

INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE SECOND QUARTER OF 2014

Unofficial translation of the original in Bulgarian

Short description of the Company's activity

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

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

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

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

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

Information on the securities, issued by Enemona AD

Ordinary shares (E4A)

For the period between April and June 2014, the total turnover of ordinary shares, issued by Enemona AD, realised on the BSE-Sofia AD increased with 92.56 %, while the number of the shares traded increased with 133.13 % as compared to Q1 of 2014. An decrease of 17.40% was registered in the weighted average price of the shares as compared to the previous quarter.

During Q2 2014, the total turnover realised was worth BGN 720 120.14, while the month average was BGN 240 066.71. The total number of transactions was 798, while the month average was 266. The weighted average share price for the period was BGN 2.265.

	April	May	June	April - June
Total Number of Transactions	132	115	551	798
Total Number of Shares Traded	20 351	15 695	281 841	317 887
Weighted Average Share Price	2.740	2.608	2.211	2.265
Total Turnover	55 779.00	40 938,60	623 402.54	720 120.14

Source: www.infostock.bg

Comparative Data about the Trade in Ordinary Shares in Q2 2013 and Q2 2014

	Q2 2013	Q2 2014
Total Number of Transactions	579	798
Total Number of Shares Traded	136 358	317 887
Weighted Average Share Price	2.742	2.265
Total Turnover	373 974.24	720 120.14

Source: www.infostock.bg

Preferred shares (E4AP)

During Q2 of 2014, the total turnover of preferred shares, issued by Enemona AD, decreased with 46.20 % as compared to Q1 of 2014 and totalled BGN 186 975.85, the month average was BGN 62 325.28. The total number of transactions was 240, while the month average was 80. The total number of shares traded was 64 625, and the weighted average share price for the period was BGN 2.896.

	April	May	June	April - June
Total Number of Transactions	38	51	151	240
Total Number of Shares Traded	11 249	9 662	43 651	64 625
Weighted Average Share Price	3.817	3.627	2.496	2.896
Total Turnover	42 944 .54	35 044.16	108 978.15	186 975.85

Source: www.infostock.bg

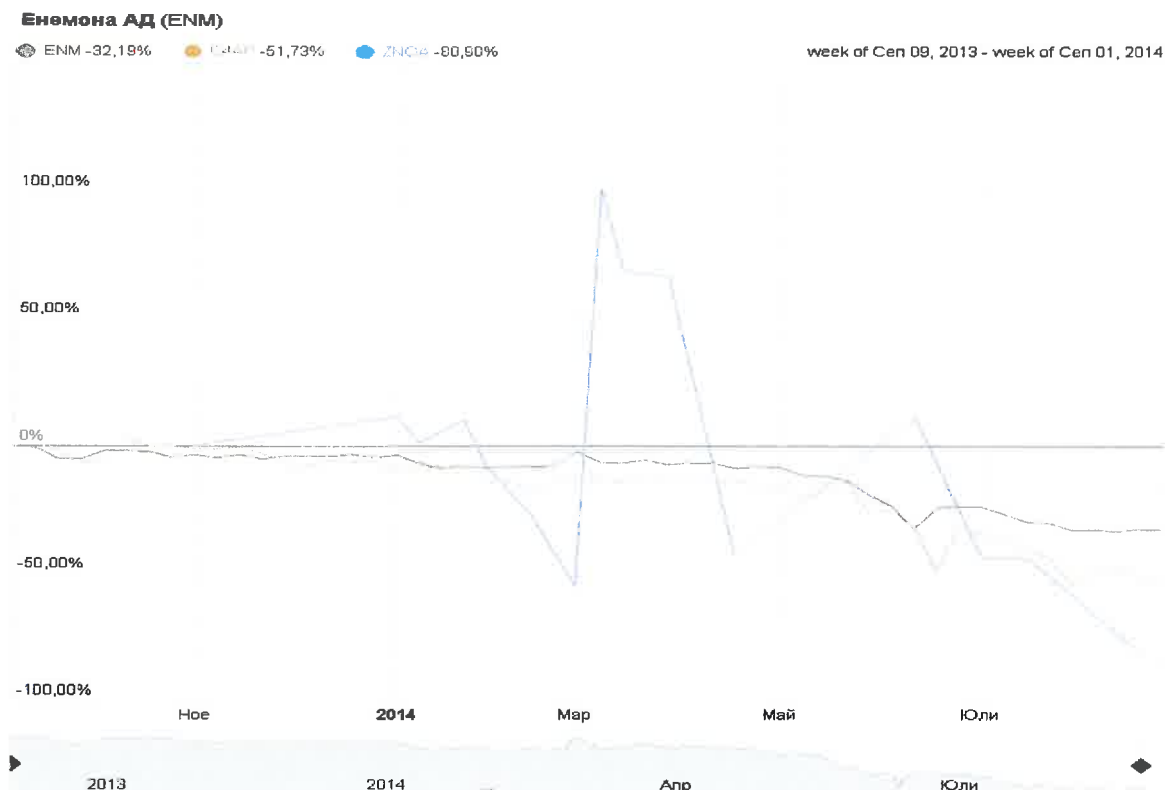
Warrants (ZNOA)

During Q2 2014, the total turnover of warrants, issued by Enemona AD, realised on the BSE-Sofia AD was worth BGN 11.18. The total number of transactions was 2. The total number of shares traded was 125 and the weighted average share price for the period was BGN 0.089.

	April	May	June	April - June
Total Number of Transactions	1	n.a	1	2
Total Number of Shares Traded	25	0	100	125
Weighted Average Share Price	0.051	n.a	0.099	0.089
Total Turnover	1.28	0	9.90	11.18

Source: www.infostock.bg

Comparison between the price movements of the securities, issued by Enemona AD



Source: www.investor.bg

Main Activities and Events during the Second Quarter of 2014

The new construction and engineering contracts signed in Q1 2014 are as follows:

Contractor	Subject
"Dundee Precious Metals Chelopech" EAD	Annex №2 to contract №2587 / 28.11.2013g. for additional activities for the project: "Implementation of the part: Design and mechanical assembly and installation of pipelines -Zona 18 Filter Press pyrite concentrate and accompanying equipment"
"Lirex BG"	Annex №1 for additional supplies and activities outside contracted №2679 / 28.02.2014,
"NPP Kozloduy"	Implementation of repair and electrical activities mainly ancillary equipment and systems nuclear power units 5 and 6 at the time and / or associated with planned annual outages in 2014 for Lot №5 - Repairs to equipment maintenance workshop "Electrical Equipment" (EC) for PAO 2014 block 5, Block 6 and Total Stantcionna objects (CML)
"NPP Kozloduy"	"Implementation of repair and electrical activity in the main auxiliary equipment and systems nuclear power units 5 and 6 at the time and / or associated with planned annual outages in 2014 for Lot №6 - Repairs to equipment maintenance workshop" Control Systems and Management "(MCS) for PAO 2014 block 5, Block 6 and

"Maritza East 2" EAD	Total Stantcionna objects (CML) Perform rehabilitation PPS- 11 D in First Lot
SAR Elektronik GmbH	Annex for additional activities to be performed by outsour. Drew & Co on the subject: "Installation works in the central city. Plymouth, UK"
DZZD "EMIS 2012"	Annex 1 to change stoynnostta contract with subject: "Design and construction of a fiber optic cable network and digital equipment at the station switched - Pernik distribution in accordance with the terms of the Contract № 4545 / 07.02.2014 year. Concluded between" EMIS 2012 "OCAC and SE "NRIC" - lot 1 ".
DZZD "EMIS 2012"	Annex 1 to change the value of the contract for the "Design and construction of a fiber optic cable network and digital equipment in the area fiber networks and digital devices Provadija-Sindel-Varna on the second railway line Sofia-Varna Upper Oryahovitsa- in accordance with the terms of contract № 4544 / 07.02.2014 year. concluded between "EMIS 2012" OCAC and SE "NRIC" - lot 2 ".
Contour Global Maritza East 3	Repair of boiler equipment PPP right to block 1 in power ContourGlobal Maritza East 3
State Enterprise "National Company Railway infrastructure"	Performing "Dynamic balance of rotating part of the HG-1, 2, 3, and 4" Chaira "chromanol 5c PSPP" Belmeken "and HG-2 in HPP" Ivaylovgrad "
Contour Global Maritza East 3	Repair of chemical equipment bl.2
State Enterprise "National Company Railway infrastructure"	Engineering of safety equipment in the station "Dorostol" section Dorostol- Ruse Ruse West
"ONET Technologies Bulgaria" Ltd.	Delivery of equipment for extraction and prerbotka of a solid phase of tanks for bottoms
"Dundee Precious Metals Chelopech" EAD	Annex 2 to perform additional work for the installation of electrical equipment and instrumentation for the project: Area 17 - Project for extracting pyrite concentrate
"Dundee Precious Metals Chelopech" EAD	Request № 165 227 for investigation of the energy efficiency of the industrial system of DPM Chelopech

Information on framework contracts

At the General Shareholders' Meeting of Enemona AD, held on July 25, 2013, the shareholders authorized the Board of Directors and the Executive Directors of the Company to extend for one

year the period of transactions under Article 114 of the Law on Public Offering of Securities (LPOS), as follows:

- Annex to the Contract of 13-07-2010 for the implementation of construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Contractor) and Enemona Galabovo AD (Executor);
- Annex to the Contract of 13-07-2010 for the implementation of the CMP for construction and assembly works and/or deliveries of materials and equipment between Enemona AD (Executor) and Enemona Galabovo AD (Contractor);
- Annex to the Contract on 13-07-2010 for manufacturing and/or delivery of metal structures and supports and/or assembly between Enemona AD (Contractor) and EMCO AD (Executor);
- Annex to the Contract on 14-07-2010 for supplies and/or assembly between Enemona AD(Executor) and EMCO AD (Contractor);
- Annex to Framework Agreement, dated 27.09.2010 between Energetics and Energy Savings Fund- EESF SPV and „Enemona” AD (transferor) for purchase of current and future receivables in an amount up to BGN 30 000 000, resulting from Contracts for engineering and implementation of energy efficiency result and the necessary construction and repair works;
- Annex to Contract for renting of Opel Vectra with reg. № CT 3637 AP, signed between Enemona AD (Lessee) and Enemona Galabovo AD, Galabovo (Lessor) on 27.10.2010;
- Annex to Framework Agreement for renting of construction equipment between „Enemona” AD (Lessee) and „Enemona Galabovo” AD (Lessor) on 01.08.2011;
- Annex to Framework Agreement for renting of construction equipment and transport between „Enemona” AD (Lessor) and „Enemona Galabovo” AD (Lessee) on 01.08.2011.

At the Extraordinary Shareholders’ Meeting of Enemona AD, held on December 2, 2011, the shareholders of the Company authorized the Board of Directors and the Executive Directors for transactions under Article 114 of the LPOS with a subject - sale of electricity between Enemona Utilities AD and Enemona AD for a period of three years. On December 27, 2012 an Annex was signed for BGN 313204.80.

For Q1 the following Annexes to Framework contracts were signed:

Date Signed	Contractor	Subject	Deadline	Total Value in BGN (excl. VAT)
October 2013	"EMCO" AD	Annex № 57 to the framework agreement from 13.07.2010 for production of metal constructions for object Mochovce.	According contract	88 127,60

Research and development activities

During the period under review, the Issuer has not been not engaged in any research and development activities.

Financial standing for the period

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2014

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	As of 31.06.2014	As of 31.12.2013
NON-CURRENT ASSETS			
Property, plant and equipment	4	27,038	30,424
Intangible assets	5	494	529
Investments in subsidiaries and associates	6	15,423	15,456
Loans and advances	7	5,233	6,623
Deferred tax assets, net	23	567	567
TOTAL NON-CURRENT ASSETS		48,755	53,599
CURRENT ASSETS			
Inventories	8	11,425	8,853
Trade and other receivables	9	69,645	58,004
Gross amounts due from customers under construction contracts	15	30,991	29,805
Loans and advances	7	19,370	12,926
Cash and cash equivalents	10	2,939	856
TOTAL CURRENT ASSETS		134,370	110,444
TOTAL ASSETS		183,125	164,043
EQUITY			
Issued share capital	11	21,776	21,776
Reserves	11	28,709	28,709
Retained earnings		2,464	1,907
TOTAL EQUITY		52,949	52,392
NON-CURRENT LIABILITIES			
Loans	12	8,926	6,725
Finance lease	13	59	87
Finance liability on preferred shares	11.2	2,271	2,619
Long-term employee benefits		368	368
TOTAL NON-CURRENT LIABILITIES		11,624	9,799
CURRENT LIABILITIES			
Trade and other payables	14	38,153	37,738
Gross amounts due to customers under construction contracts	15	3,185	2,494
Loans	12	75,320	59,684
Finance lease	13	57	78
Liabilities for corporate tax		50	50
Provisions		1,787	1,808
TOTAL CURRENT LIABILITIES		118,552	101,852
TOTAL EQUITY AND LIABILITIES		183,125	164,043

**INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2014**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Note	Period ended 31.06.2014	Period ended 31.06.2013
Revenue	15	34,753	39,317
Investment revenue	16	545	1,041
Changes in inventories of finished goods and work in progress	8	152	276
Materials and consumables used	17	(8,531)	(12,992)
Hired services	18	(9,703)	(8,472)
Employee benefits expenses	19	(13,783)	(14,301)
Depreciation and amortization expenses	4, 5	(731)	(821)
Other expenses	20	(1,844)	(1,837)
Other gains, net	21	4,252	1,506
Finance costs	22	(4,553)	(3,703)
Profit before tax		557	14
Income tax benefit / (expense)	23	-	-
Net profit for the year		557	14
Other comprehensive income for the year		-	-
Total comprehensive income for the year		557	14
Basic and diluted earnings per share	24	0.05	0.00

**INTERIM SEPARATE CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2014**

All amounts are in thousand Bulgarian Levs, except otherwise stated

	Period ended 31.06.2014	Period ended 31.06.2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	28,302	39,252
Receipts from cession of ESCO contracts	174	1,116
Payments to suppliers	(27,199)	(29,063)
Payments to employees	(10,179)	(8,630)
Profit tax paid	-	-
Payments for other taxes	(497)	(453)
Other cash flows from operating activities	(57)	618
CASH FLOWS USED IN OPERATING ACTIVITIES, NET	(9,456)	2,840
CASH FLOWS FROM INVESTING ACITIVIES		
Purchase for property, plant and equipment	(56)	(569)
Proceeds from sale of property, plant and equipment and intangible assets	-	217
Proceeds from cession receivables		
Payment of cession obligations	(75)	(904)
Loans granted	(2,662)	(2,359)

Proceeds from loan repayment	617	2,442
Purchase of investments and increase in share capital of subsidiaries	(12)	(5)
Dividends received	146	10
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES, NET	<u>(2,042)</u>	<u>(1,168)</u>
CASH FLOWS FROM FINANCING ACITIVIES		
Proceeds from borrowings	30,750	11,935
Repayments of borrowings	(12,917)	(11,031)
Payments under lease agreements	(62)	(130)
Interest paid	(2,014)	(2,273)
Dividends paid on preferred shares	(676)	
Paid bank fees, mortgages and guarantees	(1,500)	(794)
Other cash flows from financing activities	(79)	(79)
CASH FLOWS FROM FINANCING ACTIVITIES, NET	<u>13,502</u>	<u>(2,372)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,004	(700)
CASH AT THE BEGINNING OF THE PERIOD (NOTE 10)	<u>856</u>	<u>1,822</u>
CASH AT THE END OF THE PERIOD (NOTE 10)	<u>2,860</u>	<u>1,122</u>
Restricted cash (Note 10)	<u>79</u>	<u>79</u>
TOTAL CASH IN THE SEPARATE STATEMENT OF FINANCIAL POSITION (NOTE 10)	<u>2,939</u>	<u>1,201</u>

Principal risks and uncertainties facing the Company during the period under review

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

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

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

Impact of the Global Economic Crisis

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

Sector Risk

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

- Shrinking of the construction market;
- Termination of contracts already signed;
- Freezing of construction works of already started contracts;

- Stronger competition in all market segments;
- Lowering prices to dumped levels.

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

- strict compliance with the contracts concluded with financial institutions to exclude the possibility to early payment requests;
- limited investments in projects outside the main focus of the Company;
- cost optimization and investment program review;
- speeding up the collection of receivables as well as their categorization for risk assessment and finding effective tolls for collection;
- insurance of the financial risks for significant receivables;
- establishment of relationships with affluent investors only (such as government institutions, municipalities, companies working on projects secured by government guarantees);
- if long-term receivables occur, searching for a form of their restructuring into long-term debt and securing them with appropriate assets;
- with regard to the implementation of certain energy projects and energy-efficient operations, searching for options for EU- and other financing programs.

Currency Risk

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

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

Credit Risk

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

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

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

The Company has no significant concentration of credit risk. Its policy is that payments are made within the terms specified in the contracts for the execution of construction and assembly works. The collection and concentration of receivables is monitored currently, according to the established policy of the Company. For that purpose, a daily review is made by the financial and

accounting department to monitor by clients and by received payments, followed by an analysis of the unpaid amount and the condition of the client.

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

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

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

Liquidity Risk

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

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

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

Other information

On 19 June 2014, Enemona AD publicly disclosed its Audited Separate Financial Statements for the year ended December 31,

Transactions with related parties

During the period, the Issuer has not signed any transactions with related parties

APPENDIX №1 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE SECOND QUARTER OF 2014

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING THE FIRST QUARTER OF 2014 (April 1 –June 30)

Date	Event
19-06-2014	Enemona AD publicly disclosed its Audited Separate Financial Statements for the year ended December 31

APPENDIX №2 TO THE INTERIM REPORT ON THE ACTIVITY OF ENEMONA AD FOR THE FIRST QUARTER OF 2014

IMPORTANT EVENTS FOR ENEMONA AD, WHICH TOOK PLACE DURING 2014

Date	Event
10-01-2014	Enemona AD publicly disclosed Minutes of the session of the General Meeting of the Owners of Warrants of Enemona AD
15-01-2014	Enemona AD published Information disclosure regarding the sale of shares of a subsidiary
15-01-2014	Enemona AD publicly disclosed information regarding Investors' Bulletin
05-02-2014	Enemona AD publicly disclosed its Separate Financial Statements for Q4 of 2013
07-02-2014	Enemona AD discloses information regarding the appointment of a new Investor Relations Director

28-02-2014	Enemona AD discloses information regarding the partial dividend payment for 2012
04-03-2014	Enemona AD publicly discloses information regarding new signed contract the value which exceeds 10 % of the average company's income on a nonconsolidated basis for the last three years
05-03-2014	Enemona AD publicly disclosed its Consolidated Financial Statements for Q4 of 2013
05-03-2014	Enemona AD published Investors' Bulletin for February 2014
19-06-2014	Enemona AD publicly disclosed its Audited Separate Financial Statements for the year ended December 31

Date: September 08, 2014

On behalf of the Management of Enemona AD:



Dichko Prokopiev Prokopiev
Chief Executive Director