

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 March 31, 2014 and December 31, 2013 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 amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- **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),

2. Accounting policy

2.1 General financial reporting framework

Changes in IFRS (continued)

Standards and Interpretations effective in the current period (continued)

- **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),
- **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).

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 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),

2. Accounting policy

2.1 General financial reporting framework

Changes in IFRS (continued)

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

- **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.

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 accrual basis, under the going concern assumption.

These separate financial statements should be considered together with the Company’s consolidated financial statements for the period ended March 31, 2013. The consolidated financial statements will be issued after the date of issuance 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).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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2. Accounting policy (continued)

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 March 31, 2013 are stated in these financial statements at the closing exchange rate of BNB.

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

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

3.1. Revenue and expenses under construction contracts

Revenue recognition on construction contracts requires the determination of a stage of completion for each construction contract. This stage is defined on the basis of available information for the total amount of the revenue receivable and total costs for the respective contract. 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 informed, knowledgeable, willing parties, less the costs of disposal. Value in use is based on the discounted cash flow model. The cash flows are determined on the budget estimates for the next five years. Recoverable amount depends on the discount factor used in the discounted cash flow model and on the expected future cash flows, as well as on the growth assumption.

3.3. Impairment of financial assets

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

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

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 2012 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

3.5. Economic environment

In 2014 and 2013 as a result of the global financial crisis, a decrease in the economic development of the Bulgarian economy is perceived which affects a wide range of industrial sectors. This leads to noticeable aggravation of cash flows; decline in income and as a result to substantial worsening of the economic environment in which the Company operates. In addition the entity is exposed to significantly higher price, market, credit, liquidity, interest, operating and other risks. As a result, uncertainty for the ability of clients to settle their liabilities in accordance with contracted terms increases. Therefore, the amount of impairment losses on loans granted, receivables from clients, and the value of other accounting estimates in subsequent periods could substantially differ from those determined and recorded in this separate financial statements. The management of the Company applies all necessary procedures to control these risks.

4. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Other	Assets under construction	Total
<i>Cost</i>							
JANUARY 1, 2013	5,608	21,713	4,177	6,249	2,659	5,682	46,088
Additions	-	-	1,144	3	235	106	1,488
Transfers	-	-	-	-	-	-	-
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
Additions	-	-	80	-	13	1	94
Disposals	-	-	(135)	(47)	(141)	-	(323)
MARCH 31, 2014	5,608	16,794	5,001	4,500	2,751	5,789	40,443
<i>Accumulated depreciation and impairment</i>							
JANUARY 1, 2013	-	2,463	3,399	2,686	1,763	24	10,335
Depreciation charge	-	426	512	363	265	-	1,566
Disposal	-	(1,004)	(152)	(490)	(12)	-	(1,658)
Impairment recognized in profit or loss	-	-	5	-	-	-	5
DECEMBER 31, 2013	-	1,885	3,764	2,559	2,016	24	10,248
Depreciation charge	-	84	129	76	64	-	353
Disposals	-	-	(134)	(45)	(137)	-	(316)
MARCH 31, 2014	-	1,969	3,759	2,590	1,943	24	10,285
<i>Net book value</i>							
JANUARY 1, 2013	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
MARCH 31, 2014	5,608	14,825	1,242	1,910	808	5,765	30,158

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5. Intangible assets

	<u>Title of property</u>	<u>Software</u>	<u>Total</u>
<i>Cost</i>			
JANUARY 1, 2013	1,447	258	1,705
DECEMBER 31, 2013	1,447	258	1,705
Additions		19	19
Disposals		(29)	(29)
MARCH 31, 2014	1,447	248	1,695
<i>Accumulated amortization</i>			
JANUARY 1, 2013	890	204	1,094
Amortization charge	62	20	82
Disposals		-	-
DECEMBER 31, 2013	952	224	1,176
Amortization charge	15	3	18
Disposals		(10)	(10)
MARCH 31, 2014	967	217	1,184
<i>Net book value</i>			
JANUARY 1, 2013	557	54	611
DECEMBER 31, 2013	495	34	529
MARCH 31, 2014	480	31	511

6. Investments in subsidiaries and associates

As of March 31, 2014 и December 31, 2013 investments in subsidiaries and associates consist of:

	<u>As of 31.03.2014</u>	<u>As of 31.12.2013</u>
Investments in subsidiaries	17,070	17,108
Impairment of investment in subsidiaries – note 6.1.1.	(1,656)	(1,656)
Investment in subsidiaries, net – note 6.1	15,414	15,452
Investments in associates – note 6.2	4	4
TOTAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	<u>15,418</u>	<u>15,456</u>

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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6. Investments in subsidiaries and associates (continued)

6.1. Investments in subsidiaries

Investments in subsidiaries as of March 31, 2014 и December 31, 2013 are as follows:

COMPANY	DESCRIPTION OF ACTIVITY	SHARE		CARRYING AMOUNT	
		As of 31.03.2014	As of 31.12.2013	As of 31.03.2014	As of 31.12.2013
Enemona Utilities AD	Electricity trading	92.25%	92.25%	1,640	1,640
EESF REIT	Company with special investment purpose – securitization of receivables	88.20%	88.20%	4,818	4,818
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%	1,893	1,886
Nevrocop-gas AD	Gas trading	-	90.00%	-	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, repairation, servicing and engineering works	100.00%	100.00%	60	60
Regionalgas AD	Gasification projects	50.00%	50.00%	-	-
TOTAL				15,414	15,452

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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 March 31, 2014 and December 31, 2013 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 jointly control activity, as the Company controls the financial and operating policy of these companies.

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

6.2 Investments in associates

The investments in associated companies as of March 31, 2014 and December 31, 2013 are as follows:

COMPANY	SHARE		CARRYING AMOUNT	
	As of 31.03.2014	As of 31.12.2013	As of 31.03.2014	As of 31.12.2013
Alfa Enemona OOD	40%	40%	4	4
TOTAL			4	4

In these interim separate financial statements the investments in associated companies are presented at carrying amount (cost), as the management of the Company considers that there are no indications of impairment of investments in associated companies as of March 31, 2014 and December 31, 2013.

7. Current and non-current loans and advances

Current and non-current loans and advances as of March 31, 2014 and December 31, 2013 are as follows:

<i>Non-current loans and advances</i>	As of 31.03.2014	As of 31.12.2013
Loans granted to employees	1,024	1,067
Receivables under ESCO contracts – non-current	4,592	3,976
Cession receivables	1,596	3,268
Others	10	10
Discount of receivables under ESCO contracts – non-current portion – notes 22	(1,140)	(1,101)
TOTAL NON-CURRENT LOANS AND ADVANCES	6,082	7,220
Impairment of loans granted to employees	(597)	(597)
TOTAL NON-CURRENT LOANS AND ADVANCES, NET	5,485	6,623

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7. Current and non-current loans and advances

Current loans and advances

Receivables under ESCO contracts – current	2,070	2,090
Cession receivables	4,878	3,135
Loans granted to related parties	298	298
Loans granted to non related parties	12,056	11,279
Discount of receivables under ESCO contracts – current	(92)	(94)
TOTAL CURRENT LOANS AND ADVANCES	19,210	16,708
Impairment of loans granted to non related parties	(1,030)	(3,782)
TOTAL CURRENT LOANS AND ADVANCES, NET	18,180	12,926

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

Receivables under ESCO contracts 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 March 31, 2014 and December 31, 2013 represent the present value of a receivable under cession agreement with a local company.

The movement of the impairment is presented below:

	As of 31.03.2014	As of 31.12.2013
Balance at the beginning of the year	4,379	4,379
Reversals of impairment losses on non-current loans and receivables	-	-
Reversals of impairment losses on current loans and receivables	(2,752)	-
Balance at the end of the year	1,627	4,379

8. Inventories

	As of 31.03.2014	As of 31.12.2013
Materials	8,545	7,900
Finished work	1,008	797
Work in progress	126	156
TOTAL	9,679	8,853

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9. Trade and other receivables

	As of 31.03.2014	As of 31.12.2013
Receivables from customers	40,610	42,342
Retentions	6,215	6,107
Receivables from related parties	2,101	2,097
Advance payments to suppliers	8,379	8,491
Advances to employees	255	328
Receivables from state budget	154	-
Other receivables	4,704	4,509
TOTAL TRADE AND OTHER RECEIVABLES	62,418	63,874
Impairment of receivables from customers	(4,726)	(5,870)
TOTAL TRADE AND OTHER RECEIVABLES, NET	57,692	58,004

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

	As of 31.03.2014	As of 31.12.2013
Balance at the beginning of the year	5,870	5,936
Recognized loss from impairment of receivables	106	57
Recovered during the period	(1250)	(123)
Balance at the end of the year	4,726	5,870

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

10. Cash and cash equivalents

	As of 31.03.2014	As of 31.12.2013
Cash at banks	68	250
Restricted cash at bank	178	178
Cash in hand	440	428
TOTAL CASH AND CASH EQUIVALENTS	686	856

As of March 31, 2014 and December 31, 2013 restricted cash at EUR 178 thousand represents cash in bank account restricted as a collateral under issued guarantees.

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

11. Issued capital and reserves

The issued capital includes:

	As of 31.03.2014	As of 31.12.2013
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
TOTAL ISSUED CAPITAL	13,037	13,037
Premium from share issuance – note 11.3	8,739	8,739
TOTAL ISSUED CAPITAL AND RESERVES	21,776	21,776

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11. Issued capital and reserves (continued)

11.1. Ordinary shares

	As of 31.03.2014	As of 31.12.2013
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
SHARE CAPITAL – ORDINARY SHARES	11,934	11,934

The share capital is fully paid in as of March 31, 2014 and December 31, 2013. 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).

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

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 received cash is accounted as follows:

	At initial recognition	As of 31.03.2014	As of 31.12.2013
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	2,445	2,619
Dividend payables from preferred shares	-	1,851	2,199
TOTAL CASH RECEIVED	10,940	10,824	11,346

11.3. Premium from share issuance

	As of 31.03.2014	As of 31.12.2013
Balance as of January 1	8,739	36,262
Premium from preferred share issuance	-	(27,523)
Balance as of December 31	8,739	8,739

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11. Issued capital and reserves (continued)

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

12. Loans

12.1 Loans repayment terms

The loans received from the Company based on their contractual term of payment are as follows:

	As of 31.03.2014	As of 31.12.2013
Up to one year	66,710	59,684
Over one year	5,950	6,725
TOTAL LOANS	72,660	66,409

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

As of March 31, 2014 and December 31, 2013 loans received by the Company are as follows:

	As of 31.03.2014	As of 31.12.2013
Borrowings from financial institutions – note 12.2	62,042	63,161
Loans from related parties – Note 27	9,418	1,178
Loans from non related parties – note 12.3	1,200	2,070
TOTAL LOANS	72,660	66,409

ENEMONA AD

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED MARCH 31, 2014

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12. Loans (continued)

12.2 Borrowings from financial institutions

Borrowings from financial institutions, received by the Company as of March 31, 2014 and December 31, 2013 are as follows:

	Note	As of 31.03.2014	As of 31.12.2013
Credit line – SG Expressbank AD	(a)	17,491	18,296
Credit lines – Unicredit Bulbank AD	(b)	19,042	19,199
Investment loans – DSK Bank AD	(c)	10,227	10,227
Credit line – D Bank	(d)	707	1,412
Investment loan – Unicredit Bulbank AD	(e)	1,975	2,087
Credit line – ING Bank AD	(f)	497	1,178
Credit line – MKB Unionbank AD	(g)	788	1,181
Credit lines– International Asset Bank AD	(h)	2,527	2,772
Overdraft – Investbank AD	(i)	7,274	4,409
Credit lines – Alfa bank	(j)	674	1,196
Corporate credit cards – Unicredit Bulbank AD	(l)	4	2
TOTAL LOANS FROM FINANCIAL INSTITUTIONS		61,206	61,959

As of March 31, 2014 the Company has received the amount of BGN 836 thousand on short-term borrowings from non-financial institutions.

The main parameters of loans 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 March 31, 2014 BGN 13,212 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 March 31, 2014 the amount of BGN 4,279 thousand have been utilized.

- (b) As of March 31, 2014 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 is fully repaid as of March 31, 2014
- Total amount of EUR 600 thousand, of which EUR 500 thousand - for working capital. The amount utilised as of March 31, 2014 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 March 31, 2014 is BGN 1,887 thousand

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12. Loans (continued)**12.2 Borrowings from financial institutions (continued)**

- Total amount of BGN 2,100 thousand, of which BGN 2,000 thousand – for working capital. The amount utilised as of March 31, 2014 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 March 31, 2014 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) 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 March 31, 2014 is BGN 707 thousand. Loans are secured by a pledge of receivables on certain contract.
- (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 March 31, 2014 the utilized amount is BGN 1,975 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 March 31, 2014 the utilized amount is BGN 497 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.
- (g) 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 March 31, 2014 the utilized amount is BGN 788 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 March 31, 2014 the Company has used only two credit facilities with outstanding balance of BGN 2,527 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 15,886 thousand as an overdraft and credit line. As of March 31, 2014 the Company has utilized BGN 7,274 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 March 31, 2014 is BGN 674 thousand. Loans are secured by a pledge of receivables on certain contract.
- (k) 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 4 thousand has been utilized as of March 31, 2014

12. Loans (continued)

12.2 Borrowings from financial institutions (continued)

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 March 31, 2014 and December 31, 2013 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 March 31, 2014 and December 31, 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 Investbank AD at the amount of EUR 2,772 thousand. The loan is secured by a pledge on future receivables from customers for which the bank guarantees have been issued. As of March 31, 2014 and December 31, 2012 the Company has no liabilities on loans related to the credit facility.

Covenants under loan contracts

In accordance with the provisions of the debenture and bank loans, the Company should comply with a number of operational and financial covenants. As of March 31, 2014 and December 31, 2013 the Company is in compliance with all operational and financial covenants connected to the debenture and bank loans contractual terms.

12.3 Loans from non related parties

As of March 31, 2014 the loans from non-related parties consist from unsecured loans from Izolko OOD, Enida Ingenering AD, SIP OOD at the amount of BGN 773 thousand, BGN 260 thousand and BGN 167 thousand, respectively. The loans have interest rates between 8% and 9% and maturity in 2014, which could be extended by one month.

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

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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 31.03.2014	As of 31.12.2013	As of 31.03.2014	As of 31.12.2013
Liabilities under finance lease with maturity:				
Up to 1 year	80	80	78	78
Between 2 and 5 years	95	95	87	87
TOTAL LIABILITIES	175	175	165	165
Less: future finance charges	(10)	(10)	-	-
PRESENT VALUE OF LIABILITIES	165	165	165	165

14. Trade and other payables

	As of 31.03.2014	As of 31.12.2013
Payables to suppliers	13,374	16,163
Payables to related parties	3,347	2,803
Payables for dividends on preferred shares	1,851	2,199
Payables to staff	3,971	2,199
Payables to social insurance organizations	5,445	4,664
Payables for VAT liabilities	4,247	4,371
Payables under tax liabilities on individuals	3,173	2,265
Other payables	2,923	3,074
TOTAL TRADE AND OTHER PAYABLES	38,331	37,738

15. Revenue

	Period ended 31.03.2014	Period ended 31.03.2013
Revenue from construction contracts	11,835	14,889
Revenue from sales of assets	104	23
Revenue from services	39	72
TOTAL REVENUE	11,978	14,984

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

	As of 31.03.2014	As of 31.12.2013
Construction costs incurred plus recognized profits less recognized losses to date	278,659	274,214
Less: Progress billings	(250,358)	(246,903)
	28,301	27,311
Gross amounts presented in the statement of financial position comprise:		
Gross amount due from customers under construction contracts	30,406	29,805
Gross amount due to customers under construction contracts	(2,105)	(2,494)
	28,301	27,311

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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15. Revenue (continued)

Retentions held by customers for contract work amounted to BGN 6,215 thousand and BGN 8,171 thousand as of March 31, 2014 and December 31, 2013, respectively. Advances received from customers for contract work amounted to BGN 13,134 thousand and BGN 12,336 thousand as of March 31, 2014 and December 31, 2013, respectively.

As of March 31, 2014 and December 31, 2013 the Company reviewed for objective evidences for impairment of the gross amount due from clients under construction contracts in order to ensure that the carrying amount of the asset does not exceed the present value of the expected future cash flows.

16. Investment revenue

	Period ended 31.03.2014	Period ended 31.03.2013
Interest income	265	454
Foreign exchange gains	-	1
Other finance income	-	-
TOTAL INVESTMENT REVENUE	265	455

17. Materials and consumables used

	Period ended 31.03.2014	Period ended 31.03.2013
Materials for main activities	2,509	4,606
Book value of assets sold	7	11
Expenses for instruments	26	91
Electric power	55	46
Fuels	27	17
Spare parts	7	11
Stationery	74	52
TOTAL MATERIALS AND CONSUMABLES USED	2,705	4,834

18. Hired services

	Period ended 31.03.2014	Period ended 31.03.2013
Under agreements with subcontractors	2,456	774
Services with mechanization	228	115
Transportation	297	395
Legal, consulting and mediatory services	569	233
Insurances	246	261
Advertising	1	-
Telecommunications	39	48
Rents	734	587
Fees, mortgage, guarantees	28	186
Design	11	27
Labor permissions and tender documentation	1	4
Start-up and commissioning works and control	258	113
Software licenses and maintenance of hardware	45	78
Security	23	7
Translations	64	15
Courier services	18	42
Other services	32	44
TOTAL HIRED SERVICES	5,050	2,929

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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19. Employee benefits expenses

	Period ended 31.03.2014	Period ended 31.03.2013
Remunerations under labor contracts	6,075	5,955
Remunerations under management contracts	48	60
Civil contracts	54	12
Social and health securities	859	933
Food	236	350
Other expenses	333	175
TOTAL EMPLOYEE BENEFITS EXPENSES	7,605	7,485

20. Other expenses

	Period ended 31.03.2014	Period ended 31.03.2013
Business trips	856	559
Expenses for one-off taxes and fees	21	173
Waste on non-current assets	4	4
Entertainment expenses	3	2
Other	33	23
TOTAL OTHER EXPENSES	917	761

21. Other gains, net

	Period ended 31.03.2014	Period ended 31.03.2013
Revenue from sale of electricity	-	313
Carrying amount of electricity sold	-	(313)
Profit from sale of electricity	-	-
Proceeds from sale of investments	400	-
Carrying amount of sold investments	(45)	-
Gains from sale of investments	355	-
Provisions for impairment of receivables	(4)	-
Reversal provision for impairment of receivables	1,250	-
Reversal provision for impairment of loans	2,752	-
Reintegrated provision for contractual obligations	26	-
Loss on sale of receivables	(19)	-
Revenue from insurance payment	-	988
Rent income	60	94
Other	(1)	61
TOTAL OTHER GAINS, NET	4,419	1,143

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22. Finance cost

	Period ended 31.03.2014	Period ended 31.03.2013
Interest expense	563	675
Finance costs on construction contracts	879	997
Fees, mortgage and guarantee	146	215
Expenses on financial liability on preferred shares	122	142
Foreign exchange losses	4	3
TOTAL FINANCE COST	1,714	2,032

23. Taxation

Deferred taxes are as follows:

	As of 31.03.2014	As of 31.12.2013
Deferred tax assets		
Impairment of receivables	1,026	1,026
Deductible tax loss	-	-
Impairment of investments in subsidiaries	166	166
Impairment of other assets	14	14
Provisions	190	190
TOTAL DEFERRED TAX ASSETS	1,396	1,396
Deferred tax liabilities		
Non-current assets	-	-
TOTAL DEFERRED TAX LIABILITIES	829	829
DEFERRED TAX ASSETS/(LIABILITIES), NET	567	567

Deferred tax assets and liabilities as of March 31, 2014 and December 31, 2013 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 March 31, 2014 and December 31, 2013 amount to BGN 829 thousand.

Income tax expenses for the period ended March 31, 2014 and 2013 are as follows:

	Period ended 31.03.2014	Period ended 31.03.2013
Current income tax expense	-	-
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX (REVENUE) / EXPENSE	-	-

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FOR THE PERIOD ENDED MARCH 31, 2014

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23. Taxation (continued)

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

	Period ended 31.03.2014	Period ended 31.03.2013
Profit before taxation	(1,517)	(955)
Applicable tax rate	10%	10%
Tax by applicable tax rate		
Tax effect of the non-deductible and non-taxable positions	(152)	(96)
Effect of different tax rates in other tax jurisdictions	152	96
TAX (REVENUE) / EXPENSE	0	0
EFFECTIVE TAX RATE	-	-

24. 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.

	Period ended 31.03.2014	Period ended 31.03.2013
Profit / (Loss) for allocation between the shareholders in BGN	(1,516,611)	(955,290)
Weighted-average number of ordinary shares	11,933,600	11,933,600
Basic earnings per share (in BGN)	(0.13)	(0.08)

As disclosed in note 11 as of March 31, 2014 and December 31, 2013 the Company has issued warrants and preferred shares, which in 2014 and 2013 do not affect diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

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25. Related parties transactions

The Company's related parties with which it has performed transactions in 2014 and 2013 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" REIT	Subsidiary
"TFEZ Nikopol" EAD	Subsidiary
"Nevrokop gas" AD	Subsidiary until January 30, 2014
"Enemona Galabovo" AD	Subsidiary until October 19, 2012
"EMKO" AD	Subsidiary
"Regionalgas" AD	Subsidiary
"Artanes Mining Group" AD	Subsidiary
"PPP Mladenovo" EOOD	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

The table below discloses the transactions performed with related parties:

Related Party	Period ended 31.03.2014	Period ended 31.03.2012
"Enemona Utilities" AD	15	329
"EMKO" AD	-	20
"FINI" REIT	1	1
"TFEZ Nikopol" EAD	1	1
"EESF" SPV	3	2
"G Oil Expert" EOOD	-	2
TOTAL INCOME FROM RELATED PARTIES	20	355

ENEMONA AD

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27. Related parties transactions (continued)

The table below discloses the expenses for related parties transactions:

	Period ended 31.03.2014	Period ended 31.03.2013
"Enemona Utilities" AD	133	14
"EMKO" AD	496	-
TOTAL EXPENSES TO RELATED PARTIES	629	14

Expenses to related parties consist mainly of expenses under agreements with subcontractors.

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

	As of 31.03.2014	As of 31.12.2013
"Enemona Utilities" AD	111	365
"Esco engineering" AD	38	38
"Pirin Power" AD	4	4
"EESF" SPV	1,450	1,534
"Nevrokop gas" AD	-	15
"Hemusgas" AD	13	13
"EMKO" AD	677	840
"TFEZ Nikopol" EAD	106	103
TOTAL RECEIVABLES FROM RELATED PARTIES	2,399	2,912

Receivables from related parties comprise loans to related parties and trade receivables.

The table below discloses the balances of liabilities to related parties as of March 31, 2014 and December 31, 2013:

	As of 31.03.2014	As of 31.12.2013
"Enemona Utilities" AD	9,850	1,230
"Esco engineering" AD	3	3
"EMKO" AD	2,912	2,748
TOTAL PAYABLES TO RELATED PARTIES	12,765	3,981

Payables to related parties include loans (note 12) and trade payables (note 14).

Receivables and payables with related parties are unsecured and will be settled in cash. No guarantees have been given or received with respect to these balances. No impairment has been accrued to receivables from related parties.

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28. Geographical information

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

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	
	Period ended 31.03.2014	Period ended 31.03.2013	As of 31.03.2014	As of 31.12.2013
Bulgaria	5,853	1,292	29,322	29,631
Slovakia	4,727	5,934	516	452
Germany	1,181	7,187	307	330
Norway	74	472	5	5
Great Britain	-	4	8	6
	<u>11,835</u>	<u>14,889</u>	<u>30,158</u>	<u>30,424</u>