

EUROHOLD BULGARIA AD

**ANNUAL CONSOLIDATED MANAGEMENT
REPORT AND CONSOLIDATED
FINANCIAL STATEMENT**

31 December 2014

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KEY INDICATORS

Indicators	2014	Percentage change from the previous period	2013	2012
Income Statement				
1. Profit/ loss (excluding discontinued operations and before taxes) 000'BGN	(7,225)	-183%	8,734	(3,049)
2. Net profit/ loss (after taxes) attributed to the Group 000'BGN	(6,596)	-390%	2,278	(9,212)
3. Total Revenue 000'BGN	596,195	1,2%	589,207	495,558
Statement of Financial Position as of December, 31st				
4. Equity, including minority interest 000'BGN	238,141	0,2%	237,645	231,701
5. Liabilities (long term and short term) 000'BGN	567,154	26%	449,322	443,697
6. Assets (long term and short term) 000'BGN	805,295	17%	686,967	675,398
Shares				
Share capital (issued) 000'BGN	127,345	0%	127,345	127,345
Number of shares 000' pcs.	127,345	0%	127,345	127,345
Net profit/ loss per share, according to the individual financial statements BGN	0,013	318%	(0,006)	(0.040)
Financial Ratios				
Ratio of financial independence 000'BGN	0,42	-21%	0,53	0,52
Leverage ratio 000'BGN	2,38	26%	1,89	1,91
Gross profitability of revenue 000'BGN	-1,21%	-182%	1,48%	-1,75%
Net profitability of revenue 000'BGN	-1,11%	-386%	0,39%	-1,86%
Gross profitability of equity 000'BGN	-3,03%	-183%	3,68%	-3,75%
Net profitability of equity (ROE) 000'BGN	-2,77%	-389%	0,96%	-3,98%
Gross profitability of liabilities 000'BGN	-1,27%	-166%	1,94%	-1,96%
Net profitability of liabilities 000'BGN	-1,16%	-329%	0,51%	-2,08%
Gross profitability of assets 000'BGN	-0,90%	-171%	1,27%	-1,29%
Net profitability of assets 000'BGN	-0,82%	-347%	0,33%	-1,36%

596
million BGN

Total revenue for 2013 | [page 18](#)

(6,596)
thousand BGN

Net profit for 2013 | [page 18](#)

238
million BGN

Net assets | [page 20](#)

805
million BGN

Total assets | [page 19](#)

38%

Increase in payables on loans | [page 21](#)

0,013 BGN

Earnings per share for 2014 according to the individual financial statements

Annual Consolidated Management Report of Eurohold Bulgaria AD for 2014

This Annual Consolidated Management Report has been prepared in compliance with the provisions of article 100n of the Public Offering of Securities Act, article 247 of the Commerce Act, article 33 of the Accountancy Act, and appendix №10 to article 32, paragraph 1, and item 2 of Ordinance №2 of 17.09. 2003 on the prospectuses to be published when securities are offered to the public or admitted for trading on a regulated market, and on the disclosure of information by public companies and other issuers of securities.

The Annual Consolidated Management Report of Eurohold Bulgaria AD presents commentary and analysis of the financial statements and other material information about the financial position and results achieved as a result of the operations of the the parent-company, its subsidiaries and associated companies. The report reflects the company's position and prospects for development, as well as the main risks faced by it.

In Company management, the members of the Management Board apply the best international practices in corporate governance, seeking to be among the leaders in the implementation of transparent corporate practices in Bulgaria. The business model implemented by the Company is built on fundamental principles such as ensuring the rights and equal treatment of all shareholders.

I. COMPANY OVERVIEW

History

The name of the company is EUROHOLD BULGARIA AD as defined in Art. 2, paragraph 1 of the Articles of Association of the Company and stands for its trade name. According to Art. 2, paragraph 3 of the Articles of Association, in English the trade name of the company is written as follows: EUROHOLD BULGARIA S.A.

EUROHOLD BULGARIA AD is a holding company, registered in the Republic of Bulgaria, which operates in compliance with Bulgarian legislation. EUROHOLD BULGARIA AD is a public company as defined in the Public Offering of Securities Act. The initial registration of the Company is with the Commercial Registry of the Sofia City Court, in company file № 14436/ 2006, under № 111639, volume 1509, page 116.

On 10.03.2008 EUROHOLD BULGARIA AD was re-registered with the Commercial Registry at the Registry Agency in compliance with the requirements of the Commercial Registry Act.

The unique identification code (UIC) of the Company is 175187337.

EUROHOLD BULGARIA AD has been founded for an indefinite term, which means that the Company is not limited by a specific term or other preclusive condition.

EUROHOLD BULGARIA AD is a public limited company formed by the merger between EuroHold AD, registered under file № 13770/ 1996 of Sofia City Court and Starcom Holding AD, registered under file № 6333/ 1995 of Sofia City Court.

By the merger, the newly established holding company EUROHOLD BULGARIA AD strengthened its position as one of the biggest Groups in Bulgaria with significant potential for development, considerable equity and financial resources.

EUROHOLD BULGARIA AD was established with a capital in amount of BGN 50,002,586, divided into 50,002,586 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. Since the Company's establishment several capital increases by cash contributions have been performed and as of the date of this report the equity of the Company amounts to BGN 127,345,000, divided into 127,345,000 ordinary, registered, non-privileged, dematerialized voting shares, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. The share capital of the Company has not been increased by contributions in kind. The Company has not issued any shares that do not represent equity. All shares, excluding the shares owned by subsidiary companies, issued by EUROHOLD BULGARIA AD give their owners the right to vote at the General Meeting of the Shareholders.

When EUROHOLD BULGARIA AD was established, it had many subsidiaries in its structure, which operated in the fields of insurance, leasing, real estate and manufacturing. To optimize its costs and achieve higher synergies among all subsidiaries, EuroHold's management decided to split the subsidiaries functionally into separate legal entities within the Group as follows:

Insurance Sub-Holding

On 06.11.2007 EUROHOLD BULGARIA AD founded EuroIns Insurance Group EAD to consolidate its insurance activities. On 27.11.2007 a session of the General Meeting of the Shareholders of EUROHOLD BULGARIA AD was held and a decision was made for contribution in-kind of the shares, held by EUROHOLD BULGARIA AD in its subsidiaries EuroIns AD, EuroIns Romania Asigurare Reasigurare SA and the health assurance company St. Nicolay Chudotvoretz EAD (currently EuroIns Health Assurance EAD). The described in-kind contribution was performed after the Bulgarian Financial Supervision Commission and the Romanian Insurance Supervisory Commission granted their approvals. Subsequently, EuroInsInsurance Group EAD acquired Macosped Osiguruvanje AD, Skopje (currently EuroIns Osiguruvanje AD, Skopje), and the acquisition was approved by the Ministry of Finance of the Republic of Macedonia on 28.01.2008.

In 2013 Euroins Insurance Group acquired from the Dutch financial group Achmea B.V. the whole business of Bulgarian companies Interamerican Non-life insurance and Interamerican Life insurance. On 2 October 2013 the insurance portfolio of Interamerican Non-life insurance was transferred into Euroins Insurance pls. This became possible at the same day the Commission for protection of competition and the Financial Supervision Commission issued their approvals.

As of 3 October Euroins started with the overall servicing of all Interamerican Non-life insurance policies. By regulatory Decision No 989-ЖЗ from 20 December 2013 the Financial Supervision Commission granted permission to Euroins Insurance Group for acquiring the entire share capital of Interamerican Bulgaria Life Insurance. After the respective permission for the deal from the Commission for Protection of Competition had been previously obtained, all the conditions precedent for finalizing the transaction have being met. The purchase of the shares of Interamerican Bulgaria Life Insurance at the end of December 2013. As well as, on 3 December has been signed the agreement between Euroins Insurance Group

and the international insurance specialist QBE for transferring the insurance business in Bulgaria and Romania. According to the agreement the current insurance policies of QBE on both markets will be transferred to Euroins Insurance plc after the regulatory permissions are granted. In Bulgaria and Romania QBE mainly offer insurances Property, Goods in Transit and Responsibilities, while in Bulgaria was a leader in travel insurance.

After the date of these financial statements EUROINS INSURANCE GROUP has signed sale and purchase agreements for the acquisition from the Hannover based TALANX INTERNATIONAL of its Bulgarian and Ukrainian operations consolidated respectively in HDI Zastrahovane AD and HDI Strakhuvannya. The transaction is subject to customary regulatory approvals and is expected to close in the third quarter of 2015.

Automotive Sub-Holding

At the end of 2008 began the formation of the automotive sub-holding of EUROHOLD BULGARIA AD – EuroHold Automotive Group EAD. The company was founded in 2007 and its initial share capital was formed by a contribution in-kind of the shares from the capital of Cargoexpress EOOD (currently Bulvaria Varna EOOD) – a dealer of Opel and Chevrolet in Varna. Similar to the establishment of EuroIns Insurance Group EAD, the consolidation of the automotive activities of EUROHOLD BULGARIA AD was made by contribution in-kind of the company's shares in its subsidiaries – Scandinavia Motors EAD – official importer of SAAB in Bulgaria, Nissan Sofia AD – the biggest dealer of Renault Nissan in Bulgaria and EuroLease Rent-a-Car EOOD – exclusive franchise partner of Budget Rent-a-car in Bulgaria. The General Meeting of the Shareholders of EUROHOLD BULGARIA AD approved the above described contribution in-kind at its session held on 26.05.2009, and on 02.06.2009 the automotive sub-holding was founded.

In the meantime, in April 2009 EuroHold Automotive Group EAD, renamed to Avto Union Group EAD, acquired control over Avto Union AD's group, which owns Auto Italia EAD – official importer of Fiat and Lancia for Bulgaria, Bulvaria Holding EAD – Opel and Chevrolet dealer in Sofia, Gransport Auto EOOD – official importer of Maserati for Bulgaria, Milano Motors EOOD – official importer of Alfa Romeo and the scooters Piaggio, Vespa and Guillera, Star Motors EOOD – official representative of Mazda in Bulgaria and Bulvaria Rent-a-Car EOOD – franchise partner of Avis Europe in Bulgaria. At the end of 2010

EuroHold Automotive Group EAD (currently Avto Union Group EAD) transferred its participations in Scandinavia Motors EAD, Nissan Sofia AD and EuroLease Rent-a-Car EOOD to Avto Union AD. In 2010, Avto Union AD also acquired Espace Auto EOOD, currently owned by EUROHOLD BULGARIA AD. In the end of 2010 Avto Union Group EAD sold its shares in Avto Union AD to Eurohold Bulgaria. By this transaction the reorganization of the automotive group has been completed. The ownership right over the shares has been transferred entirely in 2010. In 2011 the transaction was finalized.

In 2011, Bulvaria-Rent-a-Car EOOD was pooled into EuroLease Rent-a-Car EOOD, which became its universal assignee. The initial objective of this transformation was to optimize the operating costs of the company and to achieve better market segmentation, which in turn would improve the levels of customer service and clients' satisfaction. This was a prerequisite to strengthen the market presence of Avis and Budget in Bulgaria and to increase their market shares. In the end of 2011, Avto Union AD signed a preliminary contract and agreement to transfer the effective control of Eurolease rent-a-car to the leasing subsidiary BG Autolease Holding B.V. and the management of the company was transferred to the new owner. On 30.01.2012 the final contract for the transfer of the shares was signed.

On 23.01.2013 in the Commercial Register was entered restructuring of three subsidiaries of Auto Union, namely Gransport Auto EOOD as an importer of Maserati, Milano Motors EOOD - importer of Alfa Romeo, Vespa, Gillera and Piaggio were merged into Auto Italia EAD - the importer of Fiat and Fiat Professional. The main purpose of this restructuring is to achieve more effective customer service to all Italian brands and to increase the efficiency of the structure by optimizing costs and cash flows. With the merger transferred all the assets and liabilities of Gransport Auto EOOD and Milano Motors EOOD to Auto Italia EAD. In February, 2013, Star Motors EOOD registered a company in Macedonia - Star Motors DOOEL Skopje. On 25.11.2013, Cargoexpress Imoti EAD merged with the parent company Bulvaria Varna EOOD.

During the reporting period Avto Union AD has reduced the capital of Auto 1 OOD with the amount of unpaid part of capital, amounting to BGN 383 thousand, thereby Avto Union reduced its investment to BGN 128 thousand and 20 per cent share. At the end of 2014 Avto Union terminated its participation as a partner in Auto 1 OOD. In the beginning of May 2014, Auto Union AD sold 100% of its shares in Auto Union Properties EOOD as from the deal has not been realized financial result. On 16.07.2014 was registered a 100% subsidiary of Star Motors DOOEL Macedonia in Kosovo, which is

anauthorized dealer of Mazda and Maserati. The registered capital of the new company is EUR 1,000.

On 31.10.2014 was entered in the commercial register EA Properties OOD, a 100% subsidiary of the Espace Auto OOD, in which Auto Union SA has 51% control through its subsidiary Nissan Sofia EAD.

At the end of 2014 Auto Italia EAD sold Eurotruck EOOD at a profit of BGN 1 million.

Lease Sub-Holding

At the end of 2008 EUROHOLD BULGARIA AD acquired 100% of the share capital of the Dutch company BGAutoLease Holding B.V. (with former trade name Wivotech B.V.), which in turn had acquired another Dutch company - BG AutoLease Group B.V. (with previous trade name Doesign B.V.). EuroHold BulgariaAD decided to contribute in-kind in the share capital of its subsidiary company BG AutoLease Holding B.V. and in its shares in the capital of EuroLease Auto EAD, Bulgaria, EuroLease Auto IFN SA, Romania, EuroLease Auto EAD, Macedonia. BG AutoLease Holding B.V. in turn contributed in-kind the aforementioned shares in the capital of BG AutoLease Group B.V. - a leasing subsidiary in the structure of EuroHold BulgariaAD.

In October 2012 Eurohold Bulgaria AD established a subsidiary Eurolease Group EAD.

At the beginning of January 2013 Eurolease Group acquired Autoplaza AD from Avto Union AD. The change was entered to the Commercial Register on 28.01.2013.

By decision from 29.11.2013 the sole shareholder took a decision for merger of its subsidiary - BG Autolease Holding B.V. in Eurolease Group EAD under universal legal succession. As a result of the transaction, the capital of the receiving company - Eurolease Group AD increased by the net value of the property of the transforming company - BG Autolease Holding BV, namely BGN 26,691,488 divided into 26,741,488 available, registered shares. The merger was entered in the Commercial Register on 03.01.2014.

Asset management and brokerage

EUROHOLD BULGARIA AD owns the investment intermediary Euro-Finance AD, which has been a member of the Group since 2006.

Other activities

EUROHOLD BULGARIA AD considered its manufacturing companies as non-strategic, therefore made a decision for their sale, which was realized in August 2008.

Another field in which Eurohold Bulgaria was active in the past is real estate sphere. In May 2014 has been sold Auto Union Properties Ltd. (100% owned by Avto Union AD), with operations in consulting services, service and administration of companies in the field of real estate.

In October 2014 EA Properties OOD was established, a 100% subsidiary of the Espace Auto OOD, in which Avto Union AD has 51% control through its subsidiary Nissan Sofia EAD. Company's activity is the sale of real estate development, urban development and construction, rental, consulting and management services.

Scope of Activity

The official scope of activity of EuroHold Bulgaria is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, concession of licenses for patent use to companies where the Company has shares; financing of companies which the Company has shares in. The Company can participate in Bulgarian and foreign companies and organizations, regardless of their scope of business activity, as long as it complies with the conditions specified by the Law and the Articles of Association of the Company.

The company operates in compliance with the Bulgarian legislation. The main acts, governing its activities are the Commerce Act, the Public Offering of Securities Act, the Financial Supervision Commission Act, the Measures against Money Laundering Act, the Supplementary Supervision of Financial Conglomerates Act and bylaws as Ordinance №2 from September 17, 2003 on the prospects for the public offering and admission for trade of shares on a regulated market and the disclosure of information by the public companies and other issuers of securities, Ordinance No. 39 of 21 November 2007 on the disclosure of shares held in a public company, Ordinance on the minimum contents of the letter of attorney granting rights to represent a shareholder to at a general meeting of a company, which shares are subject to a public offering etc.

Headquarters and registered address

The headquarters and the registered address of EUROHOLD BULGARIA AD is Republic of Bulgaria, Sofia, 1592, 43 Christopher Columbus blvd. The head office of the Company is located at the same address. This is the official mailing address of the Company.

Business address:	43 Christopher Columbus Blvd.
Telephone	02/ 9651 653; 02/ 9651 651
Fax	02/ 9651 652
E-mail	investors@eurohold.bg ; office@eurohold.bg
Web site	www.eurohold.bg

Since the registration of EUROHOLD BULGARIA AD as a business entity, there has been no change in the Company's name. There have been no changes in the scope of activity of the Company.

The Company is not limited by time or another termination condition.

So far the Company has not transferred or pledged the enterprise, has not acquired and has not disposed of assets of significant value outside the Company's usual course of business.

EUROHOLD BULGARIA AD is not aware of any filed claims for starting an insolvency proceeding against it or any of its subsidiaries.

Management Bodies

EUROHOLD BULGARIA AD has a two-tier management system: a Management Board which consists of five natural persons, and a Supervisory Board – consisting of three natural persons as follows:

Management Board

- Kiril Ivanov Boshov – Chairman;
- Assen Minchev Minchev – Executive Director;
- Velislav Milkov Christov – Member;
- Assen Emanuilov Assenov – Member;
- Dimitar Kirilov Dimitrov – Member.

Supervisory Board

- Assen Milkov Christov – Chairman;
- Dimitar Stoyanov Dimitrov – Vice-chairman;
- Krasimir Vutev Katev – Independent member.

There are family ties among the members of the Management and the Supervisory bodies, specifically Asen Milkov Christov, Chairmen of the Supervisory Board and Velislav Milkov Christov, Member of the Management Board are brothers by birth.

At an extraordinary meeting of GMS of Eurohold Bulgaria, held on 17 March 2015, as new members of the Supervisory Board were elected Radi Georgiev and Razvan Lefter.

The activity of the company does not depend on the individual professional experience or qualifications of other employees.

The company is represented by the Executive Director of the Management Board, Assen Minchev Minchev, and the Chairman of the Management Board, Kiril Ivanov Boshov.

Share capital

As of the date of this report the share capital of the Company amounts to BGN 127 345 000, divided into 127 345 000 ordinary, registered, non-privileged, dematerialized voting shares, with dividend right and liquidation quota, with a nominal value of BGN 1 for each share.

All of the Company's shares are from the same class and are fully paid in. The entire capital of the Company has been paid in cash. All the shares issued by the Company are in circulation.

The Company's shares are registered for trade on the Premium Equities Segment of the Bulgarian Stock Exchange Sofia AD with stock index 4EH.

After the successful completion of the dual listing procedure of the shares of EUROHOLD BULGARIA AD, the shares were registered for trading on the Warsaw Stock Exchange (WSE), Main List, with stock index EHG. The first day of trading on the WSE was 15 December 2011.

The Company hasn't bought and does not possess its own shares.

As of 31.12.2014 23,916 shares of the capital of EuroHold Bulgaria are owned by subsidiary companies. The shares have a nominal value of 1 BGN each.

The Company has not issued shares which do not represent capital. All shares issued by EUROHOLD BULGARIA AD give their owners voting rights at the General Meeting of the Shareholders.

The Bulgarian legislation does not provide for the existence of authorized but unissued capital, therefore there are no acquisition rights and/ or obligations over the Company regarding authorized but unissued capital.

The share capital of the Company has not been increased by in-kind contributions.

The Company has not undertaken any actions related to the issuance of warrants, convertible and exchangeable securities or rights.

The General Meeting of the Shareholders is the competent body to take decisions in terms of increasing the Company's capital.

According to Art. 13, paragraph 5 of the Articles of Association of EUROHOLD BULGARIA AD, the Management Board of the Company can decide on an increase of the Company's capital up to BGN 400,000,000 (four hundred million) for a period of 5 (five) years after a registering with the Commercial Registry the amendment of the Company's Articles of Association, voted at the General Meeting of the Shareholders on 30.06.2011, in compliance with the provisions of Art. 194, paragraph 1 and 2, Art. 196, paragraph 1 and 2 of the Commerce Act, as well as the provisions of the Public Offering of Securities Act.

There are no parties that hold equity options on Issuer's capital. EUROHOLD BULGARIA AD and to which there is a liability conditionally or unconditionally for the issue of such options in their favor as well.

Changes in the Share Capital

EUROHOLD BULGARIA AD was established on 12.12.2006 with a capital amounting to BGN 50,002,586, divided into 50,002,586 ordinary, registered, non-privileged, dematerialized shares, with one voting right on the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each. The Company's capital has been gathered by the merger without liquidation of EuroHold AD and Starcom Holding AD. The amount of the capital is defined in the Reorganization Agreement, approved by General Meeting of the Shareholders of the two merged companies.

Between May and June 2007 EUROHOLD BULGARIA AD successfully carried out a subscription for capital increase by issuing of 12,500,646 new shares with nominal value of BGN 1 per share and issue value of BGN 3.35 per share. During the subscription 50,002,586 rights were issued each granting a right to purchase 0.25 new shares. The total amount of the subscribed and paid in shares reached 12,495,050 or 99.96% of the amount offered. After this capital increase was completed, the Company's capital amounted to BGN 62 497 636, divided into ordinary, registered, non-privileged, dematerialized voting shares, with dividend right and liquidation quota, with a nominal value of BGN 1 each.

Between March and May 2011 by decision of the Management Board of EUROHOLD BULGARIA S.A, the capital of the Company was increased by issuing 46,146,076 new shares with nominal and issue value of BGN 1 each. The Company issued 62,497,626 rights at the ratio rights/new shares - 1/1. 46,146,076 shares were subscribed or 73.84% of the emission by which, the capital of the Company reached BGN 108,643,712, divided into 108,643,712 ordinary, registered, non-privileged, dematerialized voting shares, with dividend right and liquidation quota, with a nominal value of BGN 1 each.

On 27.07.2011 the Management Board of EUROHOLD BULGARIA AD took decision for a subsequent capital increase of EUROHOLD BULGARIA AD. The Company issued 36,214,570 new rights at a ratio rights/new shares - 3/1. 18,701,288 new shares were subscribed or 51.64% of the rights offered. The total capital of the Company was increased from 108,643,712 to 127,345,000 BGN. The new emission was registered with the Commercial Register on 30 November 2011 and offered for trading on the Bulgarian Stock Exchange (BSE) on 04.01 2012. Actions have been undertaken for the registration and admission for trading of the latest issue of shares on the Warsaw Stock Exchange (WSE), where the Company's shares have been traded since 15.12.2011 as result of the double listing.

Regarding the Company, there are no applicable actions which could lead to a change in the shareholders' rights.

There are no provisions in the Articles of Association and/or in the Internal Regulations of EUROHOLD BULGARIA AD, which could lead to delaying, deferring or preventing a change in the control of the Company.

There are no provisions of the Articles of Association and/or in the Internal Regulations of the Company setting an ownership threshold above which shareholder ownership should be disclosed.

There are no provisions of the Articles of Associations of the Company, which define more strict rules, than those provided by law regarding the capital changes.

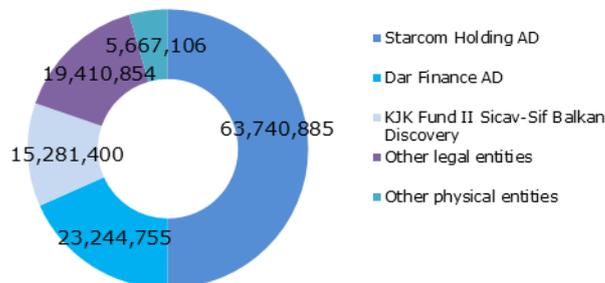
Shareholder Structure

As of the date of ending of the fiscal year, there are two legal entities that hold nominally over 5 % of the voting shares.

There are no natural persons – shareholders, who hold directly more than 5 % of the voting shares.

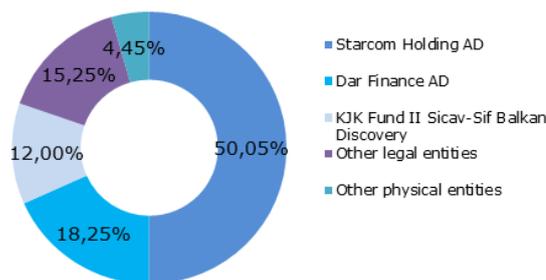
All issued shares are of the same class and give one voting right.

Shareholder structure (number of shares)



The majority shareholder of EUROHOLD BULGARIA AD is Starcom Holding AD. The majority shareholder does not have different voting rights. The seat and the registered address of Starcom Holding AD is 191, Ruski Blvd, Etropole, Bulgaria.

Shareholder structure (%)



As of the date of this report, Starcom Holding AD controls the voting rights of 50.05% of the issued shares. Starcom Holding AD is the only entity which directly controls EUROHOLD BULGARIA AD.

The Chairman of the Supervisory Board of EUROHOLD BULGARIA AD, Assen Christov indirectly controls the Company. Assen Christov is a majority shareholder and directly owns 51 % of the shares of Starcom Holding AD. In this manner, Assen Christov controls directly the majority shareholder and indirectly EUROHOLD BULGARIA AD

Dar Finance EOOD is the second major shareholder of EuroHold Bulgaria. As of the date of this report Dar Finance EOOD controls the voting rights of approximately 19.94% of the issued shares.

Dar Finance EOOD does not have different voting rights. KJK Fund II Sicav-Sif Balkan Discovery is the

third major shareholder of EuroHold Bulgaria. As of the date of this report KJK controls the voting rights of approximately 12% of the issued shares.

KJK Fund II Sicav-Sif Balkan Discovery does not have different voting rights.

EUROHOLD BULGARIA AD does not have arrangements with other parties, nor is aware of such arrangements which may result in a future change of the control over the Company.

The main way to restrict the possible misuse on behalf of the majority shareholder with regard to the operations or the assets of the Company is the application of the provisions of article 114 of the the Public Offering of Securities Act, according to which the company can not, unless being explicitly authorized by the General Meeting of the Shareholders, acquire, transfer, receive or grant for use, or as a collateral in any form whatsoever, fixed assets, as well as to become liable to stakeholders when the transactions/ liabilities exceed 2 % of the company's assets. The Articles of Association of the Company do not stipulate any additional restrictions.

The Company's capital has not been increased by contributions in-kind.

The Company has not issued any shares that do not represent capital. All shares, issued by EUROHOLD BULGARIA AD, grant their holders rights to vote at the General Meeting of Shareholders.

The companies from EUROHOLD BULGARIA AD's portfolio operate on the following markets:

- insurance and health assurance market;
- leasing market;
- financial;
- automotive;

The overall business is focused on the line of Car sales – Leasing– Insurance.

II. ACTIVITY OVERVIEW

Main Scope of Activity

EUROHOLD BULGARIA AD is registered in the Republic of Bulgaria. Its main activities include:

- acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies;
- financing companies, in which the Company participates;
- participation in Bulgarian and foreign companies.

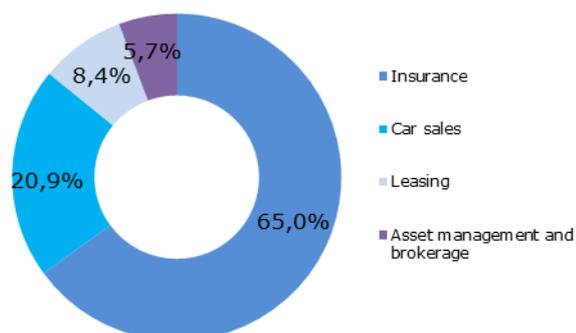
EUROHOLD BULGARIA AD's revenues are formed mainly by financial activity, related to acquisition, disposal and management of participations and financing of related companies.

As of 31.12.2014 EUROHOLD BULGARIA AD participates directly in four subsidiary and one associated company.

In the period covered by the historical information, the companies within the Group offer the following services:

- Insurance services;
- Health assurance services;
- Financial and operational leasing;
- Financial intermediation;
- Sales of new cars;
- Sales of used cars;
- Car repair services;
- Sales of spare parts;
- Cars rental;
- Consultancy, maintenance and administration of real estate companies- till the end of May 2014.
-

Breakdown of investments 2014



Capital Investments:

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD Investments in 2008					
EuroLease Auto Skopije EAD Incorporation	100%	1 000	97 830	Own funds	EUROHOLD BULGARIA AD
EuroIns Insurance Group Capital Increase	100%	76 981 791	76 981 791	Borrowings	EUROHOLD BULGARIA AD

EuroLease Auto EAD Capital Increase		6 018 606	6 018 606	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Share purchase	51%	55 080	1 956 000	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Capital Increase	66,92%	201 650	1 065 927	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Share purchase	70.54%	13 870	72 011	Own funds	EUROHOLD BULGARIA AD
Eurohotels AD Capital increase	91.21%	1 200 000	1 200 000	Own funds	EUROHOLD BULGARIA AD
Geoenergoprojekt AD Share purchase	80%	6 150	150 000	Own funds	EUROHOLD BULGARIA AD
BG AutoLease Holding, the Netherlands Share purchase	100%	180	46 647	Own funds	EUROHOLD BULGARIA AD
EuroLease Rent-a-car EOOD Capital Increase	100%	6 300	630 000	Own funds	EUROHOLD BULGARIA AD
Autoplaza EAD	50%	49 000	49 000	Own funds	EUROHOLD BULGARIA AD
Total			88 267 812		

Investments in subsidiaries in 2008

EuroIns Macedonia Share purchase	83,25%	2102	14 994 295	Own funds	EIG AD
EuroIns Macedonia Capital increase	8,10%	475	474 998	Distribution of dividends	EIG AD
EuroIns Macedonia Capital increase	47,48%	2786	3 683 933	Own funds	EIG AD
Takovo, Serbia Share purchase	10%	41 948	7 315 321	Own funds	EIG AD
EuroIns AD Capital increase	14,92%	1 753 542	7 014 168	Own funds	EIG AD
EuroIns AD Share purchase	1,84%	215 974	1 310 175	Own funds	EIG AD
EuroIns Romania Capital increase	29,21%	10 603 144	5 922 173	Own funds	EIG AD
EuroIns Romania Share purchase	0,70%	242 000	402 314	Own funds	EIG AD
EuroIns Health Insurance EAD Capital increase	10,63%	250 000	1 000 000	Own funds	EIG AD
EuroIns Health Insurance EAD Share purchase	44,68%	1 050 000	1 200 000	Own funds	EIG AD
EuroIns Macedonia Share purchase	83,25%	2 102	43 317 377	Own funds	EIG AD
Total			86 634 754		

EUROHOLD BULGARIA AD investments in 2009

Euro-Finance AD Share purchase	99,99%	207 899	1 455 293	Own funds	EUROHOLD BULGARIA AD
EuroLease Auto Skopije EAD Capital increase	100%	1 000	97 825	Own funds	EUROHOLD BULGARIA AD
Autoplaza EAD	100%	51 000	51 000	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding, the Netherlands, Capital increase	100%		27 400	Own funds	EUROHOLD BULGARIA AD
Eurolease auto EAD Share purchase	22,46%	3 481 293	8 067 798	Own funds	EUROHOLD BULGARIA AD
Total			9 699 316		

Investments in subsidiaries in 2009

Avto Union Holding, BVI Share purchase	100%	17 300 000	15 646 640	Own funds	Avto Union Group AD
Kamalia Limited Share purchase	100%	999	3 911 660	Own funds	Avto Union Group AD
Inter Sigorta Share purchase	90,75%	90 750 500	1 052 007	Own funds	EIG AD
EuroIns AD Share purchase	2,61%	306 687	588 879	Own funds	EIG AD
EuroIns Romania Capital increase	36,96%	22 658 397	10 492 167	Own funds	EIG AD
EuroIns Romania Share purchase	1,55%	949 000	1 632 922	Own funds	EIG AD
Star Motors EOOD Capital Increase	100%	20 000	1 000 000	Own funds	Avto Union AD
Total			34 324 275		

EUROHOLD BULGARIA AD investments in 2010

Geoenergoproekt AD Share purchase	99,47%	70 000	700 000	Own funds	EUROHOLD BULGARIA AD
Total			700 000		

Investments in subsidiaries in 2010

EuroIns Romania Capital increase		9 035 868	4 293 829	Own funds	EIG AD
Milano Motors EOOD Capital increase		190	760 000	Own funds	Avto Union AD
Gransport Auto EOOD Capital increase		9 500	950 000	Own funds	Avto Union AD
Auto Italia EAD Capital increase		415 000	4 150 000	Own funds	Avto Union AD
Avto Union AD Capital increase		5 126	2 563 000	Own funds	Kamalia Trading Ltd.
Eurolease Auto Skopije EAD, Capital increase		3 000	293 375	Own funds	BG Autolease Group BV.
Total			13 010 204		

EUROHOLD BULGARIA AD investments in 2011

Avto Union AD Capital increase	100%		12 850 000	Own funds	EUROHOLD BULGARIA AD
Avto Union AD Increase in the investment share	100%		26 850 842	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding, the Netherlands, Capital increase	100%		3 344 469	Own funds	EUROHOLD BULGARIA AD
Scandinavia Motors AD Capital increase	0,38%	5	5 000	Own funds	EUROHOLD BULGARIA AD
Total			43 050 311		

Investments in subsidiaries in 2011

Scandinavia Motors EOOD Capital increase	99,62%	871	871 000	Own funds	Avto Union AD
Scandinavia Motors EOOD Capital increase	99,62%	240	240 000	Own funds	Avto Union AD
Nissan Sofia EAD Capital increase	100%	150 000	750 000	Own funds	Avto Union AD
Eurotruck EOOD	100%	1 000	10 000	Own funds	Avto Union AD

Incorporation					
Auto 1 OOD Share purchase	51%	5 100	510 000	Own funds	Avto Union AD
EuroIns Romania Capital increase	90.45%		3 468 000	Own funds	EIG AD
BG Autolease Group, the Netherlands, Capital increase	100%		3 344 469	Own funds	BG Autolease Holding – the Netherlands
EuroLease Auto Skopje Capital increase	100%		97 792	Own funds	BG Autolease Group – the Netherlands
Eurolease Auto Romania, Capital increase	74.93%		312 933	Own funds	BG Autolease Group – the Netherlands
Eurolease Auto EAD Capital increase	100%		3 032 808	Own funds	BG Autolease Group – the Netherlands
Nissan Sofia EAD Share purchase	100 %	43 584	136 908	Own funds	Avto Union AD
Daru Car AD Share purchase	99.84%	12 686	9 779 150	Own funds	Avto Union AD
Motobul EOOD Share purchase	100%		10 439 575	Own funds	Avto Union AD
Total			32 992 635		
EUROHOLD BULGARIA AD investments in 2012					
Avto Union AD Capital increase	100%	10 065	5 032 500	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding – the Netherlands, Capital increase	100%	7 728	1 511 656	Own funds	EUROHOLD BULGARIA AD
Eurolease Group EAD Establishment of the company	100%	50 000	12 500	Own funds	EUROHOLD BULGARIA AD
Total			6 556 656		
Investments in subsidiaries in 2012					
Nissan Sofia EAD Capital increase	100%	890 000	890 000	Own funds	Avto Union AD
Bulvaria Holding EAD Capital increase	100%	730 000	730 000	Own funds	Avto Union AD
Autoplaza EAD Capital increase	100%	200 000	200 000	Own funds	Avto Union AD
Espas Auto OOD Share purchase	51%	88 500	885 000	Own funds	Nissan SofiaEAD
Euroins Rumania Capital increase	92.30%	15 753 791	6 833 474	Own funds	EIG AD
United Zdravno Osigurivane EAD, Share purchase	100%	205 002	355 250	Own funds	EIG AD
Euroins Macedonia Capital increase	92,65%	1 000	999 996	Own funds	EIG AD
Euroins Bulgaria Capital increase	77.90%	80 800	106 153	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		117 350	Own funds	BG Autolease Holding – the Netherlands
Eurolease Auto Romania Capital increase	74.93%		277 728	Own funds	BG Autolease Holding – the Netherlands
Total			11 394 951		

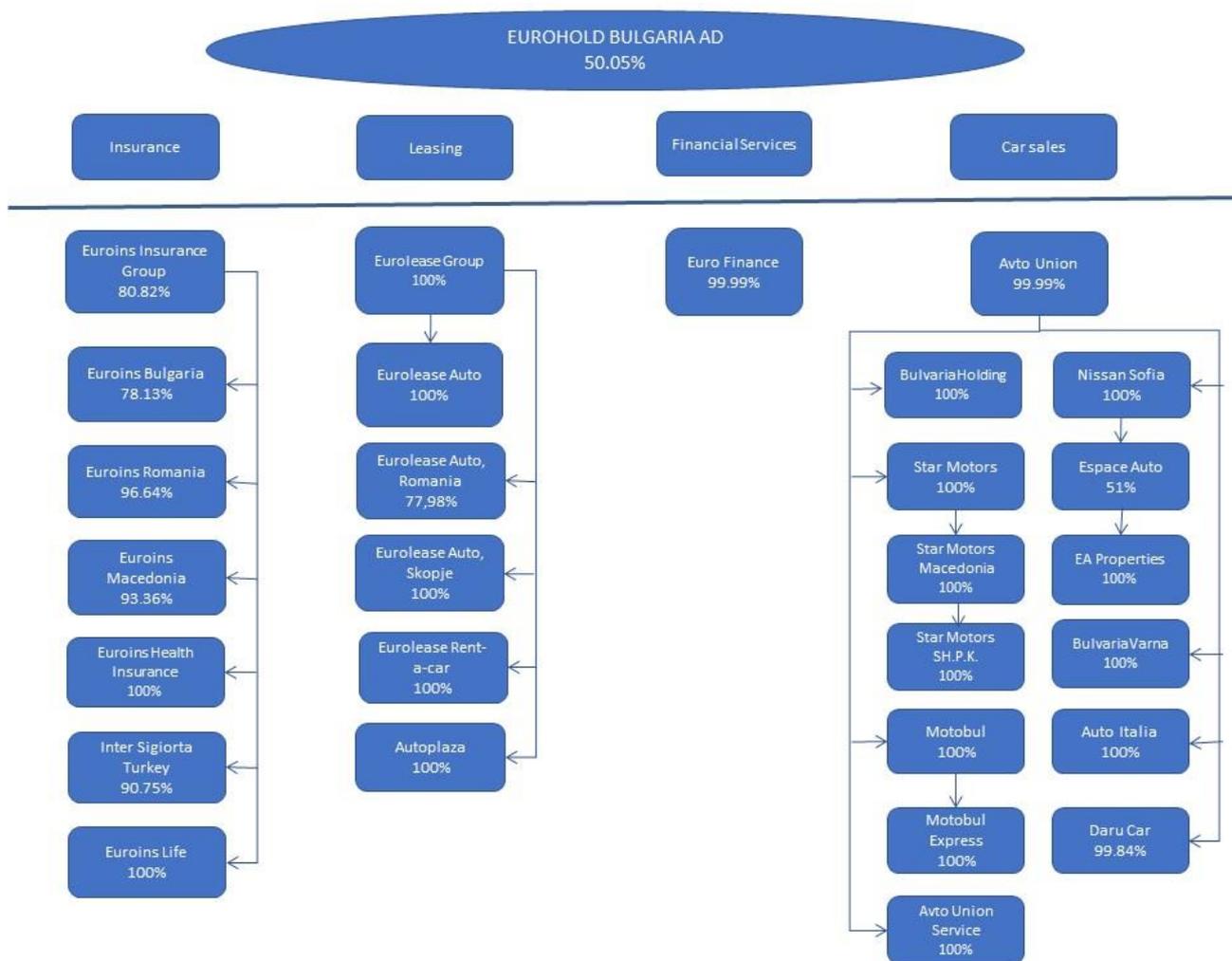
<i>EUROHOLD BULGARIA AD investments in 2013</i>					
Eurolease Group EAD Capital increase	100%	50 000	37 500	Own funds	Еврохолд България АД
Общо			37 500		
<i>Investments in subsidiaries in 2013</i>					
Nissan Sofia EAD Capital increase	100%	667 500	667 500	Own funds	Avto Union AD
Bulvaria Varna EOOD Capital increase	100%	37 370	373 700	Own funds	Avto Union AD
Star Motors DOOEL Establishment of the company	100%		391 000	Own funds	Star Motors EOOD
Espas Auto OOD Capital increase	51%	26 200	262 000	Own funds	Nissan Sofia EAD
Euroins Romania Capital increase	93.27%	19 809 966	8 693 815	Own funds	EIG AD
Interamerican Bulgaria Life Share purchase	100%	1 012 507	3 575 971	Own funds	EIG AD
Euroins Macedonia Capital increase	93,36%	732	731 790	Own funds	EIG AD
Euroins Bulgaria Share purchase	78.13%	26 439	23 468	Own funds	EIG AD
EuroIns Health Insurance EAD Capital increase	100%	1 500 000	1 500 000	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		48 896	Own funds	Eurolease Group EAD
Autoplaza EAD Capital increase	100%		200 000	Own funds	Eurolease Group EAD
Total			6 078 908		
<i>Investments in subsidiaries in 2014</i>					
Nissan Sofia EAD Capital increase	100%	1 200 000	1 200 000	Own funds	Avto Union AD
EA Properties EOOD Share purchase	100%	50 000	50 000	Own funds	Espas Auto OOD
Euroins Romania Capital increase	96.64%	100 000 000	36 329 592	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		68 454	Own funds	Eurolease Group EAD
Total			37 650 002		

Business Lines

The current business structure of EUROHOLD BULGARIA AD includes three main sub-holdings: EuroIns Insurance Group AD, Avto Union AD and EuroLease Group, which specialize respectively in insurance, car sales and leasing, the investment

intermediary Euro-Finance AD and newly established EA Properties OOD with operations in real estate sale and development, urban development and construction, rental, consulting and management services.

As of 31 December 2014, EUROHOLD BULGARIA AD controls the following companies:



EuroIns Insurance Group AD – www.eig.bg

EuroIns Insurance Group AD (EIG) was founded at the end of 2007 as a 100% owned subsidiary of EuroHoldBulgaria AD, which concentrates the entire insurance and health assurance business of the holding. As of the date of this report EUROHOLD BULGARIA AD owns 80.82% of EIG’s capital.

EIG develops its activity through its subsidiary insurance companies in Bulgaria, Romania and Macedonia. The insurance companies in the Group have more than 300 regional offices and more than 1 million clients in the region.

The efforts and investments made in the past few years ensured the stabilization of the market positions of the companies in Bulgaria, Romania and Macedonia. As of the end of 2013, EIG owns the majority share in the companies in Bulgaria, Macedonia, Turkey and Romania and a minority share in a Serbian company. EIG’s share in the capital of the companies is respectively: 78.13 % in EuroIns AD, 93.36% in EuroIns Insurance Skopje

AD, 96.64% in EuroIns Romania Insurance and Reinsurance AD, 100% in EuroIns - Health Assurance AD, 100 % in Euroins Life Insurance and 90.75 % in Inter Sigorta, Turkey.

The main goal of EuroIns Insurance Group AD is to achieve 10% market share of the general insurance sector in the Balkans region in the mid-term, as well as expanding the insurance business through offering a full range of insurance products - non-life insurance, life insurance and health insurance.

EIG’s subsidiaries business activity is in the field of general insurance, life insurance and health assurance. The products offered include Motor Third Party Liability (MTPL), Auto Casco, Property Insurance, Cargo Insurance, General Third Party Liability Insurance, Crops and Livestock Insurance, Vessels Insurance, Aircraft Insurance, Financial Risks Insurance, Travel Assistance Insurance, Accident and Sickness Insurance, Life Insurance and health insurances.

EuroLease Group – www.euroleasegroup.com

The leasing sub-holding EuroLease Grup EAD (ELG) is a company, consolidating EuroHold's investments in the leasing sector in the Balkans.

The structure of ELG includes Eurolease Auto Bulgaria (100%), Eurolease Auto Romania (77.98%), Eurolease Auto Macedonia (100%), Eurolease rent-a-car – exclusive franchise partner of Rent-a-Car and Avis Rent-a-Car in Bulgaria (100%) and Auptoplaza (100%).

The companies from the ELG group offer financial leasing of new and used vehicles, of new passenger and light commercial vehicles, trucks and buses.

EuroLease Group has a key role in the overall strategy of EUROHOLD BULGARIA AD – it unites car dealers and insurers to create a finished product with a common added value.

Avto-Union AD – www.avto-union.com

Avto Union AD is a holding company which consolidates EuroHold Bulgaria's investments in the automobile sector. Avto Union is an automotive subsidiary which offers 9 car brands in Bulgaria. Avto Union manages the largest portfolio of car brands in Bulgaria. The strategy of maintaining a variety of brands is complemented by continuous quality improvement of supplementary products and the after sales service, as well as by offering new product packages, combining leasing and insurance consistent with the client's needs.

The main business lines of Avto Union are:

- Sale of new cars, motorcycles and scooters;
- Sale of original spare parts and accessories;
- Car rentals (long and short-term);
- Car buy-backs.

Through its subsidiaries, Avto Union is:

- An exclusive importer for Bulgaria of the following brands: Fiat, Lancia, Alfa Romeo, Mazda, Maserati and the following brands of scooters: Piaggio, Vespa and Gilera;
- An authorized dealer of Opel, Nissan, Renault, Dacia and Chevrolet;
- For each model from the Avto Union's portfolio a test-drive, is offered as well as registration of directly purchased vehicles. Additionally the following services are provided:

- Up to 5 years of 'Extended warranty' – extended manufacturer's warranty by 1 or 2 years (according the client's preference);
- covers a range of up to 150 000 km;
- Substitute vehicle in case of a car accident or damage;
- Car cosmetics;
- Warranty and post warranty service;
- Vehicle buyback.

Euro-Finance AD - www.eurofinance.bg

Euro-Finance AD has been a member of EuroHold Bulgaria since 2006. Euro-Finance is one of the first licensed investment intermediaries in Bulgaria with an almost 19-year history.

The company is the only investment intermediary in Bulgaria, member of the Deutsche Borse Group and through its network and longstanding relations with international broker-dealers offers a wide range of investment products –FX deals, contracts for differences (CFDs), equity trading, fixed income, derivatives trading, REPO transactions, domestic and international SWIFT payments.

Euro-Finance is a leading non-banking financial institution in Bulgaria which aims to provide quality investment products and services, tailored to each customer. Euro-Finance provides investment and financial services to individuals, corporate and institutional clients.

Real Estates

The real estate business of EuroHold Group is represented by Eurohold Imoti EOOD and Avto Union Properties EOOD, 100% owned by Avto Union AD until May 2014 when was sold.

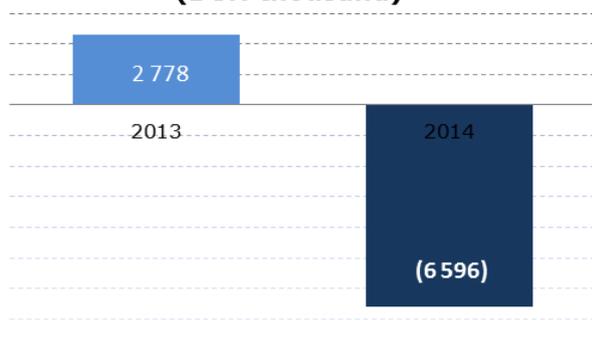
The newly established in May 2014 EA Properties EOOD has not been active during the period.

III. OPERATING RESULTS

Analysis of Financial Results

As at 31.12.2014 the consolidated financial results belonging to the Group are a loss of BGN (6,596) thousand, compared to a profit of BGN 2,278 thousand for 2014.

Financial result for the Group (BGN thousand)



The financial results of the individual sub-holdings, unaffected by consolidation, are presented in the following table.

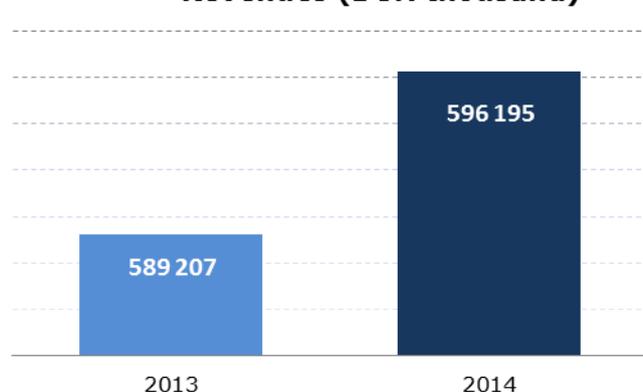
Income by subsidiary	2014	2013
Insurance and health assurance	(8,114)	(411)
Asset management and brokerage	571	222
Leasing	144	(721)
Automotive business	(1,226)	(290)
Parent company	1,665	(767)
Real estate (discontinued operations)	-	(588)

Revenues

Revenue on a consolidated basis is formed by the activities of the sub-holdings and the core business of the parent company, related to the acquisition and management of shares and the financing of the sub-holdings.

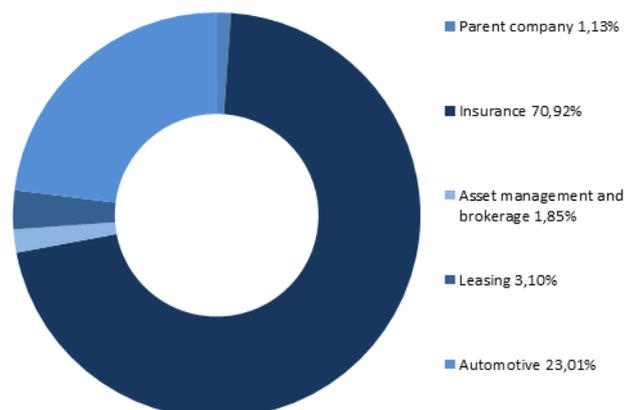
The total revenue for 2014 on a consolidated level is BGN 596,195 thousand, which marks an absolute increase of BGN 6,988 thousand compared to the realized consolidated revenue for 2013.

Revenues (BGN thousand)



The structure of revenues by business lines for 2014 is the following:

Structure of revenues, %

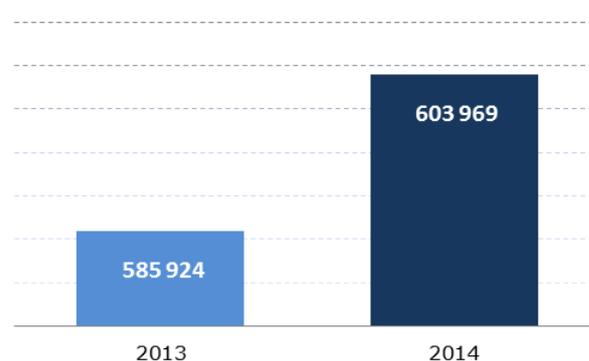


A major share of the revenues comes from the insurance business of the company, which has revenues for 2014 on a consolidated basis amounting to BGN 422,800 thousand (2013 – BGN 417,017 thousand), followed by the automotive business, which has revenues for 2014 of BGN 137,193 thousand (2013 – BGN 128,227 thousand). The remaining 6% of the revenues are shared among the asset management and brokerage business – BGN 11,002 thousand, leasing – BGN 18,486 thousand and parent company – BGN 6,714 thousand.

Expenses

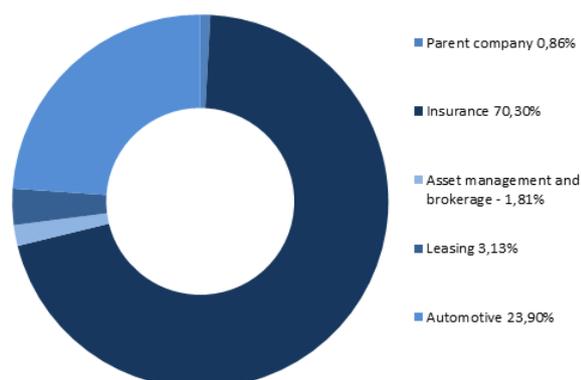
The consolidated expenses for 2014 amounted to BGN 603,969 thousand, which constitutes a 3,08% increase compared to 2013 r.

Expenses (BGN thousand)



The structure of expenses by business lines is the same as the structure of revenues, as follows:

Structure of Expenses, %



In value terms, total expenses are allocated to BGN 424,586 thousand for Insurance, BGN 144,366 thousand for Automotive, BGN 18,892 thousand for leasing, BGN 10,914 thousand for Asset management and brokerage, BGN 13,143 thousand for investment properties management and BGN 5,211 thousand for the core business of the parent company.

The main results on an unconsolidated basis by business activity are as follows:

Insurance and health assurance	2014	2013	%
Premiums written	308,690	320,638	-3,7%
Claims paid	(217,678)	(217,094)	-0,3%
Acquisition costs	(86,488)	(86,385)	-0,1%
Premiums ceded to reinsurers	(13,657)	(21,874)	37,6%
Change in the gross amount of unearned premium reserve	(1,642)	(3,496)	53,0%
Change in the gross amount of reserve for pending claims	(48,505)	(8,288)	-485,2%
Administrative expenses	(21,438)	(19,103)	-12,2%
Net result	(7,833)	787	-1095,3%
Share capital	226,447	233,266	-2,9%
Technical reserves	293,836	211,263	39,1%
Other liabilities	87,089	55,236	57,7%

Leasing	2014	2013	%
Net result	155	(721)	121%
Leasing portfolio	61,823	51,835	19%
Cash and cash equivalents	1,771	1,122	58%
Share capital	16,199	16,048	1%
Long-term liabilities	74,590	65,286	14%
Short-term liabilities	10,933	17,307	-37%

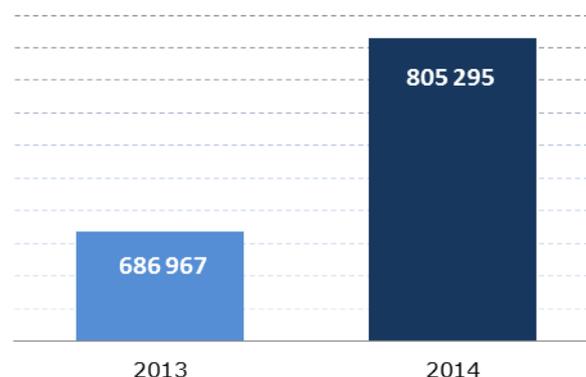
Asset management and brokerage	2014	2012	%
Revenues from financial services	11,505	13,416	-14%
Net result	571	222	157%
Share capital	16,159	15,810	2%

Automotive	2013	2012	%
Revenues from sales	142,468	133,588	7%
EBITDA	2,565	3,272	-22%
Net result	(1,226)	(290)	323%

Financial Position on a Consolidated Basis

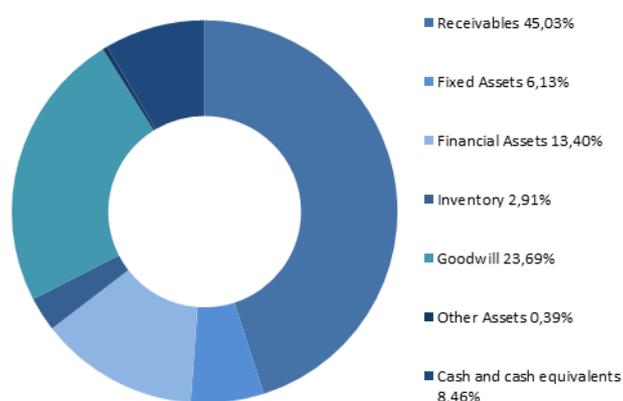
Assets

Total Assets (BGN thousand)



The total assets of the Group grew by 17% in 2014. As at the end of 2014 they amounted to BGN 805,295 thousand, compared to BGN 686,967 thousand for 2013, which marks an increase of BGN 118,328 thousand.

Structure of assets, %



The receivables constitute a major share of the assets. They are divided into short-term and long-term and amount to BGN 287,556 thousand and BGN 75,035 thousand, respectively. The biggest share of the long-term receivables are financial leasing receivables of the leasing subsidiary. In 2014 they amount to BGN 49,090 thousand, while in 2013 they were BGN 38,675 thousand.

The financial assets include the investment portfolios of the leasing and asset management and brokerage companies. They are also divided into short-term and long-term and constitute of securities held for trading. The investments in associates and other companies are also part of the long-term financial assets.

The short-term financial assets amount to BGN 100,963 thousand in 2014, compared to BGN 108,237 thousand in 2013. The long-term financial assets amount to BGN 6,917 thousand, compared to BGN 10,550 thousand in 2013.

Inventory constitutes 2,91% of the total assets of the Group and consists primarily of the automobiles and spare parts of the automotive companies. It decreased from BGN 31,106 thousand at the end of 2013 to BGN 23,411 thousand at the end of 2014.

Goodwill is 23,69% of total assets and amounts to BGN 190,791 thousand at the end of 2014, unchanged from the end of 2013.

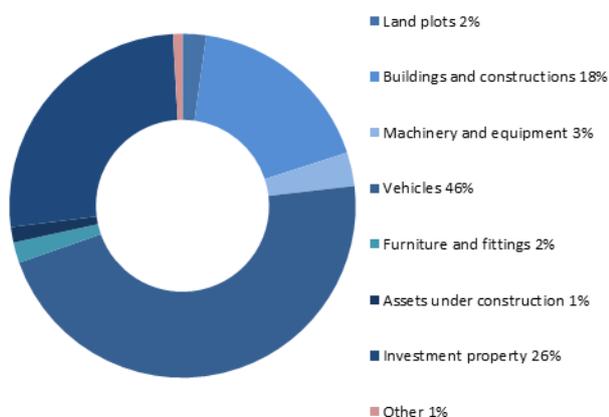
Cash and cash equivalents in 2014 are 8,46% of total assets and amount to BGN 68,119 thousand, compared to BGN 39,029 thousand for 2013.

Structure of Fixed Assets

EuroHold Bulgaria AD and its subsidiary companies do not have off-balance sheet assets.

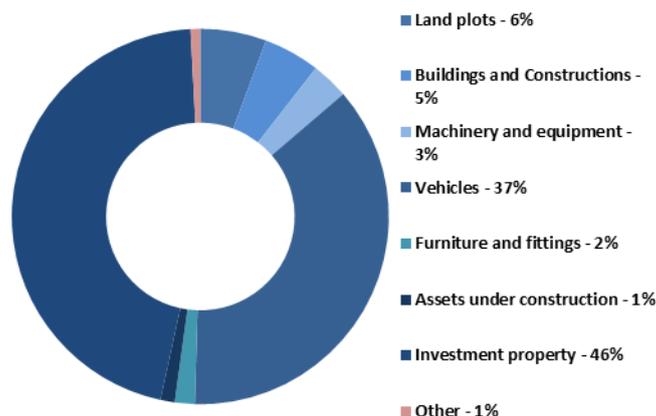
There are no environmental issues affecting the use of assets by the Group.

Fixed Assets, %



During the accounting period the total amount of fixed assets decreases by 16% . Fixed assets are BGN 46,798 thousand at the end of 2014, compared to BGN 56,036 thousand at the end of 2013.

Fixed Assets 2013 %



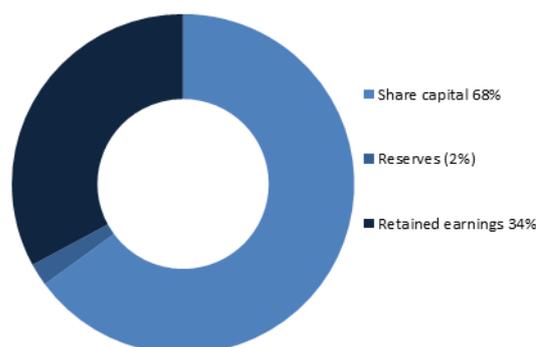
The structure of fixed assets for 2014 is dominated by vehicles and investment properties.

The most significant share of fixed assets are the vehicles which are a main asset of the automotive sector. They amount to BGN 21,718 thousand at the end of 2014 (2013 – BGN 20,581 thousand). Investment properties decreased by 52,37%, at the end of 2014 amount to BGN 12,200 thousand (2013 – BGN 25,613 thousand).

Equity and Liabilities

The total equity of the Group is formed by the share capital, reserves and retained earnings. The reserves are classified as premium reserves, general reserves, revaluation reserves and special reserves.

Equity structure, %

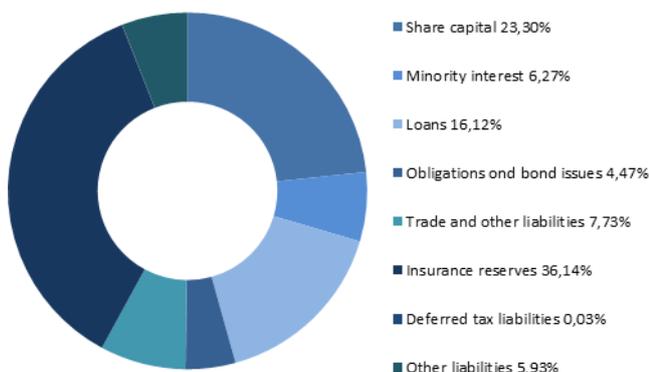


As at 31.12.2014 r. the total equity represents over 23,3% of the company’s assets. Minority share is 6,27%.

In absolute terms the total equity as at the end of 2013 is BGN 187,628 thousand (2013 - BGN 186,441 thousand), and minority share is BGN 50,513 thousand (2013 r. – BGN 51,204 thousand).

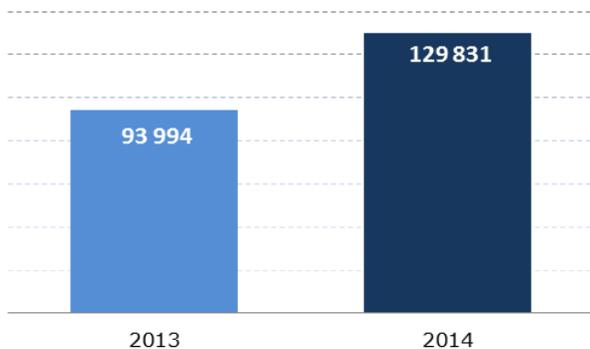
The retained earnings as at 31.12.2014 is BGN 64,513 thousand (2013 – BGN 71,873 thousand) and constitutes 39% of the Group’s equity.

Structure of Liabilities and Equity, %



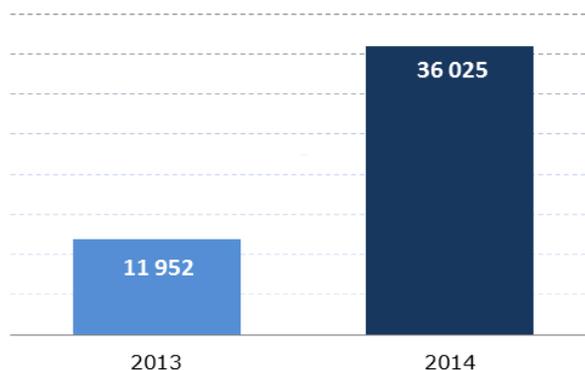
The obligations on loans to banks and other financial institutions account for 16,2% of the sum of the liabilities and equity. In 2014 they increase to BGN 129,831 thousand compared to 93,994 thousand for 2013 or by 38%.

Loan obligations (BGN thousand)



The liabilities from bond issues account for 4,47% of the sum of the liabilities and equity. They increased by 201% in 2014, from BGN 11,952 thousand to BGN 36,025 thousand.

Obligation on bond issues (BGN thousand)



A significant part of the liabilities of the Group are the insurance companies’ reserves. They constitute 36,14% of the sum of the liabilities and equity and amount to BGN 291,066 thousand as at the end of 2014 compared to BGN 210,260 thousand in 2013.

7,73% of the sum of the liabilities and equity constitute of trade and other liabilities. Their values as at the end of 2014 are BGN 62,277 thousand. The remaining 5,93% are other liabilities amount to BGN 47,753 thousand.

IV. OVERVIEW OF THE MAIN RISKS FACING THE COMPANY

1. Systematic risks

Influence of the Global Economic Crisis

The global financial crisis, which started in 2007, led to a slowdown in economic growth and an increase of unemployment in many countries (including US, EU countries, Russia, and Japan), limited access to financing resources 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 in financial markets and fewer investments in financial instruments. As a result, companies in the financial sector started to experience difficulties in maintaining liquidity and raising capital.

A further deterioration of the business climate may lead to an even higher unemployment rate and reduced income in the Balkan countries (Bulgaria, Romania, Macedonia and Serbia), which in turn may lead to a decreased level of consumption. The low levels of consumption will affect the sales of the Issuer's subsidiaries.

A future deterioration of the business climate and the lack of certainty regarding the trends on the global financial market, particularly on the Balkan financial markets, may also have an adverse effect on the development prospects of the emitent, its results and financial status.

Risks resulting from the general macroeconomic, political and social climate, and government policies

The macroeconomic situation and the economic growth of the Balkans (Bulgaria, Romania, Macedonia and Serbia) are of key importance for the development of the Group, this includes government policies of the respective countries, particularly the regulatory policy and the decisions made by the respective National Banks which affect the monetary policy, interests and exchange rates, taxes, GDP, inflation rate, budget deficit, foreign debt, unemployment rate and income structure.

The changes in the demographic structure, the mortality or morbidity rate are also important factors, affecting the Group's development. The above mentioned external factors, as well as other unfavorable political, military or diplomatic developments, leading to social instability, may shrink the consumers expenditures as well as restrict the funds for insurance policies and car leasing.

As a result, the gross underwritten premiums (GWP) in the insurance business may decrease and clients may discontinue their insurance policies, as well as postpone new car purchases and, correspondingly, new car leases. Any deterioration of the region's macroeconomic indicators may also adversely affect insurance products, car sales and signing of new lease contracts. Consequently, there is a risk, if the business environment broadly deteriorated, the Group's sales would be lower than originally planned. Furthermore, the general changes in the government policy and regulatory systems may lead to an increase of the Group's

operating expenses and capital requirements. If the above mentioned factors occur, fully or partially, they could have a significant adverse impact on the Group's results and financial status.

Political Risk

This is the risk resulting from the political process in the country - risk of political instability, changes in the governing principles, legislation and economic policy. The political risk is directly related to the likelihood of unfavorable changes in the direction of the government's long-term policies. Consequently, there exists the possibility of negative changes in the business climate.

The long-term political environment in the Balkans (Bulgaria, Macedonia, Romania and Serbia) is stable and does not imply greater risks for the future economic policy of the countries. The EU integration of the countries in the region, combined with their consistent domestic and foreign policies, ensure the absence of shocks and significant changes in the currently conducted policies in the near future.

Credit Risk of the State

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 Group.

The credit agencies make positive assessments of the region in the ongoing crisis, thanks to the stable fiscal policy and the structural reforms. However, at the end of 2014 the credit agency S & P lowered the credit rating of Bulgaria from BBB- / A-3 level to BB + / B. The main reason highlighted the situation with KTB and the provision of liquidity to other Bulgarian bank.

The policies which shall preserve the current fiscal stability in the long run are:

- Controlling the size, dynamics and servicing of all financial commitments and debts, borne by and on behalf of the country and comprising both its domestic and external debt;
- Development and implementation of a policy on public debt management, which fundamental nature aims to secure smooth budget funding and debt refinancing at minimum price in middle-term and long-term and at an optimum risk level;

- Development and implementation of a funding policy, exercising control on open-market transactions with government bonds, issuance of permits for investment intermediary transactions with government bonds, as well as implementation of policies for development of an efficient, transparent and liquid local government bonds market;
- Monitoring the proper servicing of all financial liabilities with guarantee issued on behalf of the state, as well as providing public information on the consolidated state indebtedness, including government debt, municipal debt, and social insurance funds;
- Identifying and monitoring possible risks that may occur during the implementation of the strategic goals;
- Undertaking appropriate and timely actions to minimize or avoid the impact of identified risks and their potential negative effects.

Inflation Risk

The inflation risk is associated with the possible inflation adverse impact to real returns on investments. Inflation may affect the expenses of the Company, because large part of the Company's liabilities are related to interest. Their servicing depends on the prevailing current interest rates, which reflect the levels of inflation in the country. Therefore, maintaining low inflation rates in the countries the Company operates, is considered a significant factor.

Currency risk

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

For Bulgaria this is the risk of premature collapse of the Monetary Board in the conditions of fixed exchange rate of the national currency.

Considering the adopted policy by the government and the Central Bank, it is expected the currency board to be maintained until the country's admission into the Euro zone.

In Romania, Serbia and Macedonia the currency exchange rates are determined by the market conditions and the central banks intervene and balance the short-term fluctuations of currency exchange rates in occurrence of stress situations caused by singular external factors.

Any significant devaluation of the national currencies in the region (Bulgaria, Romania, Macedonia and Serbia) could have a significant adverse effect on the business in the country,

including the Company. Risks exist when the revenues and expenses of a firm are denominated in different currencies.

Interest Rate Risk

The interest rate risk is related to the possibility of changes in the prevailing interest rates in the country. Its impact is reflected in the possibility that the net income of the companies will decrease as a result of increase of interest rates at which the Company funds its activity. Interest rate risk is classified as a general macro-economic risk, because the major precondition for interest rates change is the instability of the financial system as a whole. This risk can be managed by a balanced use of multiple sources of funding.

A typical example of this risk is the global economic crisis, caused by the liquidity problems of the large mortgage institutions in the U.S. and Europe. As a result of the crisis, the required interest rate premiums were reconsidered and re-evaluated and increased globally. The effect of this crisis is noticeable in Eastern Europe and the Balkans and restricts the free access to borrowed funding.

The increase of interest rates, *ceteris paribus*, will impact the cost of funding used by the Company in executing different business projects. At the same time, it can adversely affect the amount of the Company expenses, because large portion of the Company's liabilities are related to interests and their maintenance depends on the current interest rates.

2. Unsystematic risks

Risks, related to the business operations and the structure of the company

EUROHOLD BULGARIA AD is a holding company, and any deterioration in the operating results, financial status and development prospects of its subsidiaries may adversely affect the results financial condition of the Company.

As far as the Company's business is related to management of assets of other companies, the Company cannot be assigned to one particular segment of the national economy and is exposed to the industry risks of its subsidiaries.

Generally, the companies from the group of EUROHOLD BULGARIA AD operate in two main sectors: financial (insurance, leasing, financial intermediary) and car sales.

The main risk for the EUROHOLD BULGARIA AD's activity is the possibility of decreasing the revenues from sales of the companies it holds shares in. This affects the received dividends. Respectively, this may have a negative effect on the Company's revenue growth as well as profitability.

The activity of the Company's subsidiaries are adversely affected by the continued increase of the market prices of fuels and electricity which are subject to international supply and demand and are determined by factors beyond their control.

The biggest risk is concentrated in the insurance segment of the Company which generates the biggest portion of the group's revenue. The companies with the biggest share in revenues, respectively in the financial result of the insurance segment are the operating on the Bulgarian and Romanian market companies from the group of EuroIns.

The major risk of the leasing business line is in the ability to provide acceptable price of sufficient funds to expand the leasing portfolio. The leading company of the leasing subholding, EuroLease Auto AD has issued bonds, registered for trade on BSE-Sofia AD. The investor may obtain detailed information concerning the business risks from the company's prospectus.

The financial business line of the group is represented by investment intermediary Euro-Finance AD. The risk associated with the financial intermediation, brokerage and asset management is related to the high volatility of the debt and equity markets, the changes in the people's financial disposition and investing culture.

The automotive subholding Avto Union AD which operates only in Bulgaria is engaged in the field of new car sales, rent-a-car services and after-sales services. The business activity depends directly on the permissions and authorizations granted to the companies from the group of Avto Union by the respective car manufacturers. The termination or revocation of such rights can drastically decrease the sales of the group. This is relevant, especially in

the context of global restructuring of the car industry. Business environment of the car industry is influenced by domestic factors related to the ability of the population to buy, funding availability, business attitudes, inventories, etc.

The worse results of one or several subsidiaries can lead to worse results on a consolidated basis. Respectively, this relates to the shares' price of the company, because the market price of the shares reflects the business potential and the assets of the economic group as a whole.

Risks, related to the strategy and development of the Issuer

The future earnings and market value of the Company depend on the strategy, chosen by the senior management of the Company and its subsidiaries. Choosing the wrong strategy may lead to significant losses.

EuroHold seeks to manage the risk of strategic mistakes by continuously monitoring various stages in the implementation of its marketing strategy and the results from it. This is crucial for the ability to respond on time if change in the strategic development plan is needed. Untimely or inappropriate strategy changes may also have a significant negative impact on the Company's operating results and financial status.

Risks, Related to the Management of the Company

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

- Poor decisions regarding investments and liquidity management by either top management or other senior employees;
- Inability to launch and execute new projects under development, or lack of a competent management team for those projects
- Possible information system errors;
- Possible failures in the internal control system;
- Resignation of key employees and inability to keep and hire qualified personnel;
- Excess increase of SG&A expenses, leading to a decrease in the Company's profitability.

Financial Risk

The financial risk represents an additional uncertainty when the Company uses borrowed funds. This additional financial uncertainty increases the business risk. When part of the funds used by the company for financing its activities are borrowed or raised by issuing bonds, the repayment of these funds represent a fixed liability.

The larger the share of long-term debt to equity, the greater the possibility for default in payments of fixed liabilities will be. The increase in this indicator represents an increase of overall financial risk. Another group of indicators is related to the flow of revenues which enable the payment of the company's liabilities. An indicator, which can be used is the one reflecting the coverage of the fixed liabilities (interests). This indicator refers to the amount of the fixed interest payments divided by the income before payment of interests and taxation. This is a good indicator of a firm's ability to service its long term liabilities.

The acceptable or "normal" level of financial risk depends on the business risk. If there is a low business risk for the company, it can be expected for the investors to take bigger financial risk and vice versa.

Currency Risk

EuroHold operates in several Balkan countries (Bulgaria, Romania, Macedonia and Serbia), where the national currency of each of the countries, except in Bulgaria, is freely convertible, which relative value to other currencies is determined by the free financial markets. In Bulgaria, since 1996 the local currency has been pegged to the Euro. Abrupt changes in the macro-framework of any of the countries, where the Company actively operates, may have a negative effect on its consolidated results. However, EuroHold reports its consolidated financial results in Bulgaria in Bulgarian lev, which in turn is pegged to the Euro, which also changes its value according other global currencies, but is significantly less exposed to any dramatic fluctuations.

Liquidity Risk

The liquidity risk is related to the possibility for the Company to fail to repay its maturing financial liabilities fully and on time when they are due for

payment. The good financial indicators of profitability and capitalization of a company do not guarantee the smooth covering of the current payables. Liquidity risk may occur due to delayed payments from clients.

EUROHOLD BULGARIA AD aims to minimize this risk by optimal management of the cash flows within the group. The Group implements an approach which ensures the necessary liquidity resource for covering the incurred liabilities in normal or extraordinary conditions without unacceptable loss or compromising the reputation of the separate companies in the group.

The subsidiaries exercise financial planning to cover the payment of their current expenses and liabilities for a period of ninety days, including servicing of the financial liabilities. This financial planning minimizes and excludes the potential effect of unexpected circumstances.

The Company's management supports the efforts of the subsidiaries in the group for raising bank resources for investments and using this kind of financing for providing of working capital. The amount of these borrowed funds is kept at defined level and is approved upon proving the economic effectiveness for each company. The policy of the management is aimed at raising financing resources from the market in the form of shares and bonds then invested in the subsidiaries as loans for funding their projects. The management participates in the increase of their capital as well.

Risk related to the possible transactions between companies within the Group under terms different from those on the market, as well as related to the dependence on the Group activity

The relationships with related parties arise as a result of contracts for temporary financial aid to the subsidiary companies and transactions, related to the normal business activity of the subsidiary companies.

The risk of possible transactions between the companies within the Group under terms that are different from those on the market refers to taking a risk to achieve low profitability from provided intercompany financing. Another risk that can be assumed refers to intercompany transactions failing to realize enough revenues and thus poor profit for

the respective company. On a consolidated level, this can affect negatively the profitability of the entire group.

There are constant transactions between the parent Company and its subsidiaries, as well as among the subsidiaries themselves, which arise in the normal course of activity of the companies. All transactions with related parties are conducted under terms that are no different from the normal market prices and are in compliance with IAS24.

EUROHOLD BULGARIA AD operates through its subsidiary companies which means that its financial results directly depends on the financial results, the developments and the perspectives of the subsidiaries. One of the main objectives of EUROHOLD BULGARIA AD is to realize significant synergy between its subsidiary companies as a result of the integration of the three business lines – insurance, leasing and car sales. Bad results of one or several subsidiary companies can lead to a deterioration of the consolidated financial results. This, in turn, affects the Company's share price which can change as a result of the expectations of the investors about the perspectives of the company.

3. Risk Management

The elements of risk management consist of specific procedures for timely prevention and resolution of possible problems in the operations of EUROHOLD BULGARIA AD. They include current analysis in the following directions:

- market share, pricing policy and marketing research on the development of the market and market share;
- active management of investments in different industry sectors;
- a comprehensive policy regarding the management of the Company's assets and liabilities, which aims to optimize the structure, quality and return on assets;
- optimization of the structure of raised funds aiming to ensure liquidity and a decrease in the financial expenses of the Group;
- effective management of cash flows;
- optimization of administrative expenses, as well as those for management and external services;
- human resources management.

In the case of unexpected events, incorrect assessment of current market trends, as well as many other micro- and macroeconomic factors,

could impact the judgment of management. The only way to overcome this risk is to work with experienced professionals, as well as to maintain and update a comprehensive database on recent developments 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 business segments and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk by properly selecting and actively monitoring the insurance portfolio, matching the duration of assets and liabilities, as well as minimizing FX 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.

The risk management procedures aim to:

- identify possible events which can affect the Group's operations and achieving specific goals;
- control the risk assertion at an acceptable level adopted in the Group;
- achieving the Group's financial goals at the lowest possible risk;

V. INFORMATION ABOUT THE MANAGEMENT BODIES

The Supervisory Board and the Management Board of EuroHold Bulgaria AD are elected for five-year term of office, while the members of the first Supervisory Board are elected for a three-year term of office. In case that the contracts of the members of the Management Board and the Supervisory Board are not expressly terminated before the term of office has ended, they shall be deemed automatically renewed for a new five-year term.

The members of the Management Board and the Supervisory Board are appointed under management or supervisory contracts. Current contracts of the members of the Management Board and the Supervisory Board are in effect until the fulfillment of the position's duties.

None of the contracts for management, signed by EUROHOLD BULGARIA AD or its subsidiary stipulates that compensations or benefits are to be received by the persons in case of early termination.

	Date of contract for management /supervision	Valid until
Supervisory Board		
Assen Christov	27.11.2006	Until termination
Dimitar Stoyanov Dimitrov	27.11.2006	Until termination
Krasimir Katev	01.07.2012	Until termination
Management Board		
Kiril Boshov	27.11.2006	Until termination
Assen Minchev	27.11.2006	Until termination
Assen Assenov	31.08.2009	Until termination
Velislav Christov	22.10.2012	Until termination
Dimitar Kirilov Dimitrov	01.07.2012	Until termination

As of the date of drafting of this report, the Company has established an Audit Committee.

The Audit Committee of EUROHOLD BULGARIA AD was elected by the General Meeting of the Shareholders of the Company on 26. 05. 2009. Its members - Dimitar Stoyanov Dimitrov, Ivan Georgiev Munkov and Milena Vassilieva Avramova are appointed for 3- year term of office. If new members are not elected after the end of the Audit Committee's term of office, the contracts of the members of the existing Audit Committee shall be deemed automatically renewed for another three-year term.

VI. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENTS OF THE COMPANY

Trends in company's activity

After completing the sale of non-strategic assets in 2011 and 2013, EUROHOLD BULGARIA AD is entirely focused on its main business lines.

In the last two years, EuroHold Bulgaria has focused its efforts on concentrating its activities in the following five business lines:

- Sales of cars
- Leasing
- Insurance
- Financial intermediary

Insurance

According to final data on the non-life insurance market, the gross premium income for 2014, divided by countries is as follows: in Bulgaria – EUR 733.3 million; in Romania – EUR 1,452 million; in Macedonia – EUR 109.6 million.

A slight increase is observed in the non-life insurance market in 2014 compared to 2013 in Bulgaria by 0.8 per cent, a decrease in Romania by 0.6 per cent.

An increase marks the general insurance market in Macedonia - by 4.3 per cent. The market share of the entities in Euroins Insurance Group is as follows – from 8.4 per cent for 2013 to 5.8 per cent for 2014 in Bulgaria, Euroins Macedonia - from 7.1 per cent to 7.6 per cent, Euroins Romania - from 7,8 per cent to 7,3 per cent.

In 2013 the health assurance companies in Bulgaria was re-licensed as insurers. Part of them joined in the life insurance companies and others joined to non-life insurance companies. Euroins Health Assurance is being licensed as an independent company which will provide health insurances. The market share of the companies at 31.12.2014 was 0.3 per cent.

According to preliminary data, the life insurance market in Bulgaria is EUR 174.2 million. The market share of Euroins Life at 31.12.2014 was 0.8 per cent.

Expectations for group companies Euroins Insurance Group is increase in market share in 2015 in the non-life insurance sector. As a result of implemented in the early 2015 acquisition of the two new insurance companies, the Group plans to expand the insurance business through the current 2015 by increasing its presence in Bulgaria and entering the insurance market in Ukraine.

Car Sales

At the end of 2014 the new car market reported a slight increase in recent months in the recovery of sales, which is an attempt to reverse the trend of recent years. Whether this experience will stabilize as a trend will become apparent from the first months of 2015. According to the Manufacturers Association the Bulgarian automobile market for new PC and LCV reported an increase in sales in 2014 over the previous year amounting to 6%, growth in 2012 remained at the same rate 6%, while in 2013 the annualized growth rate was only 1%.

Avto Union predicts to maintain the market share as a result of:

- Excellent opportunities to develop existing customer base of individuals and legal entities;
- Increasing corporate clients.

The expectations for future development of the automotive market in Bulgaria are based on expectations of sluggish recovery of the local economy and of fear of new economic turmoil caused by internal and external events. This would lead to a postponement of the decision on the purchase of new cars by the population next year.

On the other hand, the depreciated fleet is a prerequisite for an increase in sales to corporate customers, for which is unprofitable maintaining outdated fleet.

Leasing and rent-a-car

In 2014 the Bulgarian Market of finance leases reported an increase in receivables on financial lease contracts, as they increased by 2.5% to BGN 1.67 bln While the allocations by newly concluded leases again showed growth compared to the previous period and an increase amounted to 11.1% for 2014. The positive trend in the newly generated business of leasing companies, a steady increase in sales volumes of new cars and more affordable financing conditions of leasing assets, leads the leasing business to expected growth of the leasing market in 2015.

In this situation Eurolease Auto managed to negotiate new credit lines with interest rates, enabling the company to offer attractive lease terms to their customers.

The resources provided for funding in 2015 and the elaborated jointly with Euroins and the dealers of Auto Union products is a reason Eurolease to expect a growth in leasing portfolio.

The companies in the Group, specialized in car rental services and operating leases, maintain its leadership position.

Financial brokerage

Most of economists agree that Bulgaria 2014 proved to be another lost year in terms of structural reforms. The refusal of reforms deepen the ongoing six years now economic stagnation, weakening the chances of the country to speed up the processes of modernization and convergence. Political uncertainty and crisis in the banking sector following the bankruptcy of the fourth largest bank in the country, further worsened the investment climate.

In the past year Euro-Finance AD made systematic efforts to develop the segment of services, dealings with local and foreign financial instruments. The main index of the Frankfurt Stock Exchange - DAX added 2.6% compared to levels from the beginning of the year, while the leading index of the local stock market SOFIX added 6.2% to the level of a year earlier.

Estimates are that in the next 2015 presentation of the Bulgarian capital market will be directly dependent on the prospects of the Bulgarian economy.

The new 2015 will be another challenge for financial market participants. The activities of the Euro-Finance will be focused in the development and improvement of services, as well as to find the optimal balance between a calculated risk and liquidity of investments.

2014 Investment Program

Since 2007, the main investments of EuroHold Bulgaria have been in line with the realisation of the Company's investment program and its plans for structuring the investment portfolio. The process of consolidation of the Group's activities concluded in 2009, through the formation of separated sub-holdings in the sectors of insurance, leasing and car sales, and their full integration. In 2010 the process of building an organizational and management structure with differentiated departments, functions and positions, as well as the selection of qualified personnel in marketing, finance, insurance, car sales and leasing were completed.

In the period 2007-2014 EuroHold Bulgaria has invested more than BGN 148.3 million as direct capital investments in subsidiary companies, with the investments of the subsidiary companies amounting to BGN 222 million.

The investments of EuroHold Bulgaria and its subsidiary companies for 2014 amount to BGN 37,650 thousand, and they are related to the increase in the capital of some of the companies within the Group and through acquisition of other companies.

After the completion of the main trends in the development of Eurohold Bulgaria in 2010 related to the implementation of the investment program of restructuring the investment portfolio in three sub-holdings - insurance, leasing and automotive, for the implementation of strategic objectives in 2011, the company developed the current objectives and policies. They are focused mainly on the improvement of the integration, profitability and financial position of the Group.

In 2010 and 2013 EuroHold Bulgaria realised its strategy for sale of non-strategic assets, such as the production companies and real estate

companies, and in 2013 concentrated its efforts towards the development of the main business lines.

The resources received from the sale of non-strategic assets have been used for the repayment of loans to financial institutions and related parties, resulting in a significant decrease in the interest expenses.

Main Objectives

The main activity of EUROHOLD BULGARIA AD is dictated by its main goals, and namely:

- To satisfy the needs of its customers by means of offering innovative and competitive products and services;
- To increase the amount of sales in combination with high profitability;
- To ensure the required conditions for a continuous improvement in the synergy between its subsidiaries;
- To expand the markets of operation and to increase the market shares of each of its subsidiaries;
- To recruit highly qualified management and employees;
- To provide better opportunities for professional development and growth for each employee within the Group.

Mid-Term Goals and Strategies

The objectives, which Eurohold Bulgaria AD has set mid-term are focused on the three sub-holdings- insurance leasing and automobile, as well as in managing the Group cash funds through the investment intermediary Euro-Finance. After the differentiation of the three sub-holdings, the efforts have been focused on strengthening the companies market positions and development of the existing business.

The main strategic goals are:

- Stable increase of market shares in all sectors and markets the Group operates in;
- To continue expansion strategy in the region;
- To achieve a loyal and diverse client base.

To achieve these strategic goals, the Company has developed current objectives and development policies. They are focused primarily on the improvement of the Group's integration, profitability

and financial status:

- Real consolidation of the companies on sub-holding structure level under a common management.
- Establishment of common positions on sub-holding level with regard to negotiating better delivery conditions, advertising and participation in public procurements, which significantly affects the reduction of costs for these activities;
- Realization of synergies from the centralization and optimization of operations, marketing and all other business processes in the structure of the Group;
- Cost optimization in maintaining goods in stock;
- Fixed costs optimization;
- Optimization of inventory level, etc.;
- Consolidation of all sources of funding to minimize the administration costs;
- Opening of new locations – showrooms and car repairs stations;
- Optimization of the staff and equipment engaged in the car repairs activity;
- Implementation of better warranty conditions for sold cars;
- Ensuring funding for the leasing sub-holding;
- Implementation of a system for additional incentives for the insurance agents of Insurance Company Euro Ins AD to refer customers to the auto mobile dealers and leasing companies;
- Changing the insurance portfolio towards reduction of the car insurance share and decrease of acquisition costs;
- Achievement of a stable market share by the insurance companies on all markets;
- Continuing the conservative policy of the insurance companies in maintaining the investment portfolio;
- Development and realization of new competitive products under the main business lines – insurance, cars and leasing.

VII. RESEARCH AND DEVELOPMENT

As a holding structure, EUROHOLD BULGARIA AD does not carry out independent research and development activities.

VIII. ENVIRONMENTAL PROTECTION

As a holding company, Euro Hold Bulgaria AD does not carry out independent sales and manufacturing activities. In this respect, the efforts are focused on the subsidiaries' impact on the environment in performing their routine activity.

IX. INFORMATION REQUIRED BY THE COMMERCE ACT

1. Number and nominal value of the acquired and transferred during the year own shares, the part of the share capital they represent, and their acquisition or transfer price

In 2014 the Company has not bought back or transferred any of its own shares, therefore at the end of the period the Company does not possess own shares.

2. Number and nominal value of the own shares in possession of the company and the share capital they represent

The Company does not possess own shares.

3. Information about the amount of remunerations of the members of Management and supervisory bodies received from EUROHOLD BULGARIA AD and its subsidiaries during the fiscal year

In 2014 the members of the Management and Supervisory Board have received the following remunerations by EUROHOLD BULGARIA AD and its subsidiaries:

	From EUROHOLD BULGARIA AD	From subsidiary companies	TOTAL
Supervisory Board	21,840	62,384	84,224
Asen Christov	14,640	9,000	23,640
Dimitar Dimitrov	7,200	53,384	60,584
Krasimir Katev	-	-	-
Management Board	72,000	570,960	642,960
Kiril Boshov	24,000	76,200	100,200
Asen Minchev	24,000	36,600	60,600
Dimitar K. Dimitrov *	12,000	40,000	52,000
Velislav Hristov *	-	75,000	75,000
Asen Assenov	12,000	343,160	355,160

The members of the Supervisory and Management Boards have not received any remunerations and/or compensations in kind during the specified period.

EUROHOLD BULGARIA AD and its subsidiaries do not make provisions for pension payments, retirement compensations or other similar compensations to the members of the Management Board and the Supervisory Board. The members of the Boards have been appointed under contracts for management/control. Current contracts of the members of the Management and Supervisory Boards are effective until the termination of service.

4. Company shares owned by members of the Management Board and the Supervisory Board

As of 31.12.2014 the members of the Management Board and the Supervisory Board ownshares from the registered capital of EuroHold Bulgaria, as follows:

Name	Number of shares
Supervisory Board	
Asen Christov	-
Dimitar Dimitrov	200
Krasimir Katev	-
Management Board	
Kiril Boshov	-
Asen Minchev	-
Dimitar K. Dimitrov	1,000
Asen Assenov	140,000
Velislav Christov	200
	141,400

No stock options on shares of the Company have been issued to the benefit of management body's members, employees or third parties.

5. Rights of the Board members to acquire shares and bonds of the Company

As of the date of drafting of this document, there are no agreements or other arrangements with the employees of EUROHOLD BULGARIA AD, regarding their participation in the Company capital.

The members of the MB and the SB of the company may freely acquire shares of the capital, as well as Company bonds on a regulated securities market by observing the provisions of the Measures Against Market Abuse with Financial Instruments Act and the Public Offering of Securities Act.

No options for acquisition of Company's shares have been issued in favor of the Management and Supervisory Boards members, employees or third parties.

6. Information about the participation of the Boards' members in companies as general partners, ownership of more than 25 per cent of another company's capital, as well as their participation in other companies or cooperatives as procurators, managers or board members.

EUROHOLD BULGARIA AD has a two-tier management system -Supervisory Board and a Management Board each consisting respectively of three and five natural persons.

The Supervisory Board consists of three individuals: Assen Milkov Christov, Dimitar Stoyanov Dimitrov and Krasimir Vutev Katev.

The members of the Management Board consist of four natural persons: Kiril Ivanov Boshov, Assen Minchev Minchev, Velislav Milkov Christov, Asen Emanuilov Asenov and Dimitar Kirilov Dimitrov.

The operational management of EUROHOLD BULGARIA AD is carried out by the Executive member of the MB, Assen Minchev and the MB

chairman Kiril Boshov jointly and separately.

There are family ties established among the members of the Management and the Supervisory bodies, namely: Asen Milkov Christov, Chairmen of the Supervisory Board and Velislav Milkov Christov, member of the Management Board of the company, are brothers by birth.

The activity of the company is not dependent on the individual professional experience or qualifications of other employees.

SUPERVISORY BOARD

Name	Assen Milkov Christov
Position	Chairman of the Supervisory Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Chairman of the Board of directors; ◆ Euroins Insurance AD Macedonia – Chairman of the Board of directors; ◆ Euroins Romania Asigurare Reasigurare S.A.– Member of the Board of directors; ◆ Euro-Finance AD – Chairman of the Board of directors; ◆ Starcom Holding AD – Executive member of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alfa Euroactive EOOD – Sole shareholder and Manager; ◆ Balkan International Basketball League OOD – Manager; ◆ Bulstar Investment AD – Chairman of the Board of directors; ◆ Smartnet EAD – Chairmen of the Board of directors; ◆ Starcom Hold AD – Executive member of the Board of directors; ◆ Formoplast 98 AD – Chairman of the Board of directors. <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Avto Union Group AD (currently Asterion Bulgaria AD) – Chairman of the Board of directors –12. 10. 2011, and as of 31. 12. 2014 the person is not a Chairman of the Board of directors; ◆ Autoplaza EAD – – Chairman of the Board of directors –28. 1. 2013, and as of 31. 12. 2014 the person is not a Chairman of the Board of directors; ◆ Basketball Club Chernomorec EAD (new name – Eurohold Imoti EAD)– Chairman of the Board of directors - 16. 12. 2013, and as of 31. 12. 2014 the person is not a Chairman of the Board of directors; ◆ Geoenergyproject AD – Chairman of the Board of directors – until 30.09.2010, and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Euro Power AD (currently Power Logistics EAD) – Chairman of the Board of directors – until 16.02.2011, and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Eurotest – Control EAD – Chairman of the Board of directors – until 21. 12. 2010, and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Etropal AD – Chairman of the Board of directors – until 14.09.2010, and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Corporate Advisors EOOD – Sole shareholder and Manager until 08.02.2013, and as of 31. 12. 2014 he is not Sole shareholder and Manager; ◆ Plasthim T AD – member of the Board of directors – until 23.07.2010, and as of 31. 12. 2014 he is not member of the Board of directors; ◆ Profonika EOOD – Sole shareholder and Manager – up to 17.05.2010, whereas the person

	<p>is not Sole shareholder and Manager as of 31. 12. 2014;</p> <ul style="list-style-type: none"> ◆ Scandinavia Motors AD – Chairman of the board of directors until 27.09.2012 and as of 31.12.2014 he is not a Chairman of the board of directors; ◆ Formoplast AD – Executive member of the Board of directors – until 12. 02. 2011, and as of 31. 12. 2014 he is not Executive member of the Board of directors.
<p>Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years</p>	<ul style="list-style-type: none"> ◆ Vitosha Investment Company EOOD (in liquidation procedure based on Sofia City Court resolution, Commercial Section, Companies Department, civil case 52/ 2009 based on claim on grounds of Art. 29 of the Trade Register Act) – registered as sole shareholder. <p>As of 31. 12. 2014 there are no additional details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p>
<p>Relevant professional experience</p>	<p>Assen Christov has a Master degree in Physics from Sofia University St. Climent Ohridski, and specialized in Nuclear Researches Institute in Dubno, Russia. He has specialized Management at Open University – London. He speaks English and Russian.</p> <p>Assen Christov has occupied the above mentioned position during different periods in the past 5 years. He has been Chairman of the Board of directors of Eurobank AD from 1997 to 2000 and has performed different representative functions, he has been chairman of the Supervisory board of IC Euroins AD from 2000 to 2007, Chairman of the Board of directors of Scandinavia Motors – an authorized dealer of SAAB for Bulgaria from 2005 to the present moment, as well as chairman of the Board of directors of investment intermediary Euro-finance AD.</p>
<p>Administrative compulsory measures and sanctions</p>	<p>In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.</p>

Name	Dimitar Stoyanov Dimitrov
Position	Vice – chairman of the Supervisory Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ IC EUROINS AD – procurator
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Eurologistic Technologies EOOD – Manager; ◆ Zeleni EOOD – Sole shareholder and Manager; ◆ Cable Network AD – Executive director; ◆ Creative Software Solutions EOOD – Sole shareholder and Manager; ◆ Educational and sports complex Lozenets EOOD (formerly Eurohold Imoti EOOD) - Manager; ◆ Pofonika EOOD – Manager; ◆ Smartnet EAD – Executive member of the Board of directors; ◆ Stardom Hold AD – Member of the Board of directors. <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Bolkan Telecommunication Company EOOD – manager until 28. 08. 2012 and as of the 31.12.2014 he is not a manager ◆ Euro Power AD (currently Power Logistics EAD) – Executive director – until 16.02.2011, and as of 31. 12. 2014 he is not Executive director; ◆ Eurohotels AD – Member of the Board of directors – until 14. 09. 2010, and as of 31. 12. 2014 he is not a member of the Board of directors; ◆ Iztok Plaza EAD – Executive director – until 27. 12. 2010, and as of 31. 12. 2013 he is not an Executive director; ◆ Starcom Holding AD (previously named asBulgarian Holding Corporation AD) – member of the Board of directors – until 12. 12. 2006, and as of 31.12.2014 he is not a member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<ul style="list-style-type: none"> ◆ Far Consult OOD (in liquidation procedure) – Manager, the term of the liquidation procedure expires on 30. 03. 2010. The term is determined to one year after registration of termination of the company according Resolution from 29.12.2008 on civil case N° 03/2008 of Sofia City Court. There are no unsatisfied creditors. <p>As of 31.12.2013 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p>
Relevant professional experience	Dimitar Dimitrov has a Masters Degree in Electronics and Automatics from Technical University – Sofia. From 1998 to 2006 he was executive director of the holding company Starcom Holding AD. Since 2005 he has been a procurator of IC Euroins AD and from 1998 to 2005 he was Director Information servicing, statistics and analysis in the same company.
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Krasimir Vutev Katev
Position	Independent member of the Supervisory Board
Business address	4 th Knyaz Alexander I St., Sofia
Details of performed external activity, significant to the company	As of 31.12.2014 there is no data for any external activity which is significant to the company
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ VTB Capital AD – representative of a legal entity member of the Board of directors, pursuant to art. 234, par. 1 of Commercial Act ◆ Green Line Properties OOD – Manager ◆ Delta Capital Investments OOD – Manager and partner ◆ Delta Capital International AD – Member of the Board of directors and share holder ◆ KMI Fund Services OOD – partner ◆ Corporate Secretaries EOOD – Sole owner ◆ Prime Capital Management AD - representative of a legal entity member of the Board of directors, pursuant to art. 234, par. 1 of Commercial Act <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Prime Capital Management AD – Executive Director / Chairman of the Board of directors until 09.05.2011 and as of 31.12.2014 is not an Executive Director ◆ Tetrareal AD – Member of the Board of directors until 30.12.2009 and as of 31.12.2014 is not a Member of the Board of directors ◆ Avrora Capital AD – Executive director/Chairman of the Board of directors until 04.03.2013 and as of 31.12.2014 is not an Executive director/Chairman of the Board of directors ◆ Corporate Secretaries EOOD – Manager until 11.06.2013 and as of 31.12.2014 is not a Manager
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31. 12. 2014 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Krasimir Katev has bachelor degrees in Economics from Budapest University of Economics, Hungary and in Finance and accounting from the State University of New York, USA as well as Master degree in finance from London Business School, Great Britain. From 2000 to 2001 he was a vice president in the Assets management Group AIG International INC, London. From August 2001 to 2004 he held the position of first deputy Finance Minister. During the same period he was a member of the Management Board of Bank Consolidated Company and Alternative Governor for Bulgaria in IMF. In the period from 2006 to 2007 he was a member of the Management Board of Economic and Investment Bank AD and he has been in the management of the aforementioned companies in the field of investment and consultancy for the past 5 years. At present he is a managing partner of VTB Capital AD.
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

MANAGEMENT BOARD

Name	Kiril Ivanov Boshov
Position	Chairman of the Management Board and legal representative
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Vice- chairman of the Board of directors; ◆ Euroins Insurance Group AD – Chairman of the Board of directors; ◆ Euroins Health Assurance EAD – Chairman of the Board of directors; ◆ Euroins Romania Asigurare Reasigurare S.A. – Chairman of the Board of directors; ◆ Euroins Insurance SA, Macedonia – member of the Board of directors; ◆ Eurolease Auto IFN S.A. Romania – member of the Board of directors; ◆ Euro-Finance AD – Vice- chairman of the Board of directors; ◆ Starcom Holding AD – Chairman of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alcommerce EOOD – Sole shareholder and Manager; ◆ Euroauto OOD – Manager; ◆ Capital – 3000 AD – Chairman of the Board of directors; ◆ Starcom Hold AD – Chairman of the Board of directors. <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Autoplaza EAD – Vice- chairman of the Board of directors until 15.03.2013 and as of 31. 12. 2014 he is not a Vice – chairman of the Board of directors;; ◆ Geoenergyproject AD – Vice- chairman of the Board of directors – until 30.09.2010 and as of 31. 12. 2014 he is not a Vice – chairman of the Board of directors; ◆ Eurolease Asset EAD – Vice- chairman of the Board of directors until 19.10.2010and as of 31. 12. 2014 he is not a Vice – chairman of the Board of directors; ◆ Eurolease Auto EAD – member of the Board of directors – until 04. 07. 2011 and as of 31. 12. 2014 he is not a member of the Board of directors; ◆ Eurolease Auto EAD, Skopje – member of the Board of directors – until 12.08.2010 and as of 31. 12. 2014 he is not a member of the Board of directors; ◆ Euromobile Leasing AD – Deputy chairman of the Board of directors – until 12.08.2010 and as of 31.12.2014 he is not a member of the Board of Directors; ◆ Euroforum OOD – Manager – until 20.04.2007 and as of 31. 12. 2014 he is not a Manager; ◆ Eurohotels AD – Chairman of the Board of directors; – until 14. 09. 2010 and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ IC Euroins AD – General executive director – until 10.08. 2008 and as of 31. 12. 2014 he is not a General executive director; ◆ Iztok Plaza EAD – Chairman of the Board of directors – until 27.12.2010 and as of 31. 12. 2014 he is not a Chairman of the board of directors; ◆ Coral Music EOOD – Manager – until 20.10.2008 and as of 31. 12. 2014 he is not a manager; ◆ Nissan Sofia OOD – Manager – until 11.06.2009 and as of 31. 12. 2014 he is not a manager; ◆ Nissan Sofia AD – Chairman of the Board of directors – until 17. 10. 2011and as of 31. 12. 2013 he is not a Chairman of the Board of directors; ◆ Scandinavia Motors AD – Deputy chairman of the Board of directors until 27.09.2012 and as of 31.12.2014 he is not a Deputy chairman of the Board of directors ◆ Smartnet EAD – Vice- chairman of the Board of directors – up to 30.11.2010and as of 31. 12. 2014 he is not a Vice- chairman of the Board of directors.
Details for bankruptcy, receivership or liquidation the	<ul style="list-style-type: none"> ◆ Coral Consult EOOD – is in liquidation procedure, but currently continues its business

person has been associated with as member of management or supervisory bodies in the past five years	activity pursuant to Art. 274 of the CA under the trade name of Coral Music EOOD. As of 31. 12. 2014 there are no additional details of any insolvency, bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Kiril Boshov has a Masters degree in Accountancy and Control from the University of National and World Economy. He is fluent in English and Russian language. From 1995 to 1997 Kiril Boshov was chief accountant of Mobicom – first mobile operator in Bulgaria, joint venture between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. In his capacity of Vice – chairman and procurator he took an active participation in restructuring the assets of Eurobank AD, he represented the company before third parties and directly managed its active operations – crediting and capital markets. Kiril Boshov was Chairman of the Management Board of IC Euroins AD from 2000 to 2008 and in 2006 the Investors Association in Bulgaria awarded IC Euroins AD the price “Company with best corporate management”. In his capacity of Chairman of the board of director of Eurolease Auto AD he manages the financing of Eurolease Auto AD, as well as the whole process of concluding the International capital markets financing agreement between Eurolease Auto AD and the London branch of Deutsche Bank AG –amounting to 200 MM euro.
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Assen Minchev Minchev
Position	Executive member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	“Star Motors” EOOD - procurator
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Bulstar Investment AD – Vice – chairman of the Board of directors; ◆ Capital 3000 AD – Executive member of the Board of directors; ◆ Cable Network AD – Chairman of the Board of directors. <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Eurohotels AD – Executive director – until 14.09.2010 and as of 31. 12. 2014 he is not an Executive director; ◆ IC Euroins AD – Member of the Management board – until 16.07.2007 and as of 31. 12. 2014 he is not a member of the Management board; ◆ Iztok Plaza EAD – Member of the Management Board – until 27. 12. 2010 and as of 31. 12. 2014 he is not a member of the Management Board; ◆ Forum Plus EOOD – Manager – until 07.01.2009 and as of 31. 12. 2014 he is not a manager; ◆ Nissan Sofia Consult AD – Executive director – until 02.09.2008 and as of 31. 12. 2014 he is not an executive director. ◆ Scandinavia Motors AD – Executive member of the Board of directors until 27.09.2012 and as of 31.12.2014 he is not an executive member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31. 12. 2014 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Assen Minchev has a Masters Degree in Accountancy and Control from the University of National and World Economy.

Assen Minchev was an Executive director of the holding company EuroHold AD in the period from 1998 to 2006 until its merger with Starcom Holding AD. From 1996 until 2000 he was a member of the Management Board of IC Euroins AD, he was as well a representative of the vice – chairman of the Board of directors of Euroins Health Assurance AD. Assen Minchev was a chairman of the Board of directors of Nissan Sofia Consult AD, authorized dealer of Renault and Nissan, and currently he is a member of the Board of directors of Scandinavia motors EAD, authorized dealer of SAAB in Bulgaria.

Administrative compulsory measures and sanctions

For the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or by related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

For the past 5 years he has been a subject to an administrative sanction pursuant to Act № P-10-43/06.04.2009 for breaching Art. 114, paragraph 1 in relation to Art. 114, par. 1, item 1, letter b, in connection to Art. 114, paragraph 5 of POSA.

Name	Velislav Milkov Christov
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details for performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Euroins Insurance Group AD – Member of the Board of directors; ◆ IC Euroins AD – Chairman of the management Board. ◆ Starcom Holding AD - Member of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <p>As of 31.12.2014 there are no other participations as a member of a management / supervisory authority and / or partner in the past 5 years.</p> <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Bolkan Telecommunication Company EOOD – Sole holder of the capital until 11.06.2012 and as of 31.12.2014 he is not a sole holder of the capital. ◆ Basketball club Chernomorec EAD (currently Eurohold Imoti EOOD) - Member of the Board of Directors till 16.12.2013, as at 31.12.2014 the person is not Chairman of the Board of Directors; <p>VH Property Management EOOD - the sole shareholder - to 16. 05. 2013, as at 31.12.2014 the person is not the sole shareholder.</p>
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31. 12. 2014 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Velislav Christov has a 20 year experience as lawyer and consultant in the field of civil, commerce, banking and insurance law, as well as over 15 years of experience as business manager. He has been in numerous senior positions through his career as member of management and supervisory boards of banks, insurance companies, public and private companies and head of legal department. At the same time, Velislav Christov is a freelance lawyer and has a Masters degree in law from the Law Faculty of Sofia University.
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Assen Emanouilov Assenov
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed activity besides the company, which is substantial to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Executive director; ◆ Avto Union Properties EOOD – Manager; ◆ Auto 1 OOD – Manager; ◆ Auto Italia EAD – Executive member of the Board of directors; ◆ Autoplaza EAD – Deputy chairman of the Board of directors; ◆ Avto Union Service EOOD – Manager; ◆ Bulvaria Varna EOOD – Manager; ◆ Bulvaria Holding EAD – Chairman of the Board of directors; ◆ Daru Car AD - Member of the Board of directors ◆ Eurolease Asset EAD – Chairman of the Board of directors; ◆ Eurolease Auto EAD – Chairman of the Board of directors; ◆ Eurolease Auto EAD Rumania – Chairman of the Board of directors; ◆ Eurolease Group EAD - Chairman of the Board of directors; ◆ Eurotruck EOOD – Manager; ◆ Espace Auto OOD – Manager; ◆ Izgrev 5 EOOD-Manager and sole owner; ◆ Ita Leasing EOOD – Manager; ◆ Motobul EOOD – Manager; ◆ Nissan Sofia EAD – Chairman of the Board of directors; ◆ Sofia Motors EOOD – Manager; ◆ Star Motors EOOD – Manager.
Details of any and all other participations as member of a management/ supervisory body and/ or partner during last 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Motobul Express EOOD – Manager <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Avto Union Group AD (currently Asterion Bulgaria AD) – Executive member of the Board of directors – until 12. 10. 2011 and as of 31.12.2014 he is not an Executive member of the Board of directors; ◆ Avto Union Center EOOD – Manager – until 05.10.2009 and as of 31. 12. 2014 he is not a Manager; ◆ BG Autolease Group B.V. - Manager – until 27.12.2012 and as of 31.12.2014 he is not a manager; ◆ BG Autolease Holding B.V. - Manager - until 31.12.2012 and as of 31.12.2014 he is not a manager; ◆ Bulvaria Rent a Car EOOD – Manager – until 09. 03.2011 and as of 31. 12. 2014 he is not a manager; ◆ Gransport Auto EOOD – Manager – until 23. 01.2013 and as of 31. 12. 2014 he is not a manager; ◆ Eurolease Auto EAD, Skopje – Chairman of the Board of directors until 12.08.2010, and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Eurolease Rent a Car EOOD – Manager – until 09.03.2011 and as of 31. 12. 2014 he is not a manager; ◆ Euromobil Leasing AD – Executive member of the Board of directors – until 06.12.2012 and as of 31. 12. 2014 he is not an Executive member of the Board of directors; ◆ Euromobile Leasing AD – Executive member of the Board of directors until 06.12.2012 and as of 31.12.2014 he is not Deputy Chairman of the Board of directors.

	<ul style="list-style-type: none"> ◆ Cargoexpress Imoti EAD – Chairman of the Board of directors - - until 25. 11.2013 and as of 31. 12. 2014 he is not a Chairman of the Board of directors; ◆ Milano Motors EOOD – Manager – until 23. 01.2013 and as of 31. 12. 2014 he is not a manager;
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31. 12. 2014 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	<p>Assen Assenov has a Masters degree in Accountancy and Control and Bachelor degree in International Trade Relations from the University of National and World Economy, Sofia. Mr. Assenov has MBA diploma, in the specialty of International accounting standards and international business from the University of Economics – Vienna.</p> <p>The professional career of Assen Assenov in EuroHold AD started 11 years ago when he was hired as accountant. In the period 2002 – 2004 he was chief accountant of EuroHold AD. At the end of 2001 Mr. Assenov was elected as Executive director of Eurolease Auto AD – the leasing company in the structure of EuroHold at the time.</p> <p>Currently Mr. Assenov manages the leasing and automotive business of the economic group of EUROHOLD BULGARIA AD. Mr. Assenov is executive director of Avto Union and is a head of the leasing companies of the group in Romania and Macedonia he also manages the dealers of Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, Mazda, Maserati and lubricant products Castrol and BP (Motobul), all part of the holding structure as well.</p>
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Dimitar Kirilov Dimitrov
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	As of 31.12.2014 there is no data for any external activity which is significant for the company
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Bulgarian Development Bank Member of the Supervisory Board ◆ Andema AD – Member of the Board of directors; ◆ PGD OOD - partner <p>Terminated:</p> <ul style="list-style-type: none"> ◆ Rodopa Home OOD – Partner and manager until 09.11.2009 and as of 31.12.2012 he is not a partner and manager.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<p>As of 31. 12. 2014 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p> <ul style="list-style-type: none"> ◆ Balance AD – Executive director until 20. 07. 2009 and as of 31. 12. 2014 he is not an Executive director, the company is liquidated; ◆ BalanceCommerceOOD – manager and partner until 14. 08. 2012 and as of 31.12.2014 he is not a manager and partner, the company is liquidated.
Relevant professional experience	Dimitar Dimitrov graduated the University of National and World Economy, Sofia in 1979. After graduation to 1982 he worked in National Statistical Institute. In the period 1982-1987 he was a head of department and general expert in Bulgarian National Bank and from 1987 to 1993 works for Construction Bank AD in the position of manager of department, vice president and president. From 1993 to 1995 Dimitar Dimitrov was an Executive director of United Bulgarian Bank AD. In 1995 he was a Deputy minister of economic development and in 1996 became a Deputy director of Bulgarian National Bank. From 1995 to 1996 he was Chairman of the Board of directors of Bank Consolidation Company and in 1997 became an Executive director of Bank Consolidation Company. Dimitar Dimitrov has been a member of the Management board of

Doverie Holding AD and some of its subsidiaries. From November 2001 to May 2011 he served as Executive director and chairman of the Board of directors of Encouragement Bank AD currently known as Bulgarian Development Bank.

Administrative compulsory measures and sanctions

For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

7. Contracts, signed in 2014 with the members of the MB and the SB or related parties, not typical for the usual activity of the company or significantly deviating from the market conditions

There have been no contracts signed with members of the MB and the SB or related parties not typical for the usual activity of the company or significantly deviating from the market conditions.

8. Conflicts of Interest

There are no conflicts of interest resulting from the fulfillment of obligations of the aforementioned persons to the Company and their private interests.

There are no agreements between shareholders, clients, suppliers and/or other people, according to which the members of the Company's management and supervisory bodies have been elected/ appointed. Members of the management and supervisory bodies have provided guarantees in the amount of three salaries.

There are no restrictions imposed on the owned by the members of the management and supervisory bodies Company's shares, as well as their disposal.

9. Planned economic policy for the next year, including expected investments and human resources development, estimated income from investments, as well as upcoming transactions substantial for the Company's activity

EUROHOLD BULGARIA AD plans to support the ongoing activity of the three sub-holdings – insurance, automotive and leasing.

Through the insurance sub-holding (Euroins Insurance Group AD) in 2015 the Company will support the insurance companies in Bulgaria and Romania to increase their total capital base and risk sustainability by providing capital investments

in the two companies. By ensuring high coverage of insurance reserves, the companies will be able to attain a greater part of the net insurance risks, respectively to expand their market presence.

EUROHOLD BULGARIA AD considers the leasing business as a main source of growth within the Group. The Positioning of the leasing sub-holding as a company with sufficient capital resources and high market share is substantial at the beginning of the economic recovery. The leasing business is funded mainly by bank loans and bond issues. The leasing funding support will positively affect the sales of both of the automobile and insurance divisions.

The working capital financing of the automotive subsidiary is essential for the delivery of cars under fleet contracts with large corporate clients. The automobile dealers will be supported in completing and equipping showrooms and car repair centers. Special emphasis is put on the car repair centers as a main source of revenue due to the low margins on sales of new cars in the current market situation.

10. Number of employees

As of 31.12.2014 EuroHold Group has 1,654 employees under employment contracts.

Since its incorporation until the present moment, there have not been union organizations of employees in EuroHold Group.

X. COMPANY BRANCHES

EUROHOLD BULGARIA AD does not have any registered branches in the country and abroad.

XI. INFORMATION REGARDING THE GOOD CORPORATE GOVERNANCE PROGRAM OF EUROHOLD BULGARIA AD AND ITS IMPLEMENTATION

EUROHOLD BULGARIA AD adheres to the recommendations of the Bulgarian National Code for Corporate Governance (2007), which

essentially follows the framework of the internationally accepted corporate governance rules provided by the Organization for Economic Cooperation and Development (OECD) in 2004.

The Company follows the best practices in the field of corporate governance. Good corporate governance is a set of relationships between the governing body of the company, its shareholders and all stakeholders- employees, business partners, creditors of the company, potential and future investors and society as a whole. If the corporate governance principles are not applied or there is a chance of violation, the company is required to disclose such information in due time. In addition, the company is obliged to publish a "comply or explain" report as part of the annual report for the respective financial year.

As a result of the consistent policy of the Management Board of EUROHOLD BULGARIA AD in terms of implementation, improvement and perfecting of the corporate management, the Company has adopted and follows procedures ensuring compliance with all principles of the National Code for Corporate Governance. Therefore, after analyzing the results achieved in this respect, in 2011 the Management Board decided that the company joins the Bulgarian National Code for Corporate Governance. By doing so EUROHOLD BULGARIA AD declares its willingness to maintain and develop in the future the corporate governance procedures and practices adopted in the past four years.

The established management system guarantees the survival and prosperity of the Company by setting a framework for the management bodies to operate in the best interest of the company and to comply with the reasonable expectations of its shareholders and all interested parties.

Detailed information regarding the corporate policy of EuroHold Bulgaria and the procedures concerning its implementation is contained in the Corporate Governance Program, Articles of association and other constitutive acts of the company.

XII. REPORT ON THE COMPLIANCE WITH THE REQUIREMENTS OF THE BULGARIAN NATIONAL CODE FOR CORPORATE GOVERNANCE

The Management Board of EUROHOLD BULGARIA AD makes every effort to maximise the benefits for the shareholders and ensure their equal

treatment, including the minority and foreign shareholders, by:

- Providing more secure methods for property registration

The shares of EUROHOLD BULGARIA AD are registered for trade on the Bulgarian Stock Exchange - Sofia and since 15.12.2011 the shares have been traded on the Warsaw Stock Exchange. All current shareholders and potential investors can freely purchase or sell the Company's shares. The Company has signed a contract with the Central Depository to keep a shareholders ledger which reflects the current legal standing and changes in ownership.

Providing an opportunity for all shareholders to participate in the General Meeting

The shareholders are provided with comprehensive and timely information about the agenda, date and place of every ordinary or extraordinary session of the General Meeting of EUROHOLD BULGARIA AD's shareholders. The invitation and materials related to the agenda are published on the web page of the specialized financial medium of BSE - Sofia - X3 News (www.x3news.com), in the Newsletter section of Investor (www.investor.bg), as well as on the corporate site of the Company - www.eurohold.bg;

Company policy for transactions with stakeholders and related parties

The company has developed and applies rules for transactions with stakeholders and related parties which have been approved by the Supervisory Board of EUROHOLD BULGARIA AD. In defining entities as related parties or stakeholders, the definitions from the Public Offering of Securities Act are used.

EUROHOLD BULGARIA AD complies with the requirements and restrictions set forth in art. 114 and 114a of the Public Offering of Securities Act. The Management Board monitors the transactions carried out by the company or its subsidiaries, which could significantly affect the company or combined, could lead to a change exceeding these levels.

The Supervisory Board carefully monitors and controls the transactions which one or more of the directors are personally interested in or this interest is related to third parties. In this regard, the MB of EUROHOLD BULGARIA AD with the prior approval of the SB has prepared, approved and implemented a Code of Ethics regarding the internal rules of ethics for the standards of

business behaviour of the managers from the holding structure of EUROHOLD BULGARIA AD in order to prevent misuse of inside information. (The full text of the document is available on the web page of the company www.eurohold.bg).

Management bodies

The two-tier management system of the Company separates the management functions from the control functions. The decision-making process is divided between the two bodies and this is a prerequisite for more thorough decision-making and as a result the reduction of the errors and omissions in making management decisions. The efficient cooperation between the two boards ensures the high quality of the Company's governance.

The Supervisory Board determines the type, amount and frequency of the information provided by the Management Board. The Management Board, on its turn, informs in details and on time the Supervisory Board of all issues related to the development of EUROHOLD BULGARIA AD, including the risk exposure of the company, respectively the risk management policy, and the specific measures and procedures in this respect.

The members of the SB and the MB of EUROHOLD BULGARIA AD, according to the requirements of the Public Offering of Securities Act, should inform the Financial Supervision Commission (FSC), BSE-Sofia and the public company itself of: the companies they hold directly or indirectly 25 per cent of the votes at the General Meeting or those controlled by them; of the legal entities they participate as members of management or supervisory boards or as procurators; of current or future transactions regarding which they can be considered as stakeholders. The members of MB and SB should declare these circumstances in seven days after their occurrence.

Remuneration of the members of the Management Board and the Supervisory Board

To comply with the statutory requirements and the good corporate governance practices, the amount and structure of the remunerations of the members of the Management Board reflect the responsibilities and contribution of each member of the Management Board in the activity and the results of the Company; the ability to keep qualified and loyal managers; the necessity to comply with the interests of the members of the Management Board and the long-term interests of the Company. The remunerations of the members of the Management Board consists of two parts: fixed and additional incentives. The manner of providing and use of additional incentives is

specified in the Rules of Procedure of the Management Board.

The remunerations of the members of the Supervisory Board corresponds to their responsibilities and does not depend on the results from the Company's activity. The remunerations of the independent members of the Supervisory Board are fixed and reflect their participation in meetings and the execution of their tasks to control the actions of the executive management and they do not receive additional incentives.

Information disclosure policy

The Management Board of EUROHOLD BULGARIA AD treats all shareholders equally regarding information disclosure. The Company publishes at least periodical reports and notifications of inside information pursuant to art. 4 of the Financial Instruments Market Abuse Act, with deadlines and content according to the requirements of the Public Offering of Securities Act. EUROHOLD BULGARIA AD has signed contracts with Service Financial Markets OOD (the specialized financial media X3News of BSE-Sofia) and with the financial media Investor BG for disclosure of information regulated by the Public Offering of Securities Act to the general public, the regulated market and FSC. The information is available on the respective web addresses of the media - www.x3news.com and www.investor.bg, as well as on the corporate site of EUROHOLD BULGARIA AD - www.eurohold.bg

XIII. ADDITIONAL INFORMATION UNDER APPENDIX №10 OF REGULATION №2 OF FSC

1. Information about revenues from sales in the reported fiscal year

As a Holding company, the main activities of EUROHOLD BULGARIA AD are acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, and the financing of subsidiaries.

The Company does not perform independent commercial and manufacturing activities. The revenues of EuroHold Bulgaria are formed by financial activities.

There have not been substantial transactions made and such with significant effect on the business activity of the Holding for the reported period.

EUROHOLD BULGARIA AD has not published estimates for the fiscal year 2014.

2. Related Party Transactions

As of the date of Annual Report there are no transactions or proposals for transactions with related parties, which are significant for EUROHOLD BULGARIA AD or its subsidiaries or unusual in type and conditions.

Within the holding, there are constantly conducted transactions between the parent company and its subsidiaries as a result of the nature of their major business activity. All transactions are performed based on the "at arm's length" principle. The typical transactions between the Holding and the subsidiaries include intergroup loans by which the liquidity of the separate companies is managed and the investment policy is carried out. The company grants loans to its subsidiaries for the purposes of working capital funding.

In 2014, EUROHOLD BULGARIA AD signed loan agreements with the following related parties:

Loans granted by EuroHold Bulgaria to its subsidiaries

Subsidiary	Interest rate %	Amount in thousands BGN as of 31.12.2014
EuroIns Insurance Group AD	7,5%+3m EURIBOR	19,558
Total:		19,558

The loan is tied to the funding received from the International Investment Bank.

Loans granted by the subsidiaries to EuroHold Bulgaria

Subsidiary	Interest %	In BGN '000 as at 31.12.2014
Starcom Holding AD	3.60%	11,332
Euro Lease Auto AD	7.00%	2,568
Auto Union AD	6.00%	4,422
Auto Union Service EOOD	5.50%	2,056
Eurolease Group EAD	6.00%	16
Bulgaria Varna EOOD	5.00%	65
EuroIns Insurance Group AD	6.00%	3,646
Total:		24,105

In the reported period there were no events of unusual for the Company nature with significant effect on its business and realized revenues and incurred costs. The Company did not perform any off-balance sheet transactions.

3. Concluded Loan Agreements

Liabilities related to bank loans

Creditor	Maturity	In euro as of 31.12.2014
International Investment Bank	12.2021	10,000,000

The loan is provided to finance insurance business.

Liabilities related to non-bank loans

Creditor	Maturity	In euro as of 31.12.2014
Accession Mezzanine	12.2017	13,036,615

The loan is a form of mezzanine financing.

Other loans liabilities

Creditor	Maturity	In euro as of 31.12.2012
Camalia Trading Ltd.	10.2017	28,867
Euro Auto Service	08.2016	51,229
Asterion Bulgaria	01.2016	48,573
Laud Speakers Bulgaria C A	01.2016	348,763

4. Financial Recourses Management

The main activity of EuroHold Bulgaria AD as a holding company is to effectively manage the cash resources, accumulated in the entire structure and to distribute them according to the specific needs of the separate subsidiaries. The Company policy in this field is to carry out the funding in the direction – "subsidiaries – parent company" instead of "subsidiary- subsidiary". The management of the free financial resources of the subsidiary companies is carried out in compliance with regulatory requirements and so as to achieve a substantial profitability at reasonable risk.

The investment program of EuroHold Bulgaria in 2014 was implemented by use of its own resources.

5. Information concerning changes occurring in the reported period

No change occurred in the membership of the management and supervisory bodies of the company.

No change occurred in the major management principles of the company.

EUROHOLD BULGARIA AD has a working system for internal control which secures the effective function of information disclosure and accounting systems as well as the risk management systems. Leading international audit companies carry out the external audit, accounting procedures, policies and financial reports within the Holding and its subsidiaries.

As of the date of the reporting period and after closing of the fiscal year, the Company is not aware of any arrangements that might cause changes in the relative part of shares held by the current shareholders.

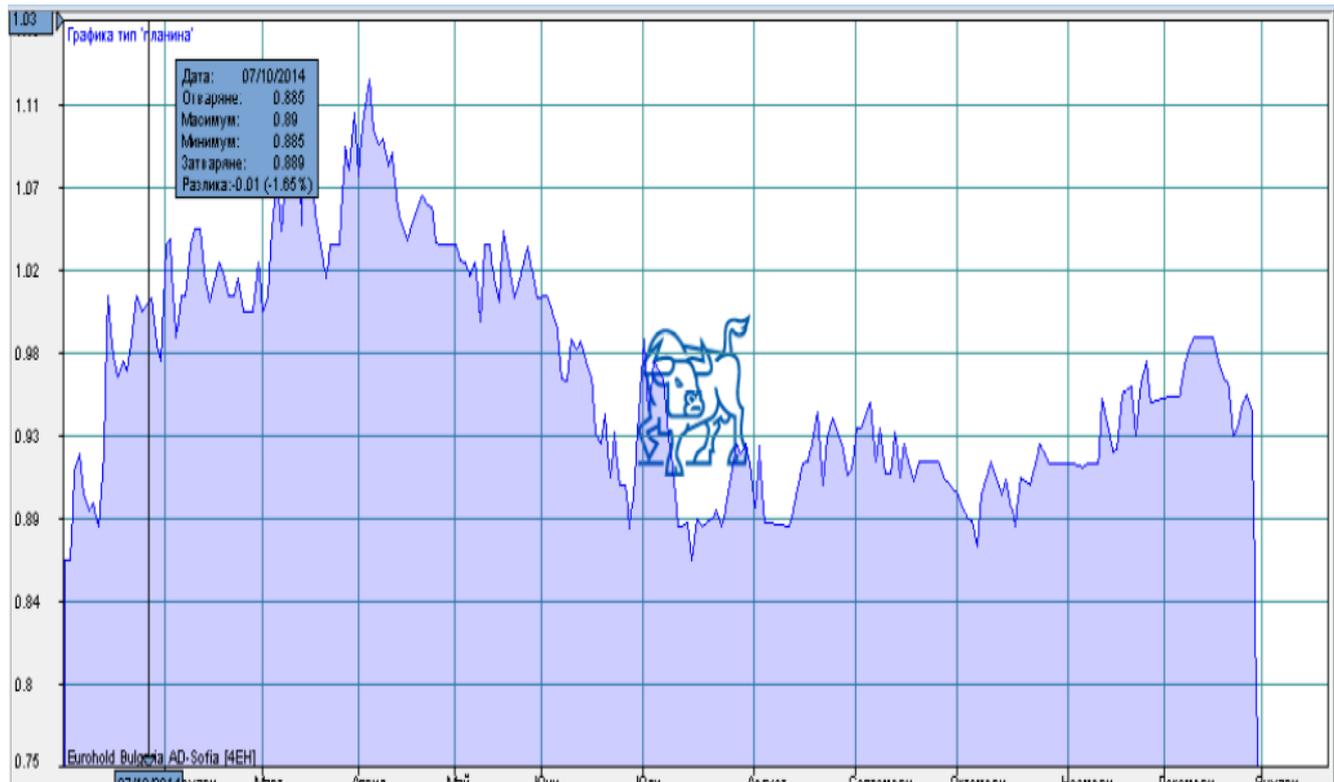
The company is not a side in pending court, administrative or arbitration procedures, which have or might have significant impact on its financial state or profitability.

There are no resolutions or claims for termination or liquidation of the Company.

6. Changes in the Company's shares price

The Company's shares are listed on the Main market of the Bulgarian Stock Exchange Sofia AD in Premium Equities Segment with stock index - **4EH**.

Company's shares price



Source-BSE-Sofia

The graph shows the price dynamics of EuroHold's shares on BSE-Sofia for the period 03.01.2014 – 30.12.2014 (respectively the first and last stock exchange session for the fiscal 2014).

- Initial price: BGN 0.87 (03.01.2014)
- Last price: BGN 0.97 (30.12.2014)
- Maximum: BGN 1.18 (12.03.2014)
- Minimum: BGN 0.87 (03.01.2014)

- Value change: + BGN 0.10
- Relative change: +11.5%
- Average: BGN 0.92

After the dual listing of EuroHold's shares in 2011, they have been traded on the Warsaw Stock Exchange, Main market with stock index - **EHG**.

EHG

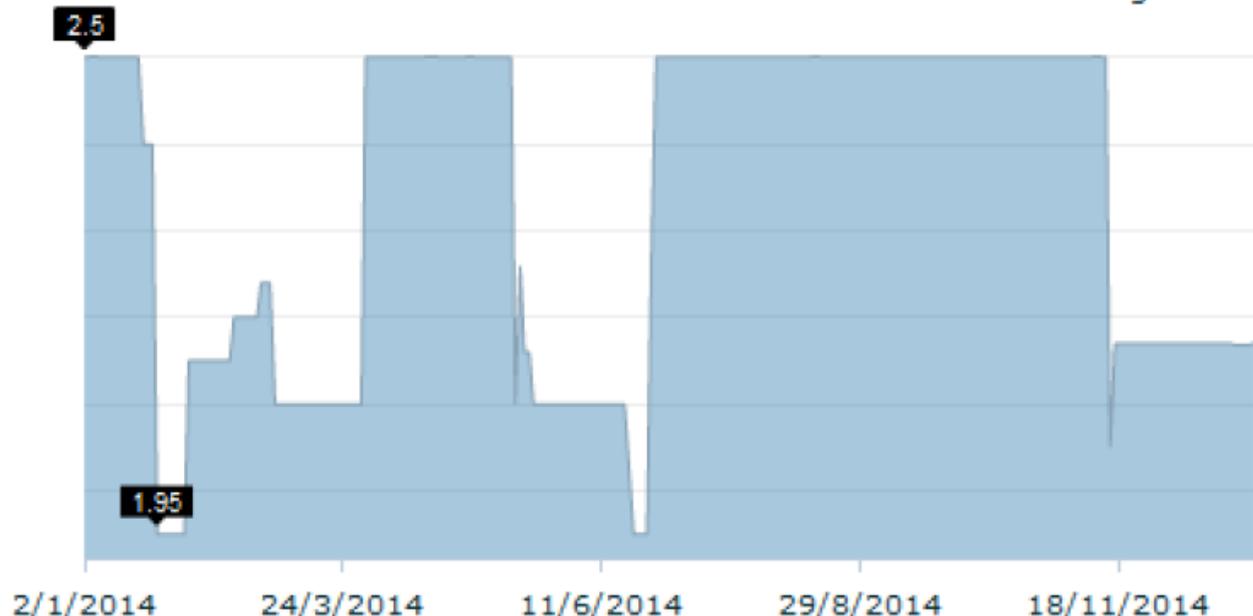
Date: ---,---,---

Open: ---,---

Low: --

Close: ---,---

High: --



Source: WSE

The graph shows the price dynamics of EuroHold's shares on Warsaw Stock Exchange for the period 02.01.2014. – 30.12.2014.

- Initial price: BGN 1.19/2.50 PLN (02.01.2014)
- Last price: BGN 1.03 /2.17 PLN (30.12.2014)
- Maximum: BGN 1.19 /2.50 PLN (02.01.2014)
- Minimum: BGN 0.93 /1.95 PLN (24.01.2014)
- Value change: - BGN 0.16 /-0.33 PLN
- Relative change: -13.2%
- Average: BGN 1.11/2.34 PLN

XIV. IMPORTANT EVENTS AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENTS

The Management Board of EUROHOLD BULGARIA AD is not aware of any other important or

EuroHold Bulgaria AD, Sofia

23 June 2015




Assen Minchev
Executive member of the MB

significant events that have occurred after the date of the reporting period.

DETAILS OF INVESTOR RELATIONS DIRECTOR

Milena Stoyanova Stoyanova

Sofia 1592, 43 ChristopherColumbus Blvd.
Tel.: (+359 2) 965 16 53; +359 89 999 2753.
e-mail: milena_stoyanova@EuroHold.bg
investors@EuroHold.bg

To

THE SHAREHOLDERS
OF "EUROHOLD BULGARIA" AD
SOFIA

INDEPENDENT AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of "EUROHOLD BULGARIA" AD, which comprise the consolidated statement of financial position as of 31 December 2014, consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, adopted by EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The gross reserves for upcoming payments of segment Insurance and Health Insurance through group “Euroins Insurance Group” AD amount to BGN 193,567 thousand and BGN 145,710 thousand as at 31 December 2014 and 31 December 2013 respectively (Note 42). Due to the fact that based on historical data the reserves might not be sufficient, we were not in a position to satisfy ourselves whether the recognised reserves for upcoming payments in segment Insurance and Health Insurance through group “Euroins Insurance Group” AD are reliably estimated as at 31 December 2014 and 31 December 2013.

As at 31 December 2014 and 31 December 2013 the share of the reinsurers in the insurance reserves of segment Insurance and Health Insurance through group “Euroins Insurance Group” AD amount to BGN 145,721 thousand and BGN 77,741 thousand respectively (Note 24). As at 31 December 2014 segment Insurance and Health Insurance through group “Euroins Insurance Group” AD is a party on significant proportionate passive reinsurance contracts of the net retention limit on Civil responsibility and green card insurance. The net reported and recognised effect on the latter should be neutral. Consequent to the above we were not in a position to assure ourselves whether the share of the reinsurer in the insurance reserves as at 31 December 2014 is reliably calculated.

As at 31 December 2014 segment Insurance and Health Insurance through group “Euroins Insurance Group” AD recognised receivables and other assets at a total amount of BGN 39,345 thousand (Note 22 and Note 23) for which impairment indicators were identified. We were not provided a recoverability analysis of these receivables and assets and we were not in a position to confirm whether these receivables and assets are reliably valued and disclosed in the consolidated financial statements.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of “EUROHOLD BULGARIA” AD as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by EU.

Emphasis of matter

We draw attention to the fact that the equity of the group “Euroins Insurance Group” AD is less than the share capital. According to the requirements of the Commerce Act further actions should be taken to restore the required ratio between equity and share capital. As disclosed in Note 46 of the consolidated financial statements the share capital of “Euroins Insurance Group AD is increased in 2014 and 2015 to improve the financial ratios of group Euroins Insurance Group” AD.

The management has decided to disclose the effect of the restructuring of entities under common control till 30 June 2009 as goodwill (Note 34 - Goodwill). Significant part of the goodwill arises from business combinations within the Insurance and Health Insurance segment through “Euroins Insurance Group” AD.

Our opinion is not qualified in respect of these matters.

Report on other Legal and Regulatory Requirements

We conducted verification of the annual consolidated management report of "EUROHOLD BULGARIA" AD as of 31 December 2014 with regard to the correspondence between the annual consolidated management report and the annual consolidated financial statements for the same reporting period in accordance with the requirements of the Accountancy Act.

In our opinion, as a result of this verification the annual consolidated management report corresponds to the annual consolidated financial statements as of 31 December 2014 with regard to the financial information.

Sofia, 26.06.2015

 **BDO Bulgaria OOD**

		
Bogdanka Sokolova	Stoyanka Apostolova	Nedyalko Apostolov
CPA, Certified auditor	Manager	Manager

Eurohold Bulgaria AD
Consolidated statement of profit or loss
For the year ended December 31, 2014

		2014	2013
	Notes	000'BGN	000'BGN
CONTINUING OPERATIONS			
Revenues from operating activities			
Insurance revenue	3	422,800	417,017
Car sales revenue	5	136,915	127,211
Leasing revenue	6	18,486	20,252
Revenue from asset management and brokerage	8	11,001	13,096
Revenue from the activities of the parent company	10	6,713	9,924
		595,915	587,500
Expenses for operating activities			
Insurance expenses	4	(402,835)	(388,571)
Cost of cars and spare parts sold		(117,131)	(108,471)
Leasing financial expenses	7	(6,078)	(7,451)
Financial expenses for asset management and brokerage	9	(9,493)	(11,362)
Financial expenses for the activities of the parent company	11	(19)	(25)
		(535,556)	(515,880)
Gross Profit			
		60 359	71,620
Other income/expenses	12	(2,055)	(2,563)
Other operating expenses	13	(52,898)	(48,930)
		5,406	20,127
EBITDA			
Financial expenses	14	(5,946)	(5,718)
Financial revenue	15	244	1,015
Foreign exchange gains/losses	19	(7)	(1)
		(303)	15,423
EBTDA			
Depreciation and amortization	16	(6,922)	(6,689)
		(7,225)	8,734
EBT			
Taxes	17	(549)	(2,738)
		(7,774)	5,996
Net income/loss for the period from continuing operations			
DISCONTINUED OPERATIONS			
Net income/loss for the period from discontinued operations	20.1	-	(2,713)
		(7,774)	3,283
Net income/loss for the period			
Attributable to:			
Equity holders of the parent		(6,596)	2,278
Non-controlling interests		(1,178)	1,005

Prepared by:

/I. Hristov/

23.6.2015

Signed on behalf of BoD:

/A. Minchev/

Read through and verified for identity:
BDO Bulgaria OODBogdanka Sokolova, Manager
CPA, Registered Auditor
26.6.2015Stoyanka Apostolova
ManagerNedyalko Apostolov
Manager

Eurohold Bulgaria AD
Consolidated Statement of Other Comprehensive Income
For the year ended December 31, 2014

	Notes	2014 000'BGN	2013 000'BGN
Profit/loss for the year	44	(7,774)	3,283
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on financial assets available for sale		(323)	(27)
Income tax effect		-	-
		(323)	(27)
Exchange differences on translating foreign operations		(238)	(45)
Income tax effect		-	-
		(238)	(45)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(561)	(72)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Impairment of assets		-	(1,279)
Income tax effect		-	-
		-	(1,279)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	(1,279)
Other comprehensive income for the year, net of tax		(561)	(1,351)
Total comprehensive income for the period, net of tax		(8,335)	1,932
Attributable to:			
Equity holders of the parent		(7,136)	940
Non-controlling interests		(1,199)	992
		(8,335)	1,932

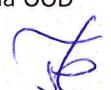
Prepared by:

/I. Hristov/

23.6.2015

Signed on behalf of BoD:

/A. Minchev/

Read through and verified for identity:
BDO Bulgaria OOD

 Bogdanka Sokolova, Manager
 CPA, Registered Auditor
 26.6.2015


 Stoyanka Apostolova
 Manager


 Nedyalko Apostolov
 Manager

Eurohold Bulgaria AD
Consolidated Statement of Financial Position
As at December 31, 2014

	<i>Note</i>	31.12.2014 000'BGN	31.12.2013 000'BGN
ASSETS			
Cash and cash equivalents	<i>21</i>	68,119	39,029
Receivables			
Insurance receivables	<i>22</i>	98,600	70,982
Trade and other receivables	<i>23</i>	20,239	21,007
Other receivables	<i>24</i>	168,717	93,699
		287,556	185,688
Other assets			
Property, plant and equipment	<i>25, 25.2-5</i>	25,252	24,548
Intangible assets	<i>27</i>	2,530	2,571
Inventory	<i>28</i>	23,411	31,106
Financial assets	<i>29</i>	100,963	108,237
Other assets	<i>30</i>	3,175	2,041
		155,331	168,503
Investments			
Land and buildings	<i>25, 25.1</i>	9,346	5,875
Investment property	<i>26</i>	12,200	25,613
Investments in subsidiaries and associates	<i>31</i>	6,193	9,098
Other financial investments	<i>32</i>	724	1,452
Non-current receivables	<i>33</i>	75,035	60,918
		103,498	102,956
Goodwill	<i>34</i>	190,791	190,791
TOTAL ASSETS		805,295	686,967

Eurohold Bulgaria AD
Consolidated Statement of Financial Position (continued)
As at December 31, 2014

	Notes	31.12.2014 000'BGN	31.12.2013 000'BGN
Equity and liabilities			
Equity			
Issued capital	43	127,321	121,454
Premium reserves from the issue of securities		38,714	37,008
General reserves		8,640	8,640
Revaluation reserves		2,529	870
Special reserves		(54,089)	(53,404)
Retained earnings		71,109	69,595
Current period result	44	(6,596)	2,278
Total equity		187,628	186,441
Non-controlling interests	45	50,513	51,204
LIABILITIES			
Bank and non- bank loans	35	129,831	93,994
Obligations on bond issues	36	36,025	11,952
Non-current liabilities	37	18,859	28,955
Current liabilities	38	28,894	23,965
Trade and other payables	39	43,645	43,229
Payables to reinsurers	40	18,632	36,448
Deferred tax liabilities	41	202	519
		276,088	239,062
Insurance reserves	42	291,066	210,260
		291,066	210,260
Total liabilities		567,154	449,322
TOTAL EQUITY AND LIABILITIES		805,295	686,967

Prepared by:

/I. Hristov/

23.6.2015

Signed on behalf of BoD:

/A. Minchev/

Read through and verified for identity:
BDO Bulgaria OODBogdanka Sokolova, Manager
CPA, Registered Auditor
26.6.2015Stoyanka Apostolova
ManagerNedyalko Apostolov
Manager

Eurohold Bulgaria AD
Consolidated Cash Flow Statement
For the year ended December 31, 2014

	Notes	2014 000'BGN	2013 000'BGN
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		(7,225)	6,021
Adjustments for:			
Depreciation	16	6,922	6,689
Foreign exchange gain/loss		(55)	(14)
Dividend income		(188)	(270)
Change in insurance reserves		(21,818)	6,825
Increase in impairment loss		13,439	21,271
Revaluation of investments		(237)	(1,032)
(Profit)/loss from the sale of investments		(8,408)	(8,451)
(Profit) from transfer of property, plant and equipment		(46)	(122)
Net investment income (interest income and expenses)		3,140	408
Other non-cash adjustments		1,846	(9,355)
Operating profit before change in working capital		(12,630)	21,970
Change in trade and other receivables		(108,711)	(4,150)
Change in inventory		(7,695)	(5,208)
Change in trade and other payables and other adjustments		69,905	4,046
Cash generated from operations		(59,131)	16,658
Interest paid/received		4,152	6,315
Income taxes paid		(403)	(183)
Net cash flow from operating activities		(55,382)	22,790
Investing activities			
Purchase of property, plant and equipment		(2,124)	(2,918)
Proceeds from the disposal of property, plant and equipment		1,710	18,102
Loans granted		(29,492)	(20,708)
Repayment of loans, including financial leases		49,487	15,420
Interest received on loans granted		1,635	471
Purchase of investments		(96,243)	(65,373)
Sale of investments		129,563	64,663
Dividends received		1,820	380
Effect of exchange rate changes		253	(62)
Net cash inflow on disposal of subsidiaries	20.2	-	(147)
Other proceeds/ payments from investing activities		14,296	7,478
Net cash flow from investing activities		70,905	17,306

Eurohold Bulgaria AD
Consolidated Cash Flow Statement (continued)
For the year ended December 31, 2014

		2014	2013
	Note	000'BGN	000'BGN
Cash flow from financing activities			
Proceeds from issuance of securities		-	56
Proceeds from loans		114,481	45,860
Repayment of loans		(99,504)	(66,359)
Repayment of financial leases		(1,240)	(3,340)
Payment of interest and commissions on loans		(3,497)	(7,024)
Other proceeds/ payments from financing activities		3,327	4,905
Net cash flow from financing activities		13,567	(25,902)
Net cash flows			
Cash and cash equivalents at the beginning of the period	21	39,029	24,835
Cash and cash equivalents at the end of the period	21	68,119	39,029

Prepared by:

/I. Hristov/

23.6.2015

Signed on behalf of BoD:

/A. Minchev/

Read through and verified for identity:
 BDO Bulgaria OOD



Bogdanka Sokolova, Manager
 CPA, Registered Auditor
 26.6.2015

Stoyanka Apostolova
 Manager

Nedyalko Apostolov
 Manager

Eurohold Bulgaria AD

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Share capital	Share premium	Reserves		Financial result	Shareholders' equity	Non-controlling interests	Total equity
	000'BGN	000'BGN	General	Other				
Balance as at 1 January 2013	118,312	37,008	8,640	(52,876)	70,545	181,629	50,072	231,701
Consolidation procedures effect	3,142	-	-	-	-	3,142	-	3,142
Disposal of discontinued operations	-	-	-	865	-	865	-	865
Other changes	-	-	-	815	(950)	(135)	140	5
Net income for the period	-	-	-	-	2,278	2,278	1,005	3,283
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(39)	-	(39)	(6)	(45)
Change in the fair value of financial assets	-	-	-	(20)	-	(20)	(7)	(27)
Impairment of assets	-	-	-	(1,279)	-	(1,279)	-	(1,279)
Total other comprehensive income	-	-	-	(1,338)	-	(1,338)	(13)	(1,351)
Total comprehensive income	-	-	-	(1,338)	2,278	940	992	1,932
Balance as at 31 December 2013	121,454	37,008	8,640	(52,534)	71,873	186,441	51,204	237,645
Balance as at 1 January 2014	121,454	37,008	8,640	(52,534)	71,873	186,441	51,204	237,645
Consolidation procedures effects	5,867	1,706	-	-	-	7,573	-	7,573
Other changes	-	-	-	1,514	(764)	750	508	1,258
Net income for the period	-	-	-	-	(6,596)	(6,596)	(1,178)	(7,774)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(306)	-	(306)	68	(238)
Change in the fair value of financial instruments	-	-	-	(234)	-	(234)	(89)	(323)
Total other comprehensive income	-	-	-	(540)	-	(540)	(21)	(561)
Total comprehensive income	-	-	-	(540)	(6,596)	(7,136)	(1,199)	(8,335)
Balance as of 31 December 2014	127,321	38,714	8,640	(51,560)	64,513	187,628	50,513	238,141

Prepared by:

/I. Hristov/

23.6.2015

Signed on behalf of BoD:

/A. Minchev/

Read through and verified for identity:
BDO Bulgaria OODBogdanka Sokolova, Manager
CPA, Registered Auditor
26.6.2015Stoyanka Apostolova
ManagerNedyalko Apostolov
Manager

Notes to the Consolidated Financial Statement for 2014

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

1. INFORMATION ABOUT THE ECONOMIC 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 Law.

The company is registered in 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 inventory of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the inventory of Sofia City Court.

Eurohold Bulgaria has its seat and registered address in the city of Sofia, 43 Hristofor Kolumb Blvd.

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

1.1 Scope of Business

The scope of business 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.

1.2 Structure of the Economic Group

The investment portfolio of Eurohold Bulgaria AD comprises of five economic sectors: insurance, finance and automobiles. The insurance sector has the biggest share in the holding's portfolio, and the automobile sector is the newest and most rapidly developing line.

Companies Participating in the Consolidation and Percent of Participation in the Share Capital

Insurance and Health Insurance Sector

Company	% of participation in the share capital
Euroins Insurance Group AD*	80.82%
<i>Indirect participation through EIG AD:</i>	
Insurance Company Euroins AD	78.13%
Euroins Romania Insurance AD	96.64%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance EAD	100%
Euroins Life Insurance EAD	100%
Inter Sigorta AD, Turkey	90.75%

*direct participation

Finance Sector

Company	% of participation in the share capital
Euro Finance AD	99.99%
<hr/>	
Eurolease Group EAD*	100.00%
<hr/>	
Indirect participation through Eurolease Group EAD:	
Eurolease Auto EAD	100.00%
Eurolease Auto Romania AD	77.98%
Eurolease Auto Skopje AD	100.00%
Eurolease Rent a Car EOOD	100.00%
Auto Plaza EAD	100.00%

*direct participation

Automobile Sector

Company	% of participation in the share capital
Avto Union AD*	99.98%
<hr/>	
Indirect participation through AU AD:	
Bulvaria Varna EOOD	100.00%
Nissan Sofia AD	100.00%
Espas Auto OOD	51.00%
EA Properties EOOD	100.00%
Daru Car AD	99.84%
Auto Italia EAD	100.00%
Bulvaria Holding EAD	100.00%
Star Motors EOOD	100.00%
Star Motors DOOEL	100.00%
Star Motors SH.P.K.	100.00%
Auto Union Service EOOD	100.00%
Motobul EOOD	100.00%
Motobul Express EOOD	100.00%

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The consolidated 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 and are adopted by the Commission of the European Union.

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

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

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2014:

IFRS 10 Consolidated Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2013, published in the Official Journal on 29 December 2013 - IFRS 10 Consolidated Financial Statements introduces a new definition of control based on certain principles that should apply to all investments in determining the basis for consolidation.

IFRS 11 Joint Arrangements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2013, published in the Official Journal on 29 December 2013 - IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures and replaces the three categories of “jointly controlled entities”, “jointly controlled operations” and “jointly controlled assets” with two categories – “joint operations” and “joint ventures”. The choice on the application of proportionate consolidation in the reporting of joint ventures is no longer allowable. Equity method is mandatory for the reporting of all joint ventures.

IFRS 12 Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2013, published in the Official Journal on 29 December 2013 - IFRS 12 Disclosure of interests in other entities is a new standard on disclosure requirements for all forms of interests in other entities, including joint ventures, associates, special purpose companies and other unconsolidated companies.

IAS 27 Separate Financial Statements (revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2013, published in the Official Journal on 29 December 2013 - IAS 27 Separate Financial Statements (revised) now applies only to individual financial statements; the requirements are not substantially amended.

IAS 28 Investments in associates and joint ventures (Revised in 2011), effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 11 December 2013, published in the Official Journal on 29 December 2013 - IAS 28 Investments in associates and joint ventures (revised) continues to prescribe the equity method. A change in the scope of the standard is made due to publication of IFRS 11 Joint Arrangements.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 13 December 2013, published in the Official Journal on 29 December 2013 - The amendment specifies that the right of offsetting of assets and liabilities should be current and legally enforceable and not dependent on a future event. It should also be exercised by all parties in the ordinary course of business and in the case of default, insolvency or bankruptcy.

Amendments to IAS 36 Impairment of assets – Recoverable amount Disclosures for Non-Financial Assets, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2014, published in the Official Journal on 20 December 2014 - The amendments’ effect is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 19 December 2014, published in the Official Journal on 20 December 2014 - Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty

to each of the parties. In order to benefit from the amended guidance, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities – Transition guidance, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 4 April 2014, published in the Official Journal on 5 April 2014 - The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and IAS 27 Separate Financial Statements, effective for annual periods beginning on or after 1 January 2014, endorsed by the EU on 20 November 2014, published in the Official Journal on 21 November 2014 - The amendments define the requirements for an entity to be assessed as an “investment entity”. Where an entity meets the definition of an investment entity, it is not permitted to consolidate its subsidiaries and is required to measure its investments in those subsidiaries at fair value through profit or loss. However, an investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity’s investment activities.

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

Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (issued on 21 November 2014), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015 - The amendment clarifies paragraph 93 of IAS 19 Employee Benefits which refers to the accounting for employee contributions set out in the formal terms of a defined benefit plan by providing guidance on the accounting of employee contributions in respect of service.

Annual Improvements 2010 - 2013 of (issued on 12 December 2014), effective 1 July 2014, not yet adopted by the EU, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015

The amendment to IFRS 2 Share-based Payment amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition” (which were previously part of the definition of “vesting condition”).

The amendments to IFRS 3 Business combinations are with regard to: Accounting for contingent consideration in a business combination - clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date; Aggregation of operating segments - requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments.

The amendment to IFRS 8 Operating segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments’ assets to the entity’s assets if the segment assets are reported regularly.

The amendment to IFRS 13 Fair Value Measurement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The amendment to IAS 16 Property, Plant and Equipment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendment to IAS 24 Related Party Disclosures clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The amendment to IAS 38 Intangible Assets clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Annual Improvements 2011 - 2014 of (issued on 12 December 2014), effective 1 July 2014, endorsed by the EU on 18 December 2014, published in the Official Journal on 19 December 2014

The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

The amendment to IFRS 3 Business Combinations clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 Fair Value Measurement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

The amendment of IAS 40 Investment Property clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

IFRIC 21 Levies (issued on 20 May 2014) effective 1 January 2014, endorsed by the EU on 13 June 2014, published in the Official Journal on 14 June 2014 - IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes (see IAS 12 Income Taxes), fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that "economic compulsion" and the going concern principle do not create or imply that an obligating event has occurred.

Documents issued by the IASB / IFRIC not yet endorsed by the EU:

These new or revised standards, new interpretations and amendments to existing standards that are at the reporting date are

already issued by the International Accounting Standards Board have not yet been endorsed by the EU and therefore are not taken into account by the Group in preparing these financial statements.

IFRS 9 Financial Instruments (issued on 12 November 2009) and Additions to IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures (issued on 16 December 2011), effective 1 January 2015, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (issued on 19 November 2014) not yet endorsed by the EU - IFRS 9 is the first part of the project of the International Accounting Standards Board (IASB) to replace IAS 39 "Financial Instruments: Recognition and Measurement" by the end of 2010, replaced four categories of financial assets in their evaluation of IAS 39 classification based on a single principle. IFRS 9 requires all financial assets to be measured at either amortized cost or fair value. Amortized cost provides information that is useful in making decisions concerning financial assets that are held primarily to the receipt of cash flows represent the payment of principal and interest. For all other financial assets, including those held for trading, fair value is the most relevant measurement basis. IFRS 9 removes the need for several methods of depreciation and depreciation method provides only for assets carried at amortized cost. Additional sections in relation to impairment and hedge accounting are still being developed. Company management should assess the effect of the amendments on the financial statements. However, it does not expect changes to be applied before the release of all sections of the standard before it can assess their overall effect.

IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014), effective 1 January 2016 - IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014), effective 1 January 2017 - IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014), effective 1 January 2016 - The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014), effective 1 January 2016 - The amendments clarify that a revenue-based method is not considered to be an appropriate manifestation of consumption.

Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014), effective 1 January 2016 - The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014), effective 1 January 2016 - The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014), effective 1 January 2016 - The amendments address a conflict between the requirements of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Annual improvements to IFRSs 2013-2014 (issued on 25 September 2014), effective 1 January 2016

The amendment of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations adds specific guidance cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendment of IFRS 7 Financial Instruments: Disclosures adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The consequential amendment to IFRS 1 clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendment of IAS 19 Employee benefits clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment of IAS 34 Interim Financial Reporting clarifies the meaning of elsewhere in the interim report' and requires a cross-reference.

Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014), effective 1 January 2016 - The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (issued on 18 December 2014), effective 1 January 2016 - The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

2.2 Comparative Data

The Group presents comparative information for one previous period, which is reclassified in compliance with the above.

2.3 Consolidation

The Consolidated Financial Statements contain consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity as at 31.12.2014. These statements comprise of the parent-company and all subsidiaries. A subsidiary is a company, which is consolidated by the parent company by holding, directly or indirectly, of more than 50% of the shares with voting rights in the capital or through the possibility for management of its financial and operating policy for the purposes of obtaining economic benefits from its operations.

The full consolidation method is applied. The statements are consolidated line by line, whereas the items such as assets, liabilities, property, incomes and costs, are summed. All internal transactions and balances between the companies within the group are eliminated. Counter elements: equity, financial, business, calculation of goodwill as at the date of acquisition, are eliminated.

Non-controlled participation in the net assets of subsidiaries is defined depending on the shareholder structure of the subsidiaries as at the date of the statement of financial position.

2.4 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 2009, 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.

2.5 Accounting Assumptions and Approximate Estimates

Upon preparing the financial statement in compliance with IAS, the group's 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.

2.6 Income

The Group's income is recognized on the accrual basis and to the extent economic benefits are obtained by the Group 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 financial report, 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. Dividends declared from subsidiaries for the financial year are recognized in the consolidated financial statement of comprehensive income as an internal accounts and thus they are not being considered for the formation of the financial result.

The Eurohold Group generates financial incomes mainly from the following operations:

- Income from operations with investments
- Income from dividends
- Income from interest on loans granted to subsidiaries
- Income from services

2.7 Costs

Costs within the group are recognized at the time of occurrence thereof and on the accruals and comparability basis.

Costs that might directly be related to the respective operating activity, are presented by their functional purpose. All other costs are presented as follows.

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

Net financial costs include: costs occurred in relation with investment operations, negative differences from financial instruments operations and currency operations, costs for interests under granted bank loans and obligatory issues, as well as commissions.

Prepaid costs (deferred costs) are forwarded for recognition as a current cost for the period contracts they pertain to, are performed.

Other operating incomes and costs include items of secondary character in relation to the main activity of the group companies.

2.8 Interest

Interest incomes and costs are recognized in the Statement of Profit or loss 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 afterwards.

The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well as discounts or premiums, which are integral part of the effective interest rate.

Transaction costs are internally inherent costs

directly related to the financial asset or liability acquisition, issue or derecognition.

The interest incomes and costs stated in the Statement of profit or loss include:

Interests recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value;

The unearned financial income (interest) represents the difference between the gross and net investment in leasing contract, whereas the gross investment in the leasing contract is the amount of the minimum leasing payments and non-guaranteed remaining value charged for the leaser. The interest incomes under leasing operations (financial income) are allocated for the term of the leasing contract and are recognized on the basis of constant periodic rate of return from the leaser's net investment.

2.9 Fees and Commissions

Fees and commissions costs, which are 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.

2.10 Segment Reporting

The operating segment is a component of the Group, which deals with activities, from which incomes may be generated and costs may be sustained, including incomes and costs pertaining to transactions with each of the other Group's components.

For the purposes of management, the Group is organized in business units on the basis of products and services they render and includes the following segments subject to reporting:

Insurance and Health Insurance:

- Insurance Services
- Health Insurance Services
- Life Insurance Services

Financial Services:

- Leasing Services
- Investment Intermediation

Automobiles:

- Sales of New Cars
- Car Repairs Services
- Rent-a-Car Services

In 2013, the Company sold its real estates segment companies. These are presented in compliance with IFRS requirements for terminated activities.

2.10.1 Insurance and Health Insurance Activity

Recognition and Measurement of Insurance Contracts

General Insurance Premiums

General insurance premiums are accounted on annual basis.

Gross written premiums under general insurance are the premiums under general insurance or co-insurance contracts, which are concluded during the year, regardless premiums may fully or partially related to a later accounting period. Premiums are disclosed gross of paid commissions to intermediaries.

The earned part of written insurance premiums, including for unexpired insurance contracts, is recognized as an income. Written insurance premiums are recognized as at the date of conclusion of the insurance contracts. Premiums paid to reinsurers are recognized as cost in compliance with the received reinsurance services.

Health Insurance Premiums

The written health insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year. The gross written health insurance premiums are not recognized when the future cash receipts thereof are not sure.

Written health insurance premiums are stated gross of commissions due to agents.

Life Insurance Premiums

The written life insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year. The gross written life insurance premiums are not recognized when the future cash receipts thereof are not sure. Written health insurance premiums are stated gross of commissions due to agents.

Unearned Premium Reserve

The unearned premium reserve comprises of that part of written gross insurance/ health insurance premiums, which is calculated to be earned during the next or further financial periods. The unearned premium reserve consists of charged and recognized insurance premium incomes during the reporting period, less the premiums ceded to reinsurers, which should be recognized during the next financial year or during further financial periods. The reserve is calculated separately for each insurance/ health insurance contract using the proportionate daily basis method. The unearned premium reserve is calculated net of commissions to intermediaries, advertising and other acquisition costs.

Unexpired Risks Reserve

This reserve is established for covering risks for the period from the end of the financial period to the date of expiry of the respective insurance/ health insurance contract, in order to cover payments and costs expected to exceed the unearned premium reserve established.

Claims due to General Insurance and Health Insurance and Outstanding Claims Reserves

Claims occurred due to general insurance and health insurance include claims and claim

handling costs payable during the financial year, together with the change in the outstanding claim reserve.

The outstanding claim reserve includes reserves formed as a result of the Company's estimate of the final cost for settling the occurred claims, which are not paid as at the date of the Statement of Financial Position, whether announced or not, the relevant internal and external claim handling costs and the respective statutory reserve. Outstanding claims are measured by reviewing the individual claims and by charging occurred but not announced claims reserve, as well as the effect of internal and external foreseeable events such as change in the claim handling policy, inflation, legal amendments, regulatory amendments, previous experience and trends. Refunded claims under reinsurance contracts and saved property receivables and recourse recoveries are stated separately as assets.

Reinsurance and other recoverable receivables are measured in a way similar to the outstanding claims measurement.

The management believes that the gross outstanding claims reserve and the respective share of the reinsurers' reserve are fairly presented on the basis of the information available at that time, that the final obligations will change depending on further information and events, and significant adjustments of the initially charged amount may be needed. The outstanding claims reserve adjustments found in previous years are stated in the financial statements for the period adjustments are made in, and are disclosed separately, if material. Methods used and estimates made for the calculation of the reserve, are reviewed on regular basis.

Reinsurance

In the normal course of business, the insurance companies within the Group cede risk to reinsurers for the purpose of limiting their net loss potential through risk diversification. Reinsurance activity does not relieve the respective company from its direct obligations to its policyholders.

Reinsurance assets include the balance due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserves or settled claims associated with reinsured policies.

Premiums and claims associated with these reinsurance contracts are considered income and cost in the way they would be considered if reinsurance was direct activity, whereas taking into account the classification of reinsurance business products.

Ceded (or accepted) premiums and benefits reimbursed (or paid claims) are presented in the statement of profit or loss and the statement of financial position of the respective company on gross basis.

Contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognized in the same year as the related claim.

Premiums under long-term reinsurance contracts are accounted together with the term of validity of related insurance policies, by using assumptions similar to those for accounting of respective policies.

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence as a result of an event that has occurred after its initial recognition.

Deferred Acquisition Costs

Deferred acquisition costs represent the amount of acquisition costs deducted while calculating the unearned premium reserve. They are defined as that part of the acquisition costs under contracts applicable at the end of the period set as percentage in the insurance-technical scheme and associated to the time between the end of the reporting period and the date of expiration of the insurance/ health insurance contract. Current acquisition costs are recognized in full as a cost during the reporting period.

Acquisition Costs

Commission expenses consist of accrued commissions to intermediaries and profit participation, which is paid to the policyholders/ health insured individuals in case of low claims ratio as pay back. Indirect acquisition expenses include advertising expenses and costs arising from the writing or renewing insurance/ health insurance contracts.

2.10.2 Leasing Activity

The leasing activity of the Group involves rent of vehicles, industrial equipment, real estate and others, mainly on finance lease contracts.

The finance lease contract is an agreement under which the lessor gives to the lessee the right of use of a particular asset for an agreed term against reward. Lease contract is recorded as finance when the contract transfers to the lessee all substantial risks and benefits associated with the ownership of the asset.

Typical indicators considered by the Group for determining if all significant risks and benefits have been transferred include: present value of minimum lease payments in comparison with the beginning of the lease contract; the term of the lease contract in comparison with the economic life of the hired asset and also whether the lessee will acquire ownership over the leased asset at the end of the term of finance lease contract. All other leasing contracts, which do not transfer substantially all risks and benefits of ownership of the asset, are classified as operating leases.

Minimum Lease Payments

Minimum lease payments are the payments that the lessee will or may be required to make during the term of the leasing contract. From the Group's point of view, minimum lease payments also include the residual value of the asset guaranteed by a third party, not related to the Group, provided that such party is financially able to fulfill its commitments to the guarantee or to the contract for redemption.

In the minimum lease payments, the Group also includes the cost of exercising possible option, which the lessee has for the purchase of the asset, and at the beginning of the lease contract it is to a large extent certain that the option will be exercised. Minimum lease payments do not include conditional rents, as well as costs of services and taxes to be paid by the Group and subsequently re-invoiced to the lessee.

Beginning of the lease contract and beginning of the term of the lease contract

A distinction is made between the beginning of the lease contract and the beginning of the term of the lease contract. Beginning of the lease contract is the earlier of the two dates – of the lease agreement or of the commitment of the parties to the main conditions of the lease contract. To this date: the lease contract is classified as finance or operating lease, and in the case of finance lease, the amounts to be recognized at the beginning of the term of the lease contract are determined. The beginning of the term of the lease contract is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognizes the claim on the lease.

Initial and Subsequent Evaluation

Initially, the Group recognizes a claim under finance lease, equal to its net investment, which includes the present value of minimum lease payments and any unsecured residual value for the Group. The present value is calculated by discounting minimum lease payments due by the inherent to the lease contract interest rate. Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease contract the Group accrues financial income (income from interest on financial lease) on the net investment.

Claims under Financial Lease

Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in

a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease contracts is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.10.3 Activity Related to Financial Intermediation

The financial intermediation activity is related to transactions with financial instruments. They are classified as held for trading.

Financial instruments are measured upon acquisition at acquisition cost, which includes their fair value plus all transaction expenses.

Financial instruments are further measured at fair value, which is the sale, stock exchange or market price.

The Group accounts its financial assets as follows:

- Securities of Bulgarian issuers traded on Bulgarian Stock Exchange – Sofia AD – weighted average cost of transactions entered into on regulated market for the closes day of the last 30 days period in which these securities have been traded in amounts not less than the amount of securities held by the subsidiary Euro-Finance AD. If no transactions are concluded, the market price of securities is defined on the “buy” price announced on the regulated market for the respective session on the closest day of the last 30 days period;
- Currency shares of foreign issuers – by market prices at foreign stock exchanges: FRANKFURT, XETRA, NASDAQ;
- Government securities issued by the Bulgarian government – market price is the price quoted by the Bulgarian National Bank or the primary government securities dealers within the meaning of Regulation N° 5/ 1998;
- Securities issued by Bulgarian non-governmental issuers – market price from REUTERS;
- Securities that are issued and secured by foreign governments and securities issued by foreign non-governmental issuers – market price from REUTERS;

Derivatives

Derivatives are off-balance sheet instruments whose value is defined on the basis of interest rates, exchange rates or other market prices. Derivatives are effective means to manage market risk and restricting the exposure to specific contractor.

Derivatives most commonly used are:

- Foreign exchange swap;
- Interest swap;
- Bottoms and ceilings;
- Foreign exchange forward and interest contracts;
- Futures;
- Options.

Contractual terms and conditions are fixed through standard documents.

The same market and credit risk control procedures as for the other financial instruments also apply for the derivatives. They are aggregated with the other exposures for the purposes of monitoring the common exposure to specific contractor and are managed within the frames of the limits approved for this contractor.

Derivatives are held both for trading and as hedging instruments used for interest and currency risk management.

Derivatives held for trading are measured at fair value and profits and losses are carried in the cost and statement of profit or loss as a result from business operations.

Derivatives used as hedging instrument are recognized in compliance with the accounting treatment of hedged item.

Criteria to recognize a derivative as hedging derivative are: availability of documented evidence for the intent to hedge specific instrument and such hedging instrument should ensure reliable basis for risk elimination.

When a hedged exposure is closed, the hedging instrument is recognized as held for trading at fair value. Profit and loss are

recognized immediately in the cost and statement of profit or loss in analogy to the hedged instrument.

Hedging transactions that are terminated prior the hedged exposure are measured at fair value in the profit or loss and are carried for the period of existence of the hedged exposure.

2.11 Business Combinations and Goodwill

Business combinations are accounted 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 carried in the statement of profit or loss 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 Group 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 excess above the share of assignee in the net fair value of differentiated assets, liabilities and contingent obligations of acquisitions, is carried as goodwill. In case the acquisition cost is less than the share of investor in the fair values of the company's net assets, the difference is recognized directly in the statement of comprehensive income.

2.12 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 effective tax rate valid on the day of preparation of the balance sheet and all adjustments of due tax for previous years.

The group calculates the income tax in compliance with the applicable legislation. The

income tax is calculated on the bases of taxable profit after adjustments of the financial result in accordance with the Law for Corporate Income Tax.

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 apply 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 accounted in the statement of profit or loss, except in cases when it is about sums, which are earlier accrued or accounted directly in equity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which carry forward tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that related tax benefits will be realized.

Pursuant to the Bulgarian tax legislation, income tax is binding for the companies. The income tax rate for 2014 is 10% of the taxable profit.

VAT

All Group companies, excluding the health insurance company, the insurance company in Romania and the insurance company in Macedonia, have VAT registration and accrue 20% upon carrying taxable transactions.

Withholding Tax

Pursuant to the Law for Corporate Income Tax, 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.

2.13. Fixed Assets

2.13.1 Fixed Tangible Assets

Fixed tangible assets are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses. The group has fixed the 2009 value materiality threshold to BGN 700, under which acquired assets, regardless they have the characteristics of fixed assets, are accounted as current expense 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 making the asset in working condition according to its purpose – for assets acquired from external sources;

At fair value: for assets obtained as a result of free of charge transaction;

At evaluation: approved by the court, and all direct costs for making the asset in 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 asset are included in the acquisition cost (cost) of this asset. All other borrowing costs are accounted on current basis in the profit or loss for the period.

Further Measurement

Further costs for repairs and maintenance are accounted in the statement of profit or loss at the time of incurrence thereof, unless there are clear evidences that their incurrence will result in increased economic benefits from the use of this asset. In such case, these costs are capitalized to the carrying amount of the asset.

Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is accounted as profit or loss in the statement of profit or loss, "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.

2.13.2 Amortization Methods

The Group applies straight-line method of amortization. Amortization begins from the month following the month of acquisition thereof. Land and assets in process of construction are not amortized.

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:

Group of Assets	Useful life in years
Buildings	25
Plant and equipment	3-10
Vehicles	4-6
Fixtures and fittings	3-8
Computers	2-3

2.13.3 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 loss during the year of occurrence thereof.

2.13.4 Fixed Intangible Assets

Intangible assets are presented in the financial statement at cost, less the accumulated

amortization and possible impairment losses. The Group applies 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.

2.13.5 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 on the basis of present fair value with any change therein recognized in profit or loss.

2.13.6 Positive Goodwill

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

The positive goodwill upon acquisition of associated company is accounted in the balance sheet as part of the value of investment in the associated company. The positive goodwill is reviewed for impairment on annual basis and is carried at carrying amount less the respective accumulated impairment losses. The net book value of positive goodwill pertaining to the sold company is included in the profits and losses from sale of subsidiary/ associated company.

2.14 Employee Benefits

Annual Paid Leave

The Group 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.

Other Long-Term Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the

Group pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions under a defined contribution pension plan. The Group's contributions to the defined contribution pension plan are recognized as an employee benefit expense in profit or loss on current basis.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Group has obligation to pay amounts to employees who retire in compliance with the requirements of article 222, § 3 of the Labor Code (LC) in Bulgaria. Pursuant to these provisions of LC, upon termination of employment agreement with an employee who is entitled to pension, the employer pays a compensation within the amount of two monthly gross salaries. In case the worker or employee has 10 or more years service as at the date of retirement, the compensations amounts to six monthly gross salaries. As at the balance sheet date the management measures the approximate amount of possible benefits for all employees using the method of estimate credit units.

Termination Benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary

redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group does not recognize as a liability the undiscounted amount of annual leave costs expected to be paid in exchange for the employee's service for the period completed.

2.15 Financial Assets

2.15.1 Investments in Non-Current Financial Assets

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

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

Investments in associated companies are accounted by using the equity method. By using the equity method, the investment in associated company is carried in the statement of financial position at acquisition cost, plus the changes in the Group's 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. The statement of profit or loss represents the share from the associated entity's operating results. The profit share is presented at the face side of the statement.

2.15.2 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 Group classifies its financial instruments at their initial recognition.

Group's 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 has fixed or determinable payments and fixed maturity, that the Group 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 loss 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 loss when derecognized or impaired, as well as through the amortization process.

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 loss.

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.

2.16 Inventory

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

Derecognition of materials and goods upon their consumption is at specifically determined or weighted average value depending on segments.

Net realizable value of inventory is carried at sales price less the costs for finishing and the costs incurred for the realization of sale, and it is defined with view of marketing, moral aging and development of expected sales prices.

When carrying amount of inventory exceeds the net realizable value, it is reduced to the extent of the net realizable value. Such reduction is carried as other current expenses. Inventory related to the production segment are presented in compliance with the IFRS requirements on terminated activities.

2.17 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.

2.18 Liability Provisions

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

2.19 Deferred Tax Payables

Current tax payables and current tax receivables are recognized in the balance sheet

as tax calculated on taxable income for the year adjusted for the tax on taxable income for previous years and paid taxes.

2.20 Equity

The share capital is presented at its nominal value pursuant to the court decisions for registration.

Equity that does not belong to the economic group /uncontrolled participation/ is part of the net assets, including from the net result of the subsidiaries for the year, which may be attributed to participations, which are not directly or indirectly held by the parent-company.

2.21 Liabilities

Financial liabilities are recognized during the period of loan 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 loss, loan expenses are recognized during the period of loan term.

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.

Accruals recognized as liabilities includes payments received in relation to subsequent years income.

2.22 Financial Risk Management Factors Determining Financial Risk

Implementing its activity, the Group companies are 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 risk from change of future cash flows due to a change in market interest rates.

The overall risk management program emphasizes on the unpredictability of financial markets and is aimed at mitigating the possible adverse effects on the Group's financial result.

Currency Risk

The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities, which are denominated in foreign currency. As a result of foreign currency exposures, gains and losses occur, which are carried in the cost and statement of profit or loss. These exposures include the cash assets of the Group, which are not denominated in the currency used in the local companies' financial statements.

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

Interest Risk

The group 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

The Group's 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 that the group 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 group'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.

2.23 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 the positive goodwill.

2.24 Cash Flows

The statement of cash flows shows the Group's 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. Revenue from insurance business

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Gross premiums written from insurance	305,062	315,407
Gross premiums written from health insurance	3,343	4,660
Gross premiums written from life insurance	2,419	-
Received recoveries from reinsurers	14,024	11,159
Positive change in the gross provision for unearned premiums and unexpired risk reserve	3,341	4,007
Positive change in reinsurers' share in unearned premium reserve	4,676	33,991
Reinsurers' share in the change in the other reserves	62,887	15,083
Positive change in other technical reserves	402	578
Recourse income	5,385	12,034
Fees and commissions income	2,815	2,898
Investment income	15,601	7,991
Other revenue	2,845	9,209
	422,800	417,017

4. Expenses from insurance business

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Current year paid claims, claims handling and prevention expenses	(216,142)	(214,144)
Change in the outstanding claims provision	(1,642)	(3 496)
Change in other reserves	(48,505)	(8,288)
Change in the reinsurers' share in the other reserves	-	(21,742)
Premiums ceded to reinsurers	(13,657)	(21,874)
Acquisition expenses	(86,484)	(86,375)
Investment expenses	(16,295)	(6,043)
Other expenses	(20,110)	(26,609)
	(402,835)	(388,571)

5. Revenues from car sales and after sales

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from sale of cars and spare parts	131,080	122,465
Revenue from after sales and rent-a-car services	4,835	4,746
Revenue from sale of investments	1,000	-
	136,915	127,211

6. Revenue from financial and operating leases

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from services	12,916	14,758
Interest income	5,560	5,433
Gains from sale of financial instruments	-	10
Foreign exchange gains	10	51
	18,486	20,252

7. Financial expenses from leasing services

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	(4,835)	(5,056)
Losses from sales of financial instruments	-	(4)
Foreign exchange losses	(42)	(32)
Other expenses	(1,201)	(2,359)
	(6,078)	(7,451)

8. Revenue from asset management and brokerage

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Interest income	2,138	870
Dividend income	188	270
Gains from sale of financial instruments	7,054	8,885
Foreign exchange gains	986	2,612
Other revenue	635	459
	11,001	13,096

9. Finance expenses from asset management and brokerage

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	(1,716)	-
Negative result from sales of financial instruments	(6,746)	(8,687)
Foreign exchange losses	(924)	(2,595)
Other expenses	(107)	(80)
	(9,493)	(11,362)

10. Revenue of the parent company

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Gains from sale of financial instruments	6,016	3,495
Gains from sale of investments	-	5,714
Interest revenue	697	704
Other revenue	-	11
	6,713	9,924

10.1. Gains from sale of investments

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Consideration	-	2,000
Net value of the assets sold	-	4,524
Goodwill / Reserve on consolidation procedures	-	(865)
Gains / (losses) recognized in other comprehensive income	-	55
Gains from sale of investments	-	5,714

11. Financial expenses of the parent company

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Negative result from sales of financial instruments	(19)	(25)
	(19)	(25)

12. Other revenue/expenses

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Other income/expenses	(2,055)	(2,563)
	(2,055)	(2,563)

12.1. Other expenses

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Leasing services	(2,090)	(2,607)
	(2,090)	(2,607)

12.2. Other revenue

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Leasing services	-	1
Automotive business	34	1
Asset management and brokerage services	1	42
	35	44

13. Other operating expenses

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Expenses on materials	(2,712)	(3,106)
Expenses on hired services	(22,437)	(20,055)
Employee benefits expense	(21,865)	(20,732)
Other expenses	(5,884)	(5,037)
	(52,898)	(48,930)

13.1 Expenses on materials

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	(8)	(9)
Insurance business	(224)	(634)
Leasing services	(461)	(403)
Asset management and brokerage services	(40)	(44)
Automotive business	(1,979)	(2,016)
	(2,712)	(3,106)

13.2 Expenses on hired services

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Parent company	(682)	(583)
Insurance business	(7,974)	(7,192)
Leasing services	(4,472)	(4,669)
Asset management and brokerage services	(472)	(404)
Automotive business	(8,837)	(7,207)
	(22,437)	(20,055)

13.3 Employee benefits expense

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Parent company	(306)	(299)
Insurance business	(8,226)	(7,806)
Leasing services	(2,136)	(2,254)
Asset management and brokerage services	(630)	(599)
Automotive business	(10,567)	(9,774)
	(21,865)	(20,732)

13.4 Other expenses

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Parent company	(72)	(39)
Insurance business	(3,501)	(2,330)
Leasing services	(442)	(771)
Asset management and brokerage services	(175)	(265)
Automotive business	(1,694)	(1,632)
	(5,884)	(5,037)

14. Financial expenses

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Interest expenses	(5,400)	(5,235)
Other financial expenses	(546)	(483)
	(5,946)	(5,718)

14.1 Financial expenses by segments

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Parent company	(4,105)	(3,511)
Asset management and brokerage services	-	(378)
Automotive business	(1,841)	(1,829)
	(5,946)	(5,718)

15. Financial revenue

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Interest income	244	1,015
	244	1,015

15.1 Financial revenue by segments

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	244	1,015
	244	1,015

16. Depreciation

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	(11)	(14)
Insurance business	(1,513)	(1,141)
Leasing services	(3,224)	(3,436)
Asset management and brokerage services	(41)	(56)
Automotive business	(2,133)	(2,042)
	(6,922)	(6,689)

17. Tax

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
Income tax expense	(341)	(401)
Deferred tax	(208)	(2,333)
Other	-	(4)
	(549)	(2,738)

18. Expenses from operating activities presented by nature**18.1 Expenses from operating activities presented by nature for continuing operations:**

	2014	2013
	<i>BGN '000</i>	<i>BGN '000</i>
1. Expenses on materials	(3,031)	(5,232)
2. Expenses on hired services	(98,294)	(97,141)
3. Depreciation	(6,922)	(6,689)
4. Employee benefits expense	(38,004)	(35,984)
5. Cost of goods sold	(119,243)	(111,078)
6. Other expenses	(301,126)	(295,239)
	(566,620)	(551,363)

18.2 Expenses from operating activities presented by nature for discontinued operations:	1.1.2014 <i>BGN '000</i>	1.1.2013- up to the date of the sale <i>BGN '000</i>
1. Expenses on materials	-	(5)
2. Expenses on hired services	-	(2,868)
3. Depreciation	-	(71)
4. Employee benefits expense	-	(13)
5. Cost of goods sold	-	-
6. Other expenses	-	(14)
	-	(2,971)

19. Foreign exchange gains/losses (net)

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Parent company	(7)	(1)
	(7)	(1)

20. Discontinued operations

On June 21, 2014 Eurohold Bulgaria AD signed an agreement for sale of 5,000 shares, representing 100 % of the share capital of Eurohold Imoti EOOD. The sale price is BGN 2,000 thousand.

20.1. Net income/loss for the period from discontinued operations	1.1.2014 <i>BGN '000</i>	1.1.2013- up to the date of the sale <i>BGN '000</i>
Revenue	648	1,271
Expenses	-	-
	648	1,271
Other operating expenses	(2,900)	(6,005)
Financial expenses	(388)	(765)
Financial revenue	-	-
Foreign exchange gains/losses	(2)	-
	(2,642)	(5,499)
Depreciation and amortization	(71)	(143)
	(2,713)	(5,642)
Taxes	-	92
Net income/loss for the period from discontinued operations	(2,713)	(5,550)

20.2. Net cash flow on disposal of subsidiaries

	2014 <i>BGN '000</i>	2013 <i>BGN '000</i>
Proceeds from sale of investments	-	-
Decreased by cash of the disposed subsidiaries	-	(147)
Net cash flow on disposal of subsidiaries	-	(147)

20.3. Presentation of cash flows from discontinued operations

	1.1.2014- up to the date of the sale <i>BGN '000</i>	1.1.2013- 31.12.2013 <i>BGN '000</i>
Cash flows from operating activities	-	(536)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	(285)
Net cash flows from discontinued operations	-	(821)

21. Cash and cash equivalents

	31.12.2014 <i>BGN '000</i>	31.12.2013 <i>BGN '000</i>
Cash on hand	3,069	2,780
Cash at bank	63,391	34,864
Restricted cash	649	1,254
Cash equivalents	1,010	131
	68,119	39,029

22. Receivables from insurance and health insurance business

	31.12.2014 <i>BGN '000</i>	31.12.2013 <i>BGN '000</i>
Receivables from direct insurance	69,994	38,589
Receivables from recourse/subrogation	28,606	32,393
	98,600	70,982

23. Trade and other receivables

	31.12.2014 <i>BGN '000</i>	31.12.2013 <i>BGN '000</i>
Trade receivables	19,501	20,663
Advances received	738	286
Other	-	58
	20,239	21,007

23.1. Trade receivables

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	22	19
Insurance business	1,652	2,720
Leasing services	10,280	10,477
Asset management and brokerage services	19	33
Automotive business	7,528	7,414
	19,501	20,663

24. Other receivables

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	313	293
Insurance business	155,091	83,003
Leasing services	648	566
Automotive business	3,901	2,486
Receivables under court procedures	7,902	4,844
Tax receivables	862	2,507
	168,717	93,699

24.1. Tax receivables

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	-	10
Insurance business	419	139
Leasing services	238	1,620
Automotive business	205	738
	862	2,507

26. Property, plant and equipment

	Land plots	Buildings	Machinery and equipment	Vehicles	Furniture and fittings	Assets under construction	Other	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Cost								
At 1 January 2014	3,172	3,806	7,247	35,112	4,610	689	1,286	55,922
Additions	-	11	459	11,721	285	1	200	12,677
Disposals	-	(72)	(624)	(8,072)	(128)	(5)	(186)	(9,087)
Other changes	(2,144)	5,801	-	-	-	-	-	3,657
Disposals on sale of subsidiaries	-	-	-	-	(17)	-	-	(17)
At 31 December 2014	1,028	9,546	7,082	38,761	4,750	685	1,300	63,152
Depreciation								
At 1 January 2014	-	1,103	5,395	14,531	3,648	5	817	25,499
Additions	-	188	761	4,836	335	-	80	6,200
Disposals	-	(63)	(610)	(2,324)	(123)	-	(11)	(3,131)
Disposals on sale of subsidiaries	-	-	-	-	(14)	-	-	(14)
At 31 December 2014	-	1,228	5,546	17,043	3,846	5	886	28,554
Net book value:								
At 1 January 2014	3,172	2,703	1,852	20,581	962	684	469	30,423
At 31 December 2014	1,028	8,318	1,536	21,718	904	680	414	34,598

The land plots and buildings are presented in the consolidated statement of financial position in the group of Investments.

25.1. Land and buildings

	31.12.2014	31.12.2013
	BGN '000	BGN '000
Insurance business	6,956	1,205
Automotive business	2,390	4,670
	9,346	5,875

25.2. Machinery and equipment

	31.12.2014	31.12.2013
	BGN '000	BGN '000
Insurance business	425	478
Leasing services	39	39
Automotive business	1,072	1,335
	1,536	1,852

25.3. Vehicles

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	1,550	1,821
Asset management and brokerage	11	16
Leasing services	16,152	14,264
Automotive business	3,999	4,470
Parent company	6	10
	21,718	20,581

25.4. Furniture and fittings and Other assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	398	487
Asset management and brokerage	15	15
Leasing services	38	44
Automotive business	856	867
Parent company	11	18
	1,318	1,431

25.5. Assets under construction

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	680	684
	680	684

26. Investment property

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Net book value at 1 January	25,613	28,931
Additions	-	3
Disposals	(2,160)	(2,088)
Revaluation	958	237
Other changes	(3,641)	-
Depreciation	(20)	(21)
Disposals on sale of subsidiaries	(8,550)	(1,449)
Net book value as at the period end	12,200	25,613

27. Intangible assets

	Software	Licenses	Other	Total
	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>
Cost				
At 1 January 2014	4,983	155	1,352	6,490
Additions	679	-	2	681
Disposals	(78)	-	(7)	(85)
At 31 December 2014	5,584	155	1,347	7,086
Depreciation				
At 1 January 2014	3,337	154	428	3,919
Additions	614	-	88	702
Disposals	(61)	-	(4)	(65)
At 31 December 2014	3,890	154	512	4,556
Net book value:				
At 1 January 2014	1,646	1	924	2,571
At 31 December 2014	1,694	1	835	2,530

28. Inventories

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	828	407
Leasing services	2,799	5,673
Automotive business	19,784	25,026
	23,411	31,106

29. Financial assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Financial assets held for trading	74,698	79,425
Available for sale financial assets	14,061	9,539
Other financial assets	12,204	19,273
	100,963	108,237

29.1. Financial assets held for trading

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	60,733	66,237
Asset management and brokerage services	13,965	12,515
Leasing services	-	673
	74,698	79,425

29.2. Available for sale financial assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	14,061	9,539
	14,061	9,539

29.3. Other financial assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	12,204	19,273
	12,204	19,273

30. Other assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Prepaid expenses	2,177	704
Deferred tax asset	998	1,337
	3,175	2,041

31. Investments in subsidiaries and associates

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Investments of the parent company	1	1
Investments of the subsidiaries	6,192	9,097
	6,193	9,098

32. Other financial investments

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Held to maturity financial assets	-	861
Other	724	591
	724	1,452

32.1. Held to maturity financial assets

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Asset management and brokerage services	-	861
	-	861

32.2. Other

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	172	10
Insurance business	552	581
	724	591

33. Non-current receivables

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Finance lease receivables	49,090	38,675
Parent company	9,784	9,784
Subsidiaries	16,161	12,459
	75,035	60,918

34. Goodwill

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Eurolease Group AD	1,803	1,803
Euro-Finance AD	2,620	2,620
Motobul EOOD	12,538	12,538
Bulvaria Varna EOOD	5,591	5,591
Eurolease Rent-a-Car EOOD	1,312	1,312
Daru Car OOD	1,461	1,461
Euroins Insurance Group AD	165,466	165,466
	190,791	190,791

35. Borrowings

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	46,255	25,597
Insurance business	15,093	3,516
Leasing services	54,538	50,889
Automotive business	13,945	13,992
	129,831	93,994

36. Bond obligations

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Euroins Insurance Group AD – for the purpose of insurance business	19,558	-
Eurolease Auto EAD – for the purpose of leasing services	9,884	9,884
Auto Union AD for the purpose of automotive business	6,583	2,068
	36,025	11,952

37. Non-current liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Other non-current liabilities	9,967	25,051
Finance lease liabilities	8,872	3,904
Deferred revenue	20	-
	18,859	28,955

37.1. Other non-current liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	933	12,117
Insurance business	149	75
Asset management and brokerage services	-	10
Leasing services	11	-
Automotive business	8,874	12,849
	9,967	25,051

37.2. Deferred revenue

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	14	-
Leasing services	6	-
	20	-

38. Current liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Payables to employees	2,921	2,720
Social-security liabilities	1,303	1,295
Tax liabilities	6,493	7,595
Other current liabilities	17,987	12,261
Deferred revenue	158	29
Provisions	32	65
	28,894	23,965

38.1. Payables to employees

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	24	22
Insurance business	1,707	1,677
Leasing services	168	150
Automotive business	1,022	871
	2,921	2,720

38.2. Social-security liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	7	7
Insurance business	725	827
Leasing services	51	69
Automotive business	520	392
	1,303	1,295

38.3. Tax liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	353	333
Insurance business	1,498	1,383
Asset management and brokerage services	27	7
Leasing services	1,734	1,683
Automotive business	2,881	4,189
	6,493	7,595

38.4. Other current liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	2,198	934
Insurance business	9,066	4,333
Asset management and brokerage services	2,362	3,455
Leasing services	1,284	766
Automotive business	3,077	2,773
	17,987	12,261

38.5. Deferred revenue

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Leasing services	37	9
Automotive business	121	20
	158	29

39. Trade and other payables

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	12,378	6,531
Insurance business	57	-
Asset management and brokerage services	20	5
Leasing services	4,373	8,257
Automotive business	26,817	28,436
	43,645	43,229

40. Payables to reinsurers

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	18,632	36,448
	18,632	36,448

41. Deferred tax liabilities

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	52	30
Leasing services	73	72
Automotive business	77	417
	202	519

42. Reserves for insurance contracts

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Unearned premium reserve, gross amount	92,527	56,118
<i>Share of reinsurers in unearned premium reserve</i>	<i>(51,451)</i>	<i>(46,812)</i>
Unexpired risks reserve, gross amount	897	4,218
<i>Share of reinsurers in outstanding claims reserve</i>	<i>(65)</i>	<i>(2)</i>
Reserve for incurred but not reported claims, gross amount	68,340	47,316
<i>Share of reinsurers in reserve for incurred but not reported claims</i>	<i>(33,397)</i>	<i>(14,140)</i>
Reserve for reported but not settled claims, gross amount	125,227	98,394
<i>Share of reinsurers in reserve for reported but unsettled claims</i>	<i>(60,808)</i>	<i>(16,787)</i>
Other technical reserve	4,075	4,214
	291,066	210,260

43. Share capital

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Issued shares	127,345	127,345
Shares held from subsidiaries	(24)	(5,891)
Share capital	127,321	121,454
Number of shares	127,345,000	127,345,000

44. Retained earnings

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Current result attributable to the shareholders	(6,596)	2,278
Current result attributable to the minority interests	(1,178)	1,005
	(7,774)	3,283

44.1. Retained earnings by segments

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Parent company	1,665	(767)
Insurance business	(8,114)	(411)
Asset management and brokerage services	571	222
Leasing services	144	(721)
Automotive business	(1,226)	(290)
Real estate (Discontinued operations)	-	(588)
Intercompany eliminations of dividends, disposal of subsidiaries and other	364	4,833
	(6,596)	2,278

45. Non-controlling interests

	31.12.2014	31.12.2013
	<i>BGN '000</i>	<i>BGN '000</i>
Non-controlling interest related to current result	1,005	379
Non-controlling interest related to equity	50,199	49,693
	51,204	50,072

46. Events after the reporting period.

In 2014 and 2015 Eurohold Bulgaria AD has started a procedure for increasing the share capital of Euroins Insurance Group AD. Since the beginning of 2015 until the date of the financial statements effectively paid capital amounted to BGN 17,515000 thousand. The Management Board of EuroHold Bulgaria AD is not aware of any other important or significant events that have occurred after the reported financial period.

Asen Minchev



Executive member of the Management Board
Eurohold Bulgaria AD,

23 June 2015

DECLARATION
in accordance with article 100H, paragraph 4, item 4 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 annual consolidated financial statements for 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 annual consolidated management report for 2014 includes a fair review of the development and performance of Eurohold Bulgaria as well as description of major risks and uncertainties facing the company.

Declarers:

1. Kiril Boshov

2. Assen Minchev

3. Ivan Hristov

