

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
AT MARCH 31, 2015

All amounts are in thousand Bulgarian Levs, except otherwise stated

1. Organisation and scope of activity

Enemona AD (the "Parent company") was initially registered as a partnership company in 1990 and in 1994 the Parent-company was registered as a joint-stock company. The address of the Parent-company according to the court registration is at the city of Kozlodui, PanaoitHitov 1A. The Parent-company is a public entity and its shares are registered at the Financial Supervision Commission in order to be traded at the Bulgarian Stock Exchange. As of March 31, 2015 and December 31, 2014 the major shareholder of Enemona AD is DichkoProkopievDichkov. There have been no changes in the legal status of the Parent company during the current financial year.

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

As of March 31, 2015 the following subsidiaries of the Parent company have been included in the consolidation:

Company	Description of activities	Interest	
		As of 31.03.2015	As of 31.12.2014
Enemona Utilities AD	Trade in electrical power	92.25%	92.25%
FEEI ADSIP	Special investment purpose company – securitization of receivables	37.28%	37.28%
Pirin Power AD	Design and construction of energy projects	84.00%	84.00%
FINI ADSIP	Special investment purpose company – purchase of real estate	55.47%	55.47%
Hemus gas AD	Construction of compressor stations	50.00%	50.00%
Esko engineering AD	Heating and air conditioning projects	99.00%	99.00%
TFETS Nikopol EAD	Construction of electric power station	100.00%	100.00%
EMKO AD	Construction contracts	77.36%	77.36%
PPPmladenovo EOOD	Prospecting, design, construction and assembly, commissioning, reparation, servicing and engineering works	100.00%	100.00%
Artanes Mining Group AD	Exploration of mineral resources	90.00%	90.00%

At 16 April 2014 completed the increase of the capital of subsidiary FEEI ADSIP. The subscribed and paid number of shares are 562 704. The amount received is 1,013 EUR thousand.

2. Accounting policy

2.1 General financial reporting framework

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

2. Accounting policy (continued)

2.1 General financial reporting framework (continued)

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 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);
- 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 Group's accounting policies.

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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

At the date of authorisation of these consolidated 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:

- 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 - adopted by the EU on December 17, 2014 (amendments are to be applied for annual periods beginning on or after February 1, 2015);
- 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 - adopted by the EU on December 18, 2014 (amendments are to be applied for annual periods beginning on or after January 1, 2015);
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions - adopted by the EU on December 17, 2014 (effective for annual periods beginning on or after February 1, 2015),
- IFRIC 21 Levies, adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 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 consolidated financial statements:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016);

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2. Accounting policy (continued)

2.1 General financial reporting framework (continued)

Changes in IFRS (continued)

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

- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (effective for annual periods beginning on or after January 1, 2016);
- Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments to various standards Improvements to IFRSs (cycle 2012-2014) resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after January 1, 2016).
- **IFRIC 21 “Levies”** (effective for annual periods beginning on or after January 1, 2014).

The Group anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the consolidated financial statements of the Group in the period of initial application.

2.2 Basis of preparation

The consolidated 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 consolidated financial statements have been prepared on accrual basis and the going concern assumption.

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

3.1. Revenue and expenses under construction contracts

The Group classifies as construction contract each contract in which it is specifically agreed that the construction of an asset or a number of assets, which are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contract revenue is measured at the fair value of the consideration received or receivable. Contract costs include all direct costs, attributable to the contract. Costs that are not attributable to the contract such as administrative expenses and selling costs are recognized during the reporting period regardless of the stage of completion of the contract.

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

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

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

3.2. Impairment of non financial assets

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

3.3. Impairment of financial assets

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

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

Another key sources of estimation uncertainty include estimation of useful lives of property, plant and equipment and intangible assets. During the second quarter 2014 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

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

3.5. Economic environment

In the 1st quarter of 2015 and during 2014 year a decrease in the economic development of the Bulgarian economy is perceived which affects a wide range of industrial sectors. This leads to noticeable aggravation of cash flows; decline in income and as a result to substantial worsening of the economic environment in which the Group operates. In addition the entity is exposed to significantly higher price, market, credit, liquidity, interest, operating and other risks. As a result, uncertainty for the ability of clients to settle their liabilities in accordance with contracted terms increases.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED
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4. Property, plant and equipment

	Land	Buildings	Machinery and equipment	Vehicles	Other	Assets under construction	Total
<i>Cost</i>							
JANUARY 1, 2014	5,800	16,769	5,803	5,652	3,308	6,607	43,939
Additions	-	-	112	8	63	9	192
Transfers	-	-	-	-	-	-	-
Disposals	(12)	(3,376)	(377)	(126)	(211)	(30)	(4,132)
Reclassified as investment property	-	(4,612)	-	-	-	-	(4,612)
DECEMBER 31, 2014	5,788	8,781	5,538	5,534	3,160	6,586	35,387
Additions	-	12	54	-	1	-	67
Reclassified as investment property	-	-	-	-	-	-	-
Disposals	-	-	(269)	(53)	(235)	-	(557)
March 31, 2015	5,788	8,793	5,323	5,481	2,926	6,586	34,897
<i>Accumulated depreciation</i>							
JANUARY 1, 2014	-	1,896	4,152	3,172	2,302	168	11,690
Depreciation charge	-	259	560	412	266	-	1,497
Impairment	-	(574)	(333)	(102)	(176)	-	(1,185)
Disposals	-	-	5	-	-	-	5
Reclassified as investment property	-	(582)	-	-	-	-	(582)
DECEMBER 31, 2014	-	999	4,379	3,482	2,392	183	11,435
Depreciation charge	-	45	125	95	52	-	317
Disposals	-	-	(256)	(49)	(222)	-	(527)
Impairment	-	-	-	-	-	(18)	(18)
Reclassified as investment property	-	-	-	-	-	-	-
MARCH 31, 2015	-	1,044	4,248	3,528	2,222	165	11,207
<i>Net book value</i>							
DECEMBER 31, 2014	5,788	7,782	1,159	2,052	768	6,403	23,952
MARCH 31, 2015	5,788	7,749	1,075	1,953	704	6,421	23,690

4.1 Investment property

At March 31, 2015, Group measures its investment properties at fair value using an independent appraisal by a licensed appraiser. For the period ended at 31 March 2015 the Group has not recognized changes in the fair value of investment properties.

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5.1. Intangible assets

	Title of property	Software	Total
<i>Cost</i>			
JANUARY 1, 2014	1,461	287	1,748
Additions	-	19	19
Disposals	-	(53)	(53)
Reclassified to held for sale	-	-	-
DECEMBER 31, 2014	1,461	253	1,714
Additions	-	-	-
Disposals	-	(43)	(43)
MARCH 31, 2015	1,461	210	1,671
<i>Accumulated amortization</i>			
JANUARY 1, 2014	959	253	1,212
Charged for the period	60	10	70
Disposals	-	(30)	(30)
Reclassified to held for sale	-	-	-
DECEMBER 31, 2014	1,019	233	1,252
Charged for the period	16	1	17
Disposals	-	(43)	(43)
MARCH 31, 2015	1,035	191	1,226
<i>Net book value</i>			
DECEMBER 31, 2014	442	20	462
MARCH 31, 2015	426	19	445

5.2. Exploration and evaluation assets

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

The project Lom Lignites started in October 2007 with a contract for prospecting and exploration between Enemona AD and Ministry of economy and energy. As of March 31, 2015 and December 31, 2014 exploration and evaluation assets amount to BGN 1,674 thousand. As of these dates the Group has not charged amortization of the assets as the technical feasibility and commercial viability of the project are not demonstrable.

As of March 31, 2015 and December 31, 2014 the Group estimated that there are no indications for impairment of the exploration and evaluation assets and no impairment has been charged.

6. Investments in associates

As of March 31, 2015 and December 31, 2014 the Group has an investment in associate Alfa EnemonaOOD which is valued at BGN 4 thousand, whereas the share in the investment's equity is 40%.

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

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7. Current and non-current loans and receivables

Current and non-current loans and receivables as of March 31, 2015 and December 31, 2014 are as follows:

<i>Non-current loans and receivables</i>	As of 31.03.2015	As of 31.12.2014
Receivables on ESCO contracts of the Group	13,128	14,307
Receivables related to securitization with counterparties outside the Group	526	592
Cession receivables	1,708	1,708
Loans granted to employees	954	956
Other	12	12
Discounting of receivables from ESCO contracts - non-current	(913)	(972)
TOTALNON-CURRENT LOANS AND RECEIVABLES	15,415	16,603
Impairment of loans granted to employees	(597)	(597)
TOTALNON-CURRENT LOANS AND RECEIVABLES, NET	14,818	16,006
 <i>Current loans and receivables</i>	 As of 31.03.2015	 As of 31.12.2014
Receivables on ESCO contracts of the Group	3,516	4,234
Receivables related to securitization with counterparties outside the Group	2,674	2,661
Cession receivables	5,013	4,977
Loans granted to non related parties	15,523	13,546
TOTALCURRENT LOANS AND RECEIVABLES	26,726	25,418
Impairment of loans granted to non related parties (note 27.1)	(1,030)	(1,030)
TOTALCURRENT LOANS AND RECEIVABLES, NET	25,696	24,388

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

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

As of March 31, 2015 and December 31, 2014 cession receivables comprise present value of the transferred receivable to local company.

Loans granted to related parties, non related parties and employees are not secured and have interest rate of 6% to 10%.

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

The movement of the impairment allowance is presented below:

	As of 31.03.2015	As of 31.12.2014
Balance at the beginning of the year	1,627	4,379
Reversed impairment of current loans and receivables	-	(2,752)
Balance at the end of the period	1,627	1,627

8. Inventories

	As of 31.03.2015	As of 31.12.2014
Materials	4,068	4,102
Finished goods	640	641
Work in progress	123	123
TOTAL	4,831	4,866

9. Trade and other receivables

	As of 31.03.2015	As of 31.12.2014
Receivables from customers	19,613	23,175
Advances to suppliers	18,237	17,867
Retentions	2,429	5,518
Advances to employees	287	223
Receivables from related parties	1	3
Other receivables	6,776	4,330
TOTAL TRADE AND OTHER RECEIVABLES	47,343	51,116
	(3,765)	(3,765)
Impairment of receivables from customers		
TOTAL TRADE AND OTHER RECEIVABLES, NET	43,578	47,351

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

	As of 31.03.2015	As of 31.12.2014
Balance at the beginning of the year	3,765	5,870
Recognized loss from impairment of receivables	-	4
Reversal of impairment from prior periods	-	(2,109)
Balance at the end of the year	3,765	3,765

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

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10. Cash

	As of 31.03.2015	As of 31.12.2014
Cash at banks	2,979	1,939
Restricted cash at bank	22	61
Cash in hand	68	18
TOTAL CASH IN HAND AND AT BANKS	3,069	2,018

As of March 31, 2015 and December 31, 2014 restricted cash represents cash in bank account restricted as a collateral under issued guarantees.

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

11. Issued share capital and reserves

Issued share capital includes:

	As of 31.03.2015	As of 31.12.2014
Ordinary shares – note 11.1	11,934	11,934
Preferred shares – note 11.2	1,103	1,103
TOTAL SHARE CAPITAL	13,037	13,037
Premiums from share issuance – note 11.3	8,739	8,739
TOTAL ISSUED SHARE CAPITAL	21,776	21,776

11.1. Ordinary shares

	As of 31.03.2015	As of 31.12.2014
Number of shares	11,933,600	11,933,600
Nominal value per share in BGN	1	1
SHARE CAPITAL – ORDINARY SHARES	11,934	11,934

The share capital of ordinary shares is fully paid in as of March 31, 2015 and December 31, 2014. Group's share capital includes in-kind contribution in the form of titles of property over three combined trademarks, with fair value to the amount of BGN 1,400 thousand obtained through independent appraiser's report. Titles of property are presented as intangible assets (see note 5 above).

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

11.2. Preferred shares

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

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11. Issued share capital and reserves (continued)**11.2. Preferred shares (continued)**

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

	Upon initial recognition	As of 31.12.2014	As of 31.03.2015
Preferred shares –par value	1,103	1,103	1,103
Premiums from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	1,923	1,723
Dividend payables on preferred shares	-	2,672	2,946
TOTAL CASH RECEIVED	10,940	11,123	11,197

11.3. Premiums from share issuance

	As of 31.03.2015	As of 31.12.2014
Balance as of January 1	8,739	8,739
Premiums from preferred shares issuance	-	-
Balance as of September 30	8,739	8,739

11.4. Reserves

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

12. Loans

Loans received by the Group as of March 31, 2015 and December 31, 2014 are as follows:

	As of 31.03.2015	As of 31.12.2014
Borrowings from financial institutions	85,404	87,008
Borrowings from not related parties	1,330	1,581
Borrowings from related parties	-	20
TOTAL	86,734	88,609

12.1 Maturity of the loans

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

	As of 31.03.2015	As of 31.12.2014
Up to one year	76,947	78,212
Over 1 year	9,787	10,397
TOTAL LOANS	86,734	88,609

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12. Loans (continued)

12.2 Borrowings from financial institutions

Borrowings from financial institutions, received by the Group as of March 31, 2015 and December 31, 2014 are as follows:

		As of 31.03.2015	As of 31.12.2014
Credit lines – SG Expressbank	(a)	17,452	17,566
Investment loans – DSK Bank	(b)	9,238	9,528
Credit lines – UniCreditBulbank	(c)	19,020	19,020
Investment loans – UniCreditBulbank	(d)	1,460	1,580
Overdraft – UniCreditBulbank	(e)	1,982	1,956
Credit line – ING Bank	(f)	5,769	6,054
Overdraft - Investbank	(g)	11,815	11,061
Investment loans – European Bank for Reconstruction and Development (EBRD)	(h)	13,625	13,710
Credit line – Eurobank EFG	(i)	1,918	1,980
Credit line – International Asset Bank	(j)	2,374	3,805
Corporate Credit card – UniCreditBulbank	(k)	1	1
Credit Card – ING Bank	(l)	58	55
Financial institutions (non-bank)		692	692
TOTAL LOANS FROM FINANCIAL INSTITUTIONS		<u>85,404</u>	<u>87,008</u>

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

(a) In May 2010 the Group 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, 2015 BGN 13,212 thousand have been utilized.

In July 2011 the Group has signed a contract for financing of construction and assembly activities, at total limited of EUR 5,000 thousand. As of March 31, 2015 the amount of BGN 4,240 thousand have been utilized.

(b) Loans from DSK Bank are granted for financing of Group's energy efficiency projects. Limits of the loans are EUR 7,750 thousand and as of March 31, 2015 the Company has utilized BGN 9,238 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.

(c) As of March 31, 2015 the Group has utilized BGN 15,706 thousand under a combined credit line, contracted with UnicreditBulbank. The credit line limit is EUR 8,500 thousand. In order to secure the loans from UnicreditBulbank the Company has established a mortgage of land and buildings and pledge of present and future receivables from a customer. The Group has received four combined credit lines from UniCreditBulbank 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 600 thousand, of which EUR 500 thousand - for working capital. The amount utilised as of March 31, 2015 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, 2015 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 March 31, 2015 is BGN 696 thousand.

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

(d) The Group has received an investment loan from UnicreditBulbank for the purchase of the office building of the Group in Sofia. As of March 31, 2015 the utilized amount is BGN 1,460 thousand. The loan has been secured by a mortgage on the building and its surrounding land.

(e) Overdraft loan from UniCreditBulbank is granted with the limit of EUR 1,000 thousand. The Loan has been granted for working capital purpose and is secured by pledge of future receivables, cash and production equipment. As of March 31, 2015 BGN 1,982 thousand has been utilized.

(f) The Group has received a combined credit limit from ING Bank at the amount of BGN 17,800 thousand, of which as of March 31, 2015 BGN 5,769 thousand has been utilized in the form of credit lines and overdraft. The Group has pledged as collateral present and future receivables from customers, mortgage on property belonging to the Group and has been issued a promissory note in favor of the Bank.

(g) The Group has received a credit facility for working capital financing and bank guarantee issue from Investbank AD at the amount of BGN 22,532 thousand as an overdraft and credit line. As of March 31, 2015 the Group has utilized BGN 11,815 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.

(h) Under a loan contract dated December 21, 2007 with the European Bank for Reconstruction and Development (EBRD) at total amount of EUR 7 million in 2010, 2009 and 2008 the Group received funds at the amount of EUR 1,665 thousand (2010), EUR 2,335 thousand (2009) and EUR 3,000 thousand (2008) for the purpose of financing of completed projects for energy efficiency with guaranteed result (ESCO contracts). As of March 31, 2015 the carrying value of the obligations under this loan 1,338 thousand (2014: 2,960 thousand). In 2012 applicable annual interest rate on the loan is as follows: for the first tranche – 6.45%, for the second tranche – 6.5%. Principal of the loan will be repaid in equal quarterly installments (23 installments for the first tranche and 21 installments for the second tranche). The loan matures on March 4, 2015.

(i) On March 2, 2012 the Group signed a new contract with EBRD at the total amount of EUR 10 million. According to the contract provisions the utilization term of the loan is March 3, 2013 and the first utilized amount should be not less than EUR 1,000 thousand. The loan bears a fixed interest rate of 6.50%. The principal is deferred to 25 payments and the first of which is of EUR 1,111 thousand due in March 2013 while the other 24 payments are equal quarter amounts of EUR 370 thousand. The final maturity date for loan repayment is March 4, 2019. Receivables are pledged as a collateral the securitization of which is financed by funds on the loan. Enemona AD is a garrantor under EBRD loan. As of March 31, 2015 the utilized principal amount is EUR 9,220 thousand and due to the utilization deadline expired pursuant the contract terms, the amount of EUR 780 thousand remained not utilized. Therefore the principle amount changes and reflects the repayment schedule. The principle is deferred to 25 payments and the first of which is of EUR 1,024 thousand due in March 2013 while the other 24 payments are equal quarter amounts of EUR 341 thousand. In 2015 payment of principal at the amount of BGN 295 (2014: 319) were made.

As of March 31, 2015 the utilized amount of those loans is BGN 12,287 thousand.

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12. Loans (continued)

12.3 Borrowings from financial institutions (continued)

(j) The Group has received from Eurobank EFG a credit line with limit of EUR 1,500 thousand. The utilized amount as of March 31, 2015 is BGN 1,918 thousand. The credit is secured from client receivables and goods.

(k) The Group has signed four credit line agreements with International Asset Bank AD for the purpose of financing working capital and the execution of a certain contract. At 28 April 2014, The Group signed credit line for the purpose of financing ESCO contract, the credit limit is at the amount of 3,050 thousand, from which 2,500 thousand are designated for working capital. The total amount of the four credit lines is BGN 8,786 thousand and the utilized amount as of March 31, 2015 is BGN 2,374 thousand. Loans are secured by pledge on receivables on contracts.

(l) The Group signed a contract with UniCreditBulbank for corporate credit cards with total limit of BGN 100 thousand. As of March 31, 2015 are utilized BGN 1 thousand.

(m) The Group signed a contract with ING Bank for corporate credit cards with total limit of BGN 100 thousand. As of March 31, 2015 are utilized BGN 58 thousand.

The interest rates on bank loans are floating and are based on the EURIBOR and SOFIBOR with margin.

In relation to the issue of bank guarantees the Group has received credit facilities from BNP Paribas – Sofia branch at the amount of EUR 1,000 thousand. Current and future receivables from customer with maximum amount of EUR 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, 2015 and December 31, 2014 the Company has no liabilities on loans related to the credit facility.

The Group 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, 2015 and December 31, 2014 the Company has no liabilities on loans related to the credit facility.

12.3 Loans from non-related parties

Loans from non-related parties as of March 31, 2015 comprise non-secured loans from Izolko OOD, SIP OOD, Enida Ingenering AD and DZZD Consortium Emis 2012 at the amount of BGN 352 thousand, BGN 12 thousand, BGN 17 thousand and BGN 949 thousand, respectively. The loans are with interest rates between 8% and 9% and mature in 2014 as the repayment term may be prolonged with 1 month.

The loans from non-related parties as of December 31, 2014 include uncollateralized loans from Izolko OOD, SIP OOD, Enida Ingenering AD and DZZD Consortium Emis 2012 at the amount of BGN 353 thousand, BGN 12 thousand, BGN 17 thousand and BGN 1.199 thousand, respectively. The loans are with interest rates between 8% and 9% and mature in 2014 as the repayment term may be prolonged with 1 month.

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13. Financial lease

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

	Minimal lease payments		Present value of minimal lease payments	
	As of 31.03.2015	As of 31.12.2014	As of 31.03.2015	As of 31.12.2014
Liabilities under finance lease with maturity:				
Up to 1 year	61	61	60	60
Between 2 and 5 years	35	35	31	31
TOTAL LIABILITIES	96	96	91	91
Less: future finance charges	(5)	(5)	-	-
PRESENT AMOUNT OF LIABILITIES	91	91	91	91

14. Trade and other payables

	As of 31.03.2015	As of 31.12.2014
Payables to suppliers	27,670	29,245
Payables for dividends on preferred shares	2,946	2,672
Payables to employees	5,546	4,980
Payables to social insurance organizations	7,142	6,914
VAT payables	3,439	2,574
Personal income tax liabilities	4,268	3,876
Other payables	5,331	1,869
TOTAL	56,342	52,130

15. Revenue

	Period ended 31.03.2015	Period ended 31.03.2014
Revenue from construction contracts	11,261	11,954
Revenue from sale of electricity	14,900	12,281
Revenue from sale of compressed natural gas	-	1,211
Revenue from disposal of assets	56	108
Revenue from services	58	55
TOTAL REVENUE	26,275	25,609

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15. Revenue (continued)

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

	As of 31.03.2015	As of 31.12.2014
Construction costs incurred plus recognized profits (less recognized losses) to date	308,514	304,281
Less: Progress billings	<u>(272,560)</u>	<u>(271,201)</u>
	<u>35,954</u>	<u>33,080</u>
Gross amounts stated in the statement of financial position comprise of:		
Gross amount receivable from customers under construction contracts	37,863	35,210
Gross amount payable to customers under construction contracts	<u>(1,909)</u>	<u>(2,130)</u>
	<u>35,954</u>	<u>33,080</u>

Retentions held by customers under construction contracts amount to BGN 2,429 thousand and BGN 5,518 thousand as of March 31, 2015 and December 31, 2014, respectively. Advances received from customers under construction contracts amount to BGN 6,924 and BGN 6,432 thousand as of March 31, 2015 and December 31, 2014, respectively.

As of March 31, 2015 and December 31, 2014 the Group reviewed for objective evidences for impairment of the gross amount due from clients under construction contracts in order to ensure that the carrying amount of the asset does not exceed the present value of the expected future cash flows.

16. Financial income

	Period ended 31.03.2015	Period ended 31.03.2014
Interest income	1,052	1,103
Foreign exchange gains	32	-
Other	55	-
TOTAL FINANCIAL INCOME	<u>1,139</u>	<u>1,103</u>

17. Materials and consumables used

	Period ended 31.03.2015	Period ended 31.03.2014
Current value for sold goods	15,632	13,116
Raw material costs:		
Construction materials	2,118	2,724
Current value of assets sold	54	11
Expenses for instruments	27	26
Electric power	51	42
Fuels	22	52
Spare parts	10	8
Stationery	48	75
TOTAL MATERIALS	<u>2,330</u>	<u>2,938</u>

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18. Hired services

	Period ended 31.03.2015	Period ended 31.03.2014
Under construction agreements with subcontractors	961	1,997
Services with mechanization	114	228
Transportation	181	353
Legal and consulting services	427	867
Insurances	150	257
Advertising	6	1
Telecommunications	31	42
Rents	386	765
Design services	32	28
Heating	13	11
Working permissions and tender documents	4	1
Starting work and control	22	258
Office maintenance cost	61	45
Security	10	23
Translation services	7	64
Courier services	24	19
Other services	64	57
	<u>2,493</u>	<u>5,016</u>
TOTAL HIRED SERVICES		

19. Employee benefit expenses

	Period ended 31.03.2015	Period ended 31.03.2014
Remunerations	4,280	6,886
Social security and health insurance	606	957
Food Vouchers	275	236
Compensations	235	328
TOTAL EMPLOYEE BENEFITS EXPENSES	<u>5,396</u>	<u>8,407</u>

20. Other expenses

	Period ended 31.03.2015	Period ended 31.03.2014
Business trips	161	867
Expenses for one-off taxes and fees	8	35
Entertainment allowances	5	3
Waste on non-current assets	1	4
Expenses for donations	6	-
Other	6	38
TOTAL OTHER EXPENSES	<u>187</u>	<u>947</u>

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21. Other gains, net

	Period ended 31.03.2015	Period ended 31.03.2014
Rent income	38	43
Gains on financing	4	26
Penalties under ESCO contracts	10	
Written-off receivables	(29)	
Expenses for impairment receivables		(4)
Income from reversed impairment of receivables		
Discount from assigning receivables	(60)	(19)
Costs of litigation	(9)	
Reversal of impairment from receivables		4,027
Reintegrated provision for contractual obligations	244	-
Penalty in construction contracts	(356)	-
Adjustments to gross amounts changed volumes of contracts		
Revenues from consulting services	175	-
Other	24	(21)
TOTAL OTHER GAINS, NET	41	4,052

22. Finance costs

	Period ended 31.03.2015	Period ended 31.12.2014
Interest expense	1,404	803
Expenses on financial liability on preferred shares	111	879
Foreign exchange losses	52	122
Finance costs on construction contracts	86	10
Guarantee and mortgage fees, bank charges	727	189
TOTAL FINANCE COST	2,380	2,003

23. Assets held for sale and discontinued operations

On January 16, 2015 the sale of gas operations of the Group was completed with the disposal of assets held for sale with the carrying amount of EUR 886 thousand and write off the grant related to these assets of EUR 530 thousand against the consideration of EUR 246 thousand.

On January 16, 2014 the subsidiary Enemona Utilites AD together with the Parent company signed a preliminary agreement and on January 30, 2014 final agreement for sale of the investment in subsidiary Nevrokopgaz for the consideration of BGN 400 thousand and for sale of the remaining assets using in the gas trading business and held by Enemona Utilities AD. As of the date of these financial statements the consideration for the assets sold at the amount of BGN 3,734 thousand. The book value of the assets sold is BGN 5,814 thousand.

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23. Assets held for sale and discontinued operations(continued)

The combined results from discontinued operations for the periods ending March 31, 2015 and December 31, 2014 are presented below:

	Period ended 31.03.2015	Period ended 31.12.2014
Revenue from assets sold	246	3,112
Book value of assets sold	(886)	(5,814)
Receivable written off	530	(437)
Reversal of impaired assets related to the gaz trading to their net realizable value	-	1,089
Loss from sale of assets used in the Group's gaz business	(110)	(2,050)
Profit from sale of subsidiary, representing the gaz business	-	790
Loss after taxes from discontinued operations	(110)	(1,260)

The profit from sale of investment is as follow:

	Period ended 31.03.2015	Period ended 31.12.2014
Consideration received	-	400
Expenses, directly attributable to the deal	-	-
Net value of the assets sold	-	(433)
Non controlling interests written off	-	43
Profit from sale of investment in subsidiary	-	790

The net loss arose from sale of investment in subsidiary and assets, held for sale is presented in the line of discontinued operations in the statement of comprehensive income.

Net cash flows sale of investment in subsidiary and assets, held for sale presented in the consolidated statement of cash flows are as follow:

	Period ended 31.03.2015	Period ended 31.12.2014
Proceeds from sale of subsidiary and assets, held for sale	-	2,634
Decreased with the cash balance and cash equivalents sold with the disposal of	-	(10)
Net cash flows from discontinued operations	-	2,624

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24. Taxation

Deferred taxes are as follows:

	As of 31.03.2015	As of 31.12.2014
Deferred tax assets	529	529
Impairment of receivables	178	178
Impairment of investments	873	873
Provisions	281	281
Others	-	-
Investment property	(633)	(633)
Non current assets	(718)	(718)
	<u>510</u>	<u>510</u>
TOTAL DEFERRED TAX ASSETS	<u>510</u>	<u>510</u>
TOTAL DEFERRED TAX LIABILITIES	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities as of March 31, 2015 and December 31, 2014 are calculated by applying tax rate of 10% according to the Corporate Income Taxation Act and applicable for the periods in which the temporary differences will be realized.

Income tax expenses for the periods ended March 31, 2015 and 2014 are as follows:

	Period ended 31.03.2015	Period ended 31.03.2014
Current income tax expense	-	-
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX EXPENSE	<u>-</u>	<u>-</u>

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

	Period ended 31.03.2015	Period ended 31.03.2014
Profit before taxation	(1,407)	(1,917)
Applicable tax rate	10%	10%
	(141)	(192)
Tax by applicable tax rate	141	192
Tax effect of the non-deductable and non-taxable positions	-	-
Effect of different tax rates in other tax jurisdictions	-	-
EFFECTIVE TAX RATE	<u>0%</u>	<u>0%</u>

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25. Earning per share

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

	Period Ended 31.03.2015	Period Ended 31.03.2014
Continuing and discontinued operations		
Share of net profit for Parent Company shareholders	(1,399,000)	(2,880,000)
Weighted-average number of ordinary shares	11,933,600	11,933,600
Earnings per share (in BGN) – basic and diluted	(0.12)	(0,24)

	Периода, приключващ на 31.03.2015	Периода, приключващ на 31.03.2014
Continuing operations		
Share of net profit from continuing and discontinued operations for Parent Company shareholders	(1,399,000)	(2,880,000)
Loss from discontinued operations	(110,000)	1,260,000
Share of net profit from continuing operations for Parent Company shareholders	(1,289,000)	(1,620,000)
Weighted-average number of ordinary shares	11,933,600	11,933,600
(Earnings per share (in BGN) – basic and diluted from continuing operations	(0.11)	(0.14)

As disclosed in note 11as of March 31, 2015 and December 31, 2014 the Parent company has issued warrants and preferred shares, which in 2015 and 2014 do not influence diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

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26. Related parties transactions

The related parties within the Group with transactions performed in the periods ending March 31, 2015 and December 31, 2014 are as follows:

RELATED PARTY	TYPE OF RELATIONSHIP
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 income received from related parties:

	Period ended 31.03.2015	Period ended 31.03.2014
G Oil Expert EOOD	-	1
TOTAL INCOME FROM RELATED PARTIES	-	1

During the periods ending March 31, 2015 and December 31, 2014 the Group has no expenses on related parties transactions.

The table below discloses the balances of receivables from related parties as of March 31, 2015 and December 31, 2014:

	As of 31.03.2015	As of 31.12.2014
Alfa Enemona OOD	-	2
G Oil Expert EOOD	1	1
TOTAL	1	3

Receivables from related parties consist of trade receivables.

The table below discloses the balances of liabilities to related parties as of March 31, 2015 and December 31, 2014:

	As of 31.03.2015	As of 31.12.2014
G Oil Expert EOOD	-	20
TOTAL	-	20

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

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27. Geographical distribution

The Group operates in four basic geographical areas – Bulgaria, Serbia, Germany, Slovakia, Norway and United Kingdom.

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

	Revenue from external clients		Property, plant and equipment	
	Period ended 31.03.2015	Period ended 31.03.2014	As of 31.03.2015	As of 31.12.2014
Bulgaria	25,255	18,488	22,988	22,337
Slovakia	121	4,727	415	962
Germany	167	1,210	234	595
Norway	406	74	16	11
United Kingdom	309	442	37	47
Other	17	668	-	-
	<u>26,275</u>	<u>25,609</u>	<u>23,690</u>	<u>23,952</u>