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	108	17	21	13	2,427
Transfers	-	-	-	-	-	-	-
Disposals	-	(56)	(175)	(153)	(37)	(12)	(433)
JUNE 30, 2012	6,289	29,713	11,204	10,119	3,710	6,530	67,565
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	-	287	686	397	191	-	1,561
Disposals	-	(8)	(165)	(121)	(48)	-	(342)
JUNE 30, 2012	-	3,024	6,226	4,150	2,173	168	15,741
Net book value							
DECEMBER 31, 2011	6,289	24,756	5,566	6,381	1,696	6,361	51,049
JUNE 30, 2012	6,289	26,689	4,978	5,969	1,537	6,362	51,824

5. Investment property

	As of 30.06.2012	As of 31.12.2011
Balance as of January 1, 2012	534	550
Disposals	(331)	-
Impairment	-	(16)
Balance as of June 30, 2012	203	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 June 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	-	-	-
JUNE 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	32	14	46
JUNE 30, 2012	867	247	1,114
Net book value			
DECEMBER 31,2011	656	75	731
JUNE 30, 20112	624	61	685

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 June 30, 2012 and December 31, 2011exploration and evaluation assets amount to BGN 1,617 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 June 30, 2012 and December 31, 2011the 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 June 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.

All amounts are in thousand Bulgarian Levs, except otherwise stated

7. Current and non-current loans and receivables

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

Non-current loans and receivables	As of 30.06.2012	As of 31.12.2011
Receivables on ESCO contracts of the Group	23,517	25,537
Receivables related to securitizationwith counterparties outside the Group	2,635	1,890
Cession receivables	3,764	5,181
Loans granted to non related parties	-	-
Loans grantedtoemployees	1,986	2,060
Other assets	9	15
TOTALNON-CURRENT LOANS AND RECEIVABLES	31,911	34,683
Impairment of loans granted to employees	(973)	(973)
TOTALNON-CURRENT LOANS AND RECEIVABLES, NET	30,938	33,710

Current loans and receivables	As of 30.06.2012	As of 31.12.2011
Receivables on ESCO contractsof the Group	7,003	6,497
Receivables related to securitizationwith counterparties outside the Group	1,665	1,224
Cession receivables	1,971	1,845
Loans granted to non related parties	13,898	16,543
TOTALCURRENT LOANS AND RECEIVABLES	24,537	26,109
Impairment of loans granted to non related parties (note 27.1)	(4,953)	(4,953)
TOTALCURRENT LOANS AND RECEIVABLES, NET	19,584	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 June 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%.

All amounts are in thousand Bulgarian Levs, except otherwise stated

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

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 June 30, 2012 the Group considers that no additional impairment is needed.

The movement of the impairment allowance is presented below:

	As of 301.06.2012	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 30.06.2012	As of 31.12.2011
Materials	5,902	4,262
Finished goods	-	-
Goods	12	21
Work in progress	738	391
TOTAL	6,652	4,674

9. Trade and other receivables

	As of 30.06.2012	As of 31.12.2011
Receivables from customers	22,574	28,291
Advances to suppliers	11,177	9,268
Retentions	8,114	5,979
Tax recovery	544	-
Advances to employees	259	225
Receivables from related parties	1	1
Other receivables	2,775	3,391
TOTAL TRADE AND OTHER RECEIVABLES	45,444	47,155
Impairment of receivables from customers	(5,941)	(5,941)
TOTAL TRADE AND OTHER RECEIVABLES, NET	39,503	41,214

All amounts are in thousand Bulgarian Levs, except otherwise stated

9. Trade and other receivables (continued)

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

	As of 30.06.2012	As of 31.12.2011
Balance at the beginning of the year	5,941	860
Recognized loss from impairment of receivables	-	5,308
Recovered during the period	-	(44)
Reintegrated loss from impairment	-	(183)
Balance at the end of the year	5,941	5,941

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

10. Cash

	As of 30.06.2012	As of 31.12.2011
Cash at banks	3,726	10,272
Restricted cash at bank	331	577
Cash in hand	334	889
TOTAL CASH IN HAND AND AT BANKS	4,391	11,738

As of June 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 30.06.2012	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

All amounts are in thousand Bulgarian Levs, except otherwise stated

11. Issued share capital and reserves (continued)

11.1. Ordinary shares

	As of 30.06.2012	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 June 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 5above).

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

11.2. Preferred shares

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

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

	Upon initial recognition	As of 31.12.2011	As of 30.06.2012
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	3,485
Dividend payables on preferred shares	-	972	1,520
TOTAL CASH RECEIVED	10,940		

11.3. Premiums from share issuance

	As of 30.06.2012	As of 31.12.2011
Balance as of January 1	36,262	36,262
Premiums from preferred shares issuance	-	-
Balance as of June 30	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.

All amounts are in thousand Bulgarian Levs, except otherwise stated

12. Loans

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

	As of 30.06.2012	As of 31.12.2011
Borrowings from financial institutions	94,293	74,190
Borrowings from not related parties	5,725	10,557
TOTAL	100,018	84,747

12.1 Maturity of the loans

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

	As of 30.06.2012	As of 31.12.2011
Up to one year	73,866	71,114
Over 1 year	26,152	13,633
TOTAL LOANS	100,018	84,747

12.2 Borrowings from financial institutions

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

		As of 30.06.2012	As of 31.12.2011
Credit lines – SG Expressbank	(a)	17,348	17,855
Investment loans – DSK Bank	(b)	8,066	14,930
Credit lines – UniCreditBulbank	(c)	23,140	14,501
Investment loans – UniCreditBulbank	(d)	5,906	6,568
Overdraft – UniCreditBulbank	(e)	1,314	1,467
OverdraftUBB	(f)	2,381	4,596
Credit line – ING Bank	(g)	6,641	454
Credit line – MKBUnion Bank	(h)	290	1,000
Investment loans – Bulgarian Energy Efficiency Fund	(i)	-	38
Investment loans –EIBank		3	12
Overdraft – FIB	(j)	-	1,997
Overdraft- Investbank	(k)	2,000	1,696
Overdraft – Alianz Bank Bulgaria	(l)	300	726
Investment loan - European Bank for Reconstruction and Development (EBRD)	(m)	20,589	8,350
Credit lines – Eurobank EFG	(n)	6,315	-
TOTAL LOANS FROM FINANCIAL INSTITUTIONS		94,293	74,190

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

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 June 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 June 30, 2012 BGN 3,657 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 June 30, 2012 the Group has utilized BGN 8,066 thousand. In order to secure the loan from DSK Bank Enemona AD has issued promissory note, pledge of future receivables from customerson financed projects, financial risk insurance.

(c) As of June 30, 2012 the Group has utilized BGN 23,140 thousand under the follwoing credit lines agreed with UnicreditBulbank:

- BGN 16,619 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 1,595 thousand credit line with total limit of EUR 1,000 thousand. The Group has pledged equipment and future receivables.
- BGN 589 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. As of June 30, 2012 the Company has utilized BGN 2,500 thousand. The loan is secured with pledge of receivables from the construction contract.
- BGN 1,937 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. As of June 30, 2012 the Company has utilized BGN 1,937 thousand. 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 June 30, 2012 amounts to BGN 2,803 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 June 30, 2012 amounts to BGN 3,103 thousand. The loan is secured by a mortgage on the building and its land.

(e) Overdraft loan from UniCreditBulbank is granted with the limit of EUR1,000 thousand and maturityat October 31, 2012. The Loan has been granted for working capital purpose and is secured by pledge of future receivables, cash and production equipment. As of June 30, 2012 BGN1,314 thousandhas been utilized.

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

(f) The overdraft loan from UBB has the limit of EUR3,500 thousand and is granted for the purpose of working capital and bank guarantees and as of June 30, 2012 the total amount utilized is BGN 2,381 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) The Group has received a combined limit from ING Bank with the following conditions:

- BGN 14,800 thousand, of which as of June 30,2012 BGN 3,480 thousand has been utilized under three credit lines for working capital needed for specific construction contracts. In order to secure the loans the Group has issued pledge of present and future receivables from customers, mortgage on property, owned by the Group and promissory note in favour of the bank.
- BGN 3,161 thousand under credit line with total limit of BGN 8,000 thousand. As a security, the Group has pledged current and future clients receivables.

(h) TheGroup 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, 2012and is fully repaid as of June 30,2012. The third credit line has the contractual amount of BGN 500 thousand and maturity at 3 January 2012. As of 30 June 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 June 30, 2012 is BGN 290 thousand. The line is secured by pledge of receivables from construction contract.

(i)The Group has received investment loans from Bulgarian Energy Efficiency Fund for the purpose of financing of projects related to energy efficiency. As of December 31, 2011 the utilized amount is BGN 38thousand.The loans are secured with financial risk insurance and promissory note in favour of the Bank. As of June 30, 2012 the loans are fully repaid.

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

(k) The Group has signed a loan with Investbank for the amount of BGN 2,000 thousand. As of June 30, 2012 BGN 2,000 thousand has been utilized. The loan is secured with a pledge on receivables.

(l) The Group has signed a loan with Alianz Bank Bulgaria for the amount of BGN 300 thousand and maturity on September 24, 2012. As of June 30, 2012 BGN 300 thousand has been utilized. The loan is secured with a pledge on receivables and equipment.

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

(m) Under a loan contract dated December 21, 2007 with the European Bank for Reconstruction and Development (EBRD) at total amount of EUR 7 million in 2010 ,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 first half of 2012 interest payments have been made under contract at the amount of BGN 262 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). During the first half of 2012 and the year ended at December 31,2011part of the principal has been repaid at the amount of EUR 1,283 thousand and EUR 1,312 thousand respectively. As of June 30, 2012 the carrying amount of the loan is BGN 7,027.

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 June 30,2012 interest payments have been made under contract at the amount of BGN 130 thousand and management fee at the amount of BGN 195 thousand. As of June 30, 2012 the carrying amount of the loan is BGN 13,562.

n) 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 June 30,2012 is BGN 3,381 thousand.
- Credit line for working capital with a total limit of EUR 1,500. The utilized amount as of June 30,2012 is BGN 2,934 thousand. As a collateral the Group has pledged receivables from customers and goods.

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 customer with maximum amount of EUR 2,000 thousand, goods and materials with obligatory minimum of EUR 2,000 thousand are pledged as collateral and a promissory note is signed in favour of the bank. As of June 30, 2012 and December 31, 2011 the Group has no liabilities on loans related to the credit facility.

All amounts are in thousand Bulgarian Levs, except otherwise stated

12. Loans (continued)

12.3 Loans from non-related parties

Loans from non-related parties as of June 30, 2012 comprise non-secured loans from Energomontaj AEK AD, Enemona Start AD, Enida Engineering AD, Izolko OOD and other counterparties at the amount of BGN 688 thousand, BGN 711 thousand, BGN 3150 thousand, BGN 3,960 thousand and BGN 51 thousand, respectively. The loans are with interest rates between 8% and 9%.

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 688thousand, BGN879 thousand, BGN849thousand, BGN8,050 thousand and BGN 91 thousand, respectively. The loans are with interest rates between 8% and 9%.

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 30.06.2012	As of 31.12.2011	As of 31.06.2012	As of 31.12.2011
Liabilities under finance lease with maturity:				
Up to 1 year	1,036	1,111	964	1,011
Between 2 and 5 years	958	1,455	931	1,400
TOTAL LIABILITIES	1,994	2,566	1,895	2,411
Less: future finance charges	(99)	(155)	-	-
PRESENT AMOUNT OF LIABILITIES	1,895	2,411	1,895	2,411

14. Trade and other payables

	As of 30.06.2012	As of 31.12.2011
Payables to suppliers	17,119	28,871
Payables for dividends on preferred shares	1,520	972
Payables to employees	1,034	945
Payables to social insurance organizations	455	356
VAT payables	219	1,182
Other payables	2,486	3,297
TOTAL	22,833	35,623

All amounts are in thousand Bulgarian Levs, except otherwise stated

15. Revenue

	Period ended 30.06.2012	Period ended 30.06.2011
Revenue from construction contracts	31,727	39,644
Revenue from sale of electricity	33,821	38,416
Revenue from sale ofcompressed natural gas	2,024	1,812
Revenue from services	96	134
Others	-	4
TOTAL REVENUE	67,668	80,010

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

	As of 30.06.2012	As of 31.12.2011
Construction costs incurred plus recognized profits (less recognized losses) to date	155,753	231,655
Less: Progress billings	(130,187)	(214,292)
	25,566	17,363
Gross amounts stated in the statement of financial position compriseof:		
Gross amount receivable from customers under construction contracts	31,557	22,567
Gross amount payable to customers under construction contracts	(5,991)	(5,204)
	25,566	17,363

Retentions held bycustomers under construction contracts amount to BGN 6,224 thousand and BGN5,979 thousandas of June 310,2012 and December 31, 2011 , respectively.Advances received from customers under construction contracts amount to BGN 16,424 and BGN16,400thousand as of June 30,2012 and December 31, 2011, respectively.

As of June 30,2012 and December 31, 2011 the Group reviewed fo objective evidences for impairment of the gross amount due from clients under construction contracts in order to ensure that the carrying amount of the sset 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 theManagement 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 ncreased. Recoverability of thereceivablesfromclientsrelated to RER dependsonthelegalenvironmentregulations. Despite the collaterals and payments received from the clients, due to the described risks above, the Group recognized impairment on th eproject at the amount of BGN 21,806 thousand. For the period ended June 30, 2012 the Company considers that no additional impairment is needed.

All amounts are in thousand Bulgarian Levs, except otherwise stated

16. Financial income

	Period ended 30.06.2012	Period ended 30.06.2012
Interest income	2,882	1,453
Dividend income	72	125
Foreign exchange gains	9	20
Other finance income	100	2
TOTALFINANCIAL INCOME	3,063	1,600

17. Materials and consumables used

	Period ended 30.06.2012	Period ended 30.06.2012
Construction materials	7,586	18,836
Expenses for instruments	162	178
Electric power	136	129
Fuels	263	218
Spare parts	33	40
Stationery	52	50
Other	16	14
TOTAL MATERIALS	8,248	19,465

18. Hired services

	Period ended 30.06.2012	Period ended 30.06.2011
Under construction agreements with subcontractors	2,706	3,956
Services with mechanization	326	817
Transportation	713	474
Legal and consulting services	638	1,364
Insurances	690	1,281
Advertising	8	54
Telecommunications	102	109
Rents	599	291
Taxes, mortgages, guarantees	557	827
Design	136	243
Bank fees and commissions	544	234
Heating	30	57
Work permissions	37	13
Other services	1,258	1,283
TOTAL HIRED SERVICES	8,344	11,003

All amounts are in thousand Bulgarian Levs, except otherwise stated

19. Employee benefit expenses

	Period ended 30.06.2012	Period ended 30.06.2011
Remunerations	12,179	12,195
Social security and health insurance	1,680	1,723
Expenses for paid leaves and leave compensations	176	231
TOTAL EMPLOYEE BENEFITS EXPENSES	14,035	14,149

During the last 12 months it goes proces of optimization of the staff number. The substantial number of employees have been transferred to German and Slovakia projects with updated salaries in according to the labor tariffs in those countries. The last triggers to insignificant deviation of the employee benefits expenses despite of the optimized staff number.

20. Other expenses

	Period ended 30.06.2012	Period ended 30.06.2011
Business trips	920	1,053
Food vouchers	272	356
Expenses for one-off taxes and fees	293	400
Waste on non-current assets	28	57
Donations	122	8
Other	722	66
TOTAL OTHER EXPENSES	2,357	1,940

21. Loss from securitization of receivables and discounting liabilities

	Period ended 30.06.2012	Period ended 30.06.2011
Expenses related to discounting liability on financial assets held for trading	521	-
Discount on securitization of receivables	3,093	-
TOTAL LOSS FROM SECURITIZATION OF RECEIVABLES AND DISCOUTING LIABILITIES	3,614	-

Expensesrelated to discoutingliabilityonfinancialassetsheldfortradingaraise from discouting the liability regarding the purchase price of the Financial assets held for trading (see note 23).

For the period ended June 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 30.06.2012	Period ended 30.06.2011
Interest expense	1,779	2,205
Expenses on financial liability on preferred shares	285	319
Foreign exchange losses	31	49
Finance costs on construction contracts	1,199	542
Other finance cost	58	121
TOTAL FINANCE COST	3,352	3,236

All amounts are in thousand Bulgarian Levs, except otherwise stated

23. Fair value recognition and revaluation of financial assets

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

On December 28, 2011, the acquisition date, the Group recognizes shares on their fair value determined by the active trading of the shares on the regulated market of the Bulgarian Stock Exchange. The Group classifies and discloses the shares of the Company as Financial assets held for trading with the purpose of making gains from margin in the share price and recognizes a gain on fair value recognition of shares at the amount of BGN 36,150 thousand. As of December 31, 2011 The Group recognizes a gain from revaluation of the shares at the amount of BGN 2,550 thousand as a result of a change in the market price as determined by the regulated market of the Bulgarian Stock Exchange. The market price used for the revaluation is the price of the last transaction on the regulated market of the Bulgarian Stock Exchange.As of March 31, 2012 and December 31, 2011 the Group recognizes financial asset held for trading in the statement of financial position at the amount of BGN 53,700 thousand.

24. Discontinued operations

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

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

	Period ended 30.06.2012	Period ended 30.06.2011
Revenue	-	1,809
Finance income	-	7
Changes in inventories in finished goods and work in progress	-	275
Expenses	-	(2,841)
Loss before tax	-	(750)
Attributable income tax expense	-	-
Loss on disposal of operations	-	(4,553)
Loss from discontinued operations	-	(5,303)

The recognized loss of disposal of operations is as follow:

	Year ended 31.12.2011
Consideration received	18,471
Costs to sell investments	(180)
Net assets sold	(26,861)
Non controlling interests	4,017
Loss on disposal of operations	(4,553)

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

All amounts are in thousand Bulgarian Levs, except otherwise stated

25. Taxation

Deferred taxes are as follows:

	As of 30.06.2012	As of 30.06.2011
Deferred tax assets		
Impairment of receivables	3,373	3,373
mpairment of investments	245	245
'rovisions	137	137
Ion-current assets	(1,198)	(1,198)
	2,557	2,557
'OTAL DEFERRED TAX ASSETS	2,626	2,626
'OTAL DEFERRED TAX LIABILITIES	69	69

Deferred tax assets and liabilities as of June 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.

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

	Period ended 31.03.2012	Period ended 31.03.2011
Current income tax expense	(13)	(263)
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX EXPENSE	(13)	(263)

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

	Period ended 30.06.2012	Period ended 30.06.2011
Profit before taxation	(4,599)	2,853
Applicable tax rate	10%	10%
Tax by applicable tax rate	(460)	285
Tax effect of the non-deductable and non-taxable positions	473	(131)
TAXEXPENSE	13	154
EFFECTIVE TAX RATE	0%	5%

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 30.06.2012	As of 30.06.2011
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4,629,000)	(4,733,000)
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.39)	(0.40)

All amounts are in thousand Bulgarian Levs, except otherwise stated

6. Earning per share (continued)

Continuing operations	As of 30.06.2012	As of 30.06.2011
Share of net profit for Parent Company shareholders from continuing and discontinued operations	(4,629,000)	(4,733,000)
Profit (loss) from discontinued operations	-	(5,303,000)
Share of net profit for Parent Company shareholders from continuing operations	(4,629,000)	570,000
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.39)	0.05

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 June 30,2012 and December 31, 2011 the Parent company has issued warrants and preferred shares, which in the period ended at June 30, 2012 and 2011 do not influence diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

27. Related parties transactions

The related parties within the Group with transactions performed inthe periods ending March 31,2012 and March 31, 2011are 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 30.06.2012	Period ended 30.06.2011
Alfa Enemona OOD	72	13
G Oil Expert EOOD	2	1
TOTAL INCOME FROM RELATED PARTIES	74	14

During the periods ending June 30, 2012 and June 30,2011 the Group has no expenseson related parties transactions.

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

	As of 30.06.2012	As of 31.12.2011
G Oil Expert EOOD	7	1
TOTAL	7	1

Receivables from related parties consist oftrade receivables.

All amounts are in thousand Bulgarian Levs, except otherwise stated

27. Related parties transactions (continued)

The table below discloses the balances of liabilitiesto related parties as of June 30,2012 and December 31, 2011:

	Period ended 30.06.2012	Period ended 31.12.2011
Alfa Enemona OOD	7	7
TOTAL	7	7

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

28. Geographical distribution

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

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

	Revenue from external clients		Property, plant and equipment	
	Period ended 30.06.2012	Period ended 30.06.2011	As of 30.06.2012	As of 31.12.2011
Bulgaria	51,098	60,684	50,984	50,014
Serbia	-	10,167	-	-
Slovakia	8,590	6,659	653	1,001
Germany	5,182	31	88	34
Other	2,798	2,469	99	-
	67,668	80,010	51,824	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.