Eurohold Bulgaria AD

INTERIM MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January – 30 September 2014

CONTENTS

Further information on:
About Us
Structure
Corporate Governance
Information for investors
Communications and Media

you can find on:

www.eurohold.bg

INTERIM MANAGEMENT REPORT

containing information on important events occurred in the first nine months of 2014 and cumulatively from the beginning of the current year

in accordance with Art. 100o, para. 4, item 2 of the POSA

Financial performance (Stand alone base)

As of 30 September 2014 the financial result of Eurohold Bulgaria AD on stand alone base is a profit in amount of BGN 2,944 thousand compared to a loss in amount of BGN 1,699 thousand for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 7,351 thousand, of which revenues from dividends in amount of BGN 223 thousand, from financial operations – BGN 6,016 thousand and interest income in amount of BGN 1,112 thousand. For comparison, as of the end of September 2013 the total revenues amounted to BGN 2,510 thousand.

The company slightly increased the operating expenses – from BGN 4,261 thousand as of 30.09.2013 to BGN 4,413 thousand for the current period. The interest expenses increased by 9.3 per cent compared to the same period in 2013, mainly due to the increased borrowings from related parties. As of 30 September 2014 the interest expenses to banks and other financial institutions decreased by BGN 251 thousand to BGN 2,061 thousand compared to the previous period, while the accrued interest to related and other parties was in amount of BGN 1,486 thousand increasing by BGN 553 thousand. The increase in interest expenses to subsidiaries was due to the accumulation of a large part of the free cash flow of subsidiaries in the parent company.

As of the end of third quarter of 2014 the company's assets amounted to BGN 351,949 thousand compared to BGN 335,761 thousand as of the end of 2013. As of 30 September 2014 the equity amounted to BGN 275,430 thousand while as of 31 December 2013 the equity amounted to BGN 272,486 thousand.

During the reporting period the company's liabilities increased by BGN 13,244 thousand and amounted to BGN 76,519 thousand compared to BGN 63,275 thousand at 31 December 2013. As of the end of the reported period the non-current liabilities amounted to BGN 70,212 thousand compared to BGN 56,225 thousand at the end of 2013 as the growth of non-current liabilities are due to the increased long-term related parties liabilities with BGN 11,426 thousand. The amount of current liabilities was BGN 6,307 thousand compared to the end of 2013 when amounted to BGN 7,050 thousand or a decrease in current indebtedness by BGN 743 thousand. The decrease in current liabilities is mainly due to the repaid payables to financial and non-financial institutions. The loans from financial and non-financial institutions was distributed accordingly depending on the term of repayment as current and non-current liabilities. As of 30 September 2014 the total debt amounted to BGN 27,401 thousand compared to BGN 25,597 thousand at the end of 2013.

INFLUENCE OF THE IMPORTANT EVENTS ON FINANCIAL STATEMENTS AS OF 30 September 2014

During the reporting period have no any important events that could affect results in the financial statements.

DESCRIBTION OF THE KEY RISK FACTORS

1. Systematic risks

Influence of the global economic and financial crisis

The global financial crisis, which started in 2007, led in many countries (including the US, EU countries, Russia, and Japan) to a slowdown of economic growth and an increase in unemployment, limited access to sources of financing and a significant devaluation of financial assets worldwide. The financial crisis also caused significant disturbances on the global financial market which led to reduced confidence on financial markets and, thus, difficulties of entities in the financial sector with maintaining liquidity and raising financing.

Also, the crisis on the global financial market may affect the non banking financial services sector and the sale of the range of products and services by the Group, particularly driven by the possible further decrease in unemployment and drop in disposable incomes. Deterioration in the regional financial system and markets coupled with corresponding low consumer consumption rates could seriously lower sales across all divisions of the Group and thus may also adversely affect the Group’s outlook, results and financial situation.

Risks related to the general macroeconomic, political and social situation, and government policy

The macroeconomic situation and the growth rate in the Balkans (Bulgaria, Romania, Macedonia and Serbia) are of key importance to the development of the Group, as well as government policy, particularly the regulatory policy and the decisions taken by the respective National Banks affecting such external factors as money supply, interest rates and exchange rates, taxes, GDP, inflation rate, budget deficit and foreign debt, and unemployment rate and income structure.

Changes in the demographic structure, mortality or morbidity rate are also important elements affecting the Group’s development. The above external factors, as well as other unfavorable political, military or diplomatic developments leading to social instability may lead to a curb on higher-level consumer expenditures, including limitation of funds allocated for insurance coverage, car buying and leasing.

Political risk

This is the risk arising from political processes in the country - the risk of political instability, changes in government principles, legislation and economic policy. Political risk is directly related to the likelihood of unfavorable changes in the direction of governmental long-term policies. As a result there is a danger of adverse changes in the business climate.

Sovereign credit risk

The credit risk relates to the possibility for worsening of the international credit ratings of Bulgaria, Romania, Macedonia and Serbia. The low credit ratings may lead to higher interest rates and more restrictive financing conditions for business enterprises, including for the Company.

As of June 2014, Standard & Poor's Ratings Services lowered its long- and short-term foreign and local currency sovereign credit ratings on the Republic of Bulgaria by one notch to 'BBB-/A-3' from 'BBB/A-2' with stable outlook. The Agency points out as main reason for the revision of the ratings the unstable political situation. According to it the present political environment continues to pose a challenge for the implementation of reforms needed to tackle deep-rooted institutional and economic problems and impedes growth. As a key indicator for insufficient growth is mentioned real GDP growth which according to the Agency averaged less than 1% in 2010-2013. The fiscal flexibility and low levels of deficit and government debt are indicated as strengths supporting the stable outlook and balancing the risks of political instability.

Inflation risk

Inflation risk is associated with the possibility inflation to adversely impact real returns. Inflation may affect the amount of expenses of the Issuer as a large part of the company's liabilities are interest bearing. Servicing them is related prevailing current interest rates, which reflect levels of inflation in the country. Therefore, low inflation rates in the countries of operation, is seen as a significant factor in the Company.

Currency risk

This risk is related to the possibility of devaluation of a local currency.

In the case of Bulgaria this is the risk of a premature collapse of the Monetary Board and the drastic change in corresponding fixed exchange rate of the national currency. The official government and central bank policy are expected to maintain the currency board country to the adoption of the euro area.

In Romania, Serbia and Macedonia the exchange rates are determined by free market forces and rare interventions by central banks are driven primarily by sharp market movements in FX rates, caused by one-time extrinsic factors.

Any significant devaluation of currencies in the region (Bulgaria, Romania, Macedonia and Serbian) can have a significant adverse effect on businesses in the country, including that of the Company. Risks exist when revenues and expenditures of a firm are derived in different currencies.

Interest rate risk

Interest rate risk is related to the possibility of changes in the prevailing interest rates in a country. Its impact is most obvious on the Net Income of a firm, as in cases of increases in underlying interest rates, should the firm fund itself with leverage. Interest rate risks are part of general macro-economic risks, as it is most likely driven by instability and perceived risk in the overall financial system. This risk is best handled through the balanced use of multiple sources of funding. A typical example of this risk is the ongoing global economic crisis, caused by capital shortage and liquidity squeeze in large mortgage lenders and financial institutions in the U.S. and Europe. As a result of the crisis, the required interest rate premium were re-evaluated and consequently dramatically increased globally. The effect of the crisis on Balkans is very tangible and has hampered access to leverage.

Increases in general interest rate levels, ceteris paribus, would impact the cost of leverage used by the company in its business development efforts. In parallel, such changes could adversely impact the expenses of the Firm, as a large portion of the Firm's financial liabilities are interest bearing and have a floating interest rate component.

2. Unsystematic risks

Risk relating to the business operations of the Company

EuroHold Bulgaria AD is a holding company and any deterioration in the operating results, financial position and growth prospects of its subsidiaries may adversely affect financial position of the Company.

The Company is involved in managing assets and other companies and thus cannot be specifically attributed to being exposed to one particular industry segment. Broadly, the Company is focused on the industry segment – (1) non-banking financial service (leasing, insurance, asset management, brokerage and financial intermediation) and (2) new car sales and services. The main risk facing EuroHold is the possibility of decreasing revenue across business segments. This could possibly impact the dividends received. Correspondingly, this could have a negative effect on consolidated revenue growth and respectively return on equity.

The largest business risk comes from the largest business segment of the Company – namely the general insurance operations, as the subsidiaries operating in Bulgaria, Romania and Macedonia bring a very significant portion of the Firm's overall revenues.

The activities of all subsidiaries of the Company are adversely affected by continued increases in market prices of fuel and electricity that are subject to international supply and demand and are determined by factors far beyond the Firm's control.

The largest business risk comes from the largest business segment of the Company – namely the general insurance operations, as the subsidiaries operating in Bulgaria, Romania and Macedonia bring a very significant portion of the Firm's overall revenues.

The major risks in the leasing business stem from the needs of the regional leasing subsidiaries to raise sufficient leverage at favorable interest rates, which in turn leaves them room to grow and provides proper interest margins that drive profitability. The leading leasing subsidiary is EuroLease Auto which is the Bulgarian operating company. As such it has issued several tranches of public bonds traded on the Bulgarian Stock

Exchange (BSE) and thus has publicly disclosed a lot of information, including certain risk considerations.

Eurohold's Brokerage and Asset management arm is Euro-Finance AD. The risks associated with financial intermediation, brokerage and asset management relate to the overall general financial markets condition and the inherent volatility, along with the investment awareness and activeness of the general audience.

The car-sales segment which is present only in Bulgaria and is hosted under the umbrella of Avto Union AD is active in new car sales and also provides after-sales services to customers. Along with that, it provides rent-a-car services under short and long-term operating lease contracts. The ability to sell certain brands is a result of having a valid license issued by the OEMs to market and sell a given brand on the local market. Should such licenses and agreement be revoked, the impact on sales and the financial position of the company could be materially negative. This is particularly important, given the ongoing global restructuring and repositioning of car brands and manufacturers. The business environment in the automotive industry could be dramatically impacted by purely internal drivers related to general purchasing power, access to lease-financing, general business sentiment, inventory levels, etc.

Deterioration in the performance of one or more subsidiaries could lead to a deterioration of the results on a consolidated basis. This in turn, is related to the price of the Company's shares as equity markets reflect the business potential and total net assets of the Group as a whole.

Strategic development risks

Future earnings and market value of the company depend on the strategy chosen by the senior management team of the company and its subsidiaries. Choosing the wrong strategy could lead to significant losses.

Eurohold seeks to manage the risk of strategic errors by continuous monitoring of various stages in the implementation of its marketing strategy and financial performance. It is absolutely crucial to be able to respond quickly if a sudden change is needed at some stage in the strategic development plan. Untimely or inappropriate changes in strategy may also have a significant negative impact on the Company's operating results and financial position.

Risks related to the management of the company

The following risks are related to the management of the company:

- Poor investment management and liquidity management decisions by either top management or other senior employees;
- Inability to launch and execute new projects under development;
- Possible information system errors;
- Possible external control failures;
- Departure of key employees and inability to retain and hire qualified personnel;
- Possible jump in SG&A expense, leading to shrinkage in overall margins and profitability levels.

Financial risk

Financial risk is the additional level of risk and uncertainty. This level of financial uncertainty adds an extra layer of risk business. When a part of the capital which a company uses to finance its development is borrowed, the company has taken on predictable and/or fixed financial obligations for periodic payments.

The larger the proportion of long-term indebtedness to equity, the greater will be the probability of default in the payment of future financial obligations. An increase in this proportion (leverage ratio) implies an increase in overall financial risk. Another group of indicators are related to the flow of revenues through which the payment of the company's obligations is possible. Another indicators is the so called debt-service coverage ratio, which is an indication of the free cash flow before interest and taxes, which in turn can be used to repay and service the currently due interest components of debt. This ratio is a good indicator of a firm's ability to service its financial liabilities.

Acceptable or "normal" level of financial risk is generally highly dependent on the business risk. In a low business risk environment, investors should generally be willing to take higher levels of financial risk.

Currency risk

EuroHold operates in several Balkan countries (Bulgaria, Romania, Macedonia and Serbia), as the national currency of each of the countries, except Bulgaria, is a freely convertible currency, whose value relative to other currencies is determined by free markets forces. In Bulgaria, since 1996 the local currency has been pegged to the EURO. Abrupt change in macro-framework of any of the countries, where the Company actively pursues business opportunities, may have a negative effect on its consolidated results. Ultimately, however, EuroHold reports consolidated Financial Results in Bulgaria in Bulgarian leva (BGN), which in turn is pegged to the Euro, which also changes its value against other global currencies, but is significantly less exposed to dramatic price fluctuations.

Liquidity Risk

Liquidity risk is linked to the ability of the Company to service its maturing financial liabilities fully and on time. Low financial indebtedness and capitalization alone do not guarantee uninterrupted debt servicing capacity. Liquidity risks can also arise from a substantial delay in customer payment of amounts due.

EuroHold aims to manage this risk through an optimal allocation of internal resources on a consolidated basis. The Group seeks adequate liquidity levels in order to meet liabilities coming due, both under normal and unexpected market conditions, in a way that minimizes bearing of extra costs or losses, and that takes away reputation risk from non-payment of obligations due.

All subsidiaries exercise proper financial planning and forecasting, taking into account amounts due within the next 90 days, including servicing of financial liabilities. This format of detailed planning minimizes or even completely eliminates the effects of unexpected events happening.

Company's senior management endorses use of financial leverage by the subsidiaries to the extent it is used for new business development or as working capital facilities. The level of such borrowed money is strictly controlled and is kept within pre-approved limits, after careful consideration of the needs of the specific business segment and the economic effect of such leverage. The general policy of EuroHold is to raise capital in the form of debt and equity financing on a centralized basis and then distribute it to the respective subsidiaries either in form of equity or debt.

Risk related to the possible transactions between companies in the group with terms different from the market terms as well as related to the dependence on the group activity

The relations with the related parties arise from contract for temporary financial aid to the subsidiary companies and regarding transactions related to the normal business activity of the subsidiary companies.

The risk from the possible transactions between the companies in the Group under terms that are different from the market terms is a risk from achieving low profitability from the provided inter-group financing. Another risk which can be taken in inter-group transactions is failing to realize enough revenues and therefore good profit for the relevant company. On a consolidated level this can reflect negatively on the profitability of the whole group.

Transactions between the parent company and the subsidiary companies are constantly done inside the Holding which arise from their normal activity. All transactions with related parties are conducted under terms that are no different from the normal market prices, complying with IAS 24.

Eurohold Bulgaria AD operates through its subsidiary companies which means that its financial results are directly dependant on the financial results, the developments and the perspectives of the subsidiary companies. One of the main objectives of Eurohold Bulgaria AD is to realize significant synergies between its subsidiary companies due to the integration of the three business lines – insurance, leasing and car sales. Bad results of one or several subsidiary companies could lead to worsening of the consolidated financial results. This is related to the Issuer’s share price which can change as a result of the expectations of the investors about the perspectives of the company.

RISK MANAGEMENT

The elements through which the Group manages risks, are directly related to specific procedures for prevention and solving any problems in the operations of EuroHold in due time. These include current analysis in the following directions:

- Market share, pricing policy and marketing researches for the development of the market and the market share;
- Active management of investments in different sectors;
- Comprehensive policy in asset and liabilities management aiming to optimize the structure, quality and return on assets;
- Optimization of the structure of raised funds aiming to ensure liquidity and decrease of financial expenses for the group;

- Effective management of cash flows;
- Administrative expenses optimization, management of hired services;
- Human resources management.

Upon occurrence of unexpected events, the incorrect evaluation of current market tendencies, as well as many other micro- and macroeconomic factors could impact the judgment of management. The single way to overcome this risk is work with experienced professionals, maintain and update of fully comprehensive database on development and trends in all markets of operation.

The Group has implemented an integrated risk management system based on the Enterprise Risk Management model. The risk management process covers all the Group's organizational levels and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk through proper selection and active monitoring of the insurance portfolio, matching the duration of asset and liabilities as well as minimizing F/X exposure. An effective risk management system allows the Group to maintain stability and a strong financial position despite the ongoing crisis on the global financial markets.

Risk management in the Group aims to:

- identify potential events that could impact the Group's operations in terms of achieving business objectives and achievement related risks;
- manage risk so that the risk level complies with the risk appetite specified and accepted by the Group;
- ensure that the Group's objectives are attained with a lower than expected risk level.

Date: 29 October 2014

Asen Minchev,

Executive Member of the Management Board

Eurohold Bulgaria AD
Statement of profit or lost and other comprehensive income
For the period ended September 30, 2014

	Notes	30.9.2014 BGN '000	30.9.2013 BGN '000
Revenue from operating activities			
Dividend income	*3*	223	-
Gains from financial activities	*4*	6,016	1,982
Interest income	*5*	1,112	528
		7,351	**2,510**
Expenses on operating activities			
Interest expenses	*6*	(3,547)	(3,245)
Losses on financial activities	*7*	(121)	(120)
Salaries and related expenses		(229)	(224)
Depreciation		(9)	(10)
Hired services and other expenses	*8*	(507)	(662)
		(4,413)	**(4,261)**
Profit from operating activities		**2,938**	**(1,751)**
Other revenue		6	52
Profit before tax		**2,944**	**(1,699)**
Tax expenses		-	-
Profit after tax		**2,944**	**(1,699)**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation of investments in subsidiaries		**-**	**-**
Total comprehensive income for the period		**2,944**	**(1,699)**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

10/27/2014

These financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD. The accompaning notes to the interim financial statements form an integral part of these statements.

Eurohold Bulgaria AD
Statement of financial position
As at September 30, 2014

	Notes	30.9.2014 BGN '000	31.12.2013 BGN '000
ASSETS			
Non-current assets			
Machinery and equipment	*9*	19	28
Trade and other receivables	*10*	9,784	9,784
		9,803	**9,812**
Investments			
Investments in subsidiaries, associated and other companies	*11*	**319,728**	**319,311**
Current assets			
Trade receivbles	*12*	33	35
Receivables from related paries	*13*	21,766	6,055
Other current receivables	*14*	588	461
Cash and cash equivalents	*15*	31	87
		22,418	**6,638**
TOTAL ASSETS		**351,949**	**335,761**

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Eurohold Bulgaria AD
Statement of financial position (continued)
As at September 30, 2014

	Notes	30.9.2014 BGN '000	31.12.2013 BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	16	127,345	127,345
Share premium		38,714	38,714
General reserves		7,641	7,641
Retained earnings		98,786	99,553
Profit for the period		2,944	(767)
Total equity		**275,430**	**272,486**
Non-current liabilities			
Borrowings	17	25,361	23,006
Related parties liabilities	18	32,528	21,102
Other non-current liabilities	19	12,323	12,117
		70,212	**56,225**
Current liabilities			
Borrowings	20	2,040	2,591
Trade payables	21	963	821
Related parties liabilities	22	753	2,376
Other current liabilities	23	2,551	1,262
		6,307	**7,050**
Total liabilities		**76,519**	**63,275**
TOTAL EQUITY AND LIABILITIES		**351,949**	**335,761**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

10/27/2014

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Eurohold Bulgaria AD
Statement of cash flows
For the period ended September 30, 2014

	Notes	30.9.2014 BGN '000	30.9.2013 BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,944**	**(1,699)**
Adjusted for:			
Depreciation		9	10
Interest income	*5*	(1,112)	(528)
Interest expenses	*6*	3,547	3,245
Dividend income	*3*	(223)	-
Gains from sale of investments		(6,016)	(1,982)
Adjustments in working capital:			
Change in trade and other receivables		15,836	706
Change in trade and other payables		(15,961)	(158)
Net cash flows from operating activities		**(976)**	**(406)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(3,173)	(91)
Receipts from the sale of investments		9,549	1,678
Net cash used by investing activities		223	24
		6,599	**1,611**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares			
Proceeds from loans		27,300	29,561
Repayments of loans		(30,661)	(29,849)
Interest and commissions paid, net		(2,318)	(872)
Other cash receipts/ payments from financing activities		-	-
Net cash generated/(used) by financing activities		**(5,679)**	**(1,160)**
Net increase/(decrease) in cash and cash equivalents		**(56)**	**45**
Cash and cash equivalents at the beginning of the period	*15*	87	50
Cash and cash equivalents at the end of the period	*15*	**31**	**95**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

10/27/2014

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Eurohold Bulgaria AD
Statement of changes in equity
For the period ended September 30, 2014

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Revaluation reserve BGN '000	Retained earnings BGN '000	Total Equity BGN '000
Balance as at 1 January 2013	**127,345**	**7,641**	**38,714**	**1,224**	**99,553**	**274,477**
Profit for the period	-	-	-	-	(767)	**(767)**
Other comprehensive income for the period	-	-	-	(1,224)	-	**(1,224)**
Balance as at 31 December 2013	**127,345**	**7,641**	**38,714**	**-**	**98,786**	**272,486**
Balance as at 1 January 2014	**127,345**	**7,641**	**38,714**	**-**	**98,786**	**272,486**
Profit for the period	-	-	-	-	2,944	**2,944**
Other comprehensive income for the period	-	-	-	-	-	**-**
Balance as at 30 September 2014	**127,345**	**7,641**	**38,714**	**-**	**101,730**	**275,430**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

10/27/2014

These financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD. The accompaning notes to the interim financial statements form an integral part of these statements.

Notes to the Non-consolidated Interim Financial Statements for Q3.2014

Founded in 1996, Eurohold Bulgaria AD operates in Bulgaria, Romania and Macedonia. The company is owner of a large number of subsidiaries within the sectors of insurance, financial services and car sales.

1. INFORMATION ABOUT THE GROUP

Eurohold Bulgaria AD is a public joint stock company established pursuant to the provisions of article 122 of the Law for Public Offering of Securities and article 261 of the Commerce Act. The company is registered in the Sofia City Court under corporate file 14436/2006 and is formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court.

Eurohold Bulgaria has its seat and registered address in the city of Sofia, Izgrev Region, 16 G.M. Dimitrov Blvd., EIK 175187337.
Since 21st of January, 2010, the new registered address of Eurohold Bulgaria AD is: City of Sofia, 43 Hristofor Kolumb Blvd.

The governing bodies of the company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the management board.

1.1 Scope of Activities

The scope of activities of Eurohold Bulgaria AD is: acquisition, management, assessment and sales of participations in Bulgarian and foreign companies, acquisition, management and sales of bonds, acquisition, assessment and sales of patents, granting patent use licenses to companies in which the company participates, funding companies, in which the company participates.

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The financial statements of Eurohold Bulgaria AD are prepared in compliance with the Accounting Act and all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the Standing Interpretation Committee (SIC), interpretations of the IFRS interpretation committee (IFRIC), which are effectively in force since 01 January 2009 and are adopted by the Commission of the European Union.

The company has considered all standards and interpretations applicable to its activity as at the date of preparation of the present financial statement.

The separate financial statement is drafted in compliance with the historic cost principle, excluding those financial instruments and financial liabilities, which are measured at fair value.

2.2 Comparative Data

Eurohold Bulgaria AD presents comparative information for a single previous period.

2.3 Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the group. Data presented in the statement and the attachments thereto are in thousand BGN (000'BGN). Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1, 95583 for EUR 1.

Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the year.

2.4 Accounting Assumptions and Accounting Estimates

Upon preparing the financial statement in compliance with IAS, the management is required to apply approximate estimates and assumptions, which affect the reported assets and liabilities, and the disclosure of the contingent assets and liabilities as at the date of the balance sheet. Despite the estimates are based on the management's knowledge of current developments, the actual results may vary from the estimates used.

2.5 Income

The Company's income is recognized on the accrual basis and to the extent economic benefits are obtained by the Company and as far as the incomes may be reliably measured.

Upon sales of goods incomes are recognized when all material risks and benefits from the title of goods are transferred to the buyer.

Upon provision of services, incomes are recognized considering the stage of completion of the transaction as at the date of the balance sheet, if such stage may be reliably measured, as well as the costs incurred for the transaction.

Dividend incomes are recognized upon certifying the right to obtain them.

Eurohold Bulgaria AD generates financial income mainly from the following activities:

- Income from operations with investments
- Income from dividends
- Income from loan interest granted to subsidiaries
- Income from Services

2.6 Expenses

Expenses are recognized at the time of occurrence thereof and on the accrual and comparability basis.

Administrative expenses are recognized as expenses incurred during the year, and are relevant to the management and administration of the company, including expenses that relate to the administrative staff, officers, office expenses, and other outsourcing.

Financial expenses include: expenses incurred in relation to investment operations, negative differences from financial instruments operations and currency operations, expenses on interest under granted bank loans and obligatory issues, as well as commissions.

Deferred expenses (prepaid expenses) are carried forward for recognition as current expenses for the period in which the contracts they pertain to are performed.

Other operating income and expenses include items of secondary character in relation to the main activity of the Company.

2.7 Interest

Interest income and expenses are recognized in the Statement of profit or lost and other comprehensive income using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted subsequently.

The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well s discounts or premiums, which are an integral part of the effective interest rate. Transaction costs are the inherent costs directly attributable to the financial asset or liability acquisition, issue or derecognition.

The interest income and expenses stated in the Statement of profit or lost and other comprehensive income include interest recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value.

2.8 Fees and Commissions

Fees and commissions costs, which are an integral part of the effective interest rate for a financial asset or liability, are included in the calculation of the effective interest rate.

Other fees and commissions incomes, including logistic services fees, insurance and other intermediation fees, are recognized upon providing the respective services.

The other fees and commissions costs relevant mainly to banking services are recognized upon receipt of the respective services.

2.9 Types of Activities

As a holding company with a main activity of acquisition and management of subsidiaries, Eurohold Bulgaria AD performs mainly financial activities.

The companies within the issuer's portfolio operate on the following markets: insurance and health insurance, leasing, finance, automobile and real estate.

Insurance and Health Insurance line:
- Insurance services
- Health insurance services

Leasing line:
- Leasing services
- Car rentals

- **Financial line:**
  - Investment intermediation

Automobile line:
- Sales of new cars
- Car repairs

2.10 Business Combinations and Goodwill

Business combinations are reported by using the purchase method. This method requires the assignee to recognize, on the date of acquisition, the acquired differentiated assets, undertaken liabilities and participation, which is not controlling the acquired entity, separately from the goodwill.
Any costs directly pertaining to the acquisition are reported in the statement of profit or loss and other comprehensive income for the period.
Differentiated acquired assets and undertaken liabilities and contingent obligations within a business combination are measured at fair value on the date of acquisition, regardless of the extent of non-controlled participation.

The company is able to measure participations, which are not controlling for the acquired entity, either at fair value, or as proportional share in the differentiated net assets of the acquired entity.The acquisition cost in excess of the share of assignee in the net fair value of differentiated assets, liabilities and contingent obligations of acquisitions, is reported as goodwill. In case the acquisition cost is less than the investor share in the fair values of the company's net assets, the difference is recognized directly in the statement of profit or lost and other comprehensive income.

2.11 Taxes

Income Tax

The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of the effective tax rate or the tax rate applicable on the day of preparation of the balance sheet and all adjustments of due tax for previous years.

The company calculates the income tax in compliance with the applicable legislation. The income tax is calculated on the basis of taxable profit after adjustments of the financial result in accordance with the Corporate Income Tax Act.

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2014 is 10% of the taxable profit.

Deferred Tax

Deferred tax is calculated using the balance sheet method for all temporary differences between the net book value as per the financial statements and the amounts used for taxation purposes.

The deferred tax is calculated on the basis of the tax rate that is expected to be effective upon the realization of the asset or the settlement of the liability.

The effect from changes in the tax rates on the deferred tax is reported in the income statement, except in cases when it concerns amounts, which are earlier accrued or reported directly in equity.

Based on IAS 12, Income Taxes, the Company recognizes only the portion of a current tax asset or liability from the acquisition or sale of financial instruments for which the Company expects to

realize a reverse benefit in the foreseeable future, or does not control the timing of the reverse benefit. The Company's policy applies equally to each class of financial instruments.

VAT

Eurohold Bulgaria AD has a VAT registration and charges 20% tax upon delivery of services.

Withholding tax

Pursuant to the Corporate Income Tax Act, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria.

Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before tax rate or applicable tax rate on the day of expiration of the tax payment term.

2.12. Fixed Assets

2.12.1 Fixed Tangible Assets

Fixed tangible assets are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.
The company has fixed the 2014 value capitalization threshold to BGN 700, under which acquired assets, regardless if they have the characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

Initial Acquisition

Fixed tangible assets are initially measured:

- at acquisition cost, which includes: purchase price (including duties and nonrefundable taxes), all direct costs for bringing the asset into working condition according to its purpose – for assets acquired from external sources;

- at fair value: for assets obtained as a result of a charitable transaction;

- at evaluation: approved by the court and all direct costs for bringing the asset into working condition according to its purpose – for assets acquired as a contribution of physical assets.

Borrowing costs directly related to acquisition, construction or production of eligible assets are included in the acquisition cost (cost) of this asset. All other borrowing costs are reported on current basis in the profit or loss for the period.

Further Measurement

Further costs for repairs and maintenance are accounted in statement of financial position when the same criteria as at initial recognition are in place.

Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is reported as profit or loss in the statement of profit or lost and other comprehensive income, in "Other Incomes" item.

Fixed tangible assets are derecognized from the balance sheet upon sale or when the asset is finally decommissioned and no further economic benefits are expected after derecognition.

2.12.2 Amortization Methods

The company applies the straight-line method of depreciation/amortization. Depreciation/Amortization of assets begins from the month following the month of acquisition thereof. Land and assets in process of construction are not depreciated.

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

The estimated useful lives by groups of assets are as follows:

Buildings	25 years
Machinery and equipment	3–10 years
Vehicles	4–6 years
Fixtures and fittings	3–8 years
Computers	2–3 years

2.12.3 Impairment

Net book values of fixed tangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets.

Impairment losses are recognized as expense in the statement of profit or lost and other comprehensive income during the year of occurrence thereof.

2.12.4 Fixed Intangible Assets

Intangible assets are presented in the financial statement at cost, less the accumulated amortization and possible impairment losses.

The company applies the straight-line method of amortization of intangible assets at expected useful lives of 5-7 years.

Net book value of intangible assets is subject to review for impairment, when events or changes in circumstances have occurred, which evidence that their net book value might exceed their recoverable value.

2.12.5 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or use in supply of services or for administrative purposes.

Investment property is measured at fair value.

2.12.6 Goodwill

After initial recognition, goodwill is accounted at acquisition cost, less accumulated impairment losses.

Goodwill is reviewed for impairment on annual basis. The impairment loss of goodwill is not subject to recovery in future periods.

2.13 Employment Benefits

Annual Paid Leave

The Company recognizes the undiscounted amount of estimated costs relevant to annual leaves that are expected to be paid against the employees' service for the ended period as a liability.

2.14 Financial Assets

2.14.1 Investments in Financial Assets

Investments in subsidiaries are measured at costs in the separate statement of the parent-company.

The companies in which the company holds between 20% and 50% of the voting rights and may significantly affect, but not perform control functions, are considered associated companies.

Investments in associated companies are reported by using the equity method. By using the equity method, the investment in the associated company is carried in the statement of financial position at acquisition cost, plus the changes in the share in the net assets of the associated entity after the acquisition. The goodwill related to the associated entity is included in the net book value of the investment and is not amortized.

Conditional Remuneration

The remuneration that the acquirer transfers to the acquiree in exchange for a company includes any asset or liability arising from the arrangement under consideration. The acquirer shall recognize the fair value of the contingent consideration at the acquisition date as part of the consideration transferred to the acquiree in exchange for the company. The acquirer shall classify an obligation to pay the remuneration condition as a liability or as own equity on the basis of the definitions of an equity instrument and financial liability in paragraph 11 of IAS 32, Financial Instruments: presentation and other applicable IFRS regulations.

The acquirer shall classify as an asset the right to return the previously transferred consideration, if specified conditions are met. Paragraph 58 provides guidance on subsequent accounting for conditional remuneration.

2.14.2 Investments in Financial Instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value in the profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or derivatives defined as hedging instruments in effective hedge, where appropriate. The company classifies its financial instruments at their initial recognition.

Financial assets include cash and short-term deposits, trade and other receivables, financial instruments and financial instrument derivatives quoted and unquoted on the stock exchange.

Financial Assets at Fair Value in Profit or Loss

Financial assets at fair value in profit or loss include financial assets held for trading and those designated at fair value at inception. Financial assets, which are usually acquired for the purposes of selling in the near term, are classified as held for trading.

Investments Held-to-Maturity

Investments held-to-maturity are financial assets, which are non-derivative and have fixed or determinable payments and fixed maturity, that the company has the positive intention and ability to hold to maturity. Initially, these investments are recognized at acquisition cost, which includes the amount of consideration paid for acquisition of the investment. All transaction costs directly related to the acquisition are also included in the acquisition cost. After the initial measurement, held-to-maturity investments are carried at amortized cost by using the method of the effective interest rate. Gains and losses from held-to-maturity investments are recognized in the statement of profit or lost and other comprehensive income when the investment is derecognized or impaired.

Loans and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such financial assets are initially recognized at acquisition cost, which is the fair value paid for acquisition of financial assets. All directly attributable acquisition transaction costs are also included in the acquisition cost. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method. Gains and losses from loans and receivables are recognized in the statement of profit or lost and other comprehensive income when derecognized or impaired.

Financial Assets Available for Sale

Financial assets available for sale are non-derivative financial assets that are so classified and are not classified in any of the three categories listed above. Initially, these investments are presented at fair value. Subsequent to initial recognition, financial assets available for sale are measured at fair value. Unrealized gains and losses from fair value are carried in separate item of the other comprehensive income until the financial assets are not derecognized or are not defined as impaired. Upon derecognition or impairment, cumulative gains and losses previously recognized in equity, are recognized in the statement of profit or lost and other comprehensive income.

Derivative Financial Instruments

Derivative financial instruments are classified as held-for-trading, unless they are effective hedging instruments. All derivatives are carried as assets, when their fair values are positive and as liabilities when the fair values are negative.

2.15 Inventory

Materials and goods are measured at delivery cost. Their value includes the sum of all purchase expenses, as well as other expenses incurred in relation to the delivery thereof to their current location and condition.

2.16 Short-Term Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Impairment is estimated for the purposes of meeting the expected loss on the basis of separate measurement of individual arrangements.

2.17 Liability Provisions

Liability provisions include expected costs related to obligations under guarantees, restructuring, etc., as well as deferred tax assets.

2.18 Deferred Tax Liabilities

Current tax liabilities and current tax receivables are recognized in the statement of financial position as tax calculated on taxable income for the year adjusted for the tax on taxable income for previous years and paid taxes.

2.19 Equity

Equity is presented at its nominal value pursuant to the court decisions for its registration.

2.20 Liabilities

Financial liabilities are recognized during the loan period with the amount of gained proceeds, principal, less the transaction expenses. During subsequent periods financial liabilities are measured at amortized cost, equal to the capitalized value, when applying the effective interest rate method. In the statement of profit or lost and other comprehensive income, loan expenses are recognized during the loan term period.

Current liabilities, such as payables to suppliers, group and associated companies and other payables, are measured at amortized cost, which is usually equal to the nominal value.

2.21 Financial Risk Management

2.21.1 Factors Determining Financial Risk

In the implementation of its activity, the Company is exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from change of future cash flows due to a change in market interest rates. The overall risk management program emphasizes the unpredictability of financial markets and is aimed at mitigating the possible adverse effects on the Company's financial result.

The Company is exposed to currency risk through payments in foreign currency and through its assets and liabilities, which are denominated in foreign currency.

Currency Risk

As a result of foreign currency exposures, gains and losses occur, which are carried in the statement of profit or lost and other comprehensive income. These exposures include the cash assets of the Group, which are not denominated in the currency used in the local companies' financial statements.

Eurohold Bulgaria AD has no investments in other countries, except in the countries in which it operates – Bulgaria, Romania, Macedonia, and the Netherlands. In case the local currency is exposed to currency risk, it is managed through investments in assets denominated in Euro.

Interest Risk

The company is exposed to interest risk in relation to the used bank and trade loans as part of the loans obtained have floating interest rate agreed as basis interest (EURIBOR/LIBOR) increased with the respective allowance. In 2010, the floating interest rate loans are denominated in euro.
The interest rates are specified in the respective appendixes.

Credit Risk

Credit risk is mainly related to trade and financial receivables. The amounts stated in the statement of financial position are on net basis, excluding the provisions for doubtful receivables determined as such by the management on the basis of previous experience and current economic conditions.

Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions. The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding. The company's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

2.22 Measuring Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
In the principal market for the asset or liability,
or
In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets, such as investments in subsidiaries.

2.23 Cash Flows

The statement of cash flows shows the cash flows for the year in relation to operating, investment and financial activity during the year, the change in cash and cash equivalents for the year, cash and cash equivalents at the beginning and at the end of the year.

The operating cash flows are calculated as result for the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

Investment activity cash flows include payments in relation to purchase and sale of fixed assets and cash flows related to the purchase and sale of entities and operations. Purchase and sale of other securities which are not cash and cash equivalents are also included in the investment activity.

Financial activity cash flows include changes in the amount or composition of share capital and the related costs, the borrowings and the repayment of interest bearing loans, purchase, and sale of own shares and payment of dividends.

Cash and cash equivalents include bank overdraft, liquidity cash and securities for term less than three months.

3. Dividend income

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Euro-Finance AD	223	-
	223	**-**

4. Gains from financial activities

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Gains from sale of investments	6,016	1,982
	6,016	**1,982**

5. Interest income

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Interest income – from related party loans	591	2
Interest income – from third party loans	-	3
Interest income – from subordinated term loan	521	523
Interest income – from deposits	-	-
	1,112	**528**

6. Interest expense

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Interest expense – bank loans	2,061	2,312
Interest expense – from related party loans	733	682
Interest expense – from third party loans	753	251
	3,547	**3,245**

7. Losses on financial activities

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Losses on sale of investments	19	27
Other financial expenses	102	93
	121	**120**

8. Hired services and other expenses

	30.9.2014	30.9.2013
	BGN'000	*BGN'000*
Hired services expenses	458	619
Other expenses	49	43
	507	**662**

9. Property, plant and equipment

	Vehicles	Fixtures and fittings	Total
	BGN'000	*BGN'000*	*BGN'000*
Cost:			
At 1 January 2013	16	58	**74**
Additions	-	1	**1**
Disposals	-	-	**-**
At 31 December 2013	**16**	**59**	**75**
Additions	-	-	**-**
Disposals	-	-	**-**
At 30 September 2014	**16**	**59**	**75**
Depreciation:			
At 1 January 2013	2	33	**35**
Accrued depreciation	4	8	**12**
Written-off	-	-	**-**
At 31 December 2013	**6**	**41**	**47**
Accrued depreciation	3	6	**9**
Written-off	-	-	**-**
At 30 September 2014	**9**	**47**	**56**
Carrying value:			
At 1 January 2013	**14**	**25**	**39**
At 31 December 2013	**10**	**18**	**28**
At 30 September 2014	**7**	**12**	**19**

10. Trade and other receivables

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Trade and other receivables	5	5
Subordinated term loan granted	9,779	9,779
	9,784	**9,784**

The principal of subordinated term loan granted is 5,000,000 EUR, maturity date is 10/30/2019, and the rate of 7%. Interest payments thereof perform every six months.

11. Investments in subsidiaries, associates and other companies

11.1 Investments in subsidiaries

	Value as at 1.1.2014	Increase	Decrease	Value as at 30.9.2014	Share capital of the subsidiary	% control in the subsidiary
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Euroins Insurance Group AD	207,512	-	-	207,512	268,263	80.82%
Avto Union AD	66,775	-	-	66,775	40,004	99.99%
Euro-Finance AD	18,145	-	-	18,145	14,100	99.99%
Eurolease Group EAD	26,868	-	-	26,868	267,741	100.00%
	319,300	**-**	**-**	**319,300**		

11.2 Investments in associates

	Value as at 1.1.2014	Increase	Decrease	Value as at 30.9.2014
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Juliunica AD	1	-	-	1
	1	**-**	**-**	**1**

11.3 Investments in other companies

	Value as at 1.1.2014	Increase	Decrease	Value as at 30.9.2014
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Evrohold Imoti EAD	-	417	-	417
Sevko AD	9	-	-	9
Hebar AD	1	-	-	1
	10	**417**	**-**	**427**

12. Trade receivbles

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Trade receivbles	33	25
Tax receivables	-	10
	33	**35**

13. Receivables from related paries

13.1 Interest receivables

	30.9.2014 BGN'000	31.12.2013 BGN'000
Erolease Auto – Macedonia	-	21
Bulvaria Holding EAD	1	1
Euroins Insurance Group AD	441	14
	442	**36**

13.3 Other receivables

	30.9.2014 BGN'000	31.12.2013 BGN'000
Auto Italia EAD	10	18
Avto Union Service EOOD (Espas Auto EOOD)	125	82
Bulvaria Varna EOOD	66	22
Daru Car AD	100	23
Euroins - Health Insurance AD	1	1
Euroins AD	131	4
Euroins - Romania	39	-
Euroins Insurance Group AD	20,827	5,857
Eurolease Auto EAD	6	6
Star Motors EOOD	19	6
	21,324	**6,019**

14. Other current receivables

	30.9.2014 BGN'000	31.12.2013 BGN'000
Receivables from sale of investments	98	98
Interest receivables	75	75
Interest receivables on subordinated term loan	295	120
Deferred expenses	118	168
Other	2	-
	588	**461**

15. Cash and cash equivalents

	30.9.2014 BGN'000	31.12.2013 BGN'000
Cash at banks	16	26
Cash in hand	15	33
Short-term deposits	-	28
	31	**87**

16. Share capital

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Issued shares	127,345,000	127,345,000

All ordinary shares are fully paid.

The share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	50,05%	63,735,446	63,735,446
Dar Finance EOOD	19,94%	25,394,755	25,394,755
Other companies	25,55%	32,533,093	32,533,093
Other individuals	4,46%	5,681,706	5,681,706
	100.00%	**127,345,000**	**127,345,000**

17. Non-current borrowings

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Accession Mezzanine	25,361	23,006
	25,361	**23,006**

Analysis of borrowings from financial institutions:

Bank	Type	Currency	Size contracted	Balance as at 30.9.2014	Balance as at 31.12.2013	Interest rate	Maturity date	Security
Accession Mezzanine	Loan - Principal	EUR	15,000,000 €	11,159,418 €	11,475,015 €	8.70%	12.2015	Pledge on shares
Accession Mezzanine	Capitalized interest	EUR	-	1,807,447 €	1,612,709 €	2%	12.2015	
Unicredit Bulbank AD	Working capital related to activity	BGN	2,000,000 BGN	839,979 BGN	-	Annual interest rate for regular loan+ 2,5%	1.1.2015	Pledge on receivables

18. Related parties liabilities

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Starcom Holding AD	17,914	5,720
Eurolease Auto EAD	7,572	7,602
Eurolease Group EAD	16	37
Avto Union AD	4,902	5,538
Bulvaria Varna EOOD	65	70
Eurolease Rent-A-Car EOOD	3	45
Avto Union Service EOOD	2,056	2,090
	32,528	**21,102**

19. Other non-current liabilities

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Non-current loans from third parties	12,323	12,117
	12,323	**12,117**

20. Current borrowings

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Accession Mezzanine	-	2,591
Unicredit Bulbank	840	-
Other	1,200	-
	2,040	**2,591**

21. Trade payables

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Trade payables	939	792
Payables to employees and social security institutions	24	29
	963	**821**

22. Related parties liabilities

22.1 Interest payables

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Starcom Holding AD	54	19
Eurolease Rent-A-Car EOOD	8	7
Avto Union AD	467	234
Eurolease Auto EAD	88	44
Euroins Insurance Group AD	-	8
Eurolease Group EAD	5	4
Bulvaria Varna EOOD	1	3
Avto Union Service EOOD	111	26
	734	**345**

22.2. Current borrowings

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Repo contracts liabilities	-	2,001
	-	**2,001**

22.3 Other payables

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Eurolease Auto EAD	4	8
Eurolease Rent-A-Car EOOD	-	2
Euroins - Romania	-	20
Euro-Finance AD	15	-
	19	**30**

23. Other current liabilities

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Payables for acquisition of investments	950	154
Interest payables	1,241	763
Tax payables	349	333
Other liabilities	11	12
	2,551	**1,262**

24. Events after the reporting period.

No significant events after the reporting date have been identified by the Board of Directors of Eurohold Bulgaria AD, that may influence the financial statements.

Asen Minchev
Executive member of the BD
Eurohold Bulgaria AD,

27 October 2014

INFORMATION INFLUENCING THE PRICE OF SECURITIES in accordance with art. 28 of Ordinance No. 2 of September 17, 2003 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities for the period 01.01.2014 until 30.09.2014

During the accounting period 01.01.2014 - 30.09.2014, have occurred the following essential facts and circumstances in Eurohold Bulgaria AD, representing an important information that may affect the price of securities:

1.1. Change of persons exercising a control over the Company

There was no change in the persons exercising a control over the Company. As of 30.06.2014 they were:

Name/Address of the Company	UIC
Starcom AD, Etropole, 191 Rusky Blvd.	121610851

1.2. During the reporting period there has been no change in the way of representation, there has been no an appointment or dismissal of a procurator. There has no occurred changes in the management and supervisory bodies of the company.

1.3. There has no changes in the Statutes of the Company.

1.4. No decision of transformation of the Company has been adopted.

1.5. There has no changes in the structure of the Company

1.6. There is no a proceeding of liquidation.

1.7. No bankruptcy proceedings have been opened for the Company or initiated against the Company.

1.8. The acquisition, lease or disposition of assets of great value by art. 114, para. 1, item 1 POSA

The General Meeting of the Shareholders, on its extraordinary session held on 29 August 2014, hereby authorises:

1. The Managing Board and the persons that manage and represent EUROHOLD BULGARIA PLC to execute the following transaction, as a result of which the public company will incur an obligation, in the capacity of guarantor, in respect of all liabilities (including but not limited to liabilities related the principal of up to EUR 2,500,000 (two

million and five hundred thousand Euro) above the threshold set in POSA Art. 114(1)(1)(b) and interest payments) of EUROLEASE AUTO DOOEL, Skopje as per Annex No 5 to Framework Bank Services Agreement of 24 December 2008 with UNIVERZALNA INVESTICIONNA BANKA AD, Skopje, in accordance with a Report and statement of reasons drawn up by the Managing Board of the public company, wherein the subject matter of the transaction is a revolving credit facility providing working capital for the borrower's leasing operations; the time-limit for utilisation of the facility is not later than 30 December 2021; the time-limit for repayment is 31 December 2021; the repayment will be in monthly installments, in amounts depending on the utilised portion of the facility, due from the month following the month in which the portion of the loan is utilised; the contractual interest is fixed interest rate 7.85% on annual basis and the parties to the transaction are EUROLEASE AUTO DOOEL, Skopje (borrower and pledgor) and UNIVERZALNA INVESTICIONNA BANKA AD, Skopje (lending bank);

2. The Managing Board and the persons that manage and represent EUROHOLD BULGARIA PLC to execute the following transaction, as a result of which the public company will incur an obligation, in the capacity of joint debtor, in respect of all liabilities (including but not limited to liabilities related to the principal of up to EUR 908,000 (nine hundred and eight thousand Euro) above the threshold set in POSA Art. 114(1)(1)(b) and interest payments) of NISSAN SOFIA EAD as per Annex No 16 to Revolving Bank Loan Agreement of 9 June 2006 with RAIFFEISENBANK (BULGARIA) EAD, in accordance with a Report and statement of reasons drawn up by the Managing Board of the public company, wherein the subject matter of the transaction is provision of revolving capital for funding the borrower's operations; the time-limit for utilisation of the facility is not later than 25 June 2015; the time-limit for repayment is 30 June 2015; the repayment will be by a lump-sum payment at maturity of the agreement with monthly interest payments; the contractual interest is 3-month EURIBOR plus 4.9% premium on annual basis, but not less than 5.5% p.a., and the parties to the transaction are NISSAN SOFIA EAD (borrower and pledgor), RAIFFEISEN (BULGARIA) EAD (lending bank), STAR MOTORS EOOD and AVTO UNION AD (guarantors) and EUROHOLD BULGARIA PLC (joint debtor).

1.9. No decisions on the conclusion, termination and cancellation of the joint venture agreement have been made.

1.10. No changes in auditors of the company have been made.

1.11. The financial result for Q3'2014 is a profit in amount of BGN 2.944 million.

1.12. There has not occurred unforeseeable or unexpected circumstance of extraordinary character, due to which the Company or its subsidiary has suffered damages amounting to three per cent or more of the net assets.

1.13. No disclosure of a modified audit report has been made.

1.14. During the reporting period has not a decision by the General Meeting of shareholders of the company on the distribution of dividends and such has not been distributed.

1.15. During the reporting period has not occurred an obligation which is critical for the Company or for its subsidiary.

1.16. During the reporting period has not occurred a receivable, which is critical for the Company.

1.17. During the reporting period the Company has not made a joint venture, as well as not contract has been concluded for joint action.

1.18. During the reporting period the Company has not acquired stocks and shares in other companies.

1.19. During the reporting period the Company has not liquidity problems.

1.20. No capital increase has been made during the reported period.

1.21. No negotiations on acquisition of the Company have been made.

1.22. No signed or executed substantial contracts that are not relating to the ordinary business of the Company.

1.23. The Governing Body has not given an opinion in connection with a tender offer, as this is not occurred.

1.24. Have not been terminated or substantially reduced the customer relationship, forming at least 10 per cent of the revenues of the Company for the last three years.

1.25. Have not been introduced new products and developments on in the market.

1.26. Have not been taken large orders (amounting to over 10 per cent of the average revenues of the Company for the last three years).

1.27. No development and / or change in the volume of orders and capacity utilization has been occurred.

1.28. Have not been suspended sales of a product, forming a substantial part of the revenues of the Company.

1.29. No the purchase of a patent has been concluded.

1.30. Has not been received, temporarily suspended or revoked license.

1.31. Has not been initiated or suspended court or arbitration case concerning the receivables or liabilities of the company or its subsidiary, with claim value of at least 10 per cent of the equity of the Company.

1.32. During the reporting period have not been performed purchasing, selling or pledge set up of shareholdings in the companies by the issuer or by its subsidiary.

1.33. Has not been prepared forecast by the issuer for its financial results or for its economic group which has been publicly disclosed.

1.34. Credit rating

In October 2011 The Agency for Credit Ratings and Analyses (ACRA) affirmed the long-term domestic credit rating of Eurohold Bulgaria AD at bgA3. The short-term credit rating is affirmed at bgP-2. The outlook was left unchanged at stable.

1.35. Important events over the first nine months of 2014.

During the reporting period there were no important events.

Date:29.10.2014 г.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

ADDITIONAL INFORMATION
TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR THE THIRD QUARTER OF 2014

in accordance with art. 33, par. 1, item 6 of Ordinance No. 2 of September 17, 2003 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities

1. Information about the changes in the accounting policy during the reported period, the reasons for carrying them out and how they affect the financial results and equity of the issuer.

No changes have been made in the accounting policy of the company during the reported period.

2. Information about changes in the economic group of the issuer, if it belongs to such a group.

No changes have been made in the economic group of the issuer.

3. Information about results of organizational changes in the issuer's structure, such as conversion, sale of companies from the same economic group, in-kind contributes from the company, property rental, long-term investments, withdrawal from business.

No organizational changes in the issuer's structure during the reported period.

4. Opinion of the Governing Body of the feasibility of published estimates of the results of the current financial year, taking into account the results of the current three months, as well as information on the factors and circumstances, which will affect the achievement of the forecasted results at least in the next three months.

No estimates of financial results of the company have been published for the first quarter of 2014.

5. Data on the persons, holding directly and indirectly at least 5 per cent of the votes in the General Meeting as of the end of the reported period, and changes in the votes, held by the persons in the end of the previous three months period.

	Shareholder	***Number of shares***	***% participation***
1.	Starcom Holding AD	63,735,446	50.05%
2.	Dar Finance EOOD	25,394,755	19.94%

6. **Data of the shares, held by the management and supervisory bodies of the issuer at the end of the respective three months and changes, which took place since the end of the previous three months period for each person individually.**

	Shareholder	***Number of shares***	***% participation***
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Ivan Georgiev Mankov	25,000	0,02%
3.	Dar Finance EOOD	25,394,755	19.54%
4.	Assen Emanuilov Assenov	140,250	0,11%

7. **Information about pending judicial, administrative or arbitration proceedings concerning claims or liabilities of at least 10 per cent of the equity of the issuer; if the total amount of the debts or the obligations of the issuer in all proceedings exceeds 10 per cent of its own capital , information about each case separately is provided.**

For the reported period the Company has no pending legal, administrative or arbitration proceedings.

8. **Information about granted by the issuer or its subsidiary company loans, guarantees or commitments totally to one person or its subsidiary, including to related to it persons, showing the type of relation between the issuer and the person, the amount of unpaid principal, the interest rate, the final maturity, the size of the commitment, the term and conditions.**

Long-term related parties liabilities

	30.9.2014	31.12.2013
	BGN'000	*BGN'000*
Starcom Holding AD	17,914	5,720
Eurolease Auto EAD	7,572	7,602
Eurolease Group EAD	16	37
Avto Union AD	4,902	5,538
Bulvaria Varna EOOD	65	70
Eurolease Rent-A-Car EOOD	3	45
Avto Union Service EOOD	2,056	2,090
	32,528	**21,102**

Short-term related parties liabilities

1. Interest payables	30.9.2014 BGN'000	31.12.2013 BGN'000
Starcom Holding AD	54	19
Eurolease Rent-A-Car EOOD	8	7
Avto Union AD	467	234
Eurolease Auto EAD	88	44
Euroins Insurance Group AD	-	8
Eurolease Group EAD	5	4
Bulvaria Varna EOOD	1	3
Avto Union Service EOOD	111	26
	734	**345**

2. Current borrowings

	30.9.2014 BGN'000	31.12.2013 BGN'000
Repo contracts liabilities	-	2,001
	-	**2,001**

3. Other payables

	30.9.2014 BGN'000	31.12.2013 BGN'000
Eurolease Auto EAD	4	8
Eurolease Rent-A-Car EOOD	-	2
Euroins Romania	-	20
Eurofinance AD	15	-
	19	**30**

Short-term receivables from related paries

1. Interest receivables	30.9.2014 BGN'000	31.12.2013 BGN'000
Eurolease Auto – Macedonia	-	21
Bulvaria Holding EAD	1	1
Euroins Insurance Group AD	441	14
	442	**36**

2. Other receivables

	30.9.2014 BGN'000	31.12.2013 BGN'000
Auto Italia EAD	10	18
Avto Union Service EOOD (Espace Auto EOOD)	125	82

Bulvaria Varna EOOD	66	22
Daru Car AD	100	23
Euroins - Health Insurance AD	1	1
Euroins AD	131	4
Euroins - Romania	39	-
Euroins Insurance Group AD	20,827	5,857
Eurolease Auto EAD	6	6
Star Motors EOOD	19	6
	21,324	**6,019**

Date:
29.10.2014 г.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

EUROHOLD

DECLARATION
in accordance with article 100o, paragraph 4, item 3 of Public Offering of Securities Act

The undersigned,

1. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Assen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
3. Ivan Hristov – Chief Accountant of Eurohold Bulgaria AD (complier of the financial statements)

hereby DECLARE that to our best knowledge:

1. The set of interim financial statements for the third quarter of 2014, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The interim management report of Eurohold Bulgaria AD for the third quarter of 2014 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov

2. Assen Minchev

3. Ivan Hristov