with a pledge on receivables.

(j) Under a loan contract dated December 21, 2007 with the European Bank for Reconstruction and Development (EBRD) at total amount of EUR 7 million in 2010 ,2009 and 2008 the Group received funds at the amount of EUR 1,665 (2010), 2,335 thousand (2009) and EUR 3,000 thousand (2008), respectively for the purpose of financing of completed projects for energy efficiency with guaranteed result (ESCO contracts). In 2012 applicable annual interest rate on the loan is as follows: for the first tranche – 6.45%, for the second tranche– 6.5%. During the period from 1st January to 30rd September 2012 interest payments have been made under contract at the amount of BGN 375 thousand (2011 : 642 thousand) . Principal of the loan will be repaid in equal quarterly installments (23 installments for the first tranche and 21 installments for the second tranche). For the period ended at September 30, 2012 and the year ended at December 31,2011part of the principal has been repaid at the amount of EUR 1,926 thousand and EUR 2,567 thousand respectively. As of September 30, 2012 the carrying amount of the loan is BGN 6,390 (2011: 8,350).

At March 02, 2012 the Group signed a new loan contract with the European Bank for Reconstruction and Development (EBRD) at total amount of EUR 10 million. Pursuant to the loan conditions, the loan should be utilized before March 3, 2013 and the first utilization should be at the amount not less EUR 1,000 thousand. The annual interest rate is fixed at 6.5%. The principal will be repaid in 25 installments, first of them is at the amount of EUR 1,111 thousand and it’s maturity is in March 2013, the remaining payments are allocated into 24 equal quarterly installments, each of EUR 370 thousand. The last date for repayment of the loan is March 4, 2019. The loans is secured by pledge of receivables, which securitization is financed by the loan. Enemona AD is warrantor of the EBRD loan. For the period ending at September 30,2012 interest payments have been made under contract at the amount of BGN 368 thousand and management fee at the amount of BGN 195 thousand. As of September 30, 2012 the carrying amount of the loan is BGN 13,551.

(l) The Group has received the follwoing credit lines from Eurobank EFG:

- Credit lines from combined type for financing a particular construction contract with total limit of BGN 4,758 thousand. The Group has pledged as a collateral future receivables from a customer. The utilized amount as of September 30,2012 is BGN 2,867 thousand.
- Credit line for working capital with a total limit of EUR 1,500. The utilized amount as of September 30,2012 is BGN 2,934 thousand. As a collateral the Group has pledged receivables from customers and goods.

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

(m) The Group has signed a contract with UniCredit Bulgank for issued a credit cards with a total limit of BGN 100 thousand. As of September 30, BGN 21 thousand has been utilized.

(n) The Group has received investment loans from Bulgarian Energy Efficiency Fund for the purpose of financing of projects related to energy efficiency. As of September 30, 2011 the utilized amount is BGN 38thousand.The loans are secured with financial risk insurance and promissory note in favour of the Bank. As of September 30, 2012 the loans are fully repaid.

(o) As of June 2, 2011 the Group has received an overdraft from First Investment Bank Vratsa Branch at the amount of BGN 2,000 thousand and maturity term on April 30, 2012. As of September 30, 2012 the overdraft has been fully repaid.

(p) The Group has signed a loan with Alianz Bank Bulgaria for the amount of BGN 300 thousand and maturity on September 24, 2012. As of September 30, 2012 the loan is fully repaid.

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

In relation to the issue of bank guarantees the Group has received credit facilities from BNP Paribas – Sofia branch at the amount of EUR 1,000 thousand. Current and future receivables from customerswith maximum amount of EUR 1,000 thousand, goods and materials with obligatory minimum of EUR 1,000 thousand are pledged as collateral and a promissory note is signed in favour of the bank. As of September 30, 2012 and December 31, 2011 the Group has no liabilities on loans related to the credit facility.
In relation to the issue of bank guarantees the Group has received credit facilities from First Investment Bank at the amount of EUR 3,500 thousand. Current and future receivables from customers with maximum amount of EUR 3,500 thousand are pledged as collateral. As of September 30, 2012 and December 31, 2011 the Group has no liabilities on loans related to the credit facility.

12.3 Loans from non-related parties

Loans from non-related parties as of September 30, 2012 comprise non-secured loans from Energomontaj AEK AD, Enemona Start AD, Enida Engineering AD, Izolko OOD, SIP OOD and other counterparties at the amount of BGN 688 thousand, BGN 514 thousand, BGN 247 thousand, BGN 3,438 thousand, BGN 476 thousand and BGN 41 thousand, respectively. The loans are with interest rates between 8% and 9% and mature in 2012 as the repayment term may be prolonged with 1 month.

Loans from non-related parties as of December 31, 2011 comprise non-secured loans from Energomontaj AEK AD, Enemona Start AD, Enida Engineering AD, Izolko OOD and other counterparties at the amount of BGN 688 thousand, BGN 879 thousand, BGN 849 thousand, BGN 8,050 thousand and BGN 91 thousand, respectively. The loans are with interest rates between 8% and9% and mature in 2012 as the repayment term may be prolonged with 1 month.

All amounts are in thousand Bulgarian Levs, except otherwise stated

13. Finance lease

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

	Minimal lease payments		Present value of minimal lease payments	
	As of 30.09.2012	As of 31.12.2011	As of 31.03.2012	As of 31.12.2011
Liabilities under finance lease with maturity:				
Up to 1 year	1,018	1,111	957	1,011
Between 2 and 5 years	701	1,455	685	1,400
TOTAL LIABILITIES	1,719	2,566	1,642	2,411
Less: future finance charges	(77)	(155)	-	-
PRESENT AMOUNT OF LIABILITIES	1,642	2,411	1,642	2,411

14. Trade and other payables

	As of 30.09.2012	As of 31.12.2011
Payables to suppliers	13,238	28,871
Payables to related parties	9	-
Payables for dividends on preferred shares	1,793	972
Payables to employees	1,714	945
Payables to social insurance organizations	1,360	356
VAT payables	194	1,182
Other payables	2,994	3,297
TOTAL	21,302	35,623

15. Revenue

	Period ended 30.09.2012	Period ended 30.09.2011
Revenue from construction contracts	54,262	65,444
Revenue from sale of electricity	46,891	63,605
Revenue from sale of compressed natural gas	2,663	1,906
Revenue from services	327	281
Revenue from other services	2	4
TOTAL REVENUE	104,145	131,240

Retentions held by customers under construction contracts amount to BGN 6,285 thousand and BGN 5,979 thousand as of September 30,2012 and December 31, 2011 , respectively. Advances received from customers under construction contracts amount to BGN 17,704 and BGN16,400 thousand as of September 30,2012 and December 31, 2011, respectively.

All amounts are in thousand Bulgarian Levs, except otherwise stated

15. Revenue (continued)

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

	As of 30.09.2012	As of 31.12.2011
Construction costs incurred plus recognized profits (less recognized losses) to date	188,862	231,655
Less: Progress billings	(155,674)	(214,292)
	33,188	17,363
Gross amounts stated in the statement of financial position comprise of:		
Gross amount receivable from customers under construction contracts	40,738	22,567
Gross amount payable to customers under construction contracts	(7,550)	(5,204)
	33,188	17,363

As of September 31,2012 and December 31, 2011 the Group reviewed for objective evidences for impairment of the gross amount due from clients under construction contracts in order to ensure that the carrying amount of the asset does not exceed the present value of the expected future cash flows.

During 2011 the Group impaired gross amount due from clients under construction contracts at the amount of BGN 22,693 thousand . This amount consists mainly of impairment loss on a construction contract related to projects for renewable energy resources. Due to the significant changes related to the legal framework of RER (Renewable Energy Resources) during 2011, which the Management considers as short term events, the uncertainty related to the recoverability of the investments in equipment for generation of electricity from renewable energy resources significantly increased. Recoverability of the receivables from clients related to RER depends on the legal environment regulations. Despite the collaterals and payments received from the clients, due to the described risks above, the Group recognized impairment on the project at the amount of BGN 21,806 thousand. For the period ended September 30, 2012 the Group considers that no additional impairment is needed.

16. Financial income

	Period ended 30.09.2012	Period ended 30.09.2011
Interest income	3,368	2,239
Income from dividend	72	126
Foreign exchange gains	16	22
Other finance income	238	238
TOTAL FINANCIAL INCOME	3,694	2,625

All amounts are in thousand Bulgarian Levs, except otherwise stated

17. Materials and consumables used

	Period ended 30.09.2012	Period ended 30.09.2011
Construction materials	12,381	28,276
Expenses for instruments	191	277
Electric power	199	149
Fuels	413	333
Spare parts	43	98
Stationery	85	66
Other	25	29
TOTAL MATERIALS	13,337	29,228

18. Hired services

	Period ended 30.09.2012	Period ended 30.09.2011
Under construction agreements with subcontractors	6,151	8,265
Services with mechanization	722	1,150
Transportation	1,212	1,164
Legal and consulting services	971	1,881
Insurances	888	1,279
Advertising	9	70
Telecommunications	164	172
Rents	1,275	307
Taxes, mortgages, guarantees	801	1,254
Design	228	270
Bank fees and commissions	550	364
Heating	36	64
Work permissions	48	19
Start up and control works	551	180
Other services	789	1,101
TOTAL HIRED SERVICES	14,395	17,540

19. Employee benefit expenses

	Period ended 30.09.2012	Period ended 30.09.2011
Remunerations	20,305	19,240
Social security and health insurance	2,713	2,651
Expenses for paid leaves and leave compensations	251	101
TOTAL EMPLOYEE BENEFITS EXPENSES	23,269	21,992

All amounts are in thousand Bulgarian Levs, except otherwise stated

20. Other expenses

	Period ended 30.09.2012	Period ended 30.09.2011
Business trips	1,851	1,651
Food vouchers	366	528
Expenses for one-off taxes and fees	392	229
Waste on non-current assets	58	57
Donations	122	-
Other	998	301
TOTAL OTHER EXPENSES	3,787	2,766

21. Loss from securitization of receivables and discounting liabilities

	Period ended 30.09.2012	Period ended 30.09.2011
Expenses related to discounting liability on financial assets held for trading	782	-
Discount on securitization of receivables	2,344	-
TOTAL LOSS FROM SECURITIZATION OF RECEIVABLES AND DISCOUTING LIABILITIES	3,126	-

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

For the period ended September 30, 2012 Enemona AD sold receivables to a subsidiary EESF SPV. Discount on securitization of receivables araises from this securitization.

22. Finance costs

	Period ended 30.09.2012	Period ended 30.09.2011
Interest expense	1,779	3,504
Expenses on financial liability on preferred shares	285	479
Foreign exchange losses	31	80
Finance costs on construction contracts	1,199	695
Other finance cost	58	169
TOTAL FINANCE COST	3,352	4,927

23. Fair value recognition and revaluation of financial assets

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

All amounts are in thousand Bulgarian Levs, except otherwise stated

24. Discontinued operations

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

results from discontinued operations for the periods ending September 30,2012 and September 30,2011 are presented below:

	Period ended 30.09.2012	Period ended 30.09.2011
Revenue	-	1,808
Finance income	-	7
Changes in inventories in finished goods and work in progress	-	275
Expenses	-	(2,841)
Loss before tax	-	(751)
Attributable income tax expense	-	-
Loss on disposal of operations	-	(4,560)
Loss from discontinued operations	-	(5,311)

The recognized loss of disposal of operations is as follow:

	Period ended 30.09.2011
Consideration received	18,471
Costs to sell investments	(180)
Net assets sold	(26,861)
Non controlling interests	4,010
Loss on disposal of operations	(4,560)

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

25. Taxation

Deferred taxes are as follows:

	As of 30.09.2012	As of 31.12.2011
Deferred tax assets		
Impairment of receivables	3,373	3,373
Impairment of investments	245	245
Provisions	137	137
Non-current assets	(1,198)	(1,198)
	2,557	2,557
TOTAL DEFERRED TAX ASSETS	2,626	2,626
TOTAL DEFERRED TAX LIABILITIES	69	69

Deferred tax assets and liabilities as of September 30,2012 and December 31, 2011 are calculated by applying tax rate of 10% according to the Corporate Income Taxation Act and applicable for the periods in which the temporary differences will be realized.

All amounts are in thousand Bulgarian Levs, except otherwise stated

Income tax expenses for the periods ended September 30,2012 and December 31, 2011 are as follows:

	Period ended 30.09.2012	Period ended 30.09.2011
Current income tax expense	-	(367)
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX EXPENSE	(-)	(367)

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

	Period ended 30.09.2012	Period ended 30.09.2011
Profit before taxation	(4,179)	3,328
Applicable tax rate	10%	10%
Tax by applicable tax rate	(418)	333
Tax effect of the non-deductable and non-taxable positions	418	34
TAX EXPENSE	-	367
EFFECTIVE TAX RATE	0%	11%

26. Earning per share

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

Continuing and discontinued operations	As of 30.09.2012	As of 30.09.2011
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4, 281,000)	844,000
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.36)	0.07

Continuing operations	As of 30.09.2012	As of 30.09.2011
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4,281,000)	(4,497,000)
Profit (loss) from discontinued operations	-	(5,311,000)
Share of net profit for Parent Company shareholders from continuing operations	(4,281,000)	814,000
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.36)	0.07

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

As disclosed in Note 12, as of September 30,2012 and December 31, 2011 the Parent company has issued warrants and preferred shares, which in 2011 and 2010 do not influence diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

All amounts are in thousand Bulgarian Levs, except otherwise stated

27. Related parties transactions

The related parties within the Group with transactions performed in the periods ending March 31,2012 and March 31, 2011 are as follows:

RELATED PARTY	TYPE OF RELATIONSHIP
Alfa Enemona OOD	Associated company
Global CapitalOOD	Company under common control
G Oil Expert EOOD	Company under common control
Eco Invest Holding AD	Company under common control
Resource Engineering EOOD	Company under common control
Softgeo-Lint 2006 OOD	Company under common control

The table below discloses income received from related parties:

	Period ended 30.09.2012	Period ended 30.09.2011
Alfa Enemona OOD	72	149
G Oil Expert EOOD	2	2
TOTAL INCOME FROM RELATED PARTIES	74	151

During the periods ending September 30, 2012 and September 30, 2011 the Group has no expenses on related parties transactions.

The table below discloses the balances of receivables from related parties as of September 30,2012 and December 31, 2011 :

	As of 30.09.2012	As of 31.12.2011
G Oil Expert EOOD	2	1
TOTAL	2	1

Receivables from related parties consist of trade receivables.

The table below discloses the balances of liabilities to related parties as of September 30,2012 and December 31, 2011:

	Period ended 30.09.2012	Period ended 31.12.2011
Alfa Enemona OOD	9	7
TOTAL	9	7

Liabilities to related parties consist of trade and other liabilities as of September 30, 2012 and gross amount due to clients under construction contracts as of December 31, 2012.

All amounts are in thousand Bulgarian Levs, except otherwise stated

28. Geographical distribution

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

The Group's revenue from external clients and information about non-current assets, excluding financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts, is presented as follows:

	Revenue from external clients		Property, plant and equipment	
	Period ended 30.09.2012	Period ended 30.09.2011	As of 30.09.2012	As of 31.12.2011
Bulgaria	71,322	104,621	50,168	50,014
Serbia	-	12,480	-	-
Slovakia	13,682	10,532	612	1,001
Germany	10,458	519	100	34
Slovenia	2,583	-		
Other	6,100	3,088	-	-
	104,145	131,240	50,880	51,049

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

In 2010 the Group opened a branch in Slovakia.

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