

ENEMONA AD

SEPARATE STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	As of 31.12.2013	As of 31.12.2012
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	30,424	35,753
Intangible assets	5	529	611
Investments in subsidiaries and associates	6	15,456	14,810
Loans and advances	7	6,623	9,081
Deferred tax assets, net	25	567	2,579
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,599</b>	<b>62,834</b>
<b>CURRENT ASSETS</b>			
Inventories	8	8,853	6,240
Trade and other receivables	9	58,004	39,258
Corporate income tax receivables		-	405
Gross amounts due from customers on construction contract	17	29,805	27,428
Loans and advances	7	12,926	11,656
Cash and cash equivalents	10	856	1,822
<b>TOTAL CURRENT ASSETS</b>		<b>110,444</b>	<b>86,809</b>
<b>TOTAL ASSETS</b>		<b>164,043</b>	<b>149,643</b>
<b>EQUITY</b>			
Share capital and premium reserves	11	21,776	21,776
Reserves	11	28,709	28,709
Retained earnings		1,907	1,736
<b>TOTAL EQUITY</b>		<b>52,392</b>	<b>52,221</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans	12	6,725	4,332
Finance lease	13	87	228
Finance liability on preferred shares	11.2	2,619	3,223
Long-term employee benefits	15	368	62
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,799</b>	<b>7,845</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	37,738	17,237
Gross amounts due to customers under construction contracts	17	2,494	5,743
Loans	12	59,684	65,683
Finance lease	13	78	444
Corporate income tax payables		50	-
Provisions	14	1,808	470
<b>TOTAL CURRENT LIABILITIES</b>		<b>101,852</b>	<b>89,577</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>164,043</b>	<b>149,643</b>

These separate financial statements are approved on March 27, 2014.

Preparer  
B. Borisova

Chief Executive Director  
eng. Dichko Prokopiev

Sylvia Peneva  
Registered Auditor

Data: 17/06/2014

The accompanying notes are an integral part of these separate financial statements.

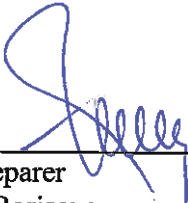
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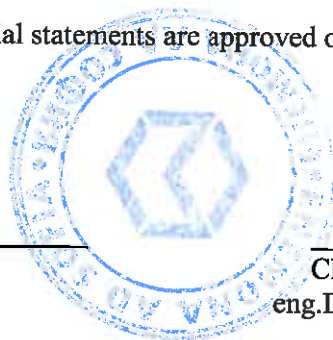
SEPARATE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated


	Note	Year ended 31.12.2013	Year ended 31.12.2012
Revenue	17	85,642	65,452
Investment revenue	18	3,366	5,735
Changes in inventories of finished goods and work in progress	8	393	167
Materials and consumables used	19	(26,532)	(11,662)
Hired services	20	(21,788)	(19,861)
Employee benefits expenses	21	(26,063)	(26,171)
Depreciation and amortization expenses	4,5	(1,648)	(1,768)
Other expenses	22	(3,421)	(4,172)
Other gains / (losses), net	23	(230)	696
Finance costs	24	(7,319)	(6,573)
Profit before tax		2,400	1,843
Tax expense	25	(2,013)	(107)
Net profit for the year		387	1,736
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss, incurred during the period	15	(216)	-
Total comprehensive income for the year		171	1,736
Basic earnings per share diluted earnings per share	26	0.03	0.15

These separate financial statements are approved on March 27, 2014.

  
Preparer  
B. Borisova



  
Chief Executive Director  
eng. Dichko Prokopiev

  
Sylvia Peneva  
Registered Auditor  
Data: 17/06/2014



The accompanying notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Year ended 31.12.2013	Year ended 31.12.2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	76,412	71,657
Receipts from cession of ESCO contracts	543	17,959
Payments to suppliers	(54,094)	(59,607)
Payments to employees	(18,275)	(25,419)
Income tax paid	-	(145)
Other tax payments	(563)	(2,098)
Other cash flows from operating activities	(421)	(1,644)
<b>CASH FLOWS USED FROM OPERATING ACTIVITIES, NET</b>	<b>3,602</b>	<b>703</b>
<b>CASH FLOWS FROM INVESTING ACITIVIES</b>		
Purchase for property, plant and equipment	(1,294)	(228)
Proceeds from sale of property, plant and equipment and intangible assets	4,974	386
Proceeds from ceded receivables	-	1,553
Payment of cession obligations	(282)	(46)
Loans granted	(4,425)	(11,775)
Proceeds from loan repayment	4,227	7,996
Purchase of investments and share capital increase of subsidiaries	(12)	(88)
Dividends received	956	2,299
<b>CASH FLOWS FROM INVESTING ACTIVITIES, NET</b>	<b>4,144</b>	<b>97</b>
<b>CASH FLOWS FROM FINANCING ACITIVIES</b>		
Proceeds from borrowings	32,756	83,647
Repayments of borrowings	(33,955)	(82,218)
Payments under lease agreements	(224)	(478)
Bank charges, mortgage fees and guarantees paid ( note 10)	(1,987)	(1,695)
Interest paid	(4,401)	(3,531)
Proceeds from disposal of investment without loss of control	159	50
Payments for dividends on preferred shares	(1,060)	-
Other cash flows from financing activities	(178)	-
<b>CASH FLOWS USED IN FINANCING ACTIVITIES, NET</b>	<b>(8,890)</b>	<b>(4,225)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,144)</b>	<b>(3,425)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (NOTE 10)</b>	<b>1,822</b>	<b>4,957</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 10)</b>	<b>678</b>	<b>1,532</b>
Restricted cash (Note 10)	178	290
<b>TOTAL CASH AND CASH EQUIVALENTS IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)</b>	<b>856</b>	<b>1,822</b>

These separate financial statements are approved on March 27, 2014.

Preparer  
B.Borisova

Chief Executive Director  
eng.Dichko Prokopiev

Sylvia Peneva  
Registered Auditor

Date: 17/06/2014

The accompanying notes are an integral part of these separate financial statements.

ENEMONA AD

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Ordinary shares	Preferred shares	Premiums from issue of shares	Total issued capital and premium reserves	Legal reserves	Retained earnings	Total
BALANCE AS OF JANUARY 1, 2012	11,934	1,103	36,262	49,299	28,709	(27,523)	50,485
Net profit for the year	-	-	-	-	-	1,736	1,736
Cover of prior period losses	-	-	(27,523)	(27,523)	-	27,523	-
Other comprehensive income for the year	-	-	-	-	-	-	-
САЛДО КЪМ 31 ДЕКЕМВРИ 2012	11,934	1,103	8,739	21,776	28,709	1,736	52,221
Net profit for the year	-	-	-	-	-	387	387
Other comprehensive income for the year	-	-	-	-	-	(216)	(216)
САЛДО КЪМ 31 ДЕКЕМВРИ 2013	11,934	1,103	8,739	21,776	28,709	1,907	52,392

These separate financial statements are approved on March 27, 2014.

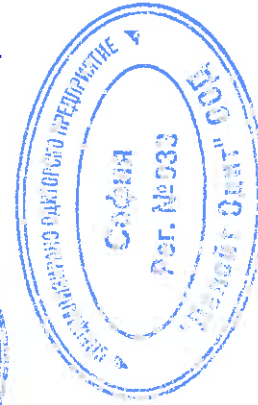
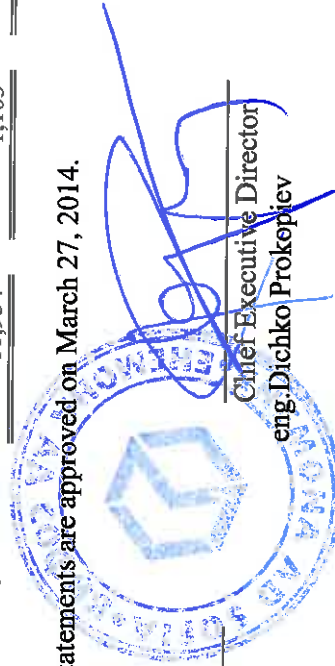
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## INDEPENDENT AUDITOR'S REPORT

**To the shareholders of  
Enemona AD**

### **Report on the Separate Financial Statements**

1. We have audited the accompanying separate financial statements of Enemona AD (“the Company”), which comprise the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Separate Financial Statements*

2. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatements.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

Делойт се отнася към едно или повече дружества - членове на Делойт Туш Томацу Лимитид, частно дружество с ограничена отговорност (private company limited by guarantee), регистрирано в Обединеното кралство, както и към мрежата от дружества - членове, всяко от които е юридически самостоятелно и независимо лице. За детайлна информация относно правната структура на Делойт Туш Томацу Лимитид и дружествата - членове, моля посетете [www.deloitte.com/bg/za\\_nas](http://www.deloitte.com/bg/za_nas).

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Basis for Qualified Opinion*

6. As disclosed in note 9 to the accompanying separate financial statements, the Company reported in 2013 income from default on contract at the amount of BGN 23,100 thousand. As of December 31, 2013 and the date of preparation of the accompanying separate financial statements, the customer has not confirmed that accept the default claim of the Company and has not made a payment as claimed by the Company. This is not in accordance with IAS 11 Construction contracts, under which income from claims should be included in the contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. As a result, trade receivables and retained earnings of the Company as of December 31, 2013 have been overstated by BGN 23,100 thousand and revenue from sales and net profit of the Company for the year ended December 31, 2013 have been overstated by BGN 23,100 thousand.
7. As of December 31, 2013 and 2012, the Company has not determined properly the stage of completion of certain construction contracts and the provisions for future losses on these contracts, therefore revenue and expenses are not accounted for in the correct period. As a result, revenue from construction contracts of the Company for the year ended December 31, 2012 has been overstated by BGN 3,984 thousand and expenses for provisions on construction contracts have been understated by BGN 2,713 thousand, hereby the financial result of the Company for the year ended December 31, 2013 has been overstated by BGN 6,697 thousand, gross amount due from customers on construction contracts and retained earnings of the Company as of December 31, 2012 have been overstated by BGN 6,697 thousand, respectively. Revenue from construction contracts of the Company for the year ended December 31, 2013 has been understated by BGN 453 thousand, provisions on construction contracts have been overstated by BGN 864 thousand, hereby the financial result of the Company for the year then ended has been understated by BGN 1,317 thousand, gross amount due from customers on construction contracts and retained earnings of the Company as of December 31, 2013 have been overstated by BGN 5,380 thousand, respectively.
8. In respect of two construction contracts we were not provided with sufficient appropriate evidence about whether the stage of completion of the contract has been properly determined, in accordance with IAS 11 Construction Contracts. As a result, we were unable to satisfy ourselves, through other audit procedures, that revenue from the first contract at the amount of BGN19,809 thousand and the decrease in revenue from the second contract by BGN 1,920 thousand for the year ended December 31, 2013 have been accounted for, in accordance with IAS 11, and to evaluate the possible effect on the gross amount due from customers of BGN 16,098 thousand, and thus to determine other possible effects on the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income for the year then ended.



9. As of December 31, 2013 the Company has reported in trade and other receivables, loans granted and receivables, including current and non-current receivables on contracts with various customers at carrying amount of BGN 20,477 thousand. The Company has determined these receivables as recoverable, although a significant portion of them is overdue and debtors experience difficulties to settle their obligations. As disclosed in note 29 to the accompanying financial statements, the debtors have provided as collateral for bank loans, received by the Company, their own real estates at the amount of BGN 11,945 thousand. We were not provided with sufficient appropriate evidence, about whether the impairment allowance on these receivables is at sufficient amount. As a result, we were unable to satisfy ourselves through, other audit procedures, about whether receivables at carrying amount of BGN 20,477 thousand are fully recoverable, and to evaluate the possible effect on the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income for the year then ended.
  
10. As of December 31, 2013 the Company reported an investment in a subsidiary and cost of construction of non-current assets in the subsidiary, net of impairment allowance at total amount of BGN 9,887 thousand. Net assets of the subsidiary as of December 31, 2013 amounted to BGN 3,331 thousand. The Company has performed an impairment test and determined that the value in use of the investment is at the amount of BGN 13,774 thousand. Upon performing the impairment test, however, the Company has included estimated cash inflows and outflows, expected to arise from restructuring and improvement of the subsidiary, which is not in accordance with IAS 36 Impairment of assets. We were unable to obtain sufficient appropriate evidence about whether the investment in the subsidiary and the cost of construction of non-current assets at carrying amount of BGN 9,887 thousand are recoverable. As a result, we were unable to satisfy ourselves through other audit procedures, about whether these assets at carrying amount of BGN 9,887 thousand as of December 31, 2013 are recoverable, and to evaluate the possible effect on the separate statement of financial position as of December 31, 2013 and the separate statement of comprehensive income for the year then ended.

#### *Qualified Opinion*

11. In our opinion, except for the effect of the matters, described in paragraphs 6 and 7 above and except for the possible effect of matters, described in paragraphs 8, 9 and 10 above, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with IFRS, as adopted by the European Union.

#### *Emphasis of matter*

12. As disclosed in Note 2.2, the accompanying separate financial statements have been prepared on a going concern basis. As of December 31, 2013 current assets exceed current liabilities of the Company by BGN 8,592 thousand. However, the matters described in paragraphs 6 and 7 above have an effect on the current assets of the Company. Further, it is possible that the matters, described in paragraphs 8, 9 and 10 above could have effect on current and non-current assets of the Company. These circumstances and the fact that the majority of loans received from financial institutions are short-term, may cast significant doubt on the applicability of the going concern assumption, on which basis the accompanying separate financial statements have been prepared. Our opinion is not modified in respect of this matter.

**Reports on Other Legal and Regulatory Requirements - Annual separate report on the activities of the Company, according to article 33 of the Accountancy Act**

13. Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual separate report on the activities of the Company. The Annual separate report on the activities of the Company is not a part of the separate financial statements. The historical financial information presented in the Annual separate report on the activities of the Company, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the separate financial statements of the Company as of December 31, 2013, prepared in accordance with IFRS, as adopted by the European Union. Management is responsible for the preparation of the Annual separate report on the activities of the Company dated March 27, 2014.

*Deloitte Audit*

Deloitte Audit OOD



Sylvia Peneva  
Statutory Manager  
Registered Auditor



June 17, 2014  
Sofia



NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

**1. Organization and main activity**

Enemona AD („The Company”) was initially registered as a partnership company in 1990 and in 1994 the Company was registered as a joint-stock company. According to the court registration the address of the Company is in the town of Kozloduy, 1A Panayot Hitov Str. The Company is a public entity and its shares are registered at the Financial Supervision Commission to be traded at the Bulgarian Stock Exchange. As of December 31, 2013 and 2012 the major shareholder of the Company is Dichko Prokopiev Prokopiev. During the financial year there were no changes in the Company’s legal status.

The Company is engaged in construction works, which covers all stages from design to assembly and construction activities under construction contracts. Management reviews the operating results of the Company on the basis of individual construction projects and as one operating segment.

**2. Accounting policy**

**2.1 General financial reporting framework**

These separate financial statements are prepared 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.

**Changes in IFRS**

*Standards and Interpretations effective in the current period*

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

- IFRS 13 “Fair Value Measurement”, adopted by the EU on December 11, 2012 (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**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013),
- **Amendments to IFRS 1 “First-time Adoption of IFRS” – Government Loans**, adopted by the EU on March 4, 2013 (effective for annual periods beginning on or after January 1, 2013),
- **Amendments to IFRS 7 “Financial Instruments: Disclosures” - Offsetting Financial Assets and Financial Liabilities**, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2013),
- **Amendments to IAS 1 “Presentation of financial statements” – Presentation of Items of Other Comprehensive Income**, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after July 1, 2012),
- **Amendments to IAS 12 “Income Taxes” – Deferred Tax: Recovery of Underlying Assets**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013),

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)  
All amounts are in thousand Bulgarian Levs, except otherwise stated

**2. Accounting policy (continued)**

**2.1. General financial reporting framework (continued)**

**Changes in IFRS (continued)**

***Standards and Interpretations effective in the current period (continued)***

- **Amendments to IAS 19 “Employee Benefits”** – Improvements to the Accounting for Post-employment Benefits, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after January 1, 2013),
- **Amendments to various standards “Improvements to IFRSs (cycle 2009-2011)”** resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on March 27, 2013 (amendments are to be applied for annual periods beginning on or after January 1, 2013),
- **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013).

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

***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, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- **IFRS 10 “Consolidated Financial Statements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014),
- **IFRS 11 “Joint Arrangements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014),
- **IFRS 12 “Disclosures of Interests in Other Entities”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014),
- **IAS 27 (revised in 2011) “Separate Financial Statements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014),
- **IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities”** – Transition Guidance, adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014),
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 (revised in 2011) “Separate Financial Statements”** – Investment Entities, adopted by the EU on November 20, 2013 (effective for annual periods beginning on or after January 1, 2014),

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)  
All amounts are in thousand Bulgarian Levs, except otherwise stated

2. Accounting policy (continued)

2.1. General financial reporting framework (continued)

Changes in IFRS (continued)

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

- **Amendments to IAS 32 “Financial instruments: presentation” – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012** (effective for annual periods beginning on or after January 1, 2014),
- **Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on December 19, 2013** (effective for annual periods beginning on or after January 1, 2014),
- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on December 19, 2013** (effective for annual periods beginning on or after January 1, 2014).

*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 in EU as at date of publication of these financial statements:

- **IFRS 9 “Financial Instruments” and subsequent amendments** (effective date was not yet determined),
- **Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions** (effective for annual periods beginning on or after July 1, 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after July 1, 2014),
- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after July 1, 2014),
- **IFRIC 21 “Levies”** (effective for annual periods beginning on or after January 1, 2014).

The Company 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 Company in the period of initial application.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)  
All amounts are in thousand Bulgarian Levs, except otherwise stated

**2. Accounting policy (continued)**

**2.2 Basis of preparation**

The separate financial statements have been prepared under the historical cost convention, except for certain financial instruments and the deemed cost of buildings on the first time adoption of IFRS.

These separate financial statements have been prepared on an accrual basis, under the going concern assumption. The management believes that the Company will continued its normal operations through self-financing, increasing the operations efficiency, financial support from the major shareholder where necessary, and the restructuring of the Company's financial liabilities, including bank loans. Further, the execution of activities under construction contracts at of the date of issue of these financial statements, as well as the estimated return on an exposure to a State institution as disclosed in note 9, will provide additional resources to settle the financial liabilities of the Company. Accordingly, the Company believes that it has adequate resources to continue its operating activities in the foreseeable future, which is not less than 12 months from the date of issue of these financial statements.

These separate financial statements should be considered together with the Company's consolidated financial statements for the year ended December 31, 2013. The consolidated financial statements will be issued after the date of issue of these separate financial statements.

**2.3. Functional currency and presentation currency**

According to the Bulgarian accounting legislation the Company keeps its records and prepared its financial statements in the national currency of the Republic of Bulgaria – Bulgarian lev, which effective January 1, 1999 is fixed to the euro at 1.95583 BGN for 1 EUR. The Company's functional currency is the Bulgarian national currency.

These separate financial statements are presented in thousand of BGN (BGN'000).

**2.4. Foreign currency transactions**

Transactions in foreign currency are initially recorded at the official rate of exchange of the Bulgarian National Bank (BNB) as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported as financial income or expense for the period in which they arise. The monetary positions denominated in foreign currency as of December 31, 2013 are stated in these financial statements at the closing exchange rate of BNB.

**3. Critical accounting judgements and key sources of estimation uncertainty**

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

**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**3.1. Revenue and expenses under construction contracts**

Construction contract revenue is recognised by reference to the stage of completion of each construction contract. The stage of completion is determined on the basis of information available about total contract revenue and costs. The total amount of expenses under construction contracts depends on the volume and amount of construction activities to be performed to meet the obligations of the Company. The volume and amount of future activities depend on future factors which may defer from the management's estimations.

**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 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 estimated future cash flows discounted at the initial effective interest rate. When determining the expected future cash flows, the Company analyses the financial capabilities of its debtors and the estimated receivables collection period. As of the date of preparation of these financial statements, management is in the process of reviewing its financial assets for impairment.

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

Other key sources of estimation uncertainty include estimation of useful lives of property, plant and equipment and intangible assets. In 2013 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

**3.5. Economic environment**

In 2013 and 2012 as a result of the global financial and economic 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 deterioration in cash flows and decline in income and as a result to substantial worsening of the economic environment in which the Company operates. Further, the entity is exposed to significantly higher price, market, credit, liquidity, interest, operating and other risks. As a result, uncertainty about customers ability to settle their liabilities in accordance with contracted terms increases. Therefore, the amount of impairment losses on interest-bearing loans granted, receivables from customers, and the value of other accounting estimates in subsequent periods could significantly differ from those estimated and reported in these separate financial statements.

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4. **Property, plant and equipment**

	Land	Buildings	Machinery and equipment	Vehicles	Other	Acquisition cost of fixed assets	Total
<i>Cost</i>							
JANUARY 1, 2012	5,608	20,014	4,234	6,578	2,745	5,693	44,872
Additions	-	2,268	202	48	126	-	2,644
Transfers			1			(1)	
Disposals	-	(569)	(260)	(377)	(212)	(10)	(1,428)
DECEMBER 31, 2012	5,608	21,713	4,177	6,249	2,659	5,682	46,088
Additions	-	-	1,144	3	235	106	1,488
Disposals	-	(4,919)	(265)	(1,705)	(15)	-	(6,904)
DECEMBER 31, 2013	5,608	16,794	5,056	4,547	2,879	5,788	40,672
<i>Accumulated depreciation and impairment</i>							
JANUARY 1, 2012	-	2,207	3,140	2,497	1,622	24	9,490
Depreciation charge	-	433	490	469	287	-	1,679
Disposals	-	(177)	(231)	(280)	(135)	-	(823)
Impairment recognized in the separate statement of comprehensive income	-	-	-	-	(11)	-	(11)
DECEMBER 31, 2012	-	2,463	3,399	2,686	1,763	24	10,335
Depreciation charge	-	426	512	363	265	-	1,566
Disposals	-	(1,004)	(152)	(490)	(12)	-	(1,658)
Impairment recognized in the separate statement of comprehensive income	-	-	5	-	-	-	5
DECEMBER 31, 2013	-	1,885	3,764	2,559	2,016	24	10,248
<i>Net book value</i>							
JANUARY 1, 2012	5,608	17,807	1,094	4,081	1,123	5,669	35,382
DECEMBER 31, 2012	5,608	19,250	778	3,563	896	5,658	35,753
DECEMBER 31, 2013	5,608	14,909	1,292	1,988	863	5,764	30,424

As of December 31, 2013 and 2012 property, plant and equipment with carrying amount of BGN 756 thousand and BGN 2,007 thousand, respectively, are leased under financial lease contract (see note 13).

As of December 31, 2013 and 2012 property, plant and equipment with carrying amount of BGN 15,343 thousand and BGN 18,993 thousand, respectively, are pledged as collateral under bank loan agreements (see note 12).

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## 5. Intangible assets

	Property rights	Software	Total
<i>Cost</i>			
JANUARY 1, 2012	1,447	270	1,717
Additions	-	13	13
Disposals	-	(25)	(25)
DECEMBER 31, 2012	<u>1,447</u>	<u>258</u>	<u>1,705</u>
DECEMBER 31, 2013	<u>1,447</u>	<u>258</u>	<u>1,705</u>
<i>Accumulated amortization</i>			
JANUARY 1, 2012	828	202	1,030
Amortization charge	62	27	89
Disposals	-	(25)	(25)
DECEMBER 31, 2012	<u>890</u>	<u>204</u>	<u>1,094</u>
Amortization charge	62	20	82
DECEMBER 31, 2013	<u>952</u>	<u>224</u>	<u>1,176</u>
<i>Net book value</i>			
JANUARY 1, 2012	<u>619</u>	<u>68</u>	<u>687</u>
DECEMBER 31, 2012	<u>557</u>	<u>54</u>	<u>611</u>
DECEMBER 31, 2013	<u>495</u>	<u>34</u>	<u>529</u>

## 6. Investments in subsidiaries and associates

As of December 31, 2013 and 2012 investments in subsidiaries and associates consist of:

	As of 31.12.2013	As of 31.12.2012
Investments in subsidiaries	<u>17,108</u>	<u>17,218</u>
Impairment of investment in subsidiaries – note 6.1	<u>(1,656)</u>	<u>(2,412)</u>
Investment in subsidiaries, net – note 6.1	<u>15,452</u>	<u>14,806</u>
Investments in associates – note 6.2	<u>4</u>	<u>4</u>
<b>TOTAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<u><u>15,456</u></u>	<u><u>14,810</u></u>



ENEMONA AD

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FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)

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**6. Investments in subsidiaries and associates (continued)**

**6.1. Investments in subsidiaries**

Investments in subsidiaries as of December 31, 2013 and 2012 are as follows:

COMPANY	DESCRIPTION OF ACTIVITY	SHARE		CARRYING AMOUNT	
		As of 31.12.2013	As of 31.12.2012	As of 31.12.2013	As of 31.12.2012
Enemona Utilities AD	Electricity trading	92,25%	97,24%	1,640	1,719
EESF REIT	Company with special investment purpose – securitization of receivables	88.20%	88.97%	4,818	4,860
Pirin Power AD	Designing and building of projects in energy sector	84.00%	84.00%	42	42
FINI REIT	Company with special investment purpose – real estate purchase	69.23%	69.23%	450	450
Hemusgas AD	Construction of compressor houses	50.00%	50.00%	25	25
Esco engineering AD	Heating and climatization projects	99.00%	99.00%	73	73
TFEZ Nikopol EAD	Construction of electric power plant	100.00%	100.00%	1,886	1,119
Nevrocop-gas AD	Gas trading	90.00%	90.00%	45	45
EMKO AD	Construction contracts	77.36%	77.36%	4,613	4,613
Artanes Mining Group AD	Opencast mining of brown and lignite coal	90.00%	90.00%	1,800	1,800
FEZ Mladenovo EOOD	Prospecting, design, construction and assembly, commissioning, reparation, servicing and engineering works	100.00%	100.00%	60	60
Regionalgas AD	Gasification projects	50.00%	50.00%	-	-
<b>TOTAL</b>				<b>15,452</b>	<b>14,806</b>

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**6. Investments in subsidiaries and associates (continued)**

**6.1. Investments in subsidiaries (continued)**

Regionalgas AD is subsidiary of Enemona Utilities AD, which as of December 31, 2013 and 2012 owns 50% of the shares of Regionalgas AD, or the direct share of the Company in Regionalgas AD is 50%.

The management of Enemona AD considers that the investments in Regionalgas AD and Hemusgas AD do not represent joint-controlled activity, as the Company manages the financial and operating policy of these companies.

In July 2013 Enemona AD sold 112,300 ordinary registered shares of its investment in Enemona Utilities. The selling price is BGN 112,3 thousand and gain at the amount of BGN 34 thousand is recognised in the statement of comprehensive income.

In September 2013 Enemona AD sold 30,000 ordinary registered shares of its investment in EESF REIT. The selling price is BGN 48 thousand and gain at the amount of BGN 6 thousand is recognised in the statement of comprehensive income.

On January 30, 2014 a contract for selling its shares in Nevrocop-gas AD was signed by Enemona AD, the estimated gain under the agreement is BGN 355 thousand.

As of December 31, 2013 as a result of the review for impairment of investments in subsidiaries, the Company considers that no indication of impairment of investments in subsidiaries exists. As a result of the review, the management considered that there are circumstances for the reversal of impairment of TFEZ Nikopol EAD at the amount of BGN 756 thousand for the year ended December 31, 2013. As of December 31, 2012 the allowance for impairment of investments in subsidiaries amounted to BGN 2,412 thousand (note 23).

**6.2 Investments in associates**

The investments in associated companies as of December 31, 2013 and 2012 are as follows:

COMPANY	SHARE		CARRYING AMOUNT	
	As of 31.12.2013	As of 31.12.2012	As of 31.12.2013	As of 31.12.2012
Alpha Enemona OOD	40%	40%	4	4
TOTAL			4	4

In these separate financial statements the investments in associated companies are presented at carrying amount (cost), as the management of the Company estimated that there are no indications of impairment of investments in associated companies as of December 31, 2013 and 2012.

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**6. Investments in subsidiaries and associates (continued)**

**6.2 Investments in associates (continued)**

Summarized financial information of the associated companies as of December 31, 2013 and 2012 is as follows:

Alfa Enemona OOD	As of 31.12.2013	As of 31.12.2012
Total assets	359	349
Total liabilities	50	63
Net assets	309	286
Share of the Company in net assets of the associated company	124	114
Alfa Enemona OOD	Year ended 31.12.2013	Year ended 31.12.2012
Total revenue	814	704
Profit for the period	282	259
Share of the Company in the profit of the associated company	113	104

**7. Current and non-current loans and advances**

Current and non-current loans and advances as of December 31, 2013 and 2012 are as follows:

	As of 31.12.2013	As of 31.12.2012
<i>Non-current loans and advances</i>		
Loans granted to employees	1,067	1,071
Receivables on ESCO contracts – non-current portion	3,976	5,504
Cessions receivables	3,268	4,695
Other assets	10	10
Discount of receivables under ESCO contracts – non-current portion	(1,101)	(1,602)
<b>TOTAL NON-CURRENT LOANS AND ADVANCES</b>	<b>7,220</b>	<b>9,678</b>
Impairment of loans granted to employees	(597)	(597)
<b>TOTAL NON-CURRENT LOANS AND ADVANCES, NET</b>	<b>6,623</b>	<b>9,081</b>
<i>Current loans and advances</i>		
Receivables on ESCO contracts – current portion	2,090	2,573
Cessions receivables	3,135	1,303
Loans granted to related parties (note 27)	298	325
Loans granted to non-related parties	11,279	11,237
Discount of receivables under ESCO contracts – current portion	(94)	-
<b>TOTAL CURRENT LOANS AND ADVANCES</b>	<b>16,708</b>	<b>15,438</b>
Impairment of loans granted to non-related parties	(3,782)	(3,782)
<b>TOTAL CURRENT LOANS AND ADVANCES, NET</b>	<b>12,926</b>	<b>11,656</b>

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**7. Current and non-current loans and advances (continued)**

Loans granted to related parties, non-related parties and employees are not secured, with interest rate from 6% to 9%.

Receivables under ESCO contracts of the Company represent receivables under contracts for performing engineering with guaranteed result (ESCO contracts) where the Company performs construction and engineering works and deferred payment is contracted. Receivables under ESCO contracts are presented at amortized cost.

Cession receivables as of December 31, 2013 and 2012 represent the value of a cessed receivable to a local company.

As a result of the analysis of loans repaid in 2012, in 2013 the Company recovered a provision of loans to employees at the amount of BGN 376 thousand and loans to non-related parties at the amount of BGN 1,171 thousand, which are presented in the separate statement of comprehensive income.

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

	As of 31.12.2013	As of 31.12.2012
BALANCE AT THE BEGINNING OF THE YEAR	4,379	5,926
Reversals of impairment losses on non-current loans and receivables	-	(1,171)
Reversals of impairment losses on current loans and receivables	-	(376)
BALANCE AT THE END OF THE YEAR	<u>4,379</u>	<u>4,379</u>

**8. Inventories**

	As of 31.12.2013	As of 31.12.2012
Materials	7,900	5,681
Finished goods	797	457
Work in progress	156	102
TOTAL INVENTORIES	<u>8,853</u>	<u>6,240</u>

As of December 31, 2013 and 2012 the Company has accrued impairment of inventories at the amount of BGN 118 thousand and BGN 109 thousand, respectively.

As of December 31, 2013 inventories at cost amount of BGN 8,488 thousand (2012: BGN 1,956 thousand) are pledged as collateral under a loan (see also note 12).

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**9. Trade and other receivables**

	As of 31.12.2013	As of 31.12.2012
Receivables from customers	42,342	17,478
Retentions	6,107	8,930
Receivables from related parties (note 27)	2,097	2,655
Advance payments to supplier	8,491	12,366
Advances to employees	328	166
Other receivables	4,509	3,599
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>63,874</b>	<b>45,194</b>
Impairment of receivables from customers	(5,870)	(5,936)
<b>TOTAL TRADE AND OTHER RECEIVABLES, NET</b>	<b>58,004</b>	<b>39,258</b>

The Company has a concentration of exposure to a State institution at the amount of BGN 23,858 thousand, of which BGN 23,100 thousand represents default on contract signed in 2008 at the amount of BGN 154,000 thousand, under which the Company was awarded a contract for implementation of feasibility studies, design, construction work and commissioning of buildings. An advance payment at the amount of BGN 5,250 thousand has been received under the contract. The first stage of the implementation of feasibility studies and design is completed and submitted to the Contracting Authority in 2009. Contract execution work has been suspended as the Contracting authority has not taken any further activities. In 2012 the Company has expressed a written statement to unilateral termination of the contract, under which it has also claimed a default payment at the amount of BGN 23,100 thousand according to the contract. On the basis of historical experience and evidences available, management believes that the probability of default payment collection at the amount of BGN 23,100 thousand as provisioned in the contract is significant and reliably measurable.

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

	As of 31.12.2013	As of 31.12.2012
BALANCE AT THE BEGINNING OF THE YEAR	5,936	5,936
Recognized loss from impairment of receivables	57	-
Recovered during the year	(123)	-
<b>BALANCE AT THE END OF THE YEAR</b>	<b>5,870</b>	<b>5,936</b>

Following the requirements of IAS 39, the Company has developed qualitative and quantitative measures for assessment of risks, related to its expositions to clients and to determine the allowance for impairment for accounting purposes on individual basis.

These qualitative and quantitative measures for assessment of risks include overdue receivables, credit status, deterioration of the market position of the client and change of the legal environment in which the Company operates.

Every exposition is assessed individually and if any risks are identified, based on the description above, allowance for impairment is accrued. Determining the allowance for impairment includes and the expected cash flows, taking into account the specific circumstances.

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**9. Trade and other receivables (continued)**

Receivables which are overdue less than 1 year are not considered impaired due to the nature of the operating cycle of the Company. Trade and other receivables include receivables which are overdue more than 1 year, but management believes that they are recoverable because there is no deterioration in the customers' credit status. Receivables from customers which are overdue, but not impaired are as follows:

	As of 31.12.2013	As of 31.12.2012
1 – 1,5 years	635	1,510
1,5 – 2 years	1,126	172
Over 2 years	3,060	3,352
<b>TOTAL</b>	<b>4,821</b>	<b>5,034</b>

Receivables from customers, which are overdue but not impaired, are not collateralized and the Company has no legal rights to off-set these receivables against its own receivables to respective counterparties.

The ageing analysis of the impaired receivables from customers as of December 31, 2013 and 2012 is as follows:

	As of 31.12.2013	As of 31.12.2012
Up to 1 year	-	-
1 - 1.5 years	2	315
1.5 – 2 years	420	190
Over 2 years	7,264	6,683
<b>Total</b>	<b>7,686</b>	<b>7,188</b>

As of December 31, 2013 and 2012, trade and other receivables at the amount of BGN 17,924 thousand and BGN 13,337 thousand, respectively, are pledged as collateral under loan contracts (see note 12)

**10. Cash and cash equivalents**

	As of 31.12.2013	As of 31.12.2012
Cash at banks	250	1,057
Restricted cash at bank	178	290
Cash in hand	428	475
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>856</b>	<b>1,822</b>

As of December 31, 2013 restricted cash at the amount of BGN 178 thousand (2012: BGN 290 thousand) represents cash in bank account restricted as collateral under guarantees issued.

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## 10. Cash and cash equivalents (continued)

For the year ended December 31, 2013 and 2012, payments at the amount of BGN 1,987 thousand and BGN 1, 695 thousand, respectively are reclassified from Operating activities, Payments to suppliers to Finance activities, Bank charges, mortgage fees and guarantees payments with the aim of better presentation of the cash flows from financing activities.

For the separate statement of cash flows purposes restricted cash is not included in cash and cash equivalents.

## 11. Share capital and premium reserves

The share capital includes:

	As of 31.12.2013	As of 31.12.2012
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
<b>TOTAL SHARE CAPITAL</b>	<b>13,037</b>	<b>13,037</b>
Premium from share issuance – note 11.3	8,739	8,739
<b>TOTAL SHARE CAPITAL AND PREMIUM RESERVES</b>	<b>21,776</b>	<b>21,776</b>

### 11.1. Ordinary shares

	As of 31.12.2013	As of 31.12.2012
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
<b>SHARE CAPITAL – ORDINARY SHARES</b>	<b>11,934</b>	<b>11,934</b>

As of December 31, 2013 and 2012 the ownership over the ordinary shares is as follows:

	As of 31.12.2013	%	As of 31.12.2012	%
Dichko Prokopiev Prokopiev	5,916,518	49,58	7,176,153	60.13
Other shareholders	6,017,082	50,42	4,757,447	39.87
<b>TOTAL ORDINARY SHARES</b>	<b>11,933,600</b>	<b>100.00</b>	<b>11,933,600</b>	<b>100.00</b>

The share capital of ordinary shares is fully paid in as of December 31, 2013 and 2012. The Company's share capital includes in-kind contribution in the form of title of property over three combined trademarks with fair value at 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). As of 31,2013 subject to repc agreements are 2 226 247 ordinary shares, owned by Dichko Prokopiev.

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



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**11. Share capital and premium reserves (continued)**

**11.2. Preferred shares**

On April 2, 2010 Financial Supervision Commission registered an emission of Company's preferred shares for regulated market trade. The emission amounts to BGN 1,103 thousand distributed in 1,102,901 preferred shares with no voting rights, guaranteed dividend, guaranteed liquidity share, convertible in ordinary shares in March 2017 with nominal value BGN 1 each. Preferred shares bear guaranteed cumulative dividend at the amount of BGN 0.992 per share in the next 7 years.

The Company recognized initially the issued preferred shares as a compound financial instrument and determined financial liability related to dividend payables and reported the residual amount as increase in share capital. The total amount of the cash received is allocated as follows:

**11.2. Preferred shares (continued)**

	Upon initial recognition	As of 31.12.2013	As of 31.12.2012
Preferred shares – nominal value	1,103	1,103	1,103
Premium from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	2,619	3,223
Dividend payables on preferred shares	-	2,199	2,067
<b>TOTAL CASH RECEIVED</b>	<b>10,940</b>	<b>11,346</b>	<b>11,818</b>

**11.3. Premium from share issuance**

	As of 31.12.2013	As of 31.12.2012
Balance as of January 1	8,739	36,262
(Prior period loss coverage)	-	(27,523)
Balance as of December 31	<b>8,739</b>	<b>8,739</b>

**11.4. Reserves**

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

In 2009 the Company issued 5,966,800 warrants with issue value BGN 0.17 each and total issue value BGN 1,014 thousand. The total emission value is accounted for in the Company's reserves.

Each warrant of the issuance gives the right to its owner to subscribe a share in case of future capital increase of the Company against payment of issue value of the new shares at the amount of BGN 18.50 each. This right can be exercised within 6 years.

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**12. Loans****12.1 Loans repayment term**

Loans received by the Company according to their contractual repayment term are, as follows:

	As of 31.12.2013	As of 31.12.2012
Up to 1 year	59,684	65,683
Over one year	6,725	4,332
<b>TOTAL LOANS</b>	<b>66,409</b>	<b>70,015</b>

Credit lines and overdrafts are presented as due up to one year. The Company usually renegotiates its credit lines and overdrafts.

Loans received by the Company as of December 31, 2013 and 2012 are as follows:

	As of 31.12.2013	As of 31.12.2012
Borrowings from financial institutions – Note 12.2	63,161	68,421
Loans from related parties – Note 27	1,178	-
Loans from non-related parties – Note 12.3	2,070	1,594
<b>TOTAL LOANS</b>	<b>66,409</b>	<b>70,015</b>

**12.2 Borrowings from financial institutions**

Borrowings from financial institutions, received by the Company as of December 2013 and 2012 are, as follows:

	Note	As of 31.12.2013	As of 31.12.2012
Credit line – SG Expressbank AD	(a)	18,296	17,416
Credit lines – Unicredit Bulbank AD	(b)	19,199	22,332
Investment loans – DSK Bank AD	(c)	10,227	11,833
Credit lines and overdraft UBB AD	(d)	-	679
Investment loan – Unicredit Bulbank AD	(e)	2,087	2,764
Credit line – ING Bank AD	(f)	1,178	2,124
Credit line – MKB Unionbank AD	(g)	1,181	3,607
Credit lines – International Asset Bank AD	(h)	2,772	6,815
Overdraft – Investbank AD	(i)	4,409	850
Credit line – Alpha Bank	(j)	1,196	-
Credit line – D Bank	(k)	1,412	-
Corporate credit cards – Unicredit Bulbank AD	(l)	2	1
<b>TOTAL LOANS FROM FINANCIAL INSTITUTIONS</b>		<b>61,959</b>	<b>68,421</b>

As of December 31, 2013 the Company has received the amount of BGN 1,202 thousand on short-term borrowings from non-financial institutions.

**12. Loans (continued)**

**12.2 Borrowings from financial institutions (continued)**

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

- (a) In May 2010 the Company has received a revolving loan from SG Expressbank at the amount of EUR 15,325 thousand to finance a project for cabling and installing of monitoring and measurement equipment and automation in Units 3 and 4 of Mochovce Nuclear Power Plant, Slovak Republic. The loan is collateralized by a pledge of receivables under the contract, pledge of materials and equipment. As of December 31, 2013 BGN 13,691 thousand have been utilized.

In July 2011 the Company has signed a contract for financing of construction and assembly activities, at total limited of EUR 5,000 thousand. As of December 31, 2013 the amount of BGN 4,605 thousand have been utilized.

- (b) As of December 31, 2013 the Company has utilized BGN 15,728 thousand under a combined credit line, contracted with Unicredit Bulbank. The credit line limit is EUR 8,500 thousand. In order to secure the loans from Unicredit Bulbank the Company has established a mortgage of land and buildings and pledge of present and future receivables from a customer.

The Company has received four combined credit lines from UniCredit Bulbank AD to finance specific contracts, secured by present and future receivables from contracting parties under those contracts. The main parameters of the credit lines are as follows:

- Total amount of EUR 297 thousand of which EUR 250 thousand - for working capital. The amount utilised as of December 31, 2013 is BGN 157 thousand
  - Total amount of EUR 600 thousand, of which EUR 500 thousand - for working capital. The amount utilised as of December 31, 2013 is BGN 731 thousand.
  - Total amount of BGN 2,910 thousand Levs, of which BGN 2,500 thousand – for working capital. The amount utilised as of December 31, 2013 is BGN 1,887 thousand
  - Total amount of BGN 2,100 thousand, of which BGN 2,000 thousand – for working capital. The amount utilised as of December 31, 2013 is BGN 696 thousand.
- (c) Loans from DSK Bank are granted for financing of Company's energy efficiency projects. Limits of the loans are EUR 7,750 thousand and as of December 31, 2013 the Company has utilized BGN 10,227 thousand. In order to secure the loans from DSK Bank the Company has issued a promissory note, pledge of future receivables from customers under financed projects and finance risk insurance.
- (d) The overdraft from UBB is with limit of EUR 1,450 thousand for working capital and bank guarantees. As of September 30, 2013 it is fully repaid.
- (e) The Company has received an investment loan from Unicredit Bulbank for the purchase of the office building of the Company in Sofia. As of December 31, 2013 the utilized amount is BGN 2,087 thousand. The loan has been secured by a mortgage on the building and its surrounding land.
- (f) The Company has received a credit limit for working capital financing and bank guarantees issue by ING Bank N.V. - Sofia branch at the amount of BGN 17,800 thousand, from which as of December 31, 2013 the utilized amount is BGN 1,178 thousand as overdraft and two credit lines, securing working capital needs for the execution of specific contracts. As a security the Company has established collateral of present and future receivables from a customer, owned by the Company and a promissory note in favour of the bank has been issued.

**12. Loans (continued)**

**12.2 Borrowings from financial institutions (continued)**

- (g) The Company has received two credit lines from MKB Unionbank AD, which are fully repaid as of March 31, 2012. On March 28, 2012 the Company has signed a new credit line agreement for financing a certain contract. The total amount is EUR 4,800 thousand and of which EUR 2,500 thousand for working capital. As of December 31, 2013 the utilized amount is BGN 1,181 thousand. Loans are secured by pledge on receivables on the respective contract.
- (h) The Company has signed three credit line agreements with International Asset Bank AD for the purpose of financing working capital and the execution of a certain contract. As of December 31, 2013 the Company has used only two credit facilities with outstanding balance of BGN 2,772 thousand. Loans are secured by pledge on receivables on contracts.
- (i) The Company has received a credit facility for working capital financing and bank guarantee issue from Investbank AD at the amount of BGN 8,151 thousand as an overdraft and credit line. As of December 31, 2013 the Company has utilized BGN 4,409 thousand, securing working capital needs for the execution of a certain contracts. The frame is secured by pledge on land, current and future receivables from customers, owned by the Company and a promissory note in favour of the Bank.
- (j) On February 26, 2013 the Company has signed an agreement with Alpha Bank AD regarding a new combined credit line for the financing of a certain contract with total amount of EUR 1,667 thousand, of which EUR 1,607 thousand for working capital financing. The utilized as of December 31, 2013 is BGN 1,196 thousand. Loans are secured by a pledge of receivables on certain contract.
- (k) On October 4, 2013 the Company has signed a contract with D Bank AD regarding a new combined credit line for the purpose of financing a specific contract at total size of BGN 2,351 thousand, of which BGN 1,820 thousand for working capital. Amount utilized as of December 31, 2013 is BGN 1,412 thousand. Loans are secured by a pledge of receivables on certain contract.
- (l) The Company has signed an agreement with UniCredit Bulbank AD for issuing corporate credit cards with a limit of BGN 100 thousand. The amount of BGN 2, 000 thousand has been utilized as of December 31, 2013

In relation to the issue of bank guarantees the Company 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 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 December 31, 2013 and 2012 the Company has no liabilities on loans related to the credit facility.

The Company has signed loan agreements for issuance of bank guarantee with First Investment Bank AD at the amount of EUR 1,500 thousand. The loan is secured by a pledge on future receivables from customers for which the bank guarantees have been issued. As of December 31, 2013 and 2012 the Company has no liabilities on loans related to the credit facility.

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**12. Loans (continued)****12.2 Borrowings from financial institutions (continued)**Covenants under loan contracts

In accordance with the provisions of the bank loans, the Company should comply with a number of financial covenants. As of December 31, 2013 and 2012 the Company is in compliance with all financial covenants.

**12.3. Loans from non-related parties**

As of December 31, 2013 the loans from non-related parties consist of unsecured loans from Izolko OOD and SIP OOD at the amount of BGN 1,543 thousand and BGN 527 thousand, respectively. The loans bear interest rates between 8% and 9% and maturity in 2013, and the term has been expended.

As of December 31, 2012 the loans from non-related parties consist of unsecured loans from Izolko OOD, Enemona Start AD, SIP EOOD and others at the amount of BGN 905 thousand, BGN 180 thousand, BGN 479 thousand and BGN 30 thousand, respectively. The loans bear interest rates between 8% and 9% and maturity in 2012, the term could be extended by one month.

**13. Finance lease**

Part of the tangible fixed assets owned by the Company has been leased under finance lease contracts. 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 Company is close to their carrying amount.

	Minimum lease liabilities		Present value of minimum lease liabilities	
	As of 31.12.2013	As of 31.12.2012	As of 31.12.2013	As of 31.12.2012
Liabilities under finance lease with maturity:				
Up to 1 year	80	471	78	444
Between 2 and 5 years	95	235	87	228
<b>TOTAL LIABILITIES</b>	<b>175</b>	<b>706</b>	<b>165</b>	<b>672</b>
Less: future finance charges	(10)	(34)	-	-
<b>PRESENT VALUE OF LIABILITIES</b>	<b>165</b>	<b>672</b>	<b>165</b>	<b>672</b>

**14. Provisions**

Provisions represent accruals for unused paid leave at the amount of BGN 358 thousand and BGN 470 thousand as of December 31, 2013 and 2012, respectively. The Company has accrued provision at the amount of BGN 1,450 thousand for the performance of contractual agreement in 2014.

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### 15. Long-term employee benefits

In accordance with the Bulgarian Labour Code, upon termination of labour contracts, when the employee is entitled to retirement benefits, the Company owes severance payments of 2 gross monthly salaries. In case the employee has worked for more than 10 years with the Company, the severance payment is 6 gross monthly salaries. As of December 31, 2013 the Company has accrued BGN 368 thousand for provision of long-term employee benefits as the provision is calculated by a licensed actuary.

The basic assumptions, used by the licensed actuary for calculation of the present value of liabilities are based on:

- Demographic assumptions
- Mortality chart
- Invalidation chart
- Retirement probability
- Financial assumptions
- Salary growth
- Discount rate – due to the long-term nature of the liability, a 6% discount rate has been applied.

Movements in the present value of the defined benefit obligation in the current period are presented below:

	Year ended 31.12.2013	Year ended 31.12.2012
AS OF JANUARY 1	62	62
Interest cost	16	-
Current service cost	141	-
Benefits paid	(67)	-
Actuarial losses	216	-
AS OF DECEMBER 31	<u>368</u>	<u>62</u>

### 16. Trade and other payables

	As of 31.12.2013	As of 31.12.2012
Payables to suppliers	16,163	7,297
Payables to related parties (note 27)	2,803	2,554
Payables for dividends on preferred shares	2,199	2,067
Payables to staff	2,199	1,513
Payables to social insurance organizations	4,664	1,235
Payables for VAT liabilities in Bulgaria and abroad	4,371	416
Payables under tax liabilities on individuals in Bulgaria and abroad	2,265	1,138
Other payables	3,074	1,017
TOTAL TRADE AND OTHER PAYABLES	<u>37,738</u>	<u>17,237</u>

Other payables comprise BGN 650 thousand received deposit under transaction for the sale in Nevrokop gas AD.

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**17. Revenue**

	Year ended 31.12.2013	Year ended 31.12.2012
Revenue from construction contracts	85,423	65,130
Revenue from services	219	322
<b>TOTAL REVENUE</b>	<b>85,642</b>	<b>65,452</b>

The information on construction contracts in progress as of the end of the reporting period is presented below:

	As of 31.12.2013	As of 31.12.2012
Construction costs incurred plus recognized profits less recognized losses to date	274,214	184,942
Less: Progress billings	(246,903)	(163,257)
	<u>27,311</u>	<u>21,685</u>
Gross amounts presented in the separate statement of financial position comprise:		
Gross amount due from customers under construction contracts	29,805	27,428
Gross amount due to customers under construction contracts	(2,494)	(5,743)
	<u>27,311</u>	<u>21,685</u>

Retentions held by customers for contract work amounted to BGN 6,107 thousand and BGN 8,930 thousand for December 31, 2013 and 2012, respectively. Advances received from customers for contract work amount to BGN 14,199 thousand and BGN 13,171 thousand for December 31, 2013 and 2012, respectively.

As of December 31, 2013 and 2012 the Company reviewed for objective evidences for impairment of the gross amount due from clients on 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.

**18. Investment revenue**

	Year ended 31.12.2013	Year ended 31.12.2012
Interest income	2,497	2,567
Dividend income	861	3,151
Foreign exchange gains	8	17
<b>TOTAL INVESTMENT REVENUE</b>	<b>3,366</b>	<b>5,735</b>



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**19. Materials and consumables used**

	Year ended 31.12.2013	Year ended 31.12.2012
Materials for main activities	25,612	10,965
Expenses for instruments	371	262
Electric power	216	102
Fuels	103	181
Spare parts	37	17
Stationery	193	135
<b>TOTAL MATERIALS AND CONSUMABLES USED</b>	<b>26,532</b>	<b>11,662</b>

During the year materials and equipment at the amount of BGN 9,062 thousand are used under a main contract in Germany.

**20. Hired services**

	Year ended 31.12.2013	Year ended 31.12.2012
Under agreements with subcontractors	10,765	11,212
Services with mechanization	1,545	872
Transportation	1,635	1,438
Legal, consulting and mediatory services	1,403	1,093
Insurances	726	1,040
Advertising	7	11
Telecommunications	173	203
Rents	2,836	2,175
Design	842	297
Heating	51	41
Working permissions and tender documentation	63	175
Start-up and commissioning works and control	1,086	796
Software licenses and maintenance of hardware	247	137
Security	59	107
Translations	124	79
Courier services	125	69
Other services	101	116
<b>TOTAL HIRED SERVICES</b>	<b>21,788</b>	<b>19,861</b>

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**20. Hired services (continued)**

In the statement of comprehensive income for the year ending December 31, 2013, expenses for fees, mortgages and guarantees at the amount of BGN 1,781 thousand and expenses for bank fees at the amount of BGN 206 thousand are transferred in Finance cost in note 24 at Finance costs on construction contracts at the amount of BGN 1,332 thousand and at Fees, mortgages, guarantees at the amount of BGN 655 thousand. The comparative information for the year ending December, 31, 2012 is updated, as expenses for fees, mortgages and guarantees at the amount of BGN 1,561 thousand and bank fees at the amount of BGN 134 thousand are disclosed in Finance cost in note 24 at Finance costs on construction contracts at the amount of BGN 1,112 thousand and at Fees, mortgages, guarantees at the amount of BGN 583 thousand. The update is with the aim of better presentation of finance cost in the separate statement of comprehensive income.

**21. Employee benefits expenses**

	Year ended 31.12.2013	Year ended 31.12.2012
Remunerations under labour contracts	20,730	21,367
Remunerations under management contracts	189	256
Civil contracts	73	226
Social and health securities	3,256	2,898
Food	814	782
Compensated leaves	311	216
Other expenses	690	426
<b>TOTAL EMPLOYEE BENEFITS EXPENSES</b>	<b>26,063</b>	<b>26,171</b>

**22. Other expenses**

	Year ended 31.12.2013	Year ended 31.12.2012
Business trips	2,869	2,616
Storage of equipment	-	420
Expenses for one-off taxes and fees	263	474
Obsolete non-current assets	155	212
Entertainment expenses	12	45
Donations	60	15
Other	62	390
<b>TOTAL OTHER EXPENSES</b>	<b>3,421</b>	<b>4,172</b>

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**23. Other gains / (losses), net**

	Year ended 31.12.2013	Year ended 31.12.2012
Proceeds from sale of non-current assets	6,207	502
Carrying amount of sold and disposed non-current assets	(5,243)	(438)
Gains from sale of non-current assets	964	64
Proceeds from sale of materials	86	91
Carrying amount of sold materials	(54)	(69)
Gains from sale of materials	32	22
Revenue from sale of electricity	313	-
Carrying amount of sold electricity	(313)	-
Profit from sale of electricity	-	-
Revenue from sale of investments in subsidiaries	160	3,100
Carrying amount of sold investments in subsidiaries	(120)	(2,250)
Profit from sale of investments in subsidiaries	40	850
Subsequent premiums from sale of investments in subsidiaries	120	-
Loss from sale of receivables	(257)	(862)
Loss from discounting of receivables on ESCO contracts		(1,831)
Reversal of allowance for impairment of receivables	123	1,589
Reversal of allowance for impairment of investments	756	-
Provision for contractual obligation – note 14	(1,450)	-
Rent income	311	469
Revenue from consulting services	304	32
Penalties and other, net	(1,171)	533
Other losses from accounting estimates	(2)	(170)
<b>TOTAL OTHER GAINS/ (LOSSES), NET</b>	<b>(230)</b>	<b>696</b>

The rebate from discounting of receivables represents discount at additional recognition of ESCO receivables. He used discount factor approximates the discount for the sale of these receivables.

There are no ESCO receivables for the year ended December 31, 2013.

**24. Finance cost**

	Year ended 31.12.2013	Year ended 31.12.2012
Interest expense	2,934	2,737
Finance costs on construction contracts	3,164	2,645
Fees, mortgages, guarantees	655	583
Expenses on financial liability on preferred shares	490	570
Foreign exchange losses	76	38
<b>TOTAL FINANCE COST</b>	<b>7,319</b>	<b>6,573</b>

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**25. Taxation**

Deferred taxes are as follows:

	As of 31.12.2013	As of 31.12.2012
Deferred tax assets		
Impairment of receivables	1,026	3,260
Deductible tax loss	-	117
Impairment of investments in subsidiaries	166	241
Impairment of other assets	14	2
Provisions	190	53
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>1,396</b>	<b>3,673</b>
Deferred tax liabilities		
Non-current assets	829	1,094
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>829</b>	<b>1,094</b>
<b>DEFERRED TAX ASSETS, NET</b>	<b>567</b>	<b>2,579</b>

Deferred tax assets and liabilities as of December 31, 2013 and 2012 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.

Deferred tax liabilities recognized in equity as of December 31, 2013 and 2012 amount to BGN 337 thousand and BGN 557 thousand, respectively.

Income tax expenses for the year ended December 31, 2013 and 2012 are as follows:

	Year ended 31.12.2013	Year ended 31.12.2012
Current income tax expense	1	125
Deferred tax in relation to occurrence and reversal of temporary differences	2,012	(18)
<b>TOTAL TAX EXPENSE</b>	<b>2,013</b>	<b>107</b>

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

	Year ended 31.12.2013	Year ended 31.12.2012
Profit before taxation	2,400	1,843
Applicable tax rate	10%	10%
Tax by applicable tax rate	240	184
Tax effect of the non-deductible and non-taxable positions	1,773	(189)
Effect of different tax rates in other tax jurisdictions	-	112
<b>TAX EXPENSE</b>	<b>2,013</b>	<b>107</b>
<b>EFFECTIVE TAX RATE</b>	<b>84%</b>	<b>6%</b>

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**26. Basic and diluted earnings per share**

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

	Year ended 31.12.2013	Year ended 31.12.2012
Profit for allocation between the shareholders in BGN	387,597	1,735,571
Weighted-average number of ordinary shares	11,933,600	11,933,600
Basic earnings per share (in BGN)	<u>0.03</u>	<u>0.15</u>

As disclosed in Note 11, as of December 31, 2013 and 2012 the Company has issued preferred shares and warrants which in 2013 and 2012 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 Company's related parties with which it has performed transactions in 2013 and 2012 are as follows:

RELATED PARTY	TYPE OF RELATION
Enemona Utilities AD	Subsidiary
Esco Engineering AD	Subsidiary
EESF SPV	Subsidiary
Pirin Power AD	Subsidiary
Hemusgas AD	Subsidiary
FINI SPV	Subsidiary
TFEZ Nikopol EAD	Subsidiary
Nevrokop gas AD	Subsidiary
Enemona Galabovo AD	Subsidiary until October 19, 2012
EMKO AD	Subsidiary
Regionalgas AD	Subsidiary
Hemusgas AD	Subsidiary
Artanes Mining Group AD	Subsidiary
FEZ Mladenovo EAD	Subsidiary
Alfa Enemona OOD	Associated company
Global Capital OOD	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

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**27. Related parties transactions (continued)**

The table below discloses the transactions performed with related parties:

Related party	Year ended 31.12.2013	Year ended 31.12.2012
Enemona Utilities AD	372	2,008
EMKO AD	63	35
FINI SPV	5	5
TFEZ Nikopol EAD	2	2
EESF SPV	766	1,142
Alfa Enemona OOD	104	72
Eco Invest Holding	1	1
G Oil Expert EOOD	5	3
<b>TOTAL INCOME FROM RELATED PARTIES</b>	<b>1,318</b>	<b>3,268</b>

The table below discloses the expenses for related party transactions:

	Year ended 31.12.2013	Year ended 31.12.2012
Enemona Utilities AD	73	40
EMKO AD	1,737	1,941
<b>TOTAL EXPENSES TO RELATED PARTIES</b>	<b>1,810</b>	<b>1,981</b>

Expenses for transactions with related parties in 2013 comprise expenses for electricity with Enemona Utilities AD and expenses on construction costs with subcontractor EMKO AD for 2012 are expenses with agreements with subcontractors.

The table below discloses the balances of receivables from related parties:

	As of 31.12.2013	As of 31.12.2012
Enemona Utilities AD	94	96
Esco Engineering AD	38	38
Pirin Power AD	4	4
EESF SPV	1,449	2,077
Nevrokop gas AD	15	15
Hemusgas AD	13	13
EMKO AD	677	634
TFEZ Nikopol EAD	105	103
<b>TOTAL RECEIVABLES FROM RELATED PARTIES</b>	<b>2,395</b>	<b>2,980</b>

Receivables from related parties comprise loans to related parties (note 7) and trade receivables (note 9).

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## 28. Geographical information

The table below presents balances of payables to related parties as of December 31, 2013 and 2012:

	As of 31.12.2013	As of 31.12.2012
Enemona Utilities AD	1,230	331
Esco Engineering AD	3	4
EMKO AD	2,748	2,219
<b>TOTAL PAYABLES TO RELATED PARTIES</b>	<b>3,981</b>	<b>2,554</b>

Payables to related parties comprise payables on loans (note 12) and trade payables (note 16).

Receivables and payables from/to related parties are uncollateralized and are expected to be settled through cash payments. There are no guarantees provided or received in relation to this transaction. There is no impairment accrued on receivables from related parties.

In 2013 and 2012 the management personnel has received remuneration at the amount of BGN 189 thousand and BGN 255 thousand.

The Company operates in three principal geographical areas – Bulgaria, Germany, Slovakia, Norway and Great Britain.

The Company'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		Non-current assets	
	Year ended 31.12.2013	Year ended 31.12.2012	As of 31.12.2013	As of 31.12.2012
Bulgaria	48,602	27,137	29,631	35,230
Slovakia	19,809	18,501	452	406
Germany	15,938	17,492	330	112
Norway	743	491	5	5
Great Britain	272	-	6	-
Other	59	1,509	-	-
	<b>85,423</b>	<b>65,130</b>	<b>30,424</b>	<b>35,753</b>

The Company registered a branch in 2013 in Great Britain.



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**29. Financial instruments, financial risk and capital management**

**Categories of financial instruments**

	As of 31.12.2013	As of 31.12.2012
<b>Financial assets</b>		
Loans and receivables	107,358	87,423
Cash and cash equivalents	856	1,822
	<u>108,214</u>	<u>89,245</u>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost	106,931	90,380

Loans and receivables consist of loans granted by the Company including other current assets and other non-current assets as well as trade and other receivables, gross amounts due from customers on construction contracts and financial instruments held for trading.

Financial liabilities at amortized cost include loans granted to the Company, lease liabilities as well as trade and other payables, dividends payable on preferred shares.

**Fair value estimation of financial instruments, measured at fair value**

IFRS 7 „Financial instruments: Disclosure” requires additional the disclosures to the financial statements to include information for fair value measurement of financial assets and liabilities which are not presented at fair value in the statement of financial position.

The following table presents information for the carrying amount and fair value of financial assets and liabilities:

	Carrying amount		Fair value	
	As of 31.12.2013	As of 31.12.2012	As of 31.12.2012	As of 31.12.2012
<b>Financial assets</b>				
Loans and borrowings	107,358	87,423	107,358	87,423
Cash and cash equivalents	856	1,822	856	1,822
<b>Financial liabilities</b>				
Financial liabilities at amortized cost	106,931	90,380	106,931	90,380

The management’s estimate is that the fair value of financial instruments is approximate to their carrying amount as most of them are current.

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**29. Financial instruments, financial risk and capital management (continued)**

*Credit risk*

The Company is exposed to credit risk in case the clients fail to meet their obligations.

The accounts with the main contractors of the Company are as follows:

Name	Type	Carrying amount of receivable as of 31.12.2013	Carrying amount of receivable as of 31.12.2012
Contractor 1	In the country	23,100	1,392
Contractor 2	Abroad	6,916	4,286
Contractor 3	In the country	2,499	2,392
Contractor 4	In the country	1,505	-
Contractor 5	Abroad	1,339	440

The carrying amount of financial assets recorded in the separate financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk. The trade and other receivables and the gross amount due from customers on construction contracts are not secured. The gross amount due to customers under construction contracts and loans granted and receivables is not included when determining the credit risk exposure.

The net exposure of receivables from customers and loans granted and receivables are at the amount of BGN 16,958 thousand and are collateralized in favour of bank borrowings with lands, properties and receivables to total amount of collateral of BGN 11,945 thousand.

*Liquidity risk*

Liquidity risk is the risk that the Company may have difficulties in meeting its obligations related to settling financial liabilities, which require payment of cash, cash equivalents or other financial asset. Liquidity risk arises from the time difference between the agreed maturity of monetary assets and liabilities and the possibility that debtors may not be able to settle their obligations to the Company in terms due.

As of December 31, 2013 and 2012 undiscounted cash flows on financial liabilities of the Company, analysed by residual term as of the date of the separate statement of financial position until the date of subsequent negotiating or maturity are, as follows:

As of December 31, 2013	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Total
<i>Financial liabilities</i>				
Trade and other payables	17,603	20,135	-	37,738
Loans	5,613	56,066	14,451	76,130
Finance lease liabilities	19	61	95	175
Finance liability on preferred shares	-	-	3,510	3,510
Total financial liabilities	23,235	76,262	18,056	117,554

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)  
All amounts are in thousand Bulgarian Levs, except otherwise stated

**29. Financial instruments, financial risk and capital management (continued)**

*Liquidity risk*

<b>As of December 31, 2012</b>	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Total
<i>Financial liabilities</i>				
Trade and other payables	8,399	8,838	-	17,237
Loans	4,855	65,511	4,622	74,988
Finance lease liabilities	111	333	228	672
Finance liability on preferred shares	-	-	4,604	4,604
<b>Total financial liabilities</b>	<b>13,365</b>	<b>74,682</b>	<b>9,454</b>	<b>97,501</b>

Current loans of the Company include credit lines and overdraft with maturity in 2014. The Company usually renegotiates part of the credit lines and overdrafts.

Credit lines from Societe Generale Expressbank, UniCredit Bulbank, Unionbank and International Asset Bank are granted for the purpose of implementation of specific construction contracts (see also note 12). Repayment of these loans is linked to the implementation of the commitments of the Company under the respective contract and the cash flows generated by the specific construction contract.

*Foreign currency risk*

As the Company operates in the country and in the EU it is exposed to insignificant foreign currency risk. A small percentage of income/expenses are generated in foreign currency different from the Bulgarian lev and Euro. The Company implement a contract in Norway, whose active phase will start in 2014. Therefore, the management of the Company considers that the effect from possible changes in exchange rates would not have significant effect on profit or loss.

*Interest rate risk*

The Company is exposed to interest rate risk fluctuation mainly from received bank and debenture loans with floating interest rate which are at the amount of BGN 63,161( of which BGN 21,286 with floating interest rate) and BGN 68,421 thousand as of December 31, 2013 and 2012 and the interest payments are based on EURIBOR plus margin. As of December 31, 2013 and 2012 the Company has not used instruments for compensating the potential changes of the EURIBOR levels.

If the interest rates for these loans increased by 0.5% in 2013 and 2012, the interest expense for the year would increase, and profit after taxation would decrease by BGN 106 thousand and BGN 642thousand, respectively, and vice versa, if the interest rate decreases by 0.5%.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (CONTINUED)  
All amounts are in thousand Bulgarian Levs, except otherwise stated

**29. Financial instruments, financial risk and capital management (continued)**

**Capital management**

The Company manages its capital to operate as a going concern and optimize return by improving the debt/equity ratio. The capital structure of the Company comprises cash and cash equivalents, received loans and share capital.

Gearing ratio as of December 31, 2013 and 2012 is as follows:

	As of 31.12.2013	As of 31.12.2012
Loans	66,574	70,687
Cash and cash equivalents	(856)	(1,822)
Loans net of cash and cash equivalents	65,718	68,865
Equity	52,392	52,221
Gearing ratio (loans net of cash and cash equivalents to equity)	1.25	1.32

**30. Contingent liabilities**

As of December 31, 2013 the Company is a guarantor, co-debtor or avalist of promissory note on loan contract for loans granted to the subsidiaries by Bulgarian banks, as follows:

Type of contingent liability	Borrower	Bank	Amount of loan
Guarantor	EESF SPV	EBRD	17,502
Co-debtor	Enemona Utilities AD	Unicredit Bulbank AD	1,833

As of the date of these separate financial statements the subsidiaries regularly serve these loans.

As of December 31, 2012 the Company is a guarantor, co-debtor or avalist of promissory note on loan contract for loans granted to the subsidiaries by Bulgarian banks, as follows:

Type of contingent liability	Borrower	Bank	Amount of loan
Guarantor	EESF SPV	EBRD	23,267
Co-debtor	Enemona Utilities AD	Unicredit Bulbank AD	2,480

As of December 31, 2013 and 2012 bank guarantees have been issued on behalf of the Company, at the amount of BGN 35,287 thousand and BGN 33,660 thousand, respectively, which are related mainly to the construction works, including energy and other facilities.

As of December 31, 2013 2 390 000 shares of EESF SPV owned by Enemona AD are pledge as collateral under repurchase deals.

**ENEMONA AD**

**ANNUAL SEPARATE REPORT ON  
ACTIVITIES, INDEPENDENT AUDITOR'S  
REPORT AND ANNUAL SEPARATE  
FINANCIAL STATEMENTS**

**December 31, 2013**

*Unofficial translation of the original in Bulgarian*

**ANNUAL SEPARATE REPORT  
ON THE ACTIVITIES FOR 2013**

# **ANNUAL REPORT**

## **ON THE ACTIVITY OF ENEMONA AD**

### **FOR 2013**

*Unofficial translation of the original in Bulgarian*

# **INFORMATION UNDER APPENDIX №10 OF ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES**

## **I. COMPANY DEVELOPMENT, POSITION AND PERSPECTIVES**

### **1. General information**

Enemona AD is a publically traded joint stock company, with seat and registered office: at 20, Kosta Lulchev str., 1113 Sofia, Bulgaria, tel.: + 359 6 2 805 4850, fax: + 359 2 915 9815, e-mail: office-sf@enemona.com, Internet site: www.enemona.com. The Company has currently one Bulgarian branches, Enemona AD – Sofia Branch (UIC 0024).

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

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



DICHKO PROKOPIEV PROKOPIEV – Chairman of the of Board of Directors and Chief Executive Officer, BOGDAN DICHEV PROKOPIEV - Deputy Chairman of the Board of Directors and Executive Director, EMIL KIRILOV MANCHEV – Member of the Board of Directors; MARGARITA IVANOVA DINEVA – Independent Member of the Board of Directors; NIKOLAY FILIPOV FILCHEV - Independent Member of the Board of Directors. The Company is represented by DICHKO PROKOPIEV PROKOPIEV and BOGDAN DICHEV PROKOPIEV both together and independently.

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

## **2. Brief History**

The Company was incorporated in 1990 and registered in the Trade Register as a partnership company named „Prokopiev and Enemona” SD. By a decision dated 28 July 1994 the Vratsa District Court entered into the companies register at the Vratsa District Court under company file No 542/1990, volume 2, page 180, batch number 57, the transformation of the Company into a joint stock company named Enemona AD. The Company is set up for an unlimited period of time.

By a decision No 84 – PD dated 16 January 2008, the Financial Supervision Commission (FSC) registered Enemona AD as a public company in the register of public companies and other issuers of securities under Art. 30, Para. 1, i.3 Financial Supervision Commission Act (FSCA), kept thereby.

## **3. Strategy and Investments**

The Board of Directors of Enemona AD has undertaken activities to restructure the Company, to optimize the activity and to concentrate on the fundamental sectors for the economic group with the aim to ensure its sustainable development. The main trends in the development of the Company are directed mainly towards strategic sectors of the Bulgarian economy, namely: power engineering, industry and ecology.

In 2010 the Board of Directors of Enemona prepared and started the implementation of the new development strategy focusing on the following key areas: Focus on the core business – further development of its two core business lines: engineering, construction and assembly works, including energy efficiency and electricity trading; and disposal of non-core assets and businesses.

The Company's investment strategy will continue to be focused on the activities, in which the company has a good experience and competitive advantages. These are the engineering, construction and assembly works division (incl. energy efficiency) and trade in electricity.

The mid-term strategic goals of the Management of Enemona AD include:

- Achieving higher efficiency by means of optimization and concentration on the core business areas of Enemona Group;
- Further improvement of the Group's margins and profitability in the different fields of activities;
- Optimization of the operating expenses and achieving higher average margins from operating activities;
- Geographical expansion of the Group to EU while maintaining its leading position on the domestic market.

In pursuance of these objectives, the Management of Enemona AD took measures and carried out the following disposals companies outside the main business areas of the Enemona Group. The business line Engineering, construction and assembly works in the field of energy, industry, environment and energy efficiency renders the following engineering, construction and assembly services, comprising the complete project value-added chain: design and engineering – expert appraisals, design, consultations, analyses, technical-economic designs, project planning and management, supervision during project execution, preparation of hand-over documentation, control over resources and project implementation; construction and assembly works as well as steel structures manufacturing within the following areas: architecture and construction, water supply and sewerage, heating, ventilation and air conditioning, plant and technology, installation of fire alarm systems; electrical installations, instrumentation and control – electrical installation works, installation of measuring and control instruments and devices, lightning protection systems, earthing systems, etc.; start-up and set-up works, commissioning and testing during plant installation, control of instruments, special systems and equipment, etc.; maintenance, monitoring and warranty services.

Enemona also provides a full scope of customized solutions for energy saving measures and implements them in private and public buildings, industrial and power generation facilities with the aim to reduce energy losses in the power and heat supply infrastructure as well as to increase the efficiency ratio of the power generating equipment. In 2006 EESF SPV was founded by Enemona AD (as a majority shareholder) with the aim to finance the investments made under ESCO contracts.

The Business line Trade in electricity (electricity trading and natural gas trading) is conducted primarily by the subsidiary Enemona Utilities AD. Electricity trade in Bulgaria is carried by the regulated third party access, where transactions take place through direct bilateral contracts between producers/traders and consumers and balancing market (on which the missing quantities are bought and the remaining surpluses in bilateral contracts are sold). In the

transitional period of gradual liberalization, the relationship between market players is still carried out on the regulated and free electricity market.

#### **4. Non-Consolidate Annual Financial Statement**

On March 30, 2012, Enemona AD publicly disclosed its Non-Consolidate Annual Financial Statement of a public company and issuer of securities as of 31-12-2012.

The Company publicly disclosed via the unified system for disclosure of information E-Register of the Financial Supervision Commission and those of the Bulgarian Stock Exchange Sofia its new audited Separate Financial Statements for the year ended December 31, 2012 and new audited Consolidated Financial Statements for the year ended December 31, 2012.

#### **5. Convening and holding of the General Meetings of Shareholders and Holders of Warrants**

On January 08, 2013, the General Meeting of the holders of warrants was held. The Protocol was published on January 11, 2013.

On January 25, 2013 at 14:00 a.m., in Kozloduy, House Energy an Extraordinary General Meeting of Enemona AD was held with an Agenda: 1. Approval of the individual annual report on activities of the Company for 2011; Draft Resolution: EGMS approves the individual annual report on activities of the Company for 2011; 2. Approval of the individual annual financial statements of the Company for 2011 and the independent auditor's report; Draft Resolution: EGMS approves the individual annual financial statements of the Company for 2011 and the independent auditor's report; 3. Approval of the consolidated annual report on activities of the Company for 2011; Draft Resolution: EGMS approves the consolidated annual report on activities of the Company for 2011; 4. Approval of the consolidated annual financial statements of the Company for 2011 and the independent auditor's report; Draft Resolution: EGMS approves the consolidated annual financial statements of the Company for 2011 and the independent auditor's report; 5. Distribution of the profit from the activities of the Company for 2011; Draft Resolution: EGMS approves the resolution of the Board of directors for establishing a loss from the activities of the Company for 2011 and does not distribute profit; 6. Distribution of the non-distributed profit from the activities of the Company for 2010; Draft Resolution: EGMS approves the resolution of the Board of directors for distribution of the non-distributed profit from the activities of the Company for 2010; 7. Establishing an accumulated loss from the activities of the Company as of 31.12.2011 resulting from the recalculated financial results for 2011 and 2009; Draft Resolution: EGMS approves the resolution of the Board of directors for establishing an accumulated loss from the activities of the Company as of 31.12.2011 resulting from the recalculated financial results for 2011 and 2009; 8. Covering the established accumulated loss from the activities of the Company as of 31.12.2011 resulting from the recalculated financial results for 2011 and 2009 through resources from the Premium reserves; Draft Resolution: EGMS approves the resolution of the Board of directors for covering the established

accumulated loss from the activities of the Company as of 31.12.2011 resulting from the recalculated financial results for 2011 and 2009 through resources from the Premium reserves; 9. Adoption of a resolution for dividend distribution for 2011 to the shareholders holding preferred shares of the Company capital, pursuant to art. 8a, para. 3, item. 2 of the Statutes; Draft Resolution: EGMS adopts a resolution for dividend distribution for 2011 to the shareholders holding preferred shares of the Company capital, pursuant to art. 8a, para. 3, item 2 of the Statutes; 10. Authorization of the Board of directors for adoption of a resolution and organizing dividend distribution for 2011 to the shareholders, holding preferred shares of the Company capital, in case the condition of art. 247a, para. 1 of the Commercial Act is satisfied; Draft Resolution: EGMS authorizes the Board of directors for adoption of a resolution and organizing dividend distribution for 2011 to the shareholders, holding preferred shares of the Company capital, in case the condition of art. 247a, para. 1 of the Commercial Act is satisfied; 11. Discharging from liability the members of the Board of directors for their activities during 2011; Draft Resolution: EGMS discharges from liability the members of the Board of directors for their activities during 2011; 12. Miscellaneous.

In order to implement Decision № 64- PD of 24 January 2013, of the Financial Supervision Commission, paragraphs 6, 9 and 10 of the agenda of the Extraordinary General Meeting of shareholders, held on January 25, 2013, were not put to the vote.

The Protocol of The Extraordinary General Meeting of shareholders, held on January 25, 2013, was published on January 30, 2013.

On May 15, 2013 at 14:00 a.m., in Kozloduy, House Energy an Extraordinary General Meeting of Enemona AD was held with an Agenda: 1. Changes in the Board of Directors – specifying the number of members, the composition, the term of office, the remuneration, the management warranty and authorization of a person to conclude the agreements with the newly elected members; Draft resolution - EGMS approves the proposal of the Board of Directors to specify the number of its members, the composition, the term of office, the remuneration, the management warranty and authorization of a person to conclude the agreements with the newly elected members; 2. Change of the seat and registered address of the Company; Draft resolution - EGMS changes the seat and registered address of the Company from the town of Kozloduy, zip code 3320, Vratsa Region, № 1A "Panayot Hitov" Str. to Sofia city, zip code 1113, Sofia Region (Capital), Sofia Municipality, "Slatina" district, № 20 "Costa Lulchev" Str.; 3. Amendments to the Company Statutes in connection with the change of the seat and registered address of the Company, Draft resolution - EGMS approves the proposal of the Board of Directors for amendments to the Company Statutes in connection with the change of the seat and registered address; 4. Miscellaneous.

On May 15, 2013 the Extraordinary session of the General Meeting of the Shareholders (EGMS) of Enemona AD took decisions concerning reducing the number of members of the Board of Directors, amendments to the Company Statutes and change of the seat and registered address of the Company from the town of Kozloduy 3320, Vratsa Region, № 1A

"Panayot Hitov" Str. to Sofia city 1113, Sofia Region (Capital), Sofia Municipality, "Slatina" district, № 20 "Costa Lulchev" Str.

The Protocol of The Extraordinary General Meeting of shareholders, held on May 15, 2013, was published on May 17, 2013.

On July 25, 2013 the General Meeting of shareholders took the following decisions: 1. GMS approves the individual annual report on activities of the Company for 2012; 2. GMS approves the Report on the activities of the Investor Relations Director for 2012; 3. GMS approves the individual annual financial statements of the Company for 2012 and the independent auditor's report; 4. GMS approves the consolidated annual report on activities of the Company for 2012; 5. GMS approves the consolidated annual financial statements of the Company for 2012 and the independent auditor's report; 6. GMS adopts a resolution for dividend distribution for 2011 to the shareholders, holding preferred shares, issued by the Company; 7. GMS adopts a resolution for partial dividend distribution for 2012 to the shareholders, holding preferred shares, issued by the Company; 8. GMS adopts the proposition of the Board of Directors on the distribution of the Company's net profit for 2012 for dividend distribution to the shareholders, holding preferred shares, issued by the Company; 9. GMS discharges from responsibility/liability the members of the Board of Directors for their activities in 2012; 10. GMS adopts the proposition of the Board of Directors for fixing the remuneration and warranties of the Executive Directors of the Company; 11. GMS authorizes the Board of Directors and Executive Directors of the Company to extend for one year the period of transactions under Article 114 of the Law on Public Offering of Securities (LPOS); 12. GMS authorizes the Board of Directors and Executive Directors of the Company for transactions under Article 114 of LPOS with subject lending / credit transaction limit for a period of one year; 13. GMS authorizes the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of LPOS with subject transferring/securitization of current and future receivables up to BGN 30 000 000 for a period of one year and for concluding supplementary agreements to it; 14. GMS authorizes the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of LPOS with subject transferring of current and future receivables up to BGN 5 000 000 for a period of one year and for concluding supplementary agreements to it; 15. GMS authorizes the Board of Directors and Executive Directors of the Company for a transaction under Article 114 of LPOS with subject provision for use of office space and parking places for a period of three years; 16. GMS approves the Report of the audit committee for 2012; 17. GMS adopts a resolution for changes into the audit committee of the Company; 18. GMS adopts a decision for election of a certified auditor for the year 2013 in accordance with the proposal of the audit committee. 19. GMS adopts the proposed by the Board of Directors Remuneration Policy.

The Protocol of The Ordinary General Meeting of shareholders, held on July 27, 2013, was published on July 30, 2013.

## **6. Dividend Payments**

According resolution of the General Meeting of Shareholders of Enemona AD, held on 25 of July 2013, the Company took decision for distribution of dividend for 2011 and partial distribution of dividend for 2012 to the shareholders, holding preferred shares, issued by the Company – a total amount of BGN 1 708 819. The payment of the full cash dividend for 2011 amounting to BGN 1 077 214 started on the 25.10.2013, the partial payment of a dividend for 2012 amounting to BGN 631 605 was delayed for 2014.

The distribution of dividend for 2011, was done under the terms and conditions of LPOS, ORDINANCE No 8 of November 12, 2003 on the Central Depository of securities, Rules and Regulations of Central Depository AD (Enclosure №27- „Procedure for payment of maturity payments on bonds and the distribution of dividends on share issues) and all the other relevant provisions of the Bulgarian legislation.

## **7. Changes in the Board of Directors**

On May 15, 2013 the Extraordinary session of the General Meeting of the Shareholders (EGMS) of Enemona AD took the following decisions: REDUCES the number of members of the Board of Directors from 8 (eight) to 5 (five). RELEASES from office the following members of the Board of Directors: Mr. Tsvetan Kamenov Petrushkov; Mr. Liudmil Ivanov Stoyanov; Mr. Ilian Borissov Markov; Mr. Prokopi Dichev Prokopiev; Mr. Ivan Dimitrov Petrov and Mr. Georgi Zamfirov Goranov. As of 15 May 2013 the Board of Directors is: Dichko Prokopiev Prokopiev – CEO, Bogdan Dichev Prokopiev – Executive Director; Emil Kirilov Manchev – Board Member; Margarita Ivanova Dineva - Board Member; Nikolay Filipov Filchev - Board Member.

## **8. Amendments to the Articles of Association**

On May 15, 2013 the Extraordinary session of the General Meeting of the Shareholders (EGMS) of Enemona AD took the following decisions: the following amendments to the Company Statutes in connection with the change of the seat and registered address of the Company:

§ 1. Art. 3 of the Statutes assumes the following new version:

“Art. 3. (1) The seat of the Company is in Sofia city, Sofia Region (Capital).

(2) The registered address of the Company is Sofia city 1113, Sofia Region (Capital), Sofia Municipality, "Slatina" District, № 20 "Costa Lulchev" Str.”

§ 2. Section 2 of the Final provisions of the Statutes assumes the following new version:

“§ 2. These Statutes were adopted by the General Meeting of Shareholders of "Enemona" AD held on 13.04.2007 in the town of Kozloduy and were amended and supplemented by the General Meeting resolutions from 30.06.2008, from 30.06.2009, from 20.09.2010, from 30.06.2011, from 02.12.2011 and from 15.05.2013”

## **II. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY**

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

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

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

### **Impact of the Global Economic Crisis**

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

### **Sector Risk**

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

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

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

- strict compliance with the contracts concluded with financial institutions to exclude the possibility to early payment requests;
- limited investments in projects outside the main focus of the Company;
- cost optimization and investment program review;

- speeding up the collection of receivables as well as their categorization for risk assessment and finding effective tolls for collection;
- insurance of the financial risks for significant receivables;
- establishment of relationships with affluent investors only (such as government institutions, municipalities, companies working on projects secured by government guarantees);
- if long-term receivables occur, searching for a form of their restructuring into long-term debt and securing them with appropriate assets;
- with regard to the implementation of certain energy projects and energy-efficient operations, searching for options for EU- and other financing programs.

### **Currency Risk**

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

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

### **Credit Risk**

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

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

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

The Company has no significant concentration of credit risk. Its policy is that payments are made within the terms specified in the contracts for the execution of construction and assembly works.

The collection and concentration of receivables is monitored currently, according to the established policy of the Company. For that purpose, a daily review is made by the financial and accounting department to monitor by clients and by received payments, followed by an analysis of the unpaid amount and the condition of the client.

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



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

- A detailed estimation for the expected revenues from receivables and uncollected receivables is made. A daily forecast for the next two months is made. A separate forecast is made on a monthly basis for the whole year. The implementation of the underlying assumptions are monitored by the Executive Director and the Financial Department of the Group;
- Every week, in some cases even more frequently, meetings are held by the Financial Committee to the Board of Directors, to discuss problems with uncollected receivables. A person responsible for each overdue receivable is determined, who is responsible for communicating with the company, sending notifications, if necessary bringing legal proceedings and making a plan to influence the payers. The meetings are attended by the Chief Executive Officer of Enemona AD;
- A model is developed that tracks receivables and cash flows. It is available to all offices and subsidiaries of the company and is constantly updated;
- When negotiating for a business deal with a new contractor, investigations are made for the financial reliability according to a procedure (assessment of the financial risk by Coface Group (a leading company in the field of financial management) and the Bulgarian Export Insurance Agency (BAEZ);
- Certain receivables are insured - "Financial Risk Insurance";
- The contracts with partners include provisions that ensure the collectability of receivables (indisputability, irrevocability, default interest, valid date, etc.)
- An age analysis of receivables is prepared and when unacceptable delay occurs, measures for their collecting are taken (reminders, calls for repayment notary and legal action).

**Liquidity Risk**

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

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

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

**III. ANALYSIS OF THE FINANCIAL RESULTS AND THE RESULTS FROM THE ACTIVITIES OF THE COMPANY**

**Assets**

Total assets of the Company as of 31 December 2013 amount to BGN 164 043 thousand, increasing with 9,6% compared to 31 December 2012.

The non-current assets of Enemona AD as of 31 December 2013 amount to BGN 53 599 thousand, representing 32,7% of all assets of the Company, decreasing with 17,7% compared to 31 December 2012.

The current assets of Enemona AD as of 31 December 2013 amount to BGN 110 444 thousand, representing 67,38% of all Company's assets, growing by 27,2% compared to 31 December 2012, mainly due to an increase in trade receivables and gross amount due from customers on construction contracts.

### **Liabilities**

Enemona AD finances its principal activity with equity or borrowings. The Company's equity at 31 December 2013 amounts to BGN 52 392 thousand, or 46.9% of its liabilities. In 2013, the value of equity increased with 0,3%, compared to the data in the modified statement for 2012.

The share capital of the issuer amounts to BGN 13,037 thousand split into 11,934 thousand ordinary shares and 1,103 thousand preference shares.

Non-current liabilities at 31 December 2013 amounts to BGN 9 799 thousand and represent 5.97 % of the Company's liabilities. They include mainly long-term bank loans.

The current liabilities of Enemona AD as of 31 December 2013 amount to BGN 101 852 thousand, representing 62.1% of all Company's liabilities, increasing with 13.7% compared to the previous year.

### **Liquidity analysis**

<b>Ratio</b>	<b>Description</b>	<b>31 December 2013</b>
<b>General liquidity</b>	CA/CL	1,08
<b>Quick liquidity</b>	(Cash+Cash equivalents+Receivables)/CL	1,00
<b>Immediate liquidity</b>	(Cash+Cash equivalents)/CL	0,008

Funds available to the Company in a given moment to meet its operating expenses, incl. all short-term assets that may quickly transform into the required funds and at market values, without significant transactions costs, are determined as sources of liquidity. The sources of liquidity for Enemona AD are mainly revenue from sales of products and external/debt financing in the form of bank loans.

### **Operating income**

Sales revenue of the Company in 2013 amount to BGN 85 642 thousand and increased by 30.8% compared with 2012. The decline is due primarily to the smaller volume of

construction contracts completed during the year. During the past two years the management of Enemona AD focused its efforts to conclude construction contracts abroad, mainly in Germany. As a result the CBI as of 31 December, 2013 amounts BGN 95.8 million. In addition the company has received calls for final negotiations for contracts amounting to BGN 40 million. By these strong measures the management aims to overcome the negative trend from declining revenues and achieve high positive results from operations.

### Expences

The Company's expenses amount to BGN 79,059 thousand with c 24,57% increase compared to the end of 2012.

The Company's expenses for 2013 comprise of: costs of materials BGN 26 532 thousand, costs of hired services BGN 21 788 thousand, salaries and wages BGN 26 063 thousand, depreciation/amortization BGN 1 648 thousand and other expenses BGN 3 421 thousand and reduction of work in progress in the amount of BGN 393 thousand.

### Profit analysis

Enemona AD finishes 2013 with a positive net financial result amounting to BGN 387 thousand.

### Profit (loss) analysis

Ratio	Description	31 December 2013
<b>Gross profit ratio</b>	Pre-tax profit/Sales revenue	15.6%
<b>Return on sales</b>	Net profit/Total revenue	0.45%

Profitability ratios reflect the ability of the Company to generate operating income and operating profit, respectively. For the year ending 31 December 2013 Enemona AD has reported revenue in the total amount of BGN 85 423 thousand and gross profits before taxes amounting to BGN 13 322 thousand. The above profitability ratios of the Company were calculated on the basis of these figures.

### Equity analysis

Ratio	Description	31 December 2013
<b>Equity utilization</b>	Total equity/Total assets	31.9%
<b>Return on assets</b>	Net profit/ Total assets	0,24%
<b>Return on equity</b>	Net profit/Equity	0,74%

Enemona AD demonstrates stable profitability ratios.

### Financial leverage analysis

Ratio	Description	31 December 2013
<b>Leverage</b>	Debt/Assets	40.5%
<b>Gearing</b>	Long-term debt/Equity	1,27

For the purpose of financial leverage analysis of Enemona AD, we calculate two ratios by dividing the issuer's debt by its assets and equity, respectively. The values calculated as of 31 December 2013 show a decrease in the ratio of Debt/Assets, compared to the modified financial report for 2012.

### Effectiveness analysis

Ratio	Description	31 December 2013
Asset turnover	Sales revenue/Total assets	52.2%
Net working capital	Short-term assets – Short-term liabilities	8 592

The change in sales revenue affects the Company's effectiveness. As of December 31, 2013 the asset turnover has increased to 52.2% (47.7% as of December 31, 2012). Net working capital marks positive values due to the faster growth of the short-term loans.

#### IV. INFORMATION ON IMPORTANT EVENTS THAT TOOK PLACE AFTER DECEMBER 31, 2013

There are no important events that took place after December 31, 2013

#### V. INFORMATION GIVEN IN VALUE OR QUANTITATIVE TERMS ABOUT THE MAIN CATEGORIES OF COMMODITIES, PRODUCTS AND/OR PROVIDED SERVICES

The operating income of "Enemona" AD are formed mainly from construction contracts, reaching 95.22% of total revenue in 2013.

	31.12.2013('000 BGN)	% from Total Operating Income	31.12.2012('000 BGN)	% from Total Operating Income
<b>Total Operating Income</b>	<b>85 642</b>	<b>96.22%</b>	<b>65 452</b>	<b>91.94%</b>
Incomes from construction contracts	85 423	95.97%	65 130	91.49%

Incomes from Services	219	0.25%	322	0.45%
<b>Income from financing</b>	<b>3 366</b>	<b>3.78%</b>	<b>5 735</b>	<b>8.06%</b>
Interest	2 497	2.81%	2 567	3.61%
Dividends	861	0.97%	3 151	4.43%
Gain due to exchange rate changes	8	0.01%	17	0.02%

The Company reports financial revenues mainly from loans interest and interest on ESCO contracts, as well as from dividends from subsidiaries.

#### VI. INFORMATION ABOUT THE REVENUES ALLOCATED BY SEPARATE CATEGORIES OF ACTIVITIES

Revenues	2013		2012	
	('000 BGN)	%	('000 BGN)	%
<b>Revenues from Construction Contracts</b>	<b>85 423</b>		<b>65 130</b>	
Engineering /design, supply, construction and assembly works/	81 300	95.17%	60 691	93.18%
Energy Efficiency	4 123	4.83%	4 439	6.82%

#### VII. INFORMATION ABOUT THE SOURCES FOR SUPPLY OF MATERIALS FOR 2013

##### TOP 5 SUPPLIERS IN TERMS OF VALUE OF SUPPLIES

Supplier	Type of supplies	Value ('000BGN)
SIEMENS TURBOMACHINERY EQUIPMENT GMBH	Materials	5 042
EGEM S.R.O.	Materials	2 298
ОСКАР-ЕЛ ЕООД	Materials	1 556
TE CONNECTIVITY SOLUTIONS GMBH	Materials	1 526
FERROSTAAL PIPING SUPPLY GMBH	Materials	812

#### VIII. INFORMATION ABOUT CONCLUDED BIG TRANSACTIONS AND SUCH OF MATERIAL IMPORTANCE FOR THE ISSUER'S ACTIVITY

In 2013, Enemona AD signed new contracts in the field of Engineering, Energy efficiency, Construction and Assembly Works for a total of BGN 43 million (excl. VAT).

#### IX. INFORMATION ABOUT THE TRANSACTIONS CONCLUDED BETWEEN THE ISSUER AND RELATED PARTIES DURING THE REPORTING PERIOD, PROPOSALS FOR

**CONCLUSION OF SUCH TRANSACTIONS AS WELL AS TRANSACTIONS WHICH ARE OUTSIDE ITS USUAL ACTIVITY OR SUBSTANTIALLY DEVIATE FROM THE MARKET CONDITIONS, TO WHICH THE ISSUER OR ITS SUBSIDIARY IS A PARTY, INDICATING THE AMOUNT OF THE TRANSACTIONS, THE NATURE OF RELATEDNESS AND ANY INFORMATION NECESSARY FOR AN ESTIMATE OF THE INFLUENCE OVER THE ISSUER' S FINANCIAL STATUS**

The information about the transactions with related parties during the reporting period is disclosed in Note 27 of the Notes to the Individual Financial Statement for 2013.

**X. INFORMATION ABOUT EVENTS AND INDICATORS OF UNUSUAL FOR THE ISSUER NATURE, HAVING SUBSTANTIAL INFLUENCE OVER ITS OPERATION AND THE REALIZED BY IT REVENUES AND EXPENSES MADE; ASSESSMENT OF THEIR INFLUENCE OVER THE RESULTS DURING THE CURRENT YEAR**

During the period under review no events and indicators of unusual for the issuer nature, having substantial influence over its operation.

**XI. INFORMATION ABOUT OFF-BALANCE KEPT TRANSACTIONS – NATURE AND BUSINESS OBJECTIVE, INDICATION OF THE FINANCIAL IMPACT OF THE TRANSACTIONS ON THE OPERATION, IF THE RISK AND BENEFITS OF THESE TRANSACTIONS ARE SUBSTANTIAL FOR THE ASSESSMENT OF THE ISSUER' S FINANCIAL STATUS**

Enemona AD prepares its Financial statements 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. The information about contingent liabilities is disclosed in Note 30 of the Notes to the Individual Financial Statement.

**XII. INFORMATION ABOUT HOLDINGS OF THE ISSUER, ABOUT ITS MAIN INVESTMENTS IN THE COUNTRY AND ABROAD (IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE), AS WELL AS THE INVESTMENTS IN EQUITY SECURITIES OUTSIDE ITS ECONOMIC GROUP AND THE SOURCES/WAYS OF FINANCING**

The companies which Enemona AD controls and manages as of December 31, 2013 and December 31, 2012, are listed in the following table:

**ORGANIZATIONAL STRUCTURE OF ENEMONA GROUP OF COMPANIES**

COMPANY	Percentage (%) as of 31.12.2013	Percentage (%) as of 31.12.2012
„CHPP NIKOPOL” EAD	100.00	100.00
„PPP MLADENOVO” EOOD	100.00	100.00
“ARTANES MINING GROUP” AD	89.99	89.99
“ENEMONA UTILITIES” AD	92.24	97.23
“ESCO ENGINEERING” AD	99.00	99.00
“NEVROKOP-GAS” AD	90.00	90.00
“ENERGETICS AND ENERGY SAVINGS FUND - EESF” SPV	88.97*	88.97*
“PIRINPOWER”AD	84.00	84.00
„EMCO”AD	77.36	77.36
„REAL ESTATE INVESTMENT FUND- FINI” REIT	69.23	69.23
“HEMUSGAS”AD	50.00	50.00

#### Enemona AD Indirect Shareholdings

Company	Indirect Shareholding through	Percentage (%) of indirect shareholding as of 31.12.2013
„RegionalGas” AD	„Enemona Utilities” AD	50.00
„Pirin Power”AD	„Enemona Utilities” AD	16.00

#### Enemona’s shareholdings below 50%

Company	Percentage (%) as of 31.12.2013	Percentage (%) as of 31.12.2012
ALFA – ENEMONA OOD	40.00	40.00
ENEMONA – START AD	4.90	4.90
ENIDA ENGINEERING AD	4.90	4.90

### XIII. INFORMATION ABOUT THE CONCLUDED BY THE ISSUER, BY ITS SUBSIDIARY OR PARENT UNDERTAKING, IN THEIR CAPACITY OF BORROWERS, LOAN CONTRACTS WITH INDICATION OF THE TERMS AND CONDITIONS THEREOF, INCLUDING THE DEADLINES FOR REPAYMENT AS WELL AS INFORMATION ON THE PROVIDED GUARANTEES AND ASSUMING OF LIABILITIES



The information about the concluded by the issuer, in its capacity of borrower, loan contracts, is disclosed in Note 12 of the Notes to the Individual Financial Statement for 2013.

**XIV. INFORMATION ABOUT THE CONCLUDED BY THE ISSUER, BY ITS SUBSIDIARY OR THE PARENT UNDERTAKING, IN THEIR CAPACITY OF LENDERS, LOAN CONTRACTS, INCLUDING THE PROVISION OF GUARANTEES OF ANY TYPE, INCLUDING TO RELATED PERSONS, WITH INDICATION OF THE CONCRETE CONDITIONS THERE UNDER, INCLUDING THE DEADLINES FOR REPAYMENT AND THE PURPOSE FOR WHICH THEY HAVE BEEN GRANTED**

The information about the concluded by the issuer, in its capacity of lender, loan contracts, is disclosed in Note 7 of the Notes to the Individual Financial Statement for 2013.

**XV. INFORMATION ON THE USE OF THE PROCEEDS FROM A NEW ISSUE OF SECURITIES CARRIED OUT DURING THE REPORTED PERIOD**

During the reported period no new issues of securities have been carried out.

**XVI. ANALYSIS OF THE RATIO BETWEEN THE ACHIEVED FINANCIAL RESULTS REFLECTED IN THE FINANCIAL STATEMENT FOR THE FISCAL YEAR, AND PREVIOUSLY PUBLISHED FORECASTS FOR THESE RESULTS**

In the prospectuses for public offering of the ordinary shares, preferred shares and warrants issued by Enemona AD and approved by the FSC, there are no financial forecasts.

**XVII. ANALYSIS AND ASSESSMENT OF THE POLICY CONCERNING THE MANAGEMENT OF THE FINANCIAL RESOURCES WITH INDICATION OF THE POSSIBILITIES FOR SERVICING OF THE LIABILITIES, EVENTUAL JEOPARDIZES AND MEASURES WHICH THE ISSUER HAS UNDERTAKEN OR IS TO UNDERTAKE WITH A VIEW TO THEIR REMOVAL**

The true and fair presentation of the information in the financial statements of Enemona AD is ensured by the systematic application of accounting policies based on current accounting, which is checked by an internal control system.

**XVIII. ASSESSMENT OF THE POSSIBILITIES FOR REALIZATION OF THE INVESTMENT INTENTIONS, INDICATING THE AMOUNT OF THE AVAILABLE FUNDS AND STATING THE POSSIBLE CHANGES IN THE STRUCTURE OF THE FINANCING OF THIS ACTIVITY**



As of December 31, 2013 Enemona AD has cash and cash equivalents for a total BGN 856 thousand. That fact in combination with the increased capital base, determines a good opportunity to raise funds for the implementation of Enemona's investment projects.

**XIX. INFORMATION ABOUT OCCURRED DURING THE REPORTING PERIOD CHANGES IN THE BASE PRINCIPLES FOR MANAGEMENT OF THE ISSUER AND ITS ECONOMIC GROUP**

For the period under review, there have been no changes in the base principles for management of the Issuer and its Group.

**XX. INFORMATION ON THE AMOUNT OF THE REMUNERATIONS, REWARDS AND/OR THE BENEFITS OF EVERYONE OF THE MEMBERS OF THE MANAGEMENT AND CONTROL BODIES FOR THE FISCAL YEAR UNDER REVIEW, PAID BY THE ISSUER AND ITS SUBSIDIARIES, IRRESPECTIVE OF WHETHER THEY HAVE BEEN INCLUDED IN THE ISSUER'S EXPENSES OR ARISE FROM PROFIT DISTRIBUTION**

Name	Gross Remuneration (BGN)	Net Remuneration (BGN)
<b>Dichko Prokopiev Prokopiev</b>		
Enemona AD	46568.18	38869.54
Enemona Utilities AD	87130.43	78417.39
<b>Total</b>	<b>133698.61</b>	<b>117286.93</b>
<b>Tsvetan Kamenov Petrushkov</b>		
Enemona AD	29205.08	25174.53
Enemona Utilities AD	70434.79	62094.35
EESF SPV	11100.00	9355.16
FINI REIT	2134.50	1921.05
EMCO AD	12000.00	10800.00
<b>Total</b>	<b>124874.37</b>	<b>109345.09</b>
<b>Lyudmil Ivanov Stoyanov</b>		
Enemona AD		
Enemona Utilities AD	7971.30	6416.88
<b>Total</b>	<b>36727.28</b>	<b>32523.85</b>
<b>Prokopi Dichev Prokopiev</b>		
Enemona AD	35066.42	30027.25
Enemona Utilities AD	70434.77	63311.42

EESF SPV	11100.00	9121.56
Artanes Mining Group AD	4300.00	3870.00
<b>Total</b>	<b>120901.19</b>	<b>106330.23</b>
Ilian Borisov Markov		
Enemona AD	4883.67	4393.41
Enemona (civil contract)	4600.00	4155.10
Enemona AD – Slovakia Branch	21831.58	19509.10
Enemona AD – Galabovo Branch	25233.68	21202.91
<b>Total</b>	<b>56548.93</b>	<b>49260.52</b>
Margarita Ivanova Dineva		
Enemona AD	11600.00 лв	9151.32 лв
Ivan Dimitrov Petrov		
Enemona AD	4883.68 лв	4395.31 лв
Georgi Zamfirov Goranov		
Enemona AD	4883.68 лв	4395.31 лв
Bogdan Dichev Prokopiev		
Enemona AD	32714.39 лв	28421.28 лв
Enemona Utilities AD	17975.65 лв	16178.08 лв
CHHP Nikopol EAD	13826.00 лв	12443.40 лв
EMCO AD	2150.00 лв	1935.00 лв
Artanes Mining Group AD	66666.05 лв.	58977.76 лв.
<b>Total</b>		
Emil Kirilov Manchev		
Enemona AD	6216.33 лв	5594.70 лв.
Nikolay Filipov Filchev		
Enemona AD	6816.31 лв.	5412.99 лв.

**XXI. PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PROCURATOR AS OF 31 DECEMBER 2013**

<b>Dichko Prokopiev Prokopiev</b>
<b>Enemona AD – Chairman of the of Board of Directors and Chief Executive Officer</b>
<b>Global Capital OOD, Kozloduy – Manager and Partner</b>

<b>Enemona Utilities AD, Sofia – Chairman of the Supervisory Board</b>
<b>CHHP Nikopol EAD, Sofia – Chairman of the Supervisory Board</b>
<b>Izolko OOD, Kozloduy - Partner</b>
<b>Bogdan Dichev Prokopiev</b>
<b>Enemona AD - Vice Chairman of the of Board of Directors and Chief Executive Officer</b>
<b>Global Capital OOD, Kozloduy – Partner</b>
<b>Enemona Utilities AD, Sofia – Chairman of the Managing Board</b>
<b>CHHP Nikopol EAD, Sofia – Chairman of the Managing Board</b>
<b>ESCO Engineering AD, Sofia – Member of the Board of Directors</b>
<b>Nevrokop Gas AD, Gotse Delchev – Chairman of the of Board of Directors</b>
<b>PirinPower AD, Sofia – Vice Chairman of the of Board of Directors</b>
<b>Hemusgaz AD</b>
<b>Izolko OOD, Kozloduy - Partner</b>
<b>EMCO AD, Belene – Member of the Board of Directors</b>
<b>Artanes Mining Group AD, Sofia – Chairman of the of Board of Directors</b>
<b>RacioConsult OOD, Sofia - Partner</b>
<b>Interalt OOD - Partner</b>
<b>Margarita Ivanova Dineva</b>
<b>Enemona AD – Member of the of Board of Directors</b>
<b>Emil Kirilov Manchev</b>
<b>Enemona AD – Member of the of Board of Directors</b>
<b>Nikolay Filipov Filchev</b>
<b>Enemona AD – Member of the of Board of Directors</b>

**XXII. INFORMATION ABOUT THE OWNED BY THE MEMBERS OF THE MANAGEMENT AND THE PROCURATORS SHARES OF THE ISSUER**

<b>Shares in Enemona AD</b>	<b>Percentage of the capital as of 31 December 2013 at a capital of 13 036 501</b>	<b>Percentage of the ordinary shares as of 31 December 2013 at OS of 11 933 600</b>	<b>Percentage of the preferred shares as of 31 December 2013 at PS of 1 102 901</b>	<b>Percentage of warrants as of 31 December 2013 at an issue of 5 966 792</b>
<b>Dichko Prokopiev Prokopiev - Chairman of the Board of Directors</b>	<b>45.38</b>	<b>49.58</b>	<b>0.00</b>	<b>60.13</b>
<b>Bogdan Dichev Prokopiev – Vice Chairman of the Board of Directors</b>	<b>1.84</b>	<b>2.01</b>	<b>0.00</b>	<b>0.33</b>
<b>Emil Kirilov Manchev - Member of the Board of Directors</b>	<b>0.10</b>	<b>0.11</b>	<b>0.00</b>	<b>0.00</b>
<b>Margarita Ivanova Dineva - Member of the Board of Directors</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Nikolay Filipov Filchev - Member of the Board of Directors</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**XXIII. INFORMATION ABOUT THE KNOWN TO THE COMPANY AGREEMENTS (INCLUDING ALSO AFTER THE FISCAL YEAR CLOSING) AS A RESULT OF WHICH CHANGES MAY OCCUR AT A FUTURE TIME IN THE OWNED PERCENT OF SHARES OR BONDS BY CURRENT SHAREHOLDERS AND BONDHOLDER**

For the period under review there are no agreements, as a result of which changes may occur in the future in the owned percentage of shares by current shareholders.

**XXIV. INFORMATION ABOUT PENDING LEGAL, ADMINISTRATIVE OR ARBITRATION PROCEEDINGS RELATING TO ISSUER'S LIABILITIES OR RECEIVABLES AT AMOUNT AT LEAST 10 PERCENT OF ITS EQUITY; IF THE TOTAL AMOUNT OF THE ISSUER'S LIABILITIES OR RECEIVABLES UNDER ALL INITIATED PROCEEDINGS EXCEEDS 10 PERCENT OF ITS EQUITY, INFORMATION SHALL BE SUBMITTED FOR EACH PROCEDURE SEPARATELY**

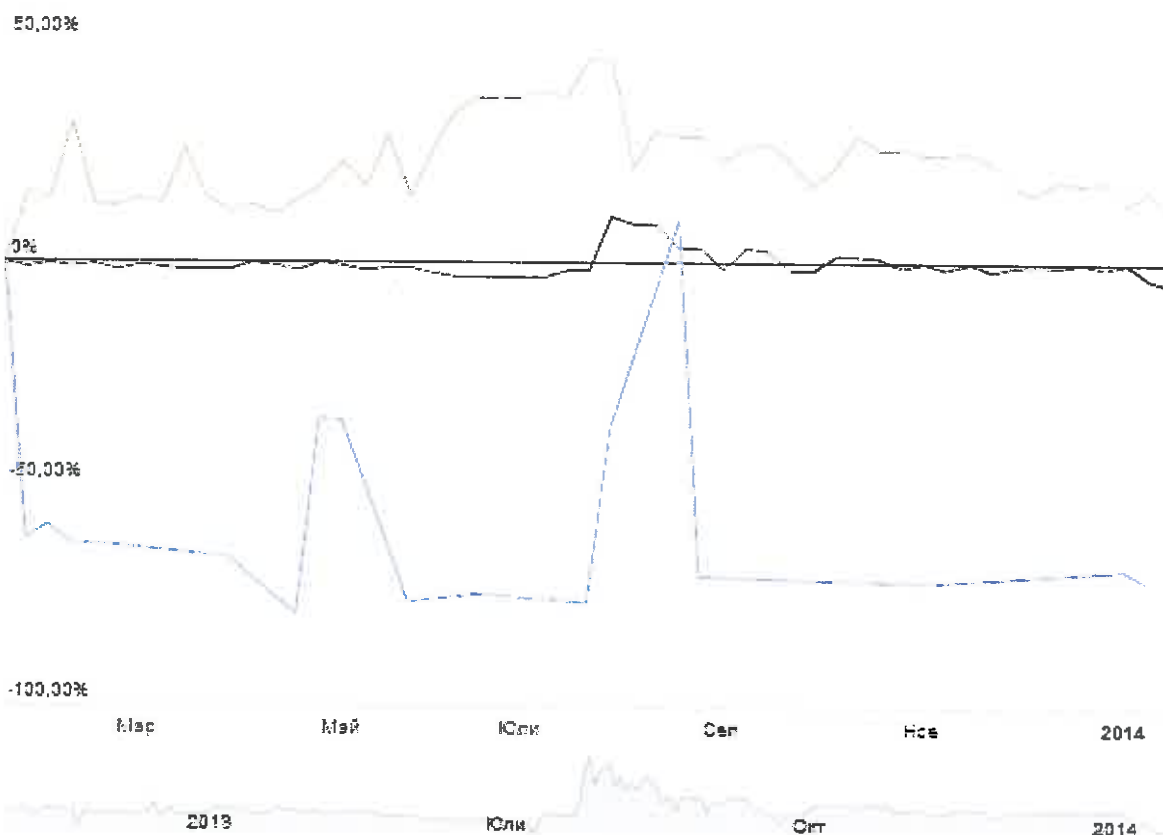
Enemona AD had no pending legal administrative or arbitration proceedings, relating to issuer's liabilities or receivables at amount at least 10 percent of its equity.

**XXV. INFORMATION ABOUT THE PRICE OF THE FINANCIAL INSTRUMENTS, ISSUED BY THE COMPANY**

Енемона АД (ENM)

ENM -4,81% B4P +11,43% ZNOA -71,75%

week of Яну 21, 2013 - week of Яну 20, 2014



**XXVI. DATA ABOUT THE INVESTOR RELATIONS DIRECTOR, INCLUDING TELEPHONE AND ADDRESS FOR CORRESPONDENCE**

As of December 31, 2013 the position of Investor Relations Director of Enemona AD, is occupied by Svetla Svetlozarova Zaharieva.

Contact Data of the Investor Relations Director:

1113 Sofia

Geo Milev District

20, Kosta Lulchev Str.

tel: +359 2 80 54 893

fax: +359 80 54 837

Mobile: +359 885 721 108

E-mail: [s.zaharieva@enemona.com](mailto:s.zaharieva@enemona.com)

**XXVII. INFORMATION IN RELATION TO THE BULGARIAN CODE FOR CORPORATE GOVERNANCE**

On a meeting, held on 17 April 2008, the Board of Directors of Enemona AD decided to join and observe the National Code of Corporate Governance, approved and adopted by Minutes No 36 dated 17 October 2007 of BD of BSE – Sofia AD. This decision was announced to the Financial Supervision Commission, Bulgarian Stock Exchange and the public.

Pursuant to the instructions of the Financial Supervision Commission dated 21 February 2008, the application of the National Code of Corporate Governance substituted the requirement to prepare and implement their own corporate governance program. As a consequence of the decision that Enemona AD shall operate in accordance with the principles and provisions of the National Code of Corporate Governance, as well as due to the fact that the company's shares have been traded on the regulated market since the end of January 2008, the Company did not prepare and approve a separate corporate governance program.

Enemona AD observes the principal provisions of the National Code of Corporate Governance.

The main direction in fulfilling the commitments of the Code was bringing all in-house acts of the Company and its overall activity in accordance with the constantly changing effective regulations. All financial statements of the Company are prepared in accordance with International Accounting Standard (IAS) and the annual audit is carried out by an independent auditor to ensure the unbiased and objective assessment of the method of preparation and presentation of these financial statements. These financial statements are accompanied by detailed management reports.

Enemona AD is a publicly traded company with a one-tier management system. All members of the Board of Directors comply with the legal requirements for their position. The functions and obligations of corporate management, as well as its structure and competences, are in accordance with the Code. The remunerations of all Members of the Board of Directors have been disclosed in the annual reports in compliance with the legal provisions. Shareholders have an easy access to information about remunerations. Members of Board of Directors avoid and do not allow any actual or potential conflict of interests.

To increase the trust of shareholders, investors and all other persons interested in the governance and activities of the Company was one of the principal commitments of corporate governance in the past year as well.

Enemona AD guarantees equal treatment of all shareholders, including minority and foreign shareholders, and protects their rights.

Following the policy for transparency in its relationships with shareholders, investors and the public, Enemona AD has announced the media through which it discloses regulated information: [www.investor.bg](http://www.investor.bg).



The Board of Directors of Enemona AD believes that through its activity in 2013, it has created conditions for sufficient transparency of its relationships with investors, financial media and analysts in the capital market.

For the reporting year 2013, the Company has disclosed any regulated information on time and in accordance with the procedure provided for in LPOS and the regulations on its application.

A section "For investors" has been added in the Company's website – [www.enemona.bg](http://www.enemona.bg). The purpose of this section is to facilitate investors in receiving up-to-date and timely information. This section contains information about the financial and economic position of the Company, as well as materials concerning corporate events already held or forthcoming. The Company's contact information is published in the website, as also that of Investor Relations Director, thus encouraging shareholders and interested parties to ask for the information they need.

The Regular General Meeting of Shareholders is convened in accordance with the effective rules for making public the invitation, the agenda and draft decisions. All printed materials shall be made available to the shareholders in the office and published at the website of the Company.

The financial statements are published at the website of Enemona AD right after they are forwarded to the regulatory authority and the public, which enables the shareholders, investors and all interested parties to exercise control.

In conclusion it can be summarized that the activity of the Board of Directors of the Company in 2013 was in accordance with the National Code of Corporate Governance and International Standards.

Evidence for this is the inclusion of Enemona AD in the new INDEX OF THE COMPANIES HAVING GOOD CORPORATE GOVERNANCE - Corporate Governance Index (CGIX). The CGIX is an index comprising the seven companies listed on the Exchange that have the best corporate governance, based on the market capitalisation of the issues of ordinary shares included, adjusted by the free-float of each one.

**INFORMATION UNDER APPENDIX №11 OF ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION BY THE PUBLIC COMPANIES AND THE OTHER ISSUERS OF SECURITIES**

**I. STRUCTURE OF THE COMPANY'S CAPITAL INCLUDING THE SECURITIES THAT HAVE NOT BEEN ADMITTED TO TRADING ON A REGULATED MARKET IN THE REPUBLIC OF BULGARIA OR ANOTHER MEMBER STATE, WITH INDICATION OF THE DIFFERENT CLASSES OF SHARES, THE RIGHTS AND LIABILITIES ATTACHING TO ANY OF THE CLASSES OF SHARES AND THE PORTION OF THE TOTAL CAPITAL WHICH EACH INDIVIDUAL CLASS CONSTITUTES**

As of December 31, 2013 the Company's share capital amounts to 13,036,501 (thirteen million thirty-six thousand five hundred and one), divided into 11,933,600 ordinary shares with voting rights in the GMS and 1,102,901 preferred shares without voting rights at the GMS, giving their owners a guaranteed cumulative annual dividend of 10 per cent of the issue price per preferred share.

**Structure of the capital**

**ordinary shares:**

The structure of the issue of ordinary dematerialized shares, with voting rights, with a nominal value of BGN 1.00 and ISIN code BG1100042073 is shown below:

No	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	1 782	6 903 765
2.	Legal entities	149	5 029 835
	<b>Total:</b>	<b>1 391</b>	<b>11 933 600</b>

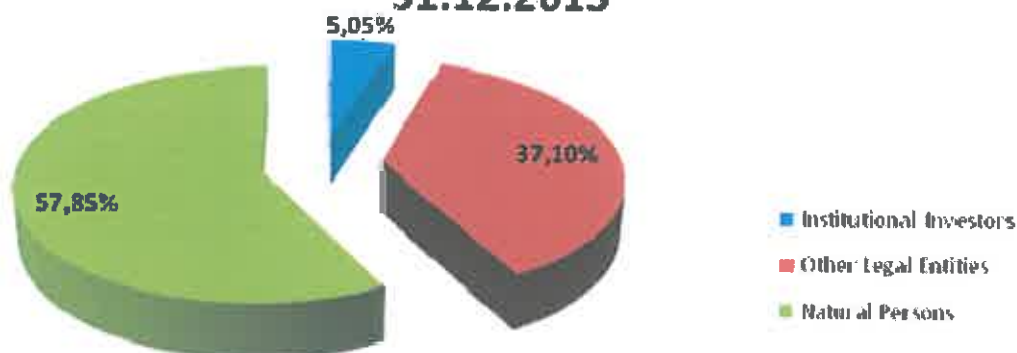
**ORDINARY SHARES<sup>1</sup>**

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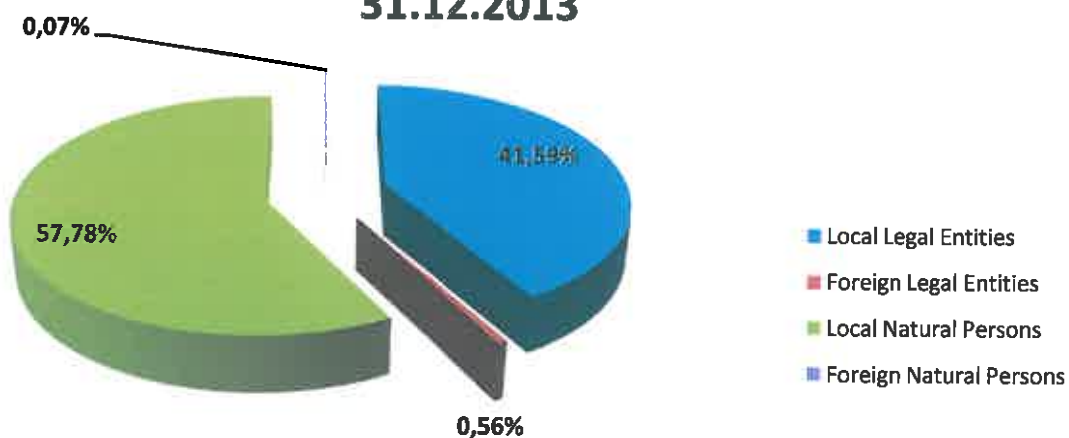
<sup>1</sup> The Shareholders's structure is presented without taking into account the shares, subject to repo transactions, owned by Dichko Prokopiev and Global Capital OOD as of 31 December 2011.



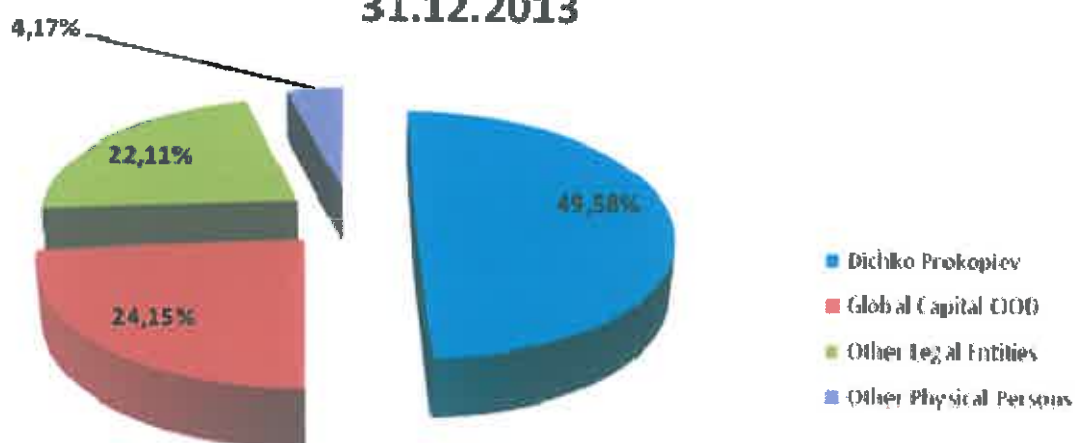
**Shareholder Structure of Ordinary Shares, issued by Enemona AD as of 31.12.2013**



**Shareholder Structure of Ordinary Shares, issued by Enemona AD as of 31.12.2013**



## Shareholder Structure of Ordinary Shares, issued by Enemona AD as of 31.12.2013



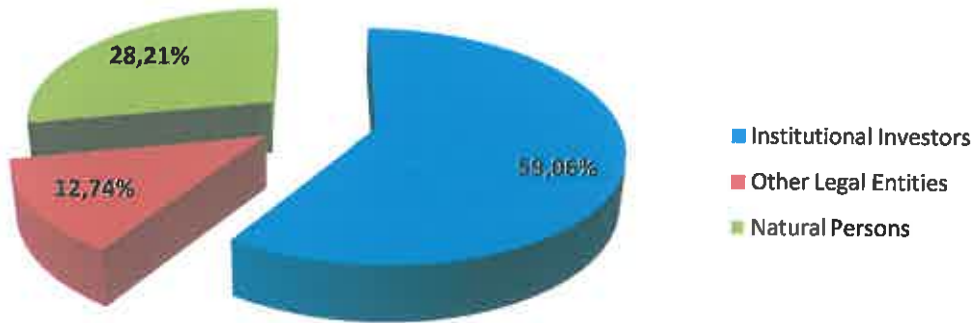
### PREFERRED SHARES

The structure of the issue of preferred, dematerialized shares, without voting rights, with a nominal value of BGN 1.00 and ISIN code BG1200001102 is shown below:

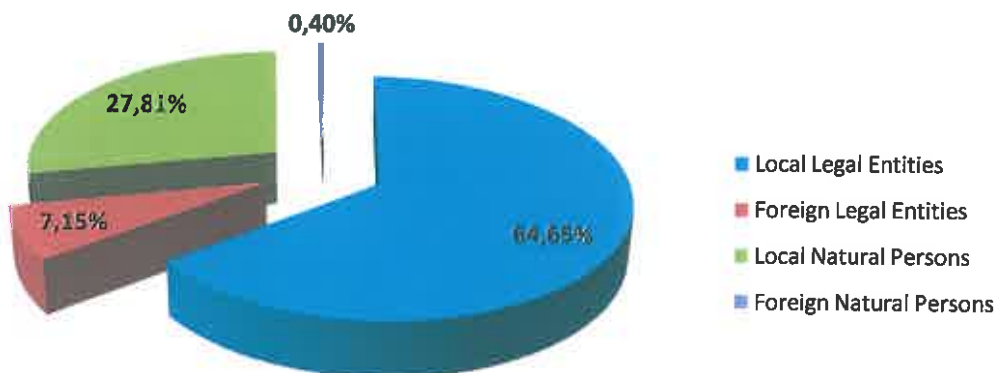
No	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	331	311 074
2.	Legal entities	46	791 827
	<b>Total:</b>	<b>377</b>	<b>1 102 901</b>

## PREFERRED SHARES

### Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2013



### Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2013



## Shareholder Structure of Preferred Shares, issued by Enemona AD as of 31.12.2013

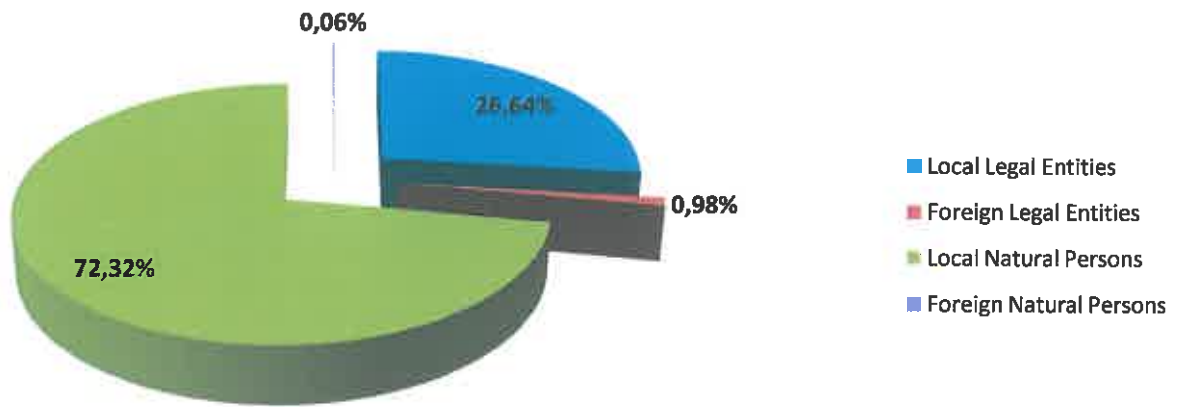


### WARRANTS

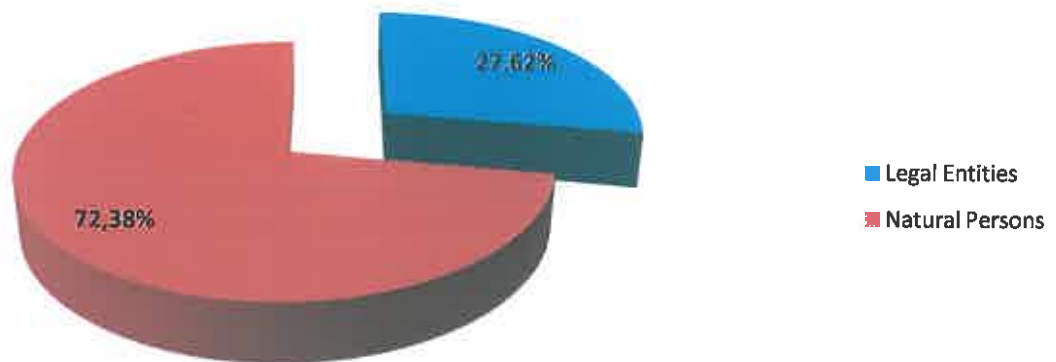
The structure of the issue of warrants, with an underlying asset – a future issue of ordinary shares, ISIN code BG9200001105 is shown below:

No	Shareholders	Number of shareholders	Number of shares
1.	Natural persons	249	4 318 757
2.	Legal entities	28	1 648 035
	<b>Total:</b>	<b>277</b>	<b>5 966 792</b>

### Stricture of the Holders of Warrants, issued by Enemona AD as of 31.12.2013



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**II. LIMITATIONS OVER THE SECURITIES TRANSFER, SUCH AS LIMITATIONS FOR HOLDING OF SECURITIES OR A REQUIREMENT TO OBTAIN APPROVAL OF THE COMPANY OR ANOTHER SHAREHOLDER**

There are no limitations over securities transfer, such as limitations for holding of securities or a requirement to obtain approval of the company or another shareholder.

Securities are freely transferable, subject to the requirements of the applicable law for transactions in dematerialized securities. The Articles of Association and the other internal Acts of the Company may not establish conditions or restrictions on securities transfer.

**III. INFORMATION ON THE DIRECT AND INDIRECT HOLDING OF 5 OR MORE PERCENT OF THE VOTING RIGHTS IN THE COMPANY'S GENERAL MEETING, INCLUDING DATA ABOUT THE SHAREHOLDERS, THE AMOUNT OF THEIR HOLDING AND THE MANNER IN WHICH THE SHARES ARE OWNED**

Ownership as of December 31, 2012<sup>2</sup>

Ownerships as of 31 December 2013	Ordinary Shares	Preferred Shares	Issued Share Capital
	11 933 600	1 102 901	13 036 501
Dichko Prokopiev Prokopiev	49.58%	-	45.38%
Global Capital OOD	24.14%	-	22.10%

Dichko Prokopiev owns directly and indirectly via Global Capital – 67,48% of the issued share capital.

As of December 31, 2013, a total of 2 285 107 ordinary shares, owned by Global Capital OOD, and 2 228 258 ordinary shares, owned by Dichko Prokopiev, are subject to repo transactions.

**IV. DATA ABOUT THE SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS AND DESCRIPTION OF THESE RIGHTS**

There are no shareholders with special control rights.

**V. THE CONTROL SYSTEM IN EXERCISING THE VOTING RIGHT IN CASES WHEN OFFICIALS OF THE COMPANY ARE ALSO ITS SHAREHOLDERS AND WHEN THE CONTROL IS NOT EXERCISED DIRECTLY BY THEM**

There is no control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them.

<sup>2</sup>The shares pledged under repo-transactions, owned by Dichko Prokopiev and Global Capital OOD, are included in their percentage of holding.

**VI. LIMITATIONS OVER THE VOTING RIGHTS, SUCH AS LIMITATIONS OVER THE VOTING RIGHTS OF THE SHAREHOLDERS WITH A GIVEN PERCENT OR NUMBER OF VOTES, DEADLINE FOR EXERCISING THE VOTING RIGHTS OR SYSTEMS WHEREBY WITH THE COMPANY' S ASSISTANCE, THE FINANCIAL RIGHTS ATTACHING TO THE SHARES ARE SEPARATED FROM THE HOLDING OF SHARES**

There are no limitations over the voting rights.

**VII. AGREEMENTS AMONG THE SHAREHOLDERS, WHICH ARE KNOWN TO THE COMPANY AND WHICH MAY RESULT IN LIMITATIONS OVER THE TRANSFER OF SHARES OR THE VOTING RIGHT**

There are no agreements among the shareholders, which are known to the company and which may result in limitations over the transfer of shares or the voting right.

**VIII. THE PROVISIONS ABOUT THE APPOINTMENT AND DISMISSAL OF THE MEMBERS OF THE COMPANY' S MANAGEMENT BODIES AND ABOUT INTRODUCTION OF AMENDMENTS AND SUPPLEMENTS TO THE ARTICLES OF ASSOCIATION**

The General Meeting of Shareholders decides by a majority of more than a half of the shares with voting rights about the election and dismissal of members of the Board of Directors. Members of the Board of Directors are elected for a term of 5 years.

Members of the Board of Directors may be reelected without any limitations. After termination of their mandate, the Board of Directors shall continue to perform its functions until General Meeting of Shareholders elects a new Board of Directors.

**IX. THE POWERS OF THE COMPANY' S MANAGEMENT BODIES, INCLUDING THE RIGHT TO TAKE DECISIONS FOR THE ISSUE AND REDEMPTION OF SHARES IN THE COMPANY**

Enemona AD has one-tier management system. The bodies of the Company are the General Meeting of Shareholders and a Board of Directors.

The General Meeting of Shareholders includes shareholders entitled to vote. They attend the General Meeting either personally or through a person authorized by an express written authorization in compliance with Art. 116, Para.1 from LPOS.

The Company is managed by a Board of Directors elected by the General Meeting of Shareholders.

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

***Members of the Board of Directors:***

1. Dichko Prokopiev Prokopiev – Chairman of the of Board of Directors;
2. Bogdan Dichev Prokopiev - Deputy Chairman of the Board of Directors;
3. Emil Kirilov Manchev- Deputy Member of the Board of Directors;
4. Margarita Ivanova Dineva – Independent Member of the Board of Directors, and
5. Nikolay Filipov Filchev - Independent Member of the Board of Directors.

***Representatives:***

To third parties, the Company is jointly and independently represented by:

1. Dichko Prokopiev Prokopiev – Chief Executive Officer;
2. Bogdan Dichev Prokopiev - Executive Director;

Under Art. 37, Para. 1 of the Articles of Association of the Company within five years from registering in the Trade Register, the Board of Directors may decide to increase the capital to 100 million (one hundred million) by issuing new shares.

- X. SIGNIFICANT CONTRACTS OF THE COMPANY WHICH GIVE RISE TO ACTION, HAVE BEEN AMENDED OR TERMINATED DUE TO CHANGE IN THE CONTROL OF THE COMPANY UPON CARRYING OUT OF OBLIGATORY TENDER OFFER AND THE CONSEQUENCES THEREOF, SAVE FOR THE CASES WHEN THE DISCLOSURE OF SUCH INFORMATION MAY CAUSE SERIOUS DAMAGES TO THE COMPANY; THE EXCEPTION OF THE PREVIOUS SENTENCE SHALL NOT APPLY IN THE CASES WHEN THE COMPANY MUST DISCLOSE INFORMATION BY VIRTUE OF THE LAW**

There are no significant contracts of the Company which give rise to action, have been amended or terminated due to change in the control of the Company upon carrying out of an obligatory tender offer.

- XI. AGREEMENTS BETWEEN THE COMPANY AND ITS MANAGEMENT BODIES OR OFFICIALS FOR PAYMENT OF COMPENSATION UPON QUITTING OR DISMISSAL WITHOUT LEGAL GROUNDS OR UPON TERMINATION OF THE LABOR RELATIONS DUE TO REASONS, RELATED TO A TENDER OFFER**



There are no agreements between the Company and its management bodies or officials for payment of compensation upon quitting or dismissal without legal grounds or upon termination of the labour relations due to reasons, related to a tender offer.

Date: March 27, 2014

On behalf of the Management of Enemona AD:



Dichko Prokopiev Prokopiev  
Chief Executive Director