Eurohold Bulgaria AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January - 31 December 2015

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CONSOLIDATED INTERIM MANAGEMENT REPORT

containing information on important events occurred in fourth quarter of 2015 in accordance with Art. 100o, para. 4, item 2 of the POSA

EUROHOLD BULGARIA

(Financial results on consolidated base)

For Q4'2015 Eurohold Bulgaria registered a consolidated loss in amount of BGN 92 million due to accrued additional technical reserves of the insurance group amounted to BGN 122 million during the period. In relation to the entry into force of Solvency II regime the shareholders of the insurance sub-holding decided on accrual of additional technical reserves in Euroins Romania, as well as to implement a new unified group policy for calculating reserves requiring restatement of reserves at group level and affecting only the consolidated results. The accrued during the reporting period additional reserves of the Romanian insurance company amounted to BGN 104 million and they have a one-off negative effect. It is expected that the rise in the average premium, restructuring and improving the risk profile of the portfolio will lead to a positive technical result in the first half of this year.

Due to the significant growth of the insurance business in recent reporting periods and in order to support businesses, the shareholders decided to increase the capital of subsidiaries in insurance group, which is in progress. In the first quarter of 2015 was finalized the capital increase of Euroins Bulgaria by BGN 5,659,732. At the end of 2015 was started the capital increase of Euroins Romania with RON 200 million. As of the end of the reporting period RON 80.5 million has already been paid in with the rest expected to be raised within the first half of 2016.

The consolidated results from operating activities

According to the consolidated financial statements for Q4'2015, the consolidated income from operating activities of Eurohold Bulgaria AD increased significantly by 54% as for the current period they amounted to BGN 879 million compared to BGN 571 million for the comparable period in 2014.

The operating expenses increased by 83.9% as from BGN 509 million reached BGN 936 million.

For the fourth quarter of 2015 the rate of increase in expenses compared to the previous period of 2014 exceeds by 29.9% the registered growth in revenues.

The consolidated operating results by types of activities

The revenues from insurance business increased significantly by 73.5% (BGN 292 million) as in the current period amounted to BGN 690 million. The registered operating expenses of the insurance sub-holding amounted to BGN 784 million for the current period compared to BGN 376 million as of the end of 2014. The growth in expenses by 108.5% outpace the revenue growth by 34.8% due to additional accrued technical reserves, the cause of which is described in the following part Euroins Insurance Group.

The revenues from automotive activities increased by 11.7% amounted to BGN 153 million while the expenses for vehicle and spare parts sales increased by BGN 17 million and reached BGN 134 million.

The revenues from leasing operations increased by 16.1% compared to the same period in 2014, as they amounted to BGN 21.5 million. The expenses for leasing operations decreased from BGN 6 million to BGN 5 million due to the agreed better level of funding.

The revenues from investment brokerage increased by 24.6% from BGN 11 million to BGN 13.7 million as of the end of current period. The expenses increased by BGN 2.8 million for the period.

The result from the parent company activities amounted to BGN 0.7 million.

The operating results by types of activities on a standalone basis

The table below represents the information regarding the revenues of the subsidiaries as of 31.12.2015 compared to 31.12.2014. It also gives a comparison of financial results, realized by the subsidiaries of Eurohold for the current and for the previous period. The results are on a standalone basis without taking into consideration any intercompany elimination.

The net result from the operations of the entities in the group of Eurohold was a loss amounted to BGN 103.4 million compared to a loss in amount of BGN 7 million for the comparable period in 2014. For the current period were accounted BGN 11 million intercompany eliminations, while in the previous period they amounted to BGN 0.4 million. The current consolidated loss was realized only by the negative result of the insurance sub-holding, while all other sectors of the Group reported a profit at the end of 2015.

Financial result by segments without eliminations	2015 *000'BGN*	2014 *000'BGN*
Insurance and health assurance	(104 318)	(8 114)
Automotive business	119	(1 226)
Leasing services	126	144
Asset management and brokerage services	280	571
Parent company	425	1 665
Total financial result by segments	**(103 368)**	**(6 960)**
Intragroup eliminations of dividends, effects from the sale of subsidiaries and others	*11 264*	*364*
Consolidated financial result for the group after eliminations and consolidation effects	**(92 104)**	**(6 596)**

Total revenue by segments	2015 *000'BGN*	2014 *000'BGN*
Insurance and health assurance	691 064	398 584
Automotive business	163 226	143 468
Leasing services	23 071	20 308
Asset management and brokerage services	14 129	11 505
Parent company	7 698	7 845
Total revenue by segments	**899 188**	**581 710**
Intragroup eliminations of dividends, effects from the sale of subsidiaries and others	*(19 986)*	*(10 643)*
Consolidated revenue after eliminations:	**879 202**	**571 067**

The revenues of all companies in the Group realized substantial growth, namely an increase in revenue from operations by 54.6% - BGN 268.1 million before reporting intra-group eliminations and respectively BGN 308 million in their reporting.

The net result from other operations

The net consolidated result from other non-operative activities increased insignificantly and as of the end of period amounted to BGN 74.5 million.

The financial expenses and amortization expenses of the companies in the group EuroHold amounted respectively to BGN 10.2 million and BGN 7.3 million, while in the comparable period they amounted to BGN 7.5 million and BGN 6.9 million. The other expenses increased by BGN 2 million and reached BGN 57 million.

Assets and liabilities

The consolidated assets as of the end of the current period amounted to BGN 934 million compared to BGN 805.3 million as of 31.12.2014.

The cash and deposits increased by BGN 9.7 million, while short-term receivables increased by BGN 74.5 million for the period. The other assets increased by BGN 48 million, including financial assets and other assets recorded the highest growth - respectively 17.5 million and BGN 17.5 million.

The consolidated equity of the Group Eurohold amounted to BGN 104.4 million compared to BGN 187.6 million as of the end of 2014 after taking into account the current loss having an extraordinary nature and one-off effect. The equity of the minority interest decreased by BGN 14.3 million amounted to BGN 36.2 million.

The non-current consolidated liabilities increased by 9.9% reaching BGN 203 million compared to BGN 184.7 million as of 31.12.2014. A major part of non-current liabilities is liabilities to banks and other financial institutions, issued bonds and as of the end of the accountable period they decreased by BGN 3.7 million.

Liabilities on loans:	Q4.2015 *000'BGN*	Q4.2014 *000'BGN*	% *Change*
To banks and other nonbank financial institutions	109 402	129 831	-15.74%
On issued bonds	52 746	36 025	46.41%
Total loans	**162 148**	**165 856**	**8.97%**

The current liabilities increased by BGN 207.5 million, from BGN 382.5 to BGN 590 million for the current period. The main part of the current liabilities are the additional insurance reserves, as for the current reporting period they increased by BGN 122 million compared to the end of 2014.

EUROINS INSURANCE GROUP

In 2015 Euroins Insurance Group (EIG) has realized consolidated gross written premiums of BGN 453 million compared to BGN 311 million written 2014. This impressive growth of 46% is due to the growths of 50% and 43% achieved by Euroins Romania and Euroins Bulgaria respectively.

In spite of the growth of app. 50% the Group reports an unaudited loss of BGN 93.8 million as a result of the additional strengthening of the technical reserves of Euroins Romania, the largest insurance company in the Group. At 31 December 2015 consolidated group technical reserves have increased by BGN 122 million or 42% and are up to BGN 413 million.

The abovementioned additional strengthening of the technical reserves has been performed due to:

1. the double growth in the business written by Euroins Romania in the reported period;

2. the instructions received from the Romanian insurance regulator requiring an increase in the technical reserves as part of the Solvency II measures;

3. the decision of the management to implement new reserving policy for all subsidiaries. The methodology is applied only for the consolidated accounts of the Group. These processes have been undertaken as part of the preparation for Solvency II.

Also as part of the preparation for Solvency II Euroins Insurance Group has started a capital increase process. In accordance with the decision taken on 19 November 2015 by the General Assembly of Shareholders of Euroins Insurance Group Eurohold Bulgaria, the majority shareholder of the Group, subscribed its share of the capital increase amounting to EUR 82.1 million. The entire process is expected to be completed by the end of Q2 2016.

Euroins Bulgaria

Euroins Bulgaria has reported an unaudited profit of BGN 11 thousand, according to the last prepared statement of the company.

In 2015, Euroins Bulgaria has registered gross written premium of BGN 118 million, which was a growth of 43% compared to last year. Main reason for this significant increase was the growth in the inward reinsurance business. The direct business, however, has grown as well by 15%. This was achieved mainly due to the successful integration of HDI Insurance acquired in 2015 and the increased business written through brokers.

The MTPL premium has grown by 22.6% reaching a share of 44% of the entire portfolio. The total motor business accounts for 44% of the total direct business of the company. Increase has been registered also in other lines of business, such as Agriculture (82%), Liability (8.8%), and Property (7.7%). Financial Risks business managed to grow more than 3 times. All of this has been a result of the company strategy to diversify its portfolio and of the successful acquisition of the portfolios of Interamerican in 2013, of QBE in 2014 and the acquisition and integration of HDI Insurance in 2015..

At the same time, the amount of reported claims for the period decreased by 15% mainly due to the decrease in the Motor segment by more than 20%.

Claims paid have decreased by 10%.

The share of the administrative costs in net earned premiums has increased from 11% in 2014 to 11.8% in 2015. This is due to the increased costs related to integration of HDI Insurance. These costs have an on-off effect and the ratio will decrease in 2016.

Net acquisition cost ratio is up to 28% mainly due to the fact that the acquisition costs in the increased net inward reinsurance business are higher than those in the direct one.

In Q1 2015 Euroins Bulgaria completed the capital increase process. After the increase its share capital amounts to BGN 16.47 million.

Euroins Romania

In 2015 Euroins Romania presented and obtained approval of its business plan from the Romanian insurance regulator. The initiative was part of the preparation for Solvency II and a result of the conducted due diligence of the company's assets (Balance Sheet Review). The business plan contains a set of measures to improve the main insurance indices of the company. As a result gross technical reserves have been drastically increased by BGN 104 million from BGN 151 million to BGN 255 million. This increase is the main reason for the company to report an unaudited loss of BGN 92 million.

The management considers that the update of the reserves puts the company in a very good position for 2016 and expects the increase of the average premium and the restructuring and the improvement of the portfolio risk profile to lead to a positive technical result at first half of the current year.

In compliance with the plan Euroins Romania took the decision to increase its capital with RON 200 million. At 31 December 2015 RON 80.5 has already been paid in with the rest expected to be raised within the first six months of 2016.

The purpose of the capital raise is to support the significant growth of the business and not to meet any liquidity needs. Euroins Romania has sufficient resources to meet its short and long term obligations.

In 2015 Euroins Romania has written gross premiums of BGN 318 million, which was a growth of 50% compared to last year. Main reason for this significant increase was the growth of 54% in gross premiums written in MTPL. The growth was down to the work done by the company in 2014 and early 2015 and related to the re-segmentation of its clients' activities. This enabled Euroins Romania to start writing business, which traditionally was avoided due to high claims frequency. Due to the abovementioned re-segmentation the company is in position to differentiate the profitable portfolios from those with high claim ratios.

At the same time, the sales of Motor Casco have dropped by 34% in an effort to curb the portfolio share of this insurance due to its high claims frequency.

Euroins Romania started 2015 with a new reinsurance program in MTPL bringing in more confidence in the stability of the business from the management and third parties. The reinsurers participating in the program are well known and respected with ratings confirmed by AM Best and Moody's.

A positive trend marks a change in the share of costs in premium income. The value of cost ratio in 2015 compared to 2014 decreased by 4% from 40% in 2014 decreased to 36% due to the decrease in the share of acquisition costs ratio and retention of administrative costs ratio in approximately the same level.

In the last month of 2014 Euroins Romania started negotiations with its intermediaries to optimize commission levels in the context of the shortened terms of payment of the premium, which were imposed by the local regulator.

- **Euroins Macedonia**

In 2015 Euroins Macedonia has reported gross written premiums of BGN 17 million, an increase of 6% compared to 2014. Most lines of business have registered growth; the major ones were in the non-motor lines of business – Cargo (27%), Accident and Health (7%) and Liability (5%). MTPL sales have registered an increase of 7.5%.

Paid claims are up by 9.5% while reported claims have increased as a result of a couple of relatively large claims.

Administrative expenses are 12.2% of net earned premiums, i.e. at the same level as in 2014. The company plans to initiate a cost optimization project in 2016.

Acquisition costs ratio continues to decrease and at the end of 2015 is down to 35.3% compared to 38.3% in 2014.

The market position of the company remained unchanged and the management will continue with its efforts to look for more sales opportunities and expand of its sales channels. The company's aim is to increase its corporate clients and to grow the non-motor business in its portfolio.

Due to a more conservative reserving policy implemented in the first half of the year the company has registered a loss of BGN 326 thousand in 2015.

- **Euroins Health Assurance**

Gross written premium for 2015 of Euroins Health Assurance have decreased by 54% in comparison to 2014. This, however, is due to the fact the company is in a process of having its operations merged into Euroins Bulgaria in order to achieve higher synergy effect. New business and renewals have been written on Euroins Bulgaria paper.

As a result the paid and incurred claims decreased respectively by 235 and 33%.

- **Euroins Life**

In 2015 Euroins Life has written gross premiums of BGN 2.4 million, which approximately 7% less than 2014.

Net acquisition and administrative costs are under control and have actually decreased by 28% and 31% respectively compared to last year.

Higher net claims incurred have caused a loss of BGN 145 thousand. This is due to the fact that the current portfolio is too small and every relatively large claim directly impacts the result.

Following its strategy of growing the business last year Euroins Life signed a three-year banc assurance scheme with Piraeus Bank for providing life insurance cover of the bank's clients. Additionally in 2014 the company has signed insurance agreements with some of its biggest corporate clients such as Alpha Bank, Carrefour and the companies within Viohalco Group.

Currently a product review is under way while at the same time the company has offered to the market new life insurance solutions. The respective sales, however, are at the beginning and their positive effect on the company portfolio will follow in 2016 and onwards.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2015 to 31.012.2015 is a profit amounting to BGN 119 thousand. The result for the same period in 2014 was a loss of BGN 1,226 thousand.

The number of cars sold for 2015 has increased by 6.3% as compared to 2014. The revenues from sale of vehicles, spare parts and lubricants have increased by 11% while the revenues from services have increased by 2.8%.

The operating expenses for Q4' 2015 have increased by 5% as compared to the same period of 2014 due to increased amortization expenses by 19% or by BGN 412 thousand, as well as to increased financial expenses by 12% - BGN 270 thousand. The personnel expenses increased by 10% (BGN 1,099 thousand) due to new body shop of Star Motors EOOD in Plovdiv as well as to increased turnover in the workshops of Avto Union Service EOOD. The revenues from financial operations registered a growth by 68% compared to the previous 2014 due to the sales of the subsidiaries of Motobul EOOD – Motobul Express EOOD.

As of 31 December 2015 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the group of Eurohold, amounted to 3,621 units as compared to 3,408 units for 2014. According to the Union of the Importers of Automobiles in Bulgaria the market for new PC and LCV has increased by 15.3% for 2015. Avto Union has decreased its market share from 14% for 2014 to 12.9% for 2015. For the reporting period Opel has an increase of 1% in Varna and 59% for Sofia. Espace Auto OOD has an increase in Dacia sales by 23% and Renault sales has a decrease by 0.4%. Nissan Sofia EAD has a decrease by 16.8%. Auto Italia EAD has increased sales in FIAT by 17.8%, while in Maserati and in Alfa Romeo registered a decline – respectively by 25% and 20%. Star Motors EOOD have an increase of 2.7% for the reporting period.

Avto Union	**Sales 2015**	**2014**	**% Change**
January–December, 2015 (YTD)	3 621	3 408	6.3%
Quarterly			
January-March	633	981	-35.5%
April-June	1 249	918	36.1%
July-September	911	819	11.2%
October-December	828	690	20.0%

During the reporting period the companies from the automotive holding have concluded fleet contracts for totally 1,239 vehicles in total amount of BGN 28 million, while the number for the same period of previous year was 1,006 for BGN 45 million.

On 22 May 2015 Espace Auto OOD signed an annex to the loan contract with Societe Generale Expressbank AD for increasing the limit on the credit line up to EUR 1,200,000 and extending the period for repayment of principal until 05.30.2016 year. Later in the period, on 12.12.2015, the limit on the credit line was increased once more - up to EUR 1,600,000.

During the reporting period Espace Auto OOD has signed a second loan contract with Societe Generale Expressbank AD for EUR 1,000,000 which is due on 30.09.2015 – as of the end of reporting period the loan has fully repaid. On the same date the two parties signed an additional loan agreement aimed financing working capital of Espace Auto up to EUR 600,000 by maturity 03.31.2016. On 12.18.2015 Avto Union AD signed a loan agreement with Bulgarian Development Bank AD for limit of EUR 2,040,000. That amount limit was distributed as follows:

- EUR 240,000 in the form of a revolving credit intended on MOTOBUL EOOD;
- EUR 1,800,000 in credit lines for bank guarantees issue and providing payments intended for all subsidiaries of Auto Union AD.

On 18.01.2016, the Star Motors EOOD signed an annex to the credit agreement with UniCredit Bulbank AD, thereby increasing the limit of the credit line for bank guarantees issue by EUR 1,000,000. As of the date of preparation of this report the limit under this contract amounted to EUR 3,500,000.

On the same date Auto Union AD signed an annex to the contract on loan commitments with UniCredit Bulbank AD through which renegotiated limit for working capital of EUR 2,500,000 to EUR 1,750,000. The part of the overall limit which is intended for the issuance of bank guarantees, remains unchanged.

EUROLEASE GROUP

On a session of the Board of Directors of Eurohold Bulgaria AD held on 09.12.2015, the sole owner of the capital of Eurolease Group took a decision to increase the share capital of the Company by 500,000 leva, by issuing 500,000 available, registered, non-preferred shares with nominal value of 1 BGN each. As of 31.12.2015 the capital Increase is registered in the Trade registry and the share capital of the Company amounts to BGN 27,241,488.

In 2015, the companies part of Eurolease Group continued to successfully maintain stable levels of newly generated business that determined the financial result for the reported period. As of 31.12.2015 it is profit of BGN 113 thousand compared to profit of BGN 155 thousand as of the end of 2014. The financial result is distributed as follow: profit of BGN 126 thousand for the Group and loss of BGN 13 thousand for the non-controlling interest.

The consolidated interest income of the company is BGN 6,452 thousand, representing an increase of 2.25 per cent in comparison to 2014.

Consolidated data of all companies within Eurolease Group shows a 2.33 per cent decrease in administrative expenses. As of the end of 2015 they amount to BGN 10,997 thousand vs BGN 11,259 thousand for the comparable period of 2014.

Consolidated net investment in finance lease decreased by 10.06 per cent to BGN 53,402 thousand vs BGN 59,375 thousand as of the end of 2014. The vast decrease is caused by a prepayment of a single large exposure of a client of Eurolease Auto and led to significant concentration reduction in Eurolease Group's lease receivables portfolio.

Total consolidated assets amount to BGN 102,544 thousand compared to BGN 101,722 thousand as of 31 December 2014.

As of 31 December 2015 the payables to other financial institutions rose by 26.30 per cent to BGN 8,115 thousand in comparison with BGN 6,425 thousand as of 31 December 2014. The increase is projection of Eurolease Group's policy for financing of the subsidiary Eurolease Rent a Car by leasing companies that are external for the Group. The followed policy has helped to decrease the interest expense of Eurolease Rent a Car.

Payables to banks decreased by 28.70 per cent and as of the end of the reporting period they amount to BGN 38,887 thousand compared to BGN 54,538 thousand as of 31 December 2014. The decrease is mainly caused by a repayment of a credit exposure and issuance of corporate bond by Eurolease Auto during the period.

Consolidated payables under debt securities issued increase to BGN 29,280 thousand compared to BGN 11,861 thousand at the end of 2014. The increase is caused by the corporate bonds issued in 2015 by both Eurolease Group and Eurolease Auto Bulgaria that mature in 2020 and 2021 respectively.

As of the end of 2015 the stand alone total assets of Eurolease Group are BGN 35,745 thousand compared to BGN 33,972 thousand as of 31 December 2014.

In 2015 Eurolease Group increased the capital of two of its subsidiaries, namely: Autoplaza by BGN 250 thousand and Eurolease Auto Macedonia BGN 147 thousand.

➢ Eurolease Auto Bulgaria

As of the end of fourth quarter of 2015 the financial result of Eurolease Auto isa profit of BGN 634 thousand compared to BGN 582 thousand for 2014.

During the reporting period the interest income of the company is BGN 6,258 thousand, representing a decrease of 3.10 per cent in comparison to 2014. However, due to almost a 7 per cent decrease in interest expense during 2015, the net interest income of the company increases by 3.51 percent to BGN 2,450 cent in comparison with BGN 2,367 thousand as of the end of 2014.

In 2015 the company has managed to keep stable levels of newly generated business and financed BGN 1,797 thousand of new leases per month on average. By that Eurolease Auto achieved a significant renewal of its leasing portfolio.

During the reporting period the net investment in finance leases decrease by 17.19 per cent to BGN 50,604 thousand vs BGN 61,111 thousand at the end of the relevant period of 2014. The vast decrease is caused by a prepayment of a single large exposure and led to significant reduction of the concentration in the leasing portfolio of the company.

As of the end of December 2015 company's total assets amount to BGN 80,758 thousand compared to BGN 87,368 as at the end of 2014.

As of the end of 2015 the equity of the company amounted to BGN 21,163 thousand compared to BGN 20,529 thousand as of 31 December 2014.

As of the end of 2015 the liabilities of the company amounted to BGN 59,595 thousand compared to BGN 66,839 thousand as of 31 December 2014.

Within the reporting period the indebtedness to banks has decreased by 34.80 per cent reaching to BGN 31,093 thousand vs. BGN 47,687 thousand as at 31 December 2014. Decrease is caused mainly by two factors, namely:

- Prepayment of credit line to Municipal Bank amounting to BGN 7,109 thousand. The credit line financed the prepaid leasing exposure.
- On 29.07.2015 Eurolease Auto issued a corporate bond for the amount of EUR 5,800 thousand. The purpose of the issue is to finance the leasing activity of the company. Final maturity date of the bond emission is 29.07.2021, principal is payable to the bondholders in 20 equal installments during the life of the debt instrument.

As a result payables under debt securities issued by the company increases to BGN 23,203 thousand compared to BGN 11,861 thousand as of 31 December 2014.

➢ Eurolease Auto Romania

The financial result of Eurolease Auto Romania for fourth quarter of 2015 is loss amounted to BGN 59 thousand compared to a profit of BGN 52 thousand for the relative reporting period of 2014.

Total assets of the company amounted to BGN 1,410 thousand compared to BGN 1,549 thousand as of 31 December 2014.

As of 31 December 2015 the liabilities of the company amounts to BGN 1,878 thousand compared to BGN 1,963 thousand as of 31 December 2014.

➢ Eurolease Auto Macedonia

The financial result of Eurolease Auto Macedonia for fourth quarter of 2015 is loss amounted to BGN 76 thousand compared to a loss of BGN 82 thousand for the relative period of 2014.

During the reporting period the company managed to increase the volumes of new business, financing BGN 321 thousand of new leases per month on average.

As a result of the good contacts with most of the dealers, Eurolease Auto Macedonia reports growth in the lease portfolio and as of 31 December 2015 it amounts to BGN 6,157 thousand, an increase of 17.86 per cent compared to BGN 5,224 thousand at the end of 2014. During the period the company has signed new operating lease contracts with a total value of assets purchased BGN 427 thousand.

The increased in the portfolio of lease receivables led to increase in interest income by 18.53 per cent to BGN 550 thousand as of the end of 2015 compared to BGN 464 thousand as of 31 December 2014.

Payables to banks increased by 22.08 per cent and reached the amount of BGN 7,061 thousand compared to BGN 5,784 thousand as of 31 December 2014.

In 2015 the capital of Eurolease Auto Macedonia has increased by BGN 147 thousand.

➢ Eurolease Rent A Car

Eurolease Rent A Car is a provider of operating lease services for many corporate customers under the BUDGET brand, having a position of a market leader. The company is also one of the market leaders in car rental services with the AVIS brand.

The financial result during the reporting period of the company is loss of BGN 9 thousand compared to loss of 74 thousand as of 31 December 2014.

Due to its financing policy to use funding from external for the Group leasing companies and repayment of old payables at a higher interest rate, in 2015 the Company managed to reduce the interest expenses by 15.90 per cent to BGN 731 thousand compared to BGN 931 thousand as of the end of 2014

The total assets of the company amount to BGN 17,007 thousand compared to BGN 17,954 thousand as at the end of 2014.

The total liabilities of the company amount to BGN 15,294 thousand compared to BGN 16,232 as of 31 December 2014.

➢ Autoplaza

The main activity of Autoplaza EAD involves the sale of vehicles returned from lease,rent-a-car and "buy-back". The company operates in cooperation with Avto Union, Eurolease Bulgaria and Eurolease–Rent-A Car.

In 2015 the Company expanded the range of services, including import of vehicles for clients, purchase of used vehicle for resale as well as mediation in sale of vehicle on behalf of third parties.

As a result of the newly assimilated activities as well package deals of used cars that company realized in 2015, the range of vehicles offered has increased drastically, along with its client base. Autoplaza managed to establish itself in the market of used vehicles and became a recognizable supplier of cars with proven origin.

As of the end of 2015 the Company reports increase in the gross profit by 29.54 per cent to BGN 364 thousand in comparison with BGN 281 thousand as of the end of 2014.

In addition during 2015 the company managed to decrease its expense for hired services to BGN 188 thousand, representing a decrease of 18.97 per cent compared to 31 December 2014.

Due to the good business practices as of 31 December 2015 the company reports positive financial result in the amount of BGN 11 thousand compared to loss of BGN 123 thousand as of 31 December 2014.

The total assets of the company amounted to BGN 884 thousand vs. BGN 588 thousand as of 31 December 2014.

In 2015 the share capital of the company was increased by BGN 250 thousand.

EURO-FINANCE

During the reporting period Euro-Finance AD has following the already implemented program for improvement activities toward the development of online services to individual customers, the increase in the assets under management and the participation in corporate consulting and restructuring projects.

The company realized revenues of BGN 1 791 thousand for 2015, generated by:

- Interest income - BGN 549 thousand;
- Other income from main activities – BGN 1 242 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN 1 507 thousand.

For 2015 the net profit of the company amounted to BGN 245 thousand.

The development of the company is as expected, in view of the economic environment, the expenses remain close to the estimated. A part of the revenue of Euro-Finance are formed from the services that the company actively has been developing since 2012.

Euro-Finance is an investment intermediary - member of the Frankfurt Stock Exchange, giving direct access to the Xetra® through the trading platform EFOCS.

The company offers trading on Forex, indices, equities and precious metals through contracts for difference (CFD) via EF MetaTrader 5 platform.

The equity of the company is the highest among the other intermediaries, according to the data from the site of the FSC.

At the traditional ceremony, held at the beginning of 2016, the Bulgarian Stock Exchange Sofia AD has awarded Euro-Finance AD for an investment intermediary with the highest turnover in 2015.

EUROHOLD BULGARIA

(Stand alone base)

As of 31 December 2015 the financial result of Eurohold Bulgaria AD on stand alone base, according to the last prepared statement, is a pofit of BGN 0.4 million compared to a profit in amount of BGN 1.7 million for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 7.3 million. For comparison, as of the end of 2014 the total revenues amounted to BGN 7.8 million.

As of the end of 2015 the company's assets amounted to BGN 395 million compared to BGN 349.8 million as of the end of 2014. The equity amounted to BGN 274 million while for 2014 the equity amounted to BGN 274 million.

During the reporting period, the most significant change in assets was noted in investments in subsidiaries as a result of carried out capital increases of Euroins Insurance Group with BGN 59.8 million and Eurolease Group with BGN 0.5 million.

During the reporting period the company's liabilities increased by 59.97% and amounted to BGN 121 million. The non-current liabilities increased by 58,47% - from BGN 56 million at the end of 2014 to BGN 89 million for the current period. The amount of current liabilities increased to BGN 32 million compared to the end of 2014 when amounted to BGN 19.5 million. The growth in current liabilities is mainly due to the loans from financial and non-financial institutions.

The loans from financial and non-financial institutions was distributed depending on the term of repayment as current and non-current liabilities. As of 31 December 2015 the total debt amounted to BGN 69 million compared to BGN 46 million at the end of 2014.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN Q4'2015 ON FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

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

DESCRIBTION OF THE KEY RISK FACTORS

1. Systematic risks

Influence of the global economic and financial crisis

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

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

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

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

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

Consequently, gross premiums written may decrease and clients may tend to resign from contracts already executed, as well as postpone new car purchases and correspondingly new car leases. Any deterioration of the region's macroeconomic ratios may also adversely affect insurance products, car sales and lease contract origination. Therefore, there is a risk that if the business environment broadly deteriorates Group overall sales may be lower than originally planned. Also, general changes in government policy and regulatory systems may lead to an increase in the Group's operating expenses and capital requirements. If the above factors occur, fully or partially, they could have a significant adverse impact on the Group's outlook, results and financial situation.

Political risk

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

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

Sovereign credit risk

Credit risk represents the likelihood of worsening of the international credit rating of Bulgaria, Romania, Macedonia and Serbia. Low credit ratings could lead to higher interest rates, more restrictive financing terms for business enterprises, including the Company.

At the end of 2014, credit rating agency STANDART & POOR'S revised assessment of long-term and short-term credit rating of Bulgaria in foreign and local currency from

"BBB- / A-3" to "BB + - / B" with a stable outlook. The rating agency highlighted as the main reason for the revision of the rating, the situation with the CCB and the provision of liquidity to other Bulgarian bank and the deterioration of the fiscal position during the year. The latest S & P associated with the implementation of low economic growth and deflation processes observed in the country. The stable outlook reflects the low levels of public sector debt. The S & P provide an opportunity for further improvement of Bulgaria's credit rating if effectively addressed meet their weaknesses in supervisory activities in the banking sector, also increase the potential for economic growth of the country to attract more foreign direct investment in the tradable sector or the economy of Bulgaria grew faster than their expectations so that the fiscal consolidation to be carried out more quickly.

Inflation risk

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

Currency risk

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

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

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

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

Interest rate risk

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

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

2. Unsystematic risks

Risk relating to the business operations of the Company

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

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

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

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

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

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

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

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

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

Strategic development risks

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

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

Risks related to the management of the company

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

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

Financial risk

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

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

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

Currency risk

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

Liquidity Risk

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

Risk management in the Group aims to:

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

INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN 2015

During the reporting period there were no transactions between related parties.

29 February 2015

Asen Minchev,

Executive Member of the Management Board

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Further information on:
About Us
Structure
Corporate Management
Information for investors
Communications and Media
you can find on:
www.eurohold.bg

Eurohold Bulgaria AD
Interim consolidated statement of profit or loss
For the year ended December 31, 2015

	Notes	31.12.2015 000'BGN	31.12.2014 000'BGN
Revenues from operating activities			
Insurance revenue	3	690 436	397 952
Car sales revenue	5	152 867	136 915
Leasing revenue	6	21 460	18 486
Revenue from asset management and brokerage	8	13 705	11 001
Revenue from the activities of the parent company	10	734	6 713
		879 202	**571 067**
Expenses for operating activities			
Insurance expenses	4	(784 227)	(376 410)
Cost of cars and spare parts sold		(134 101)	(117 131)
Leasing financial expenses	7	(5 433)	(6 078)
Financial expenses for asset management and brokerage	9	(12 350)	(9 493)
Financial expenses for the activities of the parent company	11	-	(19)
		(936 111)	**(509 131)**
Gross Profit		**(56 909)**	**61 936**
Other income/expenses	12	(3 453)	(2 055)
Other operating expenses	13	(53 487)	(52 898)
Share of net result in associate	19	-	-
EBITDA		**(113 849)**	**6 983**
Financial expenses	14	(10 612)	(7 523)
Financial revenue	15	359	244
Foreign exchange gains/losses	20	(10)	(7)
EBTDA		**(124 112)**	**(303)**
Depreciation and amortization	16	(7 347)	(6 922)
EBT		**(131 459)**	**(7 225)**
Taxes	17	16 602	(549)
Net income/loss for the period		**(114 857)**	**(7 774)**
Attributable to:			
Equity holders of the parent		**(92 104)**	**(6 596)**
Non-controlling interests		**(22 753)**	**(1 178)**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

26.2.2016

Eurohold Bulgaria AD
Interim consolidated statement of other comprehensive income
For the year ended December 31, 2015

	Notes	31.12.2015 000'BGN	31.12.2014 000'BGN
Profit/loss for the year	*45*	**(114 857)**	**(7 774)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on financial assets available for sale		70	(323)
Income tax effect		-	-
		70	(323)
Exchange differences on translating foreign operations		557	(238)
Income tax effect		-	-
		557	(238)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**627**	**(561)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of properties		-	-
Income tax effect		-	-
		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**-**
Other comprehensive income for the year, net of tax		**627**	**(561)**
Total comprehensive income for the period, net of tax		**(114 230)**	**(8 335)**
Attributable to:			
Equity holders of the parent		(91 596)	(7 136)
Non-controlling interests		(22 634)	(1 199)
		(114 230)	**(8 335)**

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

26.2.2016

Eurohold Bulgaria AD
Interim consolidated statement of financial position
As at December 31, 2015

	Note	31.12.2015 000'BGN	31.12.2014 000'BGN
ASSETS			
Cash and cash equivalents	*21*	73 896	68 119
Deposits at Banks	*22*	16 105	12 204
		90 001	**80 323**
Receivables			
Insurance receivables	*23*	76 353	98 600
Trade and other receivables	*24*	20 165	20 239
Other receivables	*25*	265 572	168 717
		362 090	**287 556**
Other assets			
Property, plant and equipment	*26, 26.2-5*	29 450	25 252
Intangible assets	*28*	2 373	2 530
Inventory	*29*	32 413	23 411
Financial assets	*30*	106 278	88 759
Other assets	*31*	20 680	3 175
		191 194	**143 127**
Investments			
Land and buildings	*26, 26.1*	13 580	9 346
Investment property	*27*	12 421	12 200
Investments in subsidiaries and associates	*32*	697	6 193
Other financial investments	*33*	3 088	724
Non-current receivables	*34*	70 855	75 035
		100 641	**103 498**
Goodwill	*35*	**189 989**	**190 791**
TOTAL ASSETS		**933 915**	**805 295**

The Interim Consolidated Financial Statements are approved by the Managing Board of Eurohold Bulgaria AD. The accompaning notes are an integral part of the Interim Consolidated Financial Statements.

Eurohold Bulgaria AD
Interim consolidated statement of financial position (continued)
As at December 31, 2015

	Notes	31.12.2015 000'BGN	31.12.2014 000'BGN
Equity and liabilities			
Equity			
Issued capital	*44*	127 238	127 321
Premium reserves from the issue of securities		38 714	38 714
General reserves		8 640	8 640
Revaluation reserves		(5 603)	2 529
Special reserves		(55 152)	(54 089)
Retained earnings		82 699	71 109
Current period result	*45*	(92 104)	(6 596)
Total equity		**104 432**	**187 628**
Non-controlling interests	*47*	**36 234**	**50 513**
LIABILITIES			
Bank and non- bank loans	*36*	109 402	129 831
Obligations on bond issues	*37*	52 746	36 025
Non-current liabilities	*38*	41 139	18 859
Current liabilities	*39*	29 804	28 894
Trade and other payables	*40*	80 651	43 645
Payables to reinsurers	*41*	66 183	18 632
Deferred tax liabilities	*42*	181	202
		380 106	**276 088**
Insurance reserves	*43*	413 143	291 066
		413 143	**291 066**
Total liabilities		**793 249**	**567 154**
TOTAL EQUITY AND LIABILITIES		**933 915**	**805 295**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

26.2.2016

Eurohold Bulgaria AD
Interim consolidated cash flow statement
For the year ended December 31, 2015

	Notes	31.12.2015 000'BGN	31.12.2014 000'BGN
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		**(131 459)**	**(7 225)**
Adjustments for:			
Depreciation	*16*	7 347	6 922
Foreign exchange gain/loss		(497)	(55)
Dividend income		(459)	(188)
Change in insurance reserves		-	(21 818)
Increase in impairment loss		427	13 439
Revaluation of investments		-	(237)
(Profit)/loss from the sale of investments		(9 696)	(8 408)
(Profit) from transfer of property, plant and equipment		-	(46)
Net investment income (interest income and expenses)		5 394	3 140
Other non-cash adjustments		16 602	1 846
Operating profit before change in working capital		**(112 341)**	**(12 630)**
Change in trade and other receivables		(91 774)	(108 711)
Change in inventory		9 002	(7 695)
Change in trade and other payables and other adjustments		168 349	69 905
Cash generated from operations		**(26 764)**	**(59 131)**
Interest paid/received		2 230	4 152
Income taxes paid		(363)	(403)
Net cash flow from operating activities		**(24 897)**	**(55 382)**
Investing activities			
Purchase of property, plant and equipment		(6 020)	(2 124)
Proceeds from the disposal of property, plant and equipment		1 188	1 710
Loans granted		48 975	(29 492)
Repayment of loans, including financial leases		(64 173)	49 487
Interest received on loans granted		932	1 635
Purchase of investments		(111 266)	(96 243)
Sale of investments		92 083	129 563
Dividends received		910	1 820
Effect of exchange rate changes		540	253
Other proceeds/ payments from investing activities		(8)	14 296
Net cash flow from investing activities		**(36 839)**	**70 905**

Eurohold Bulgaria AD
Interim consolidated cash flow statement (continued)
For the year ended December 31, 2015

	Note	31.12.2015 000'BGN	31.12.2014 000'BGN
Cash flow from financing activities			
Proceeds from issuance of securities		-	-
Proceeds from loans		188 922	114 481
Repayment of loans		(117 930)	(99 504)
Repayment of financial leases		(1 785)	(1 240)
Payment of interest and commissions on loans		(5 547)	(3 497)
Dividends paid		(544)	-
Other proceeds/ payments from financing activities		4 397	3 327
Net cash flow from financing activities		**67 513**	**13 567**
Net cash flows		**5 777**	**29 090**
Cash and cash equivalents at the beginning of the period	*21*	68 119	39 029
Cash and cash equivalents at the end of the period	*21*	**73 896**	**68 119**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

26.2.2016

Eurohold Bulgaria AD
Interim consolidated statement of changes in equity
For the year ended December 31, 2015

	Share capital	Share premium	Reserves General	Reserves Other	Financial result	Share-holders' equity	Non-controlling interests	Total equity
	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN
Balance as at 1 January 2014	**121,454**	**37,008**	**8,640**	**(52,534)**	**71,873**	**186,441**	**51,204**	**237,645**
Consolidation procedures effect	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 assets	-	-	-	(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 at 31 December 2014	**127,321**	**38,714**	**8,640**	**(51,560)**	**64,513**	**187,628**	**50,513**	**238,141**
Balance as at 1 January 2015	**127,321**	**38,714**	**8,640**	**(51,560)**	**64,513**	**187,628**	**50,513**	**238,141**
Consolidation procedures effects	(83)	-	-	-	-	**(83)**	-	**(83)**
Dividends	-	-	-	-	(583)	**(583)**	-	**(583)**
Other changes	-	-	-	(9 703)	18 769	**9 066**	8 355	**17 421**
Net income for the period	-	-	-	-	(92 104)	**(92 104)**	(22 753)	**(114 857)**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	452	-	**452**	105	**557**
Change in the fair value of financial instruments	-	-	-	56	-	**56**	14	**70**
Total other comprehensive income	**-**	**-**	**-**	**508**	**-**	**508**	**119**	**627**
Total comprehensive income	**-**	**-**	**-**	**508**	**(92 104)**	**(91 596)**	**(22 634)**	**(114 230)**
Balance as of 31 December 2015	**127 238**	**38 714**	**8 640**	**(60 755)**	**(9 405)**	**104 432**	**36 234**	**140 666**

Prepared by: Signed on behalf of BoD:

/I. Hristov/ /A. Minchev/

26.2.2016

Notes to the Interim Consolidated Financial Statement for 2015

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*	**84.31%**
Indirect participation through EIG AD:	
Insurance Company Euroins AD	79.82%
Euroins Romania Insurance AD	96.64%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance EAD	100.00%
Euroins Life Insurance EAD	100.00%
HDI Insurance AD	94.00%

*direct participation

Finance Sector

Company	% of participation in the share capital
Euro Finance AD	**100.00%**
Eurolease Group EAD*	**100.00%**
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%**
Indirect participation through AU AD:	
Bulvaria Varna EOOD	100.00%
Nissan Sofia AD	100.00%
Espas Auto OOD	51.00%
EA Properties EOOD	51.00%
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%

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The interim 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 since 01 January 2009 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 interim 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.

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 3112.2015. 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 balance sheet, if such stage may be reliably measured, as well as the costs incurred for the transaction.

Dividend incomes are recognized upon certifying the right to obtain them.
Dividends declared for the financial year are recognized in the consolidated financial statement of profit or loss 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 s 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.

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.

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, legislation amendments 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 № 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 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 is its 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 2013 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.

2.21 Financial Risk Management

2.21.1 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, the Netherlands, Serbia 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 balance sheet 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 Group.

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	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Gross premiums written from insurance	448 325	305 062
Gross premiums written from health insurance	1 668	3 343
Gross premiums written from life insurance	2 262	2 419
Received recoveries from reinsurers	116 336	14 024
Positive change in the gross provision for unearned premiums and unexpired risk reserve	-	3 341
Positive change in reinsurers' share in unearned premium reserve	20 446	4 676
Reinsurers' share in the change in the other reserves	61 772	38 039
Positive change in other technical reserves	-	402
Recourse income	7 503	5 385
Fees and commissions income	5 614	2 815
Investment income	16 279	15 601
Other revenue	10 231	2 845
	690 436	**397 952**

4. Expenses from insurance business

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Current year paid claims, claims handling and prevention expenses	(302 259)	(216 142)
Change in the outstanding claims provision	(46 032)	(1 642)
Change in the reinsurers' share in the outstanding claims provision	-	-
Change in other reserves	(88 437)	(23 657)
Change in the reinsurers' share in the other reserves	-	-
Premiums ceded to reinsurers	(176 635)	(13 657)
Acquisition expenses	(114 236)	(86 484)
Investment expenses	(9 193)	(14 718)
Other expenses	(47 435)	(20 110)
	(784 227)	**(376 410)**

5. Revenues from car sales and after sales

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Revenue from sale of cars and spare parts	145 525	131 080
Revenue from after sales	5 138	4 835
Revenue from sale of investments	2 204	1 000
	152 867	**136 915**

6. Revenue from financial and operating leases

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Revenue from services	15 672	12 916
Interest income	5 779	5 560
Gains from sale of financial instruments	-	-
Foreign exchange gains	9	10
	21 460	**18 486**

7. Financial expenses from leasing services

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Interest expenses	(4 846)	(4 835)
Losses from sales of financial instruments	-	-
Foreign exchange losses	(40)	(42)
Other expenses	(547)	(1 201)
	(5 433)	**(6 078)**

8. Revenue from asset management and brokerage

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Interest income	1 978	2 138
Dividend income	419	188
Gains from sale of financial instruments	5 159	7 054
Foreign exchange gains	5 318	986
Other revenue	831	635
	13 705	**11 001**

9. Finance expenses from asset management and brokerage

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Interest expenses	(1 566)	(1 716)
Negative result from sales of financial instruments	(5 400)	(6 746)
Foreign exchange losses	(5 265)	(924)
Other expenses	(119)	(107)
	(12 350)	**(9 493)**

10. Revenue of the parent company

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Gains from sale of financial instruments	-	6 016
Interest revenue	695	697
Other revenue	39	-
	734	**6,713**

11. Financial expenses of the parent company

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Negative result from sales of financial instruments	-	(19)
	-	**(19)**

12. Other revenue/expenses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Other income/expenses	(3 453)	(2 055)
	(3 453)	**(2 055)**

12.1. Other expenses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Leasing services	(3 471)	(2 090)
	(3 471)	**(2 090)**

12.2. Other revenue

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Automotive business	4	34
Asset management and brokerage services	14	1
	18	**35**

13. Other operating expenses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Expenses on materials	(2 560)	(2 712)
Expenses on hired services	(22 772)	(22 437)
Employee benefits expense	(24 411)	(21 865)
Other expenses	(3 744)	(5 884)
	(53 487)	**(52 898)**

13.1 Expenses on materials

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(5)	(8)
Insurance business	(372)	(224)
Leasing services	(299)	(461)
Asset management and brokerage services	(36)	(40)
Automotive business	(1 848)	(1 979)
	(2 560)	**(2 712)**

13.2 Expenses on hired services

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(804)	(682)
Insurance business	(8 272)	(7 974)
Leasing services	(4 094)	(4 472)
Asset management and brokerage services	(481)	(472)
Automotive business	(9 121)	(8 837)
	(22 772)	**(22 437)**

13.3 Employee benefits expense

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	(282)	(306)
Insurance business	(9 788)	(8 226)
Leasing services	(2 043)	(2 136)
Asset management and brokerage services	(629)	(630)
Automotive business	(11 669)	(10 567)
	(24 411)	**(21 865)**

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13.4 Other expenses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(64)	(72)
Insurance business	(1 649)	(3 501)
Leasing services	(434)	(442)
Asset management and brokerage services	(289)	(175)
Automotive business	(1 308)	(1 694)
	(3 744)	**(5 884)**

14. Financial expenses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Interest expenses	(9 807)	(6 977)
Other financial expenses	(805)	(546)
	(10 612)	**(7 523)**

14.1 Financial expenses by segments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(5 291)	(4 105)
Insurance business	(3 057)	(1 577)
Automotive business	(2 264)	(1 841)
	(10 612)	**(7 523)**

15. Financial revenue

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Interest income	359	244
	359	**244**

15.1 Financial revenue by segments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Automotive business	359	244
	359	**244**

16. Depreciation

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(12)	(11)
Insurance business	(1 470)	(1 513)
Leasing services	(3 275)	(3 224)
Asset management and brokerage services	(45)	(41)
Automotive business	(2 545)	(2 133)
	(7 347)	**(6 922)**

17. Tax

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Income tax expense	(89)	(341)
Deferred tax	16 693	(208)
Other	(2)	-
	16 602	**(549)**

17.1 Tax by segments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	16 693	(313)
Leasing services	(2)	11
Asset management and brokerage services	(4)	(63)
Automotive business	(85)	(184)
	16 602	**(549)**

18. Expenses from operating activities presented by nature

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
1. Expenses on materials	(3 581)	(3 031)
2. Expenses on hired services	(130 792)	(73 446)
3. Depreciation	(7 347)	(6 922)
4. Employee benefits expense	(38 281)	(38 004)
5. Cost of goods sold	(137 573)	(119 243)
6. Other expenses	(656 293)	(301 126)
	(973 867)	**(541 772)**

19. Share of net result in associate

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Share of net profit in associate	-	-
Share of net loss in associate	-	-
	-	**-**

19.1. Share of net loss in associate by segments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Automotive business	-	-
	-	**-**

20. Foreign exchange gains/losses

20.1. Foreign exchange losses

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	(10)	(7)
	(10)	**(7)**

21. Cash and cash equivalents

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Cash on hand	2 992	3 069
Cash at bank	70 075	63 391
Restricted cash	634	649
Cash equivalents	195	1 010
	73 896	**68 119**

21. Deposits at Banks(maturity is 3 to 12 months)

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	16 105	12 204
	16 105	**12 204**

23. Receivables from insurance and health insurance business

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Receivables from direct insurance	65 242	69 994
Receivables from recourse/subrogation	11 111	28 606
	76 353	**98 600**

24. Trade and other receivables

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Trade receivables	18 708	19 501
Advances received	995	738
Other	462	-
	20 165	**20 239**

24.1. Trade receivables

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	4	22
Insurance business	-	1 652
Leasing services	9 021	10 280
Asset management and brokerage services	19	19
Automotive business	9 664	7 528
	18 708	**19 501**

25. Other receivables

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	339	313
Insurance business	257 251	155 091
Leasing services	950	648
Automotive business	2 744	3 901
Receivables under court procedures	3 324	7 902
Tax receivables	964	862
	265 572	**168 717**

25.1. Tax receivables

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	56	-
Insurance business	104	419
Leasing services	367	238
Automotive business	437	205
	964	**862**

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 2015	**1 028**	**9 546**	**7 082**	**38 761**	**4 750**	**685**	**1 300**	**63 152**
Additions	4 357	37	574	15 299	119	1 410	659	**22 455**
Disposals	-	(1)	(187)	(10 970)	(113)	(546)	(333)	**(12 150)**
Other changes	18	13	(4)	(52)	-	-	-	**(25)**
At 31 December 2015	**5 403**	**9 595**	**7 465**	**43 038**	**4 756**	**1 549**	**1 626**	**73 432**
Depreciation								
At 1 January 2015	**-**	**1 228**	**5 546**	**17 043**	**3 846**	**5**	**886**	**28 554**
Additions	-	190	693	5 404	244	-	93	**6 624**
Disposals	-	-	(372)	(4 377)	(9)	-	(18)	**(4 776)**
At 31 December 2015	**-**	**1 418**	**5 867**	**18 070**	**4 081**	**5**	**961**	**30 402**
Net book value:								
At 1 January 2015	**1 028**	**8 318**	**1 536**	**21 718**	**904**	**680**	**414**	**34 598**
At 31 December 2015	**5 403**	**8 177**	**1 598**	**24 968**	**675**	**1 544**	**665**	**43 030**

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

26.1. Land and buildings

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	6 946	6 956
Automotive business	6 634	2 390
	13 580	**9 346**

26.2. Machinery and equipment

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	599	425
Leasing services	38	39
Automotive business	961	1 072
	1 598	**1 536**

26.3. Vehicles

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	1 507	1 550
Asset management and brokerage	44	11
Leasing services	15 432	16 152
Automotive business	7 983	3 999
Parent company	2	6
	24 968	**21 718**

26.4. Furniture and fittings and Other assets

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	236	398
Asset management and brokerage	13	15
Leasing services	43	38
Automotive business	1 044	856
Parent company	4	11
	1 340	**1 318**

25.5. Assets under construction

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Automotive business	1 544	680
	1 544	**680**

27. Investment property

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Net book value at 1 January	**12,200**	**25 613**
Additions	-	-
Disposals	-	(2 160)
Revaluation	-	958
Other changes	242	(3 641)
Depreciation	(21)	(20)
Disposals on sale of subsidiaries	-	(8 550)
Net book value as at the period end	**12 421**	**12 200**

28. Intangible assets

	Software	Licenses	Other	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*
Cost				
At 1 January 2015	**5 584**	**155**	**1 347**	**7 086**
Additions	679	-	20	**699**
Disposals	(144)	(1)	(7)	**(152)**
Other changes	(3)	-	-	**(3)**
At 31 December 2015	**6 116**	**154**	**1 360**	**7 630**
Depreciation				
At 1 January 2015	**3 890**	**154**	**512**	**4 556**
Additions	612	-	90	**702**
Disposals	-	-	-	**-**
Other changes	-	-	(1)	**(1)**
At 31 December 2015	**4 502**	**154**	**601**	**5 257**
Net book value:				
At 1 January 2015	**1 694**	**1**	**835**	**2 530**
At 31 December 2015	**1 614**	**-**	**759**	**2 373**

29. Inventories

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	335	828
Leasing services	2 677	2 799
Automotive business	29 401	19 784
	32 413	**23 411**

30. Financial assets

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Financial assets held for trading	91 990	74 698
Available for sale financial assets	14 288	14 061
	106 278	**88 759**

30.1. Financial assets held for trading

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	80 635	60 733
Asset management and brokerage services	11 355	13 965
Leasing services	-	-
	91 990	**74 698**

30.2. Available for sale financial assets

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Insurance business	14 288	14 061
	14 288	**14 061**

31. Other assets

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Prepaid expenses	3 327	2 177
Deferred tax asset	17 353	998
	20 680	**3 175**

32. Investments in subsidiaries and associates

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Investments of the parent company	1	1
Investments of the subsidiaries	696	6 192
	697	**6 193**

33. Other financial investments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Held to maturity financial assets	-	-
Other	3 088	724
	3 088	**724**

33.1. Held to maturity financial assets

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Asset management and brokerage services	-	-
	-	**-**

33.2. Other

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	172	172
Insurance business	2 916	552
	3 088	**724**

34. Non-current receivables

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Finance lease receivables	42 356	49 090
Parent company	9 782	9 784
Subsidiaries	18 717	16 161
	70 855	**75 035**

35. Goodwill

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
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 Inshurance Group AD	164 664	165 466
	189 989	**190 791**

36. Borrowings

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	45 055	46 255
Insurance business	5 909	15 093
Leasing services	38 887	54 538
Automotive business	19 551	13 945
	109 402	**129 831**

37. Bond obligations

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Euroins Insurance Group EAD – for the purpose of insurance business	19 558	19 558
Eurolease Auto EAD and Eurolease Group EAD – for the purpose of leasing services	26 425	9 884
Auto Union AD - for the purpose of automotive business	6 763	6 583
	52 746	**36 025**

38. Non-current liabilities

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Other non-current liabilities	27 722	9 967
Finance lease payables	13 417	8 872
Deferred revenue	-	20
	41 139	**18 859**

38.1. Other non-current liabilities

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	20 286	933
Insurance business	21	149
Asset management and brokerage services	6	11
Automotive business	7 409	8 874
	27 722	**9 967**

39. Current liabilities

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Payables to employees	2 947	2 921
Social-security liabilities	1 482	1 303
Tax liabilities	4 831	6 493
Other current liabilities	20 039	17 987
Deferred revenue	265	158
Provisions	240	32
	29 804	**28 894**

39.1. Payables to employees

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	24	24
Insurance business	1 899	1 707
Leasing services	129	168
Automotive business	895	1 022
	2 947	**2 921**

39.2. Social-security liabilities

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	3	7
Insurance business	1 006	725
Leasing services	53	51
Automotive business	420	520
	1 482	**1 303**

39.3. Tax liabilities

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	291	353
Insurance business	950	1 498
Asset management and brokerage services	7	27
Leasing services	1 040	1 734
Automotive business	2 543	2 881
	4 831	**6 493**

39.4. Other current liabilities

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	2 018	2 198
Insurance business	11 245	9 066
Asset management and brokerage services	1 042	2 362
Leasing services	799	1 284
Automotive business	4 935	3 077
	20 039	**17 987**

39.5. Deferred revenue

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Leasing services	-	37
Automotive business	265	121
	265	**158**

40. Trade and other payables

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Parent company	41 991	12 378
Insurance business	-	57
Asset management and brokerage services	3	20
Leasing services	3 579	4 373
Automotive business	35 078	26 817
	80 651	**43 645**

41. Payables to reinsurers

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Insurance business	66 183	18 632
	66 183	**18 632**

42. Deferred tax liabilities

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Insurance business	52	52
Leasing services	73	73
Automotive business	56	77
	181	**202**

43. Reserves for insurance contracts

	31.12.2015 *BGN '000*	31.12.2014 *BGN '000*
Unearned premium reserve, gross amount	118 107	92 527
Share of reinsurers in unearned premium reserve	*(70 127)*	*(51 451)*
Unexpired risks reserve, gross amount	14 844	897
Share of reinsurers in outstanding claims reserve	*(7 897)*	*(65)*
Reserve for incurred but not reported claims, gross amount	86 167	68 340
Share of reinsurers in reserve for incurred but not reported claims	*(49 074)*	*(33 397)*
Reserve for reported but not settled claims, gross amount	188 905	125 227
Share of reinsurers in reserve for reported but unsettled claims	*(105 694)*	*(60 808)*
Other technical reserve	5 120	4 075
	413 143	**291 066**

44. Share capital

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Issued shares	127 345	127 345
Shares held from subsidiaries	(107)	(24)
Share capital	**127 238**	**127 321**
Number of shares	**127 345 000**	**127 345 000**

45. Retained earnings

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Current result attributable to the shareholders	(92 104)	(6 596)
Current result attributable to the minority interests	(22 753)	(1 178)
	(114 857)	**(7 774)**

46. Retained earnings by segments

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Parent company	425	1 665
Insurance business	(104 318)	(8 114)
Asset management and brokerage services	280	571
Leasing services	126	144
Automotive business	119	(1 226)
Intercompany eliminations of dividends, disposal of subsidiaries and other	11 264	364
	(92 104)	**(6 596)**

47. Non-controlling interests

	31.12.2015	31.12.2014
	BGN '000	*BGN '000*
Non-controlling interest related to current result	(22 753)	(1 178)
Non-controlling interest related to equity	58 987	51 691
	36 234	**50 513**

48. Events after the reporting period.

The Management Board of EuroHold Bulgaria AD is not aware of any important or significant events that have occurred after the reported financial period.

Asen Minchev

Executive member of the Management Board
Eurohold Bulgaria AD,

26 February 2016

EUROHOLD

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

The undersigned,

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

hereby DECLARE that to our best knowledge:

1. The set of consolidated interim financial statements for the fourth quarter of 2015, 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 consolidated interim management report of Eurohold Bulgaria AD for the fourth quarter of 2015 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov

2. Asen Minchev

3. Ivan Hristov