

ENERGONI JSC
Consolidated interim financial statement
as of 31 March 2014

1. Corporate information

The present consolidated interim financial statement records the financial condition, financial results and cash flow movements of ENERSONI JSC /the mother company/ and its subsidiary companies, hereinafter referred to as the group.

a/ Legal status of the mother- company

ENERSONI JSC has been inscribed in the Registry Agency on the 21.05.2008, under UIC 200124320 and at the following domicile - Sofia 115 Tzarigradsko shose Blvd, fl.4.

ENERSONI JSC has initial capital of 50 000 /fifty thousand/ BGN, allocated in 50 000 /fifty thousand/ ordinary personal shares with a voting right and par value of 1/one/ BGN for each share. Upon its formation, the company is managed and represented by Dimitrios Aivaliotis.

On the 26.02.2009 by the Registry agency in the Trade Register to the registry record of ENERSONI JSC the following circumstances have been inscribed: the capital of the company has been increased from 50 000 /fifty thousand/ BGN to 250 000 /two-hundred and fifty thousand /BGN and new 200 000 /two hundred thousand/ ordinary personal shares with a voting right and par value of 1/one/ BGN for each share have been issued. The capital increase is executed on the condition that all newly-issued shares are recorded by the shareholder Dimitrios Aivaliotis

With resolution № 972 - of 30.11.2009 r. of the Financial Supervision Commission the merger agreement of 14.10.2009 under article 262j of the Bulgarian Commercial Law, the reports of the Council of Directors of the participating in the transformation companies under article 262 and paragraph 2 of the Commercial Law and 124 paragraph 2, item 2 of the Law on public offering of securities and the auditors reports under article 262m of the Commercial Law have been approved.

On the 01.03.2010 by the Registry agency in the Trade Register to the registry record of ENERSONI JSC the following circumstances have been inscribed: the capital of the company has been increased from 250 000 /two hundred fifty thousand/ BGN to 547 563 000 / five hundred forty seven million and five hundred sixty-three thousand /BGN and new 547 313 / five hundred forty seven million and three hundred thirteen thousand / ordinary personal shares with a voting right and a par value of 1/one/ BGN for each share have been issued. The capital increase is executed through the merger of Royal Resorts AD and Royal Investment EAD with ENERSONI JSC.

Royal Resorts AD owns the subsidiary companies Alpower Bulgaria AD and Electron Bulgaria AD, which as a result of the merger of Royal Resorts AD with ENERSONI JSC have become subsidiary companies of ENERSONI JSC.

As of 31.03.2014 ENERSONI JSC /the mother company/ is a joint stock company with 100% private property, with a one-step system of management and a council of directors, consisting of the following members: Mihail Georgopapadacos, Maksim Jekov Dimov, Konstantinos Nikolopoulos, Alexandros Chadzhidimitriu and Plamen Iliev Iliev. The company is managed and represented by Mihail Georgopapadacos.

The Company operates mainly in the field of exploration and development of energy projects, concerning electrical energy production from renewable sources.

b/ Legal status of the subsidiary companies

“ELECTRON-BULGARIA” AD is a legal entity, established in accordance with chapter 13 of the Commercial Law that owns a patent for invention № 64239/05.07.2004 issued by Patent Office of the Republic of Bulgaria with a № 105560 „Method of building a wind power plant” and concluded license contract for use of a patent/patent use. The company is managed by a council of directors consisting of the following members: Mihail Kiriyaokos Georgopapadakos, “ENERGONI” JSC by Mihail Kiriyaokos Georgopapadakos and Elena Dimitrova Georgieva. The company is represented by Mihail Kiriyaokos Georgopapadakos. The management and business activity of the company have performed in virtue of the Commercial Law and the Law on accountancy. The capital of the company amounts to 4 699 000 BGN and has been fully paid as contribution in kind – 4 694 000 BGN and 5 000 BGN in cash.

On the 11.12.2013 by the Registry agency in the Trade Register to the registry record of Electron - Bulgaria AD the following circumstances have been inscribed: capital of the Company was increased from 4 699 000 / four million six hundred and ninety-nine thousand / BGN to 12 527 400 / twelve million five hundred and twenty-seven thousand four hundred / BGN , by issuing 7 828 400 / seven million eight hundred and twenty-eight thousand and four hundred / personal shares with a voting right and a par value of 1/one/ BGN each. The capital increase is executed through the merger of Olpauer - Bulgaria AD. According to Art . 262 , para . 1 of the Commercial Act Olpower - Bulgaria AD is terminated without liquidation and all assets and liabilities are transferred to the transferee Electron - Bulgaria AD. All documents related to the transformation were published in the Trade register.

The group operates mainly in the field of exploration and development of energy projects concerning electrical energy production from renewable sources.

(c) Basis of preparation

The present consolidated interim financial statement is prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) and IFRIC interpretations, adopted by the European Union (EU) and the Bulgarian legislation.

New and amended standards, adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective from 1 January 2014 . For the current financial year, the Group has adopted all the new and / or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively by the IFRS Interpretations Committee which were appropriate for its activity..

Adopted standards for periods, beginning at least on January 1,2014

• *Amendment to IFRS 10, 11 and 12 - Guidelines for the transition to implementation (Adopted by the EC for implementation no later than the start date of the first financial year beginning on or after 01.01.2014)*

The amendment provides additional relief for transition to their implementation by narrowing down the requirement to provide adjusted comparative information for the immediately preceding comparative period. Also the amendments to IFRS 11 and IFRS 12 eliminates the

requirement to provide comparative information for periods prior to the immediately preceding period.

- *Amendment to IFRS 10, IFRS 12 and IAS 27 - Investment Entities*
(Adopted by the EC for annual periods beginning on or after 01.01.2014)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

- *Amendment to IAS 32 Financial Instruments: Presentation*
(effective for annual periods beginning on 1.1.2014 - adopted by the EC) - regarding netting (offsetting) of financial assets and financial liabilities

These amendments are related to the clarification of the application of the rules on offsetting financial instruments. Basically they are in four areas: a) clarification of the meaning of the concept of "current legally enforceable right to offset"; b) the application of simultaneous realization and settlement agreement; c) offsetting of cash provided as guarantee; d) The measure of implementation of offsetting requirements. These amendments do not impact the group;

- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of derivatives and continued hedge accounting*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group;

- *Amendment to IAS 36 "Impairment of Assets" - Disclosure of the recoverable value of non-financial assets*

Reduced disclosure requirements of the recoverable amount of an asset or cash-generating unit; clarifies the disclosure requirements and introduces an explicit requirement to disclose the discount factor used in determining impairment (or reversal) when the recoverable amount (based on fair value less the sales costs) is determined using the present value technique . These changes do not influence the preparation of the interim consolidated financial statements of the group.

The present interim financial statement is a consolidated financial statement. The investments in both subsidiary companies are eliminated against the equity of the subsidiary companies. All assets, liabilities, incomes and costs of the subsidiary companies are included in the consolidated interim financial statement of ENERGONI JSC under the full consolidation method after elimination of the balances and transactions within the group.

The consolidated interim financial statement of the group as of 31.03.2014 is prepared in accordance with the principles of historical cost and going concern. The management of the group confirms that its development plans do not foresee the activity be terminated into the indefinite future. If substantial uncertainties are known by the management and they may cause significant doubt upon that the group can continue its activity, these uncertainties will be disclosed.

During the reporting period are pending the following development goals of the group:

1. Completion of the preparation of the first projects for entering phase "Building".
2. Completion of the acquisition of funding for the projects.

3. Final phase of the construction and furnishing of office space, with which completes the administrative organization of the group.

The financial statement has been prepared in the national currency of the Republic of Bulgaria – Bulgarian lev (BGN). Since 1 January 1999 Bulgarian lev has been fixed to the Euro: 1.95583 leva = 1 Euro. The data in the statements and the notes thereto are presented in thousands of BGN, unless otherwise is explicitly indicated.

The presentation of financial statements in accordance with International Financial Reporting Standards requires management to make best estimates, accruals and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent receivables and liabilities at the reporting date. These estimates, accruals and assumptions are based on information available at the date of the financial statements, because of that the actual future results could be different (as in times of financial crisis, the uncertainties are more significant).

2. Comparative data

The present consolidated interim financial statement has been prepared in accordance with IAS 34 “Interim Financial Statements”. The Group does not present comparative information in this financial statement for the previous year due to the inability to provide comparable data.

3. Basic elements of the accounting policy

The group adheres to a common accounting policy – the accounting policy of the mother company

(a) Foreign Currency Dealings

Foreign Currency transactions are translated in BGN at the exchange rate of the Central Bank ruling on the transaction date. The cash assets and liabilities, denominated in foreign currency on the balance date are translated in BGN at the closing exchange rate of the Central Bank as of 31.03.2014. The foreign currency exchange differences are included in the Income statement.

(b) Property, plant and equipment

As property, plant and equipment are reported the assets which fulfill the IAS 16 criteria and its value is higher or equal to 700 BGN. The assets with a value that is lower than the above-stated are reported as operating costs for the acquisition period in accordance with the approved accounting policy. Each property, plant or equipment shall be evaluated when acquired at acquisition price defined in accordance with the IAS 16 requirements.

The chosen model by the group for the subsequent measurement of property, plant and equipment is the model of the acquisition cost under IAS 16 - acquisition cost less any accumulated depreciation and accumulated impairment losses.

Consecutive expenses related to property, plant or equipment are reported as an increase in the net book value of assets, when there is a chance that the company might gain economic profits higher than the originally assessed standard of performance. In all other cases the consecutive expenses shall be recorded as operating costs for the period.

Tangible fixed assets are depreciated under linear method over the expected useful life period determined at the time of asset acquisition.

The average useful life in years for the general groups of tangible fixed assets is as follows:

Group	Years
Buildings and installations	25
Machinery	3.3
Vehicles	4
Fixtures and fittings	6.7
Computers and peripheral devices	2

Land and expenses related to the acquisition of the tangible fixed assets do not undergo depreciation.

The applied depreciation rates are based on the estimated useful life.

As of 31.03.2014 ENERGONI JSC and its subsidiary companies have the following properties, plant and equipment.

(Thousand of BGN)

Group	Carrying value	Depreciation and amortization	Net book value
Land	70	-	70
Buildings	42	18	24
Equipment	9	5	4
Computers and peripheral appliances	25	15	10
Vehicles	135	30	105
Fixtures and fittings	342	51	291
Tangible fixed assets in progress	3539	-	3539
Total:	4162	119	4043

(c) Intangible assets

As intangible assets are reported assets that comply with the intangible assets definition and meet the criterion concerning the reporting of intangible assets stipulated in IAS 38.

Upon acquisition, intangible assets are reported at acquisition cost.

Intangible assets with an indefinite useful life - The chosen model by the group for the subsequent measurement of intangible assets with an indefinite useful life is the revaluation model according to IAS 38 ***Intangible Assets*** - after initial recognition, intangible assets are accounted at revalued value, which is its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated losses from revaluation. An increase and decrease in the carrying value of intangible assets with an indefinite useful life as a result of revaluation is subject to paragraphs 85 and 86 of IAS 38.

Intangible assets with an finite useful life - The chosen model by the group for the subsequent measurement of intangible assets with finite useful life is the model of the acquisition cost according to IAS 38 ***Intangible Assets*** - after the initial recognition of an intangible asset it is accounted at its acquisition cost less accumulated depreciation and any accumulated impairment losses. (paragraph 74 of IAS 38)

As of 31.03.2014 the group owns the following intangible assets with an indefinite useful life:

- Patent with a carrying value of BGN 558 000 thousand, which according to paragraph 107 of IAS 38 do not have to be depreciated. According to 108 of IAS 38 *Intangible assets* and IAS 36 *Impairment of asset*, the group is obliged to perform an impairment test for indefinite-lived intangible assets by comparing asset recoverable amount with its book value.

a/ annually; and

b/ when there is a chance of intangible asset impairment.

At a meeting of the Board of Directors of Energoni JSC. - the parent company, has been decided to be evaluated the patent "Method for the construction of a wind power plant" by independent evaluators. The new market evaluation of the intangible asset has been carried out by "BR Account" EOOD as of 31.03.2013. Market evaluation has been prepared to serve in financing from a financial institution, purchase, accounting and others.

In the evaluation of fixed assets applies a fundamental rule, enshrined in financial analysis, namely that "an asset is as valuable as the cash flows that could generate or respectively returns that can bring within a specified period of time. "We are talking about the same thing, but evaluated in two alternative ways. In the first approach are estimated discounted cash flows for the period of an investment, reaching indicator net present value (NPV). In the second approach we measure the expected return on investment rates, this indicator is called the internal rate of return (IRR).

Both approaches are justified and applied in the comprehensive analysis of the three investment options for the production of electricity from wind energy parks, which will be built from the Group "Energoni" JSC.

In the evaluation of an intangible fixed asset (IFA) in this case a patent needs to be determined economically well-grounded "percentage of the generated future cash flows", which shows how much of discounted net cash flows are due to the "work" of this IFA. Accepted valuation practice around the world, particularly in countries like the UK and U.S., this percentage varies from 5 to 10% when it comes to patents or utility methods, that form the basis of future generated net cash flows. For reporting purposes of the market value of the patent as of 31.03.2013 shall be the lowest percentage of 5% of the present value of the future cash flows generated by the investment project. The logic is that the patent is an integral part of the functioning of projects, where technical and technological parameters should improve the performance, and hence to higher the expected cash flows after the adoption of a useful method or patent. Similar is the case with the Patent of group "Energoni" JSC, which is a fundamental part of achievement of defined investment plans of the group.

The total value of the patent BGN 558 000 thousand has been proportionally allocated according to the owned patent shares between ENERGONI JSC and its subsidiary company as follows:

Company name	Re-evaluated value (thousand of BGN)	% share
Energoni JSC	545 222	97.71
Electron - Bulgaria AD	12 778	2.29
Total :	558 000	100.00

As of 31.03.2014 the group owns the following intangible assets with finite useful life:

- License № L-258-01/04.02.2008 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object – photovoltaic park after its construction. The license is owned by Balkan Solar AD. Its net book value as of 31.03.2014 is BGN 12 thousand.

- License № L-240-01/2007 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object - Wind Park Dobrin after its construction. The license is owned by Balkan Energy AD. Its net book value as of 31.03.2014 is BGN 13 thousand.

- License № L-259-01/2008 for production of electrical energy issued by SEWRC. License is issued under Art. 19 of the Ordinance on licensing of activities in the energy sector. With this license SEWRC allowed the production of electrical energy by new energy object after its construction. The license is owned by Sofia Wind Park AD. Its net book value as of 31.03.2014 is BGN 12 thousand.

(d) Impairment of tangible and intangible fixed assets

In the event that facts and circumstances indicate that the net book value of company's tangible and intangible fixed assets is non-refundable within company's activities, impairment shall be performed. An impairment loss is recognized for the amount by which the net book value exceeds the recoverable amount which is higher than assets net selling price and its value in use. For the purposes of impairment testing assets are grouped to the highest possible analytical degree, for which identifiable cash flow are present.

With regard to the provisions of IAS 36 *Impairment of assets* the group believe that negative changes are not likely to occur in its field of operation.

As of 31.03.2014 the group does not have impairment of tangible and intangible fixed assets.

(e) Investments in subsidiary companies, associated companies and minority shares

"Electron-Bulgaria" AD has a controlling stake in the following companies:

(Thousand of BGN)

Company	Amount of the investment	Relative share of the participation (%)
Bolkan Energy AD	40 219	51
Sofia Wind Park AD	39 141	51
Bolkan Solar AD	23 550	51
Eko Solar Energy AD	45	90
RES Electric AD /RNK Electric/	100	100
Total:	103 055	

The group has minority interest in "Consortium Elgrup" AD, UIC 131562294, amounting to BGN 7 thousand - 14% of the company's capital, through its subsidiary company "RES Electric" AD.

(f) Investment property

The group does not report investment properties in accordance with IAS 40.

(g) Inventories

Inventories are current tangible assets such as:

Materials acquired through a purchase and intended for direct sales.

Inventories are evaluated at a value lower than the purchase cost or the net realizable value.

Purchase cost includes the sum of all purchasing costs and other costs incurred as a result of

bringing the asset to the location and in appropriate condition. Subsequently they are included in the carrying amount of goods sold through a sale under weighted average value method.

As of 31.03.2014 the group does not have work in progress.

(h) Trade and other receivables

As loans and receivables initially occurred in the company are classified receivables from direct provisions of goods, services, cash and cash equivalents of debtors. Initially, receivables and loans are valued at prime cost.

After initial recognition, loans and receivables from clients and suppliers which are with no fixed maturity are reported at prime cost.

Loans and receivables from customers and suppliers with a fixed maturity are reported at their depreciation cost. The effective interest rate is the original interest rate stated in the contract.

As of date of the financial statement a review concerning assessment of impairment due to uncollectability shall be performed. The assessment of impairment shall be based on individual approach for each receivable according to management's decision.

Tax refund shall be presented at the original amount of the claim.

Other receivables shall be presented at prime cost.

As short term receivables are classified receivables that are:

- With no fixed maturity;
- Fixed maturity and up to one year residual maturity term from the date of the financial statement.

As long term receivables are classified receivables with fixed maturity and residual maturity of over a year term.

Trade and other receivables are reported at their nominal value less impairment losses.

As of 31.03.2014 the group has the following trade and other receivables:

(Thousand of BGN)			
Receivables	Energoni JSC	Elektron- Bulgaria AD	Total
VAT receivables	38	3	41
Advance payments to suppliers	120	-	120
Other receivables		10000	10000
Total:	158	10003	10161

(i) Cash and cash equivalents

Cash in BGN is evaluated at face value which corresponds to its fair value at the reporting date. Bank deposits are reported at nominal value and the due interest accrued under the contract at the reporting date.

Cash and cash equivalents, denominated in foreign currency, are translated at the central exchange rate of Bulgarian National Bank at the reporting date.

Cash balances include cash on hand and at bank as follows:

(Thousand BGN)

Cash	Amount
Cash on hand	72
Cash at bank	18
Total:	90

(j) Financial risk management

In the normal course of economic activity the group may be exposed to various financial risks, the most important of which are market risk (including currency risk, risk of change in fair value and price risk), credit risk, liquidity risk and risk interest-bearing cash flows. The overall risk management focuses on the difficulties in forecasting financial markets and reaching minimization of potential negative effects that could affect the financial results and position of the group.

Currency risk

Currency transactions are performed in Euro. The group does not use special risk hedging instruments, because the use of such instruments is not a common practice in the Republic of Bulgaria. Currency risk is minimized, because the BGN is fixed under the National Bank Act to euro in ratio BGN 1.95583: EUR 1.

Price risk

The group is exposed to price risk by two factors:

- a) any increase in supply costs of raw materials , and
- b) changes in the regulatory framework, related to RES and the purchase price of the electricity, regulated by the state.

To minimize this impact group implement a strategy aiming optimization of production costs, validation of alternative suppliers offering favorable terms of trade.

Credit risk

Financial assets, which potentially expose the group to a credit risk, are mainly trade receivables. The group shall be subjected to a credit risk in case clients do not pay their liabilities. The group policy in this area is aimed at sales of goods and services to customers with appropriate credit standing.

Liquidity risk

Liquidity risk is the negative situation when the group will not be able to meet unconditionally all its obligations in accordance with their maturity.

The group generates and maintains a sufficient amount of liquid funds. External sources of funding are the shareholders of the mother company. In order to isolate the potential liquidity risk, the group is working with alternative mechanisms of action and estimates, The final effect of which is to maintain good liquidity, respectively ability to fund its business activities. This is complemented by ongoing monitoring of the maturities of assets and liabilities and control of outgoing cash flows.

(k) Equity

Group equity amounts to BGN 551 874 000 / five hundred fifty-one million eight hundred and seventy-four thousand /

The share capital of the mother-company is BGN 547 563 000 / five hundred forty seven

million five hundred sixty-three thousand /. Shareholders with more than 5% shareholding in the capital are the following:

Shareholders	31.03.2014			
	Number of shares	Value	Paid	% share
ZAO NK Rusneftekhim	100 000 000	100 000 000	100 000 000	18.26
SWEDBANK AS CLIENTS	96 122 427	96 122 427	96 122 427	17.55
Michail Georgopapadakos	72 358 009	72 358 009	72 358 009	13.21
Royal Fund Bulgaria AD	44 000 000	44 000 000	44 000 000	8.04
EUROBANK ERGASIAS CLIENTS ACC	39 469 438	39 469 438	39 469 438	7.21
Yavor Kamenov Drenkov	34 257 697	34 257 697	34 257 697	6.26
HELLENIC AMERICAN SECURITIES S A	29 735 156	29 735 156	29 735 156	5.43
Total:	415 942 727	415 942 727	415 942 727	75.96

The share capital of the group "Electron-Bulgaria" AD amounts to BGN 13 316 thousand /thirteen million three hundred and sixteen thousand /.

On the 11.12.2013, the capital of "Electron-Bulgaria" increased from BGN 4 699 000 / four million six hundred and ninety-nine thousand / to BGN 12 527 400 / twelve million five hundred and twenty-seven thousand four hundred / as a result of the merger of "Olpaue-Bulgaria" AD and "Electron-Bulgaria" AD. Energoni JSC owns 71.88% of the capital of "Electron-Bulgaria" AD.

"Electron-Bulgaria" AD has the following relative share of the capital of subsidiary companies:

(Thousand BGN)

Company	Amount of the share capital	Owned by the group		Foreign participation	
		Amount	%	Amount	%
RES Electric AD	100	100	100	-	-
Bolkan Solar AD	1 000	510	51	490	49
Eko Solar Energy AD	50	45	90	5	10
Bolkan Energy AD	550	280	51	270	49
Sofia Wind Park AD	50	26	51	24	49
Total:	1 750	961		789	

The group manages its capital in such a way as to ensure its functioning as an alignment and to maximize shareholders returns through optimization of the debt-capital ratio (return on invested capital). The aim of the management is to maintain the thrust of investors, creditors and market and to guarantee for the future development of the group.

The group has revaluation reserve amounting to BGN 10 686 thousand, from which BGN 10682 thousand are from the revaluation of FIA Patent for invention "Method for the construction of a wind power plant".

(I) Liabilities and provisions

Liabilities classification

As loans and liabilities initially occurred within the group are classified liabilities of a direct provision of goods, services, cash or cash equivalents of creditors.

Initially, these liabilities are reported at prime cost.

After initial recognition, loans and liabilities to suppliers and customers, which have no fixed maturity, are reported at prime cost.

Loans and receivables from customers and suppliers with a fixed maturity are reported at their depreciation cost. The effective interest rate is the original interest rate stated in the contract.

Liabilities to employees and insurance companies are classified as company liabilities related to already executed work by employees and respective insurance installment required by the legislation. According to IAS requirements liabilities include calculated short-term personnel incomes with unused by personnel leaves origin and liabilities to Social Insurance Funds, related to these incomes, calculated on effective social security rates basis. The company has no policy applied to charge long-term personnel incomes.

Provisions are calculated according to the best proximate management estimation regarding constructive and legal liabilities resulting from past events.

As short term liabilities are classified liabilities with:

- With no fixed maturity
- Fixed maturity and up to one year residual maturity term from the date of the financial statement.

As long term liabilities are classified liabilities that have fixed maturity and residual maturity of over a year term from the date of the financial statement.

Borrowings are initially recorded at their acquisition cost less relevant transaction costs. After initial recognition, borrowings are recorded at depreciation cost and every difference between acquisition cost and subsequent evaluation is reflected in the income statement on the effective interest rate basis for the period loan arise.

As of 31.03.2014 the personnel of the mother company comprises of 3 employees and the average personnel for the year is 3. The company makes use of services under civil contracts. From the other companies in the group personnel have Bolkan Solar AD – 4 employees on labor contract and Elektron-Bulgaria AD – 4 employees on labor contract.

As of 31.03.2014 the group has current liabilities amounted to BGN 103186 thousand, which are distributed as follows:

(Thousand BGN)

Liabilities	Energoni JSC	Elektron- Bulgaria AD	Total
Payables to suppliers	18	18	36
Advance payments	-	-	-
Payables to employees	-	-	-
Insurance liabilities	2	79	81
Tax liabilities	1	29	30
Interest payables	377	35	412
Other payables	-	102627	102627
Total:	398	102788	103186

(m) Revenues

The group is currently reporting on financial incomes from regular business activities by activity's type.

Revenue recognition is performed by adherence to the adopted accounting policy for the following revenue types.

Incomes from goods and other assets sales - property transfer and buyer's assets transferring.

When providing short-term services in the Income Statement shall be recognized the part that corresponds to the level of provided services at the date of Balance sheet statement.

Level of provision is determined on the executed work research basis.

In case of significant uncertainties regarding revenues reception, revenues shall not be recognized.

Revenues are reported on continuous posting principle on the basis of their possible economic profitability and if they could be accurately measured. They are evaluated at fair value of received or to be received

As of 31.03.2014, the Group has no income from operating activities. During the reporting period is realized financial income from transactions with financial assets amounted to BGN 3 thousand.

(n) Cost and expenses

The group is currently reporting on the operating costs by type.

As operating costs are reported financial expenses, which the group reports and which are related to its regular business activity.

Expenses are reported according to the continuous posting principle. They are evaluated at fair value of paid or pending payment.

As of 31.03.2014 reported expenses related to the group's regular business activity amount to BGN 148 thousand, BGN 96 thousand of which are mother-company's expenses and BGN 52 thousand are expenses of the group Elektron-Bulgaria AD.

The Group has made financial expenses during the reporting period amounted to BGN 17 thousand from transactions with financial assets.

(o) Related parties

As of 31.03.2014 the group has the following receivables and payables with related parties:

(Thousand BGN)

Related parties	Current receivables	Non-current receivables	Total receivables
Mak Cap AD	-	2	2
Total:	-	2	2

(Thousand BGN)

Related parties	Current payables	Non-current payables	Total payables
Mak Cap AD	19	126	145
Mihail Georgopapadakos	10181	1573	11754
Yoanis Dagredzakis	1017	-	1017
World Trading Opportunity Fund	430	-	430
IFIT Advisory AG	25	-	25
Total:	11672	1699	13371

(p) Taxation:

The annual tax on profit comprises current and deferred tax. Current tax is the amount that shall be paid on taxable profit for the period and it is based on the effective tax rate or the operating tax rate at the day of balance sheet preparation and all corrections related to tax payable for previous years.

Deferred tax is calculated under the balance sheet assets and liabilities method applied to all time differences between the net book value and values calculated for financial purposes in accordance with the accounting reports.

Deferred tax is calculated on expected tax rates base that is applicable when the asset is realized or the liability is settled. The effect from tax rates changes on deferred tax is reported in the income statement, except for the cases when it relates to amounts previously calculated or directly reported in shareholder's equity

Deferred tax asset is recognized only to the amount that future profits are liable to be received and for which unused tax losses or tax credits are liable be utilized. Deferred tax assets are reduced in compliance with the decrease in probability of tax profits realization.

As of 31.03.2014 the group has the following deferred tax assets and liabilities:

Deferred tax assets and liabilities	Energoni JSC	Elektron-Bulgaria AD	Total
Deffered tax assets	3804	88	3892
Deferred tax liabilities	3746	89	3835

(q) Cash flow statement

The adopted policy on reporting and recording of cash flows is based on the direct method. Cash flows are classified as cash flows when they are derived from:

- Operating activity
- Investment activity
- Financial activity

In the cash flow statement there are not any summary items.

(r) Statement on changes in shareholder's equity

The adopted accounting policy requires statement preparation to include:

Net and loss profit for the period;

Balance of retained profit and changes for the period;

All revenues or expenses items and profit or loss items, resulting from IAS shall be recognized directly in the equity;

Cumulative effect of changes in accounting policy and fundamental mistakes in accordance with IAS 8;

Equity transfer and allocation between the shareholders;

Changes that have occurred as a result of alterations related to the elements of shareholders equity.

(s) Earnings per share

Basic earnings per share are determined on the basis of the net profit/(loss) for the period which is liable to allocation between shareholders with ordinary shares and weighted average number of outstanding ordinary shares for the reporting period. The weighted average number of outstanding ordinary shares is the number of outstanding ordinary shares at the beginning of the period, corrected by the number of re-purchased ordinary shares and the newly issued ones for the period, multiplied by the average time factor. This factor shows the number of days during which the shares have been retained compared to the total number of days in the period. Earnings per share that have decreased in value are not calculated, because potential ordinary shares have not been issued.

4. Additional information to the items of the financial statement

REPORT FOR EXPLANATION OF THE MORE IMPORTANT ITEMS OF FINANCIAL STATEMENT

	(Thousand BGN)
	31.03.2014
4.1 Cash	
Cash on hand	72
Cash at bank	18
Total:	90
4.2 Non-current liabilities	
Differed tax liabilities	3835
Payables to related parties	1719
Total:	5554
4.3 Current liabilities	
Payables to suppliers and clients	36
Payables to related parties	11672
Payables to employees	-
Insurance liabilities	81
Tax liabilities	30
Other payables	103019
Total:	114838
4.4 Operating revenue	
Income from services	-
Other operating income	-
Financial income	3
Total:	3

4.5 Operating expenses	
Cost of materials	34
Expenses on hired services	45
Employee benefits expenses	46
Depreciation and amortization	23
Other operating expenses	-
Finance costs	17
Total :	165
4.6 Financial result	
Accumulated loss from prior years	(5342)
Current profit	(162)
Total:	(5504)

Date: 21.05.2014

Prepared by:
Zoya Manolova



Executive director:
Michail Georgopapadakis

