

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2013

All amounts are in thousand Bulgarian Levs, except otherwise stated

1. Organization and main activity

Enemona AD („The Company”) was initially registered as a partnership company in 1990 and in 1994 the Company was registered as a joint-stock company. According to the court registration the address of the Company is in the town of Kozloduy, 1A Panayot Hitov Str. The Company is a public entity and its shares are registered at the Financial Supervision Commission to be traded at the Bulgarian Stock Exchange. As of June 30, 2013 and December 31, 2012 the major shareholder of the Company is Dichko Prokopiev Prokopiev. During the financial year there were no changes in the Company’s legal status.

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

2. Accounting policy

2.1 General financial reporting framework

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

Changes in IFRS

Standards and Interpretations effective in the current period

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

- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Transfers of Financial Assets, adopted by the EU on November 22, 2011 (effective for annual periods beginning on or after July 1, 2011).

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

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

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- IFRS 10 “Consolidated Financial Statements”, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 11 “Joint Arrangements”, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 12 “Disclosures of Interests in Other Entities”, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 13 “Fair Value Measurement”, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- 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);

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All amounts are in thousand Bulgarian Levs, except otherwise stated

2. Accounting policy (continued)

2.1. General financial reporting framework (continued)

Changes in IFRS (continued)

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

- 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 1 "First-time Adoption of IFRS" - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IAS 1 "Presentation of financial statements" - Presentation of Items of Other Comprehensive Income, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after July 1, 2012);
- Amendments to IAS 12 "Income Taxes" - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IAS 19 "Employee Benefits" - Improvements to the Accounting for Post-employment Benefits, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after January 1, 2013);
- Amendments to 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);
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine", adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013).

The Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the separate financial statements of the Company in the period of initial application.

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 IASB, except for the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at the date of publication of financial statements:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015);
- Amendments to IFRS 1 "First-time Adoption of IFRS" - Government Loans (effective for annual periods beginning on or after January 1, 2013);
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Mandatory Effective Date and Transition Disclosures;

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2. Accounting policy (continued)

2.1. General financial reporting framework (continued)

Changes in IFRS (continued)

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” - Transition Guidance (effective for annual periods beginning on or after January 1, 2013);

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

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” - Investment Entities (effective for annual periods beginning on or after January 1, 2014);
- Amendments to various standards “Improvements to IFRSs (2012)” resulting from the annual improvement project of IFRS published on May 17, 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, 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, 2013).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the separate 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 separate 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 June 30, 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).

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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 June 30, 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 2013 there are no circumstances that may trigger a change in the estimated useful lives of these assets.

3.5. Economic environment

In 2013 and 2012 as a result of the global financial 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, 2012	5,608	20,014	4,234	6,578	2,745	5,693	44,872
Additions	-	2,268	202	48	126	-	2,644
Transfers	-	-	1	-	-	(1)	-
Disposals	-	(569)	(260)	(377)	(212)	(10)	(1,428)
DECEMBER 31, 2012	5,608	21,713	4,177	6,249	2,659	5,682	46,088
Additions	-	-	659	3	19	3	684
Disposals	-	-	(191)	(59)	-	-	(250)
JUNE 30, 2013	5,608	21,713	4,645	6,193	2,678	5,685	46,522
<i>Accumulated depreciation and impairment</i>							
JANUARY 1, 2012	-	2,207	3,140	2,497	1,622	24	9,490
Depreciation charge	-	433	490	469	287	-	1,679
Disposal	-	(177)	(231)	(280)	(135)	-	(823)
Impairment recognized in profit or loss	-	-	-	-	(11)	-	(11)
DECEMBER 31, 2012	-	2,463	3,399	2,686	1,763	24	10,335
Depreciation charge	-	217	236	191	135	-	779
Disposals	-	-	(131)	(54)	-	-	(185)
JUNE 30, 2013	-	2,680	3,504	2,823	1,898	24	10,929
<i>Net book value</i>							
JANUARY 1, 2012	5,608	17,807	1,094	4,081	1,123	5,669	35,382
DECEMBER 31, 2012	5,608	19,250	778	3,563	896	5,658	35,753
JUNE 30, 2013	5,608	19,033	1,141	3,370	780	5,661	35,593

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5. Intangible assets

	<u>Title of property</u>	<u>Software</u>	<u>Total</u>
<i>Cost</i>			
JANUARY 1, 2012	1,447	270	1,717
Additions	-	13	13
Disposals	-	(25)	(25)
DECEMBER 31, 2012	<u>1,447</u>	<u>258</u>	<u>1,705</u>
JUNE 30, 2013	<u>1,447</u>	<u>258</u>	<u>1,705</u>
<i>Accumulated amortization</i>			
JANUARY 1, 2012	828	202	1,030
Amortization charge	62	27	89
Disposals	-	(25)	(25)
DECEMBER 31, 2012	<u>890</u>	<u>204</u>	<u>1,094</u>
Amortization charge	31	11	42
JUNE 30, 2013	<u>921</u>	<u>215</u>	<u>1,136</u>
<i>Net book value</i>			
JANUARY 1, 2012	<u>619</u>	<u>68</u>	<u>687</u>
DECEMBER 31, 2012	<u>890</u>	<u>204</u>	<u>1,094</u>
JUNE 30, 2013	<u>557</u>	<u>54</u>	<u>611</u>

6. Investments in subsidiaries and associates

As of June 30, 2013 и December 31, 2012 investments in subsidiaries and associates consist of:

	<u>As of 30.06.2013</u>	<u>As of 31.12.2012</u>
Investments in subsidiaries	17,223	17,218
Impairment of investment in subsidiaries – note 6.1.1.	(2,412)	(2,412)
Investment in subsidiaries, net – note 6.1	14,811	14,806
Investments in associates – note 6.2	4	4
TOTAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	<u>14,815</u>	<u>14,810</u>

ENEMONA AD

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FOR THE PERIOD ENDED JUNE 30, 2013

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6. Investments in subsidiaries and associates (continued)

6.1. Investments in subsidiaries

Investments in subsidiaries as of June 30, 2013 и December 31, 2012 are as follows:

COMPANY	DESCRIPTION OF ACTIVITY	SHARE		CARRYING AMOUNT	
		As of 30.06.2013	As of 31.12.2012	As of 30.06.2013	As of 31.12.2012
Enemona Utilities AD	Electricity trading	97,24%	97,24%	1,719	1,719
EESF REIT	Company with special investment purpose – securitization of receivables	88.97%	88.97%	4,860	4,860
Pirin Power AD	Designing and building of projects in energy sector	84.00%	84.00%	42	42
FINI REIT	Company with special investment purpose – real estate purchase	69.23%	69.23%	450	450
Hemusgas AD	Construction of compressor houses	50.00%	50.00%	25	25
Esco engineering AD	Heating and climatization projects	99.00%	99.00%	73	73
TFEZ Nikopol EAD	Construction of electric power plant	100.00%	100.00%	1,124	1,119
Enemona-Galabovo AD	Construction contracts	-	-	-	-
Neurocop-gas AD	Gas trading	90.00%	90.00%	45	45
EMKO AD	Construction contracts	77.36%	77.36%	4,613	4,613
Artanes Mining Group AD	Opencast mining of brown and lignite coal	90.00%	90.00%	1,800	1,800
FEZ Mladenovo EOOD	Prospecting, design, construction and assembly, commissioning, reparation, servicing and engineering works	100.00%	100.00%	60	60
Regionalgas AD	Gasification projects	50.00%	50.00%	-	-
TOTAL				14,811	14,806

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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 June 30, 2013 and December 31, 2012 owns 50% of the shares of Regionalgas AD, or the direct share of the Company in Regionalgas AD is 50%.

The management of Enemona AD considers that the investments in Regionalgas AD and Hemusgas AD do not represent jointly control activity, as the Company controls the financial and operating policy of these companies.

6.2 Investments in associates

The investments in associated companies as of June 30, 2013 and December 31, 2012 are as follows:

COMPANY	SHARE		CARRYING AMOUNT	
	As of 30.06.2013	As of 31.12.2012	As of 30.06.2013	As of 31.12.2012
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 June 30, 2013 and December 31, 2012.

7. Current and non-current loans and advances

Current and non-current loans and advances as of June 30, 2013 and December 31, 2012 are as follows:

<i>Non-current loans and advances</i>	As of 30.06.2013	As of 31.12.2012
Loans granted to employees	1,012	1,071
Receivables under ESCO contracts – non-current	4,745	5,504
Cession receivables	3,123	4,695
Others	10	10
Discount of receivables under ESCO contracts – non-current portion – notes 22	(1,323)	(1,602)
TOTAL NON-CURRENT LOANS AND ADVANCES	7,567	9,678
Impairment of loans granted to employees	(597)	(597)
TOTAL NON-CURRENT LOANS AND ADVANCES, NET	6,970	9,081

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

Current loans and advances

Receivables under ESCO contracts - current	2,535	2,573
Cession receivables	3,077	1,303
Loans granted to related parties	689	325
Loans granted to non-related parties	10,810	11,237
TOTAL CURRENT LOANS AND ADVANCES	17,111	15,438
Impairment of loans granted to non related parties	(3,782)	(3,782)
TOTAL CURRENT LOANS AND ADVANCES, NET	13,329	11,656

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 June 30, 2013 and December 31, 2012 represent the present value of a receivable under cession agreement with a local company.

As a result of the analysis of loans repaid in 2012, the Company recovered a provision of loans to employees at the amount of BGN 376 thousand and loans to non-related parties at the amount of BGN 1,171 thousand, which are presented in the separate statement of comprehensive income in note 22.

The movement of the impairment is presented below:

	As of 30.06.2013	As of 31.12.2012
Balance at the beginning of the year	4,379	5,926
Reversals of impairment losses on non-current loans and receivables	-	(1,171)
Reversals of impairment losses on current loans and receivables	-	(376)
Balance at the end of the year	4,379	4,379

8. Inventories

	As of 30.06.2013	As of 31.12.2012
Materials	7,729	5,681
Work in progress	835	559
TOTAL	8,563	6,240

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9. Trade and other receivables

	As of 30.06.2013	As of 31.12.2012
Receivables from customers	15,376	17,478
Retentions	6,018	8,930
Receivables from related parties	2,396	2,655
Advance payments to suppliers	10,088	12,366
Advances to employees	166	166
Other receivables	1,721	3,599
TOTAL TRADE AND OTHER RECEIVABLES	35,765	45,194
Impairment of receivables from customers	(5,936)	(5,936)
TOTAL TRADE AND OTHER RECEIVABLES, NET	29,829	39,258

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

	As of 30.06.2013	As of 31.12.2012
Balance at the beginning of the year	5,936	5,936
Recognized loss from impairment of receivables	-	-
Recovered during the period	-	-
Balance at the end of the year	5,936	5,936

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 30.06.2013	As of 31.12.2012
Cash at banks	753	1,057
Restricted cash at bank	79	290
Cash in hand	369	475
TOTAL CASH AND CASH EQUIVALENTS	1,201	1,822

As of June 30, 2013 and December 31, 2012 restricted cash at EUR 79 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 30.06.2013	As of 31.12.2012
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 30.06.2013	As of 31.12.2012
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

11.1. Ordinary shares (continued)

The share capital is fully paid in as of June 30, 2013 and December 31, 2012. The Company's share capital includes in-kind contribution in the form of title of property over three combined trademarks with fair value at the amount of BGN 1,400 thousand, obtained through independent appraiser's report. Titles of property are presented as intangible assets (see note 5, above).

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 30.06.2013	As of 31.12.2012
Preferred shares – nominal value	1,103	1,103	1,103
Premium from share issuance	5,425	5,425	5,425
Financial liability on preferred shares	4,412	2,921	3,223
Dividend payables from preferred shares	-	2,739	2,067
TOTAL CASH RECEIVED	10,940		

11.3. Premium from share issuance

	As of 30.06.2013	As of 31.12.2012
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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11.4. 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 30.06.2013	As of 31.12.2012
Up to one year	53,170	65,683
Over one year	17,750	4,332
TOTAL LOANS	70,920	70,015

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

As of June 30, 2013 and December 31, 2012 loans received by the Company are as follows:

	As of 30.06.2013	As of 31.12.2012
Borrowings from financial institutions – note 12.2	69,587	68,421
Loans from non related parties – note 12.3	1,333	1,594
TOTAL LOANS	70,920	70,015

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12. Loans (continued)

12.2 Borrowings from financial institutions

Borrowings from financial institutions, received by the Company as of June 30, 2013 and December 31, 2012 are as follows:

	Note	As of 30.06.2013	As of 31.12.2012
Credit line – SG Expressbank AD	(a)	18,429	17,416
Credit lines – Unicredit Bulbank AD	(b)	21,561	22,332
Investment loans – DSK Bank AD	(c)	13,914	11,833
Credit lines and overdraft UBB AD	(d)	170	679
Investment loan – Unicredit Bulbank AD	(e)	2,426	2,764
Credit line – ING Bank AD	(f)	1,347	2,124
Credit line – MKB Unionbank AD	(g)	3,700	3,607
Credit lines– International Asset Bank AD	(h)	5,198	6,815
Overdraft – Investbank AD	(i)	-	850
Credit lines – Alfa bank	(j)	2,669	-
Corporate credit cards – ING Bank	(k)	-	-
Corporate credit cards – Unicredit Bulbank AD	(l)	2	1
TOTAL LOANS FROM FINANCIAL INSTITUTIONS		69,416	68,421

The company utilizes short term loan at the amount of BGN 171 thousand from non-bank financial institution as of June 30, 2013.

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 measuring 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 June 30, 2013 BGN 13,691 thousand have been utilized.

In July 2011 the Company has signed a contract for financing of construction and assembly activities, at total limited of EUR 5,000 thousand. As of June 30, 2013 BGN 4,738 thousand have been utilized.

- (b) As of June 30, 2013 the Company has utilized BGN 17,516 thousand under two combined credit lines, contracted with Unicredit Bulbank. The total limit of the credit lines is EUR 9,750 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.

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12. Loans (continued)

12.2 Borrowings from financial institutions

- (b) The Company has received the following combined type credit lines from UniCredit Bulbank AD to finance specific contracts, secured by present and future receivables from contracting parties under those contracts. The main parameters of the credit lines are as follows:
- Total amount of EUR 297 thousand of which EUR 250 thousand - for working capital. The amount utilised as of June 30, 2013 is BGN 338 thousand
 - Total amount of EUR 600 thousand, of which EUR 500 thousand - for working capital. The amount utilised as of June 30, 2013 is BGN 731 thousand.
 - Total amount of BGN 2,910 thousand Levs, of which BGN 2,500 thousand – for working capital. The amount utilised as of June 30, 2013 is BGN 1,887 thousand
 - Total amount of BGN 2,100 thousand, of which BGN 2,000 thousand – for working capital. The amount utilised as of June 30, 2013 is BGN 1,089 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 June 30, 2013 the Company has utilized BGN 13,914 thousand. In order to secure the loans from DSK Bank the Company has issued promissory note, pledge of future receivables from customers under financed projects and finance risk insurance.
- (d) The overdraft from UBB is with limit of EUR 1,450 thousand for working capital and bank guarantees and as of June 30, 2013 the Company has utilized BGN 170 thousand. In order to secure the overdraft the Company has established a mortgage of land and apartments, owned by Enemona AD.
- (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 June 30, 2013 the utilized amount is BGN 2,426 thousand. The loan has been secured by a mortgage on the building and the adjoining land.
- (f) The Company received a credit limit for working capital financing and bank guarantees issued by ING Bank N.V. - Sofia branch at the amount of BGN 17,800 thousand, from which as of June 30, 2013 the utilized amount is BGN 1,347 thousand as overdraft and credit line, securing working capital needs for the implementation of specific contracts. As a security the Company has established a 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) The Company has received two credit lines from MKB Unionbank AD, which are fully repaid as of March 31, 2013. 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 EUR 2,500 thousand of which is for working capital. As of June 30, 2013 the utilized amount is BGN 3,700 thousand. The loans are secured by pledge on receivables of the contract.
- (h) The Company has received three credit lines from International Asset Bank AD intended to provide working capital and finance the execution of a certain contract. The total amount of the three credit facilities is EUR 3,873 thousand and as of June 30, 2013 the utilized amount is BGN 5,198 thousand. The loans are secured by pledge on contracted receivables and invoices.
- (i) The Company has concluded a loan agreement with Investbank AD for the amount of BGN 2,000 thousand. The loan matures on June 26, 2013. As of June 30 the loan is fully repaid .

12. Loans (continued)

12.2. Borrowings from financial institutions (continued)

- (j) On February 26, 2013 The Company has signed contract with Alfa bank to obtain new credit line for mixed financing of a specific contract. The total size of the line is 1,667 thousand, of which 1,607 thousand for working capital. As of June 30, 2013 the utilized amount is BGN 2,669 thousand. The loan is secured with pledge on receivables from contractor.
- (k) The Company has signed a contract with ING Bank N.V. - Sofia branch for issuance of corporate credit cards with BGN 100 thousand limit. As of June 30, 2013 no funds are utilized.
- (l) The Company has signed a contract with UniCredit Bulbak AD for issuance of corporate credit cards with BGN 100 thousand limit. As of June 30, 2012 the amount of BGN 2 thousand is utilized.

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 June 30, 2013 and December 31, 2012 the Company has no liabilities on loans related to the credit facility.

The Company has signed a loan agreements for issuance of bank guarantee with First Investment Bank AD at the amount of EUR 1,500 thousand. The loan is secured with a pledge on future receivables from clients for which the bank guarantees have been issued. As of June 30, 2013 and December 31, 2012 the Company has no liabilities on loans related to the credit facility.

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 2,000 thousand, goods and materials with obligatory minimum of EUR 2,000 thousand are pledged as collateral and a promissory note is signed in favour of the bank. As of June 30, 2013 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 June 30, 2013 and December 31, 2012 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 June 30, 2013 the loans from non-related parties consist from unsecured loans from Enida Engineering AD, Izolko OOD, SIP OOD and Risk Engineering AD at the amount of BGN 238 thousand, BGN 291 thousand, BGN 604 thousand and BGN 200 thousand, respectively. The loans have interest rates between 8% and 9% and maturity in 2013, which could be extended by one month.

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

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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 30.06.2013	As of 31.12.2012	As of 30.06.2013	As of 31.12.2012
Liabilities under finance lease with maturity:				
Up to 1 year	230	471	225	444
Between 2 and 5 years	361	235	336	228
TOTAL LIABILITIES	591	706	561	672
Less: future finance charges	(30)	(34)	-	-
PRESENT VALUE OF LIABILITIES	561	672	561	672

14. Trade and other payables

	As of 30.06.2013	As of 31.12.2012
Payables to suppliers	9,080	7,297
Payables to related parties	2,623	2,554
Payables for dividends on preferred shares	2,739	2,067
Payables to staff	2,737	1,513
Payables to social insurance organizations	2,448	1,235
Payables for VAT liabilities	491	416
Other payables	4,184	2,155
TOTAL TRADE AND OTHER PAYABLES	24,302	17,237

15. Revenue

	Period ended 30.06.2013	Period ended 31.03.2012
Revenue from construction contracts	39,084	9,782
Revenue from services	138	17
TOTAL REVENUE	39,222	9,799

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

	As of 30.06.2013	As of 31.12.2012
Construction costs incurred plus recognized profits less recognized losses to date	226,049	184,942
Less: Progress billings	(188,414)	(163,257)
	37,635	21,685
Gross amounts presented in the statement of financial position comprise:		
Gross amount due from customers under construction contracts	42,980	27,428
Gross amount due to customers under construction contracts	(5,345)	(5,743)
	37,635	21,685

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 6,018 thousand and BGN 8,930 thousand as of June 30, 2013 and December 31, 2012, respectively. Advances received from customers for contract work amounted to BGN 13 240, thousand and BGN 13,171 thousand as of June 30, 2013 and December 31, 2012, respectively.

As of June 30, 2013 and December 31, 2012 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 30.06.2013	Period ended 30.06.2012
Interest income	1,034	1,442
Dividends	-	72
Foreign exchange gains	7	9
Other finance income	-	40
TOTAL INVESTMENT REVENUE	1,041	1,563

17. Materials and consumables used

	Period ended 30.06.2013	Period ended 30.06.2012
Materials for main activities	12,489	3,969
Expenses for instruments	184	151
Electric power	92	47
Fuels	41	78
Spare parts	20	10
Stationery	92	46
Other	-	15
TOTAL MATERIALS AND CONSUMABLES USED	12,918	4,316

During the period materials and equipment at the amount of EUR 6,861 thousand are utilized in realization of main construction contract in Germany.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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18. Hired services

	Period ended 30.06.2013	Period ended 30.06.2012
Services with mechanization	606	298
Transportation	780	452
Legal, consulting and mediatory services	435	317
Insurances	412	658
Advertising	-	7
Telecommunications	94	85
Rents	1,239	623
Fees, mortgage, guarantees	954	557
Design	488	136
Bank fees	101	544
Heating	37	30
Labor permissions and tender documentation	4	37
Start-up and commissioning works and control	289	
Software licenses and maintenance of hardware	119	
Security	15	
Translations	31	
Courier services	60	
Other services	63	1,057
TOTAL HIRED SERVICES	9,527	8,550

19. Employee benefits expenses

	Period ended 30.06.2013	Period ended 30.06.2012
Remunerations under labor contracts	11,537	8,265
Remunerations under management contracts	101	130
Civil contracts	21	207
Social and health securities	1,697	1,162
Food	654	194
Other expenses	291	176
TOTAL EMPLOYEE BENEFITS EXPENSES	14,301	10,134

20. Other expenses

	Period ended 30.06.2013	Period ended 30.06.2012
Business trips	1,303	847
Expenses for one-off taxes and fees	523	288
Waste on non-current assets	5	12
Entertainment expenses	6	8
Donations	-	116
Other	-	690
TOTAL OTHER EXPENSES	1,837	1,961

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21. Other gains, net

	Period ended 30.06.2013	Period ended 30.06.2012
Proceeds from sale of non-current assets	46	102
Carrying amount of sold and disposed non-current assets	(64)	(60)
Gains from sale of non-current assets	(18)	42
Proceeds from sale of materials	49	64
Carrying amount of sold materials	(10)	(57)
Gains from sale of materials	39	7
Revenue from sale of electricity	313	-
Carrying amount of electricity sold	(313)	-
Profit from sale of electricity	-	-
Proceeds from sale of investments in subsidiaries	-	200
Carrying amount of investments sold	-	(200)
Profit from sale of investments in subsidiaries	-	-
Proceeds from insurances	1,112	-
Discount on securitization of receivables	(42)	(3,093)
Expenses related to discounting liability on financial assets held for trading		(521)
Impairment of receivables	-	(90)
Income from penalties, net	210	-
Rent income	160	201
Other	66	51
TOTAL OTHER GAINS, NET	1,527	(3,403)

Discount on securitization represents the discounting at initial recognition of ESCO receivables. Discounting factor used approximates the discount of sale.

For the period ended June 30, 2013 Enemona AD did not recognized new ESCO receivables.

22. Finance cost

	Period ended 30.06.2013	Period ended 30.06.2012
Interest expense	1,376	921
Finance costs on construction contracts	1,023	1,199
Expenses on financial liability on preferred shares	245	285
Foreign exchange losses	4	19
TOTAL FINANCE COST	2,648	2,424

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23. Taxation

Deferred taxes are as follows:

	As of 30.06.2013	As of 31.12.2012
Deferred tax assets		
Impairment of receivables	3,260	3,260
Deductible tax loss	117	117
Impairment of investments in subsidiaries	241	241
Impairment of other assets	2	2
Provisions	53	53
TOTAL DEFERRED TAX ASSETS	3,673	3,673
Deferred tax liabilities		
Non-current assets	1,094	1,094
TOTAL DEFERRED TAX LIABILITIES	1,094	1,094
DEFERRED TAX ASSETS/(LIABILITIES), NET	2,579	2,579

Deferred tax assets and liabilities as of June 30, 2013 and December 31, 2012 are calculated by applying tax rate of 10% according to the Corporate Income Taxation Act and applicable for the periods in which the temporary differences will be realized.

Deferred tax liabilities recognized in equity as of June 30, 2013 and December 31, 2012 amount to BGN 557 thousand.

Income tax expenses for the period ended June 30, 2013 and 2012 are as follows:

	Period ended 30.06.2013	Period ended 30.06.2012
Current income tax expense	-	-
Deferred tax in relation to occurrence and reversal of temporary differences	-	-
TOTAL TAX (REVENUE) / EXPENSE	-	-

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

	Period ended 30.06.2013	Period ended 30.06.2012
Profit before taxation	14	(5,210)
Applicable tax rate	10%	10%
Tax by applicable tax rate		
Tax effect of the non-deductable and non-taxable positions	1	(521)
Effect of different tax rates in other tax jurisdictions	(1)	521
TAX (REVENUE) / EXPENSE	-	-
EFFECTIVE TAX RATE	-	-

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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 30.06.2013	Period ended 30.06.2012
Profit / (Loss) for allocation between the shareholders in BGN	14,427	(5,209,900)
Weighted-average number of ordinary shares	11,933,600	11,933,600
Basic earnings per share (in BGN)	<u>0.00</u>	<u>(0.44)</u>

As disclosed in note 11 as of June 30, 2013 and December 31, 2012 the Company has issued warrants and preferred shares, which in 2012 and 2011 do not affect diluted earnings per share as their conversion to ordinary shares would not have dilutive effect on basic earnings per share.

25. Related parties transactions

The Company's related parties with which it has performed transactions in 2013 and 2012 are as follows:

RELATED PARTY	TYPE OF RELATION
"Enemona Utilities" AD	Subsidiary
"Esco engineering" AD	Subsidiary
"EESF" SPV	Subsidiary
"Pirin Power" AD	Subsidiary
"Hemusgas" AD	Subsidiary
"FINI" REIT	Subsidiary
"TFEZ Nikopol" EAD	Subsidiary
"Nevrokop gas" AD	Subsidiary
"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

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25. Related parties transactions (continued)

The table below discloses the transactions performed with related parties:

Related Party	Period ended 30.06.2013	Period ended 30.06.2012
"Enemona Utilities" AD	343	26
"EMKO" AD	41	-
"FINI" REIT	2	3
"TFEZ Nikopol" EAD	1	1
"EESF" SPV	4	4
"Alfa Enemona" OOD		72
"G Oil Expert" EOOD	2	2
TOTAL INCOME FROM RELATED PARTIES	393	108

The table below discloses the expenses for related parties transactions:

	Period ended 30.06.2013	Period ended 30.06.2012
"Enemona Utilities" AD	29	-
"EMKO" AD	492	1,918
TOTAL EXPENSES TO RELATED PARTIES	521	1,918

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 30.06.2013	As of 31.12.2012
"Enemona Utilities" AD	369	96
"Esco engineering" AD	38	38
"Pirin Power" AD	4	4
"EESF" SPV	1,267	2,077
"Nevrokop gas" AD	15	15
"Hemusgas" AD	13	13
"EMKO" AD	1,275	634
"TFEZ Nikopol" EAD	104	103
TOTAL RECEIVABLES FROM RELATED PARTIES	3,085	2,980

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 June 30, 2013 and December 31, 2012:

	As of 30.06.2013	As of 31.12.2012
"Enemona Utilities" AD	6	331
"Esco engineering" AD	3	4
"EMKO" AD	2,614	2,219
TOTAL PAYABLES TO RELATED PARTIES	2,623	2,554

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25. Related parties transactions (continued)

Payables to related parties include loans 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.

26. Geographical information

The Company operates in three principal geographical areas – Bulgaria, Germany, 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 30.06.2013	Period ended 30.06.2012	As of 30.06.2013	As of 31.12.2012
Bulgaria	7,553	10,954	35,022	35,230
Slovakia	13,409	6,870	377	406
Germany	17,521	5,182	188	112
Norway	596	-	6	5
Other	5	1,490	-	-
	<u>39,084</u>	<u>24,496</u>	<u>35,593</u>	<u>35,753</u>