

The background features a decorative graphic consisting of three concentric blue circles of varying sizes. Two circles are positioned in the upper right quadrant, and a larger one is in the bottom right corner. Thin blue lines intersect these circles and extend across the page.

Eurohold Bulgaria AD

**INTERIM CONSOLIDATED
MANAGEMENT REPORT AND
FINANCIAL STATEMENTS**

1 January - 31 March 2015

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CONSOLIDATED INTERIM MANAGEMENT REPORT

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

EUROHOLD BULGARIA

(Financial results on consolidated base)

According to the consolidated financial statements for the first quarter of 2015, the consolidated income from operating activities of Eurohold Bulgaria AD registered a 71.9 per cent growth with BGN 233.9 million compared to BGN 136.1 million for the comparable period in 2014.

The consolidated revenues by types of activities are as follows:

The revenues from insurance business increased significantly reaching BGN 193.6 million in the current period, while at 31.12.2014 they amounted to BGN 93.7 million. The revenues from automotive activities amounted to BGN 31.8 million maintaining its value against the same period of 2014. The revenues from leasing operations decreased slightly compared to the same period in 2014, as they amounted to BGN 4 million. The revenues from investment brokerage decreased from BGN 5.1 million to BGN 4.3 million as of the end of current period. The parent company realized consolidated revenues in amount of BGN 0.1 million.

As of 31.03.2015 the net financial result was a loss in amount of BGN 5.5 million, distributed as follows: for the Group was reported a loss amounted to BGN 4.7 million and for minority interest – a loss in amount of BGN 0.8 million. The net financial result for the same period in 2014 was a loss amounted to BGN 2.3 million, included a loss for the Group in amount of BGN 1.7 million and for minority interest – a loss amounted to BGN 0.6 million.

For the first quarter of 2015 the consolidated gross profit of the Group Eurohold decreased by 14.2%, as for the current period amounted to BGN 10.8 million, while as of 31 March 2014 amounted to BGN 12.6 million. The consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for Q1'2015 amounted to BGN (2.0) million vs. the reported for the comparable period in 2014 positive result on this indicator amounted to BGN 0.8 million.

The table below represents the information regarding the revenues of the subsidiaries as of 31.03.2015 compared to 31.03.2014. 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 stand alone basis without taking into consideration any intercompany elimination.

In the first quarter of 2015 the entities of the Group Eurohold increased their loss by BGN 2.4 million vs. the comparable period of 2014. The net result from the operations was a loss amounted to BGN 5.3 million compared to a loss in amount of BGN 2.9 million.

For the current period were accounted BGN 0.6 million from intercompany eliminations, while in the previous period they were BGN 1.2 million.

Financial result by segments without eliminations	Q1.2015	Q1.2014
	000'BGN	000'BGN
Insurance and health assurance	(3 596)	(2 459)
Automotive business	(877)	(578)
Leasing services	17	(25)
Asset management and brokerage services	244	479
Parent company	(1 126)	(339)
Total financial result by segments	(5 338)	(2 922)
<i>Intragroup eliminations of dividends, effects from the sale of subsidiaries and others</i>	639	1 192
Consolidated financial result for the group after eliminations and consolidation effects	(4 699)	(1 730)

Despite the increase in loss, revenue of the Group companies realized substantial growth, namely an increase in revenue from operations BGN 98.2 million before reporting intra-group eliminations and respectively BGN 97.8 million in their reporting.

Revenue by segments	Q1.2015	Q1.2014
	000'BGN	000'BGN
Insurance and health assurance	193 779	93 897
Automotive business	33 578	33 320
Leasing services	4 301	4 908
Asset management and brokerage services	4 451	5 221
Parent company	541	1 071
Total revenue by segments	236 650	138 417
<i>Intragroup eliminations of dividends, effects from the sale of subsidiaries and others</i>	<i>(2 778)</i>	<i>(2 361)</i>
Consolidated revenue after eliminations, including:	233 872	136 056

The consolidated expenses from operating activities of the Eurohold Group as of 31 March 2015 increased by 99.6 per cent and amounted to BGN 223.1 million compared to BGN 123.5 million for 2014.

The consolidated expenses by types of activities are as follows:

The expenses related to insurance activity amounted to BGN 190.1 million, increasing by BGN 101.2 million compared to BGN 88.9 million for the first quarter of 2014.

The book value of sold vehicles and spare parts decreased by 1.4 % and for the current period amounted to BGN 28.4 million, while as of 31.03.2014 it amounted to BGN 28 million compared to BGN 28.4 million for the first quarter of 2014.

The expenses related to the leasing activity decreased by BGN 0.6 million, respectively BGN 1.2 million for the current period vs. BGN 1.8 million in the previous period.

The expenses related to investment brokerage activities decreased by BGN 0.6 million (BGN 3.8 million vs. BGN 4.5 million).

The financial expenses and the expenses for amortization and depreciation were the same, amounted to BGN 1,8 million.

The consolidated assets as of the end of the first quarter of 2015 amounted to BGN 842.6 million compared to BGN 805.3 million as of 31.12.2014.

The most significant change of the assets has been recorded by receivables from insurance and health insurance operations – BGN 34.7 million, reaching the amount of BGN 124.3 million and financial assets – BGN 29.9 million, reaching BGN 130.8 million.

The consolidated equity of the Group Eurohold amounted to BGN 183.7 million compared to BGN 187.6 million as of the end of 2014. The equity of the minority interest amounted to BGN 50.3 million compared to 31.12.2014 amounted to BGN 50.5 million.

The non-current consolidated liabilities increased by 8 % reaching BGN 199.4 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. During the first quarter of 2015 these were increased by BGN 3.3 million.

Liabilities on loans and issued bonds:	31.3.2015 000'BGN	31.12.2014 000'BGN	% Change
Bank and non- bank loans	128 826	129 831	(0.77)%
Obligations on bond issues	40 295	36 025	11.85%
Total:	169 121	165 856	1.97%

The current liabilities increased by BGN 26.7 million, from BGN 382.4 to BGN 409.1 million for the current period.

The insurance claims reserves for the first quarter of 2015 amounted to BGN 298.6 million vs. BGN 291.1 million as of the end of 2014.

EUROINS INSURANCE GROUP

In Q1 2015 Euroins Insurance Group (EIG) realized consolidated gross written premiums in amount of BGN 126 million compared to BGN 73 million for Q1 2014. The Group registered a loss of BGN 3.9 million, predominantly due to the increased reinsurance costs in Romania and to the more conservative reserving policy.

➤ **Euroins Bulgaria**

In Q1 2015, Euroins Bulgaria registered gross written premium of BGN 40.2 million, which was a growth of 102% compared to the same period of last year. Main reason for this significant increase was the growth in the gross premiums related to the inward reinsurance business. The MTPL premium decreased by 20%, but this was offset by an increase in the other, more profitable lines of business, such as Property (26% increase), Cargo (5%), Accident & Health (96%) and Liability (9%), following the strategy of the entity to diversify its portfolio and also as a consequence to the successful renewal of a major part of the QBE and Interamerican Portfolios.

At the same time, the amount of reported claims for the period decreased in total with 12.7%, mainly due to a decrease of the claims in the MTPL segment by more than 28%.

The administration cost ratio decreased to 6.3% as a result of the initiatives undertaken in 2014 following the acquisitions of the QBE and Interamerican portfolios.

The acquisition cost ratio was down to 14.4% mainly due to the growth in net earned premiums as a result of the inward reinsurance business.

The capital increase procedure was completed in Q1 2015. As of 31 March 2015 the company's share capital amounts to BGN 16 470 thousand.

➤ **Euroins Romania**

In Q1 2015 Euroins Romania registered reported Gross written premiums of BGN 82.1 million, which was a growth of 61% compared to the same period of last year. Main reason for this significant increase was the growth of 66.9% in the gross premiums in MTPL. It was down to the work done by the company in 2014 and related to the re-segmentation of the insured's activities. This enabled the company 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 Casco dropped by 58% in efforts to curb the portfolio share of this insurance, with claims frequency of 66.4%.

The reported claims frequency for the period was down to 8.2% with the decrease being driven by the drop in the MTPL claims frequency to 9.2%.

In the last months of 2014, the Company entered into negotiations with intermediaries, in order to reach optimal commission levels in the context of the decreased terms for payment of the premium, which was imposed by the local regulator.

Euroins Romania finalized 2014 with a brand new MTPL reinsurance program, bringing more confidence to the management and the third parties in the sustainability of its business. The Company contracted in this respect reputable Reinsurers with High Grade Credit Ratings from AM Best and Moody's.

Further with this the continuous support of the shareholders was evidenced through the finalization of the capital increase program for 2014, as in December another EUR 10 million were paid by Euroins Insurance Group.

➤ **Euroins Macedonia**

In Q1 2015 Euroins Macedonia wrote gross premiums of BGN 3.6 million, which was an increase of more than 20%. All lines of business registered increases, the major ones were in the non-motor lines of business – Cargo (36.7%), Accident & Health (37.5%), Liability (31.1%). MTPL sales registered an increase of 21.8%.

The acquisition ratio went further down to 30.6% compared to 36.2% in Q1 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 the sales channels. The company's aim to increased number of corporate clients and non-motor contracts in its portfolio.

Due to a more conservative reserving policy implemented in Q1 2015 the company registered a loss of BGN 0.8 million.

➤ **Euroins Health Assurance**

The gross written premium for Q1 2015 of Euroins Health Assurance decreased by 41% in comparison to Q1 2014, however, the Company is in the process of having its operations merged into Euroins Bulgaria in order to achieve higher synergy effect.

Euroins Health Assurance recorded a loss of BGN 127 thousand mainly due to the decreasing net earned premiums.

➤ **Euroins Life**

For Q1 2015 the gross written premium of Euroins Life amounted to BGN 307 thousand, which was a growth of 4% compared to Q1 2014. The company generated a profit of BGN 200 thousand, an increase of 160% on Q1 2014 profit of BGN 75 thousand.

In 2014 Euroins Life Insurance sign three-year contract with Piraeus Bank for credit life insurance of bank clients.

Regarding line of the company's sales strategy Euroins Life Insurance contracted big corporate customers in 2014 - Alpha Bank, Carrefour, companies in Viohalco group.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2015 to 31.03.2015 is a loss amounting to BGN 877 thousand. The result for the same period in 2014 was a loss of BGN 578 thousand.

The number of cars sold for the first quarter of 2015 has decreased by 35.5% as compared to 2014. The revenues from sale of vehicles, spare parts and lubricants have decreased by 2.6% while the revenues from services have increased by 6.3%.

The operating expenses for the first quarter of 2015 have increased by 11% as compared to the same period of 2014 due to increased expenses on materials by 19%, increased expenses on services by 11%, which in turn is due to increased rental expenses as well as to the personnel expenses by 16% - due to new body shop in Star Motors EOOD in Plovdiv as well as to increased revenues in the workshops of Avto Union Service EOOD.

For the first three months of 2015 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the Group of Eurohold, amount to 633 units as compared to 981 units for the same period in 2014. According to the Union of the Importers of Automobiles in Bulgaria the market for new PC and LCV has increased by 10.3% for the first quarter of 2015. Avto Union has decreased market share from 17.7% for the same period in 2014 to 10.3% for 2015. For the reporting period Opel has an increase of around 9% in Varna and around 160% for Sofia. Espas Auto OOD has an increase in Dacia sales of 9.4% while Renault sales has a decrease of 46.4%. Nissan Sofia EAD has a decrease of 72%. Auto Italia EAD has decreased sales in FIAT by 43.6%, in Maserati there is no change while in Alfa Romeo there is an increase by 100%. Star Motors EOOD have a decrease of 27.4% for the reporting period.

Avto Union	Sales		% Change
	Q1 2015	Q1 2014	
January - March, 2015 (YTD)	633	981	-35.5%
January	248	337	-26.4%
February	130	264	-50.8%
March	255	380	-32.9%

During the reporting period the companies from the automotive holding have concluded fleet contracts in amount of BGN 4 million, while the amount for the same period of previous year was BGN 6 million.

On 29.12.2014 EA Properties OOD have concluded a loan contract with Raiffeisenbank (Bulgaria) EAD amounting to EUR 3 120 000. As of the beginning of the reporting period EUR 2,200,000 have been utilized for the purchase of land plot in Sofia on which showrooms and workshops are to be built.

EUROLEASE GROUP

For the reporting period Eurolease Group EAD realized a consolidated profit mounted to BGN 16 thousand compared to a consolidated loss of BGN 25 thousand as of the end of 2014.

During the reporting period consolidated interest income increased by 15.58% reaching BGN 1,536 thousand compared to BGN 1,329 thousand for Q1.2014.

The consolidated assets of the company amounted to BGN 107,241 thousand compared to BGN 101,722 thousand as at 31.12.2014,

The consolidated net investment in finance amounted to BGN 59,820 thousand compared to BGN 59,375 thousand as of 31 December 2014.

As of 31.3.2015 the payables to other financial institutions rose by 7.72% to BGN 6,921 thousand compared to 31 December 2014. The amount is payable by the subsidiary Eurolease Rent A Car to leasing companies, who finance its activities.

During the period the payables to banks decreased by 5.94 per cent to BGN 51,301 thousand.

As of 31.3.2015 the bond issues amounted to BGN 18,063 thousand. On 03.02.2015, the Eurolease Group EAD issued corporate bonds worth BGN 6 million maturing 03.2.2021. The issued bond was used to repay the current credit exposures as well as to support the activities of the subsidiaries.

The stand-alone result of Eurolease Group EAD was a loss in amount of BGN 42 thousand compared to a loss of BGN 27 thousand for Q1.2014.

➤ **Eurolease Auto Bulgaria**

For Q1.2015 the financial result of Eurolease Auto EAD was a profit in amount of BGN 144 thousand compared to a profit amounted to BGN 244 thousand for Q1.2014.

During the reporting period was registered a increase of interest income by 6.44 % and a increase in interest expenses by 9.07% compared to the Q1.2014.

During the reporting period was registered a decrease of administrative expenses by 32.19 %. As of the end of March 2015 they amounted to BGN 434 thousand compared to BGN 640 thousand for Q1.2014.

As of the end of December, the company's assets amounted to BGN 86,831 thousand compared to BGN 87,368 as at the end of 2014.

The net investment in finance leases decreased by 3.05%. The amount of non-matured receivables on finance leases amounted to BGN 50,078 thousand compared to BGN 52,374 thousand at the end of 2014.

As of the end of March 2015 the equity of the company amounted to BGN 20,643 thousand compared to BGN 20,529 thousand as of 31 December 2014.

As of the end of December the liabilities of the company amounted to BGN 66,188 thousand compared to BGN 66,839 thousand as of 31 December 2014.

Indebtedness to banks decreased by 7.34% reaching to BGN 44,187 thousand vs. BGN 47.687 thousand as at 31 December 2014. During the reporting period received bank founding amounted to BGN 3,959 thousand, principal payments amounted to BGN 6,078 thousand.

➤ **Eurolease Auto Romania**

The financial result of Eurolease Auto Romania for Q1.2015 was loss amounted to BGN 19 thousand compared to a loss of BGN 21 thousand for Q1.2014.

As of the end of March 2015 the total assets of the company amounted to BGN 1,514 thousand compared to BGN 1,549 thousand as of 31 December 2014.

As of the end of March 2015 liabilities of the company amounted to BGN 1,952 thousand compared to BGN 1,963 thousand as of 31 December 2014.

➤ **Eurolease Auto Macedonia**

For the reporting period, Eurolease Auto Macedonia realized a loss amounted to BGN 19 thousand compared to a loss in amount of BGN 6 for Q1.2014.

During the reporting period interest revenue increased by 21.9% reaching BGN 128 thousand.

As of the end of March 2015 the total assets of the company amounted to BGN 6,508 thousand compared to BGN 6,108 thousand as of 31 December 2014.

The company's portfolio reached BGN 5.33 million.

As a result of good contacts with most of the dealers, Eurolease Auto Macedonia managed to take the leading presence in newly generated business.

As of the end of March 2015 the bank indebtedness of the company increased by 4.89% amounted to BGN 6,072 thousand compared to BGN 5,784 thousand as of 31 December 2014.

During the reporting period the capital of Eurolease Auto Macedonia has been increased by BGN 49 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 fleet of Eurolease Rent-A-Car is of more than 800 units CV and LCV. Being a part by the leasing sub-holding Eurolease Group, the company expects to realize significant effects from the synergy between financial and operating lease.

The financial result of the company for the reported period was a loss amounted to BGN 23 thousand compared to loss amounted to BGN 204 thousand for Q1.2014.

As of the end of March 2015 the company's assets was BGN 17,650 thousand compared to BGN 17,954 thousand as at the end of 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, offering a wide range of used cars with guaranteed origin.

The financial result of Autoplaza EAD for the reporting period was a profit amounted to BGN 2 thousand compared to a loss of BGN 8 thousand for Q1.2014.

During the first quarter of 2015 the administrative expenses decreased by 17.71%.

The total assets of the company amounted to BGN 558 thousand vs. BGN 588 thousand for 2014.

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 622 thousand for the first three months of 2015, generated by:

- Interest income - BGN 134 thousand;
- Other income from main activities – BGN 488 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN 378 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.

EUROHOLD BULGARIA

(Stand alone base)

As of 31 March 2015 the financial result of Eurohold Bulgaria AD on stand alone basis is a profit in loss of BGN 1,126 thousand compared to a loss in amount of BGN 339 thousand for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 541

thousand. For comparison, as of the end of 2014 the total revenues amounted to BGN 1,065 thousand.

The company increased the operating expenses – from BGN 1,410 thousand as of 31.12.2014 to BGN 1,667 thousand for the current period. The interest expenses increased by 23.7 per cent compared to the same period in 2014, mainly due to the increased borrowings from related and non-related parties, as well as borrowings from financial institutions, received at the end of 2014 and at the beginning of 2015. The interest expenses to banks and other financial institutions amounted to BGN 990 thousand compared to BGN 677 for the previous period, while the accrued interest to related and other parties was in amount of BGN 439 thousand decreasing by BGN 39 thousand. The increase in interest expenses to subsidiaries was due to the accumulation of a large part of the free cash flow of subsidiaries in the parent company.

As of the end March 2015 the company's assets amounted to BGN 367,928 thousand compared to BGN 349,821 thousand as of the end of 2014. The equity amounted to BGN 273,025 thousand while for 2014 the equity amounted to BGN 274,151 thousand.

During the reporting period the company's liabilities increased by 25.42 per cent and amounted to BGN 94,903. The non-current liabilities decreased from BGN 19,491 at the end of 2014 to BGN 11,836 thousand for the current period. The amount of current liabilities decreased to BGN 11,836 thousand compared to the end of 2014 when amounted to BGN 19,491 thousand. The decrease in current liabilities is mainly due to the repaid debts to financial and non-financial institutions, as well as was repaid BGN 5,489 thousand to Accession Mezzanine. At the end of 2014 was concluded additional Annex for the company's loan from Accession Mezzanine. Under this Annex in 2015 will be repaid BGN 10,268 (EUR 5,250), the interest will be reduced from 10.7 per cent to 8.7 per cent.

The loans from financial and non-financial institutions was distributed accordingly bearing in mind on the term of repayment as current and non-current liabilities.

As of 31 March 2015 the total debt amounted to BGN 50,545 thousand compared to BGN 46,255 thousand at the end of 2014. The growth of loans was due to the loan contract with the International Investment Bank, signed in late December 2014. The term of loan is seven years with a limit of EUR 15,000,000 and an interest rate of 7.5% + 3m Euribor. At the end of December it was disbursed the first tranche of this loan in the amount of EUR 10,000,000, and the rest of EUR 5,000,000 will be drawn down in 2015. The loan is to support the companies of the insurance group Euroins Insurance Group.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN THE FIRST QUARTER OF 2015 ON FINANCIAL STATEMENTS AS OF 31 MARCH 2015

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

DESCRIPTION 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.

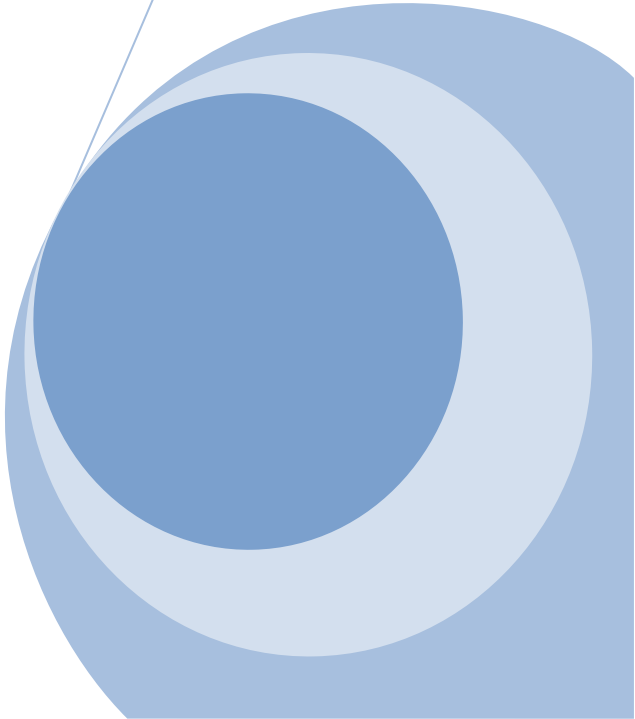
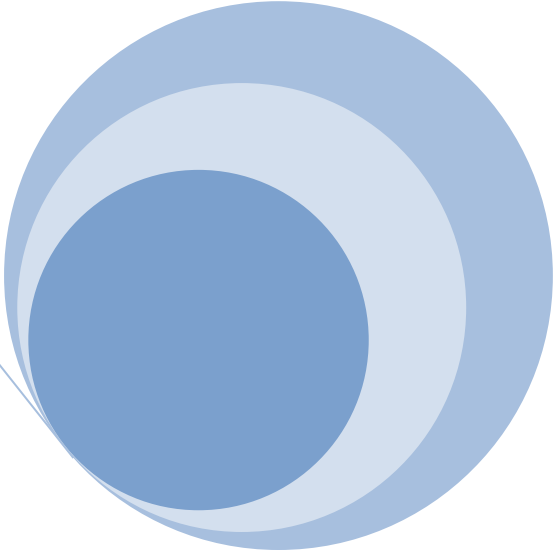
INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST QUARTER OF 2015

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

30 June 2015

Asen Minchev,

Executive Member of the
Management Board



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you can find on:

www.eurohold.bg



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

		31.3.2015	31.3.2014
	Notes	000'BGN	000'BGN
Revenues from operating activities			
Insurance revenue	3	193,619	93,705
Car sales revenue	5	31,836	31,838
Leasing revenue	6	3,954	4,439
Revenue from asset management and brokerage	8	4,292	5,109
Revenue from the activities of the parent company	10	171	965
		233,872	136,056
Expenses for operating activities			
Insurance expenses	4	(190,114)	(88,924)
Cost of cars and spare parts sold		(27,956)	(28,352)
Leasing financial expenses	7	(1,191)	(1,807)
Financial expenses for asset management and brokerage	9	(3,829)	(4,406)
Financial expenses for the activities of the parent company	11	-	(3)
		(223,090)	(123,492)
Gross Profit		10,782	12,564
Other income/expenses	12	(554)	(496)
Other operating expenses	13	(12,235)	(11,248)
Share of net result in associate	19	-	-
EBITDA		(2,007)	820
Financial expenses	14	(1,778)	(1,474)
Financial revenue	15	52	20
Foreign exchange gains/losses	20	(1)	(2)
EBTDA		(3,734)	(636)
Depreciation and amortization	16	(1,794)	(1,642)
EBT		(5,528)	(2,278)
Taxes	17	-	-
Net income/loss for the period		(5,528)	(2,278)
Attributable to:			
Equity holders of the parent		(4,699)	(1,730)
Non-controlling interests		(829)	(548)

Prepared by:

30.6.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

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

		31.3.2015	31.3.2014
	Notes	000'BGN	000'BGN
Profit/loss for the year	44	(5,528)	(2,278)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on financial assets available for sale		(34)	85
Income tax effect		-	-
		(34)	85
Exchange differences on translating foreign operations		1,062	213
Income tax effect		-	-
		1,062	213
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		1,028	298
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Gain on revaluation of properties		-	-
Income tax effect		-	-
		-	-
Impairment of assets		-	-
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		1,028	298
Total comprehensive income for the period, net of tax		(4,500)	(1,980)
Attributable to:			
Equity holders of the parent		(3,886)	(1,496)
Non-controlling interests		(614)	(484)
		(4,500)	(1,980)

Prepared by:

30.6.2015

/I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

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

		31.3.2015	31.12.2014
	Note	000'BGN	000'BGN
ASSETS			
Cash and cash equivalents	21	25,717	68,119
Receivables			
Insurance receivables	22	124,287	98,600
Trade and other receivables	23	20,216	20,239
Other receivables	24	176,203	168,717
		320,706	287,556
Other assets			
Property, plant and equipment	25, 25.2-5	25,089	25,252
Intangible assets	27	2,463	2,530
Inventory	28	26,529	23,411
Financial assets	29	130,824	100,963
Other assets	30	3,374	3,175
		188,279	155,331
Investments			
Land and buildings	25, 25.1	13,693	9,346
Investment property	26	12,340	12,200
Investments in subsidiaries and associates	31	6,201	6,193
Other financial investments	32	10,684	724
Non-current receivables	33	74,183	75,035
		117,101	103,498
Goodwill	34	190,791	190,791
TOTAL ASSETS		842,594	805,295

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

	Notes	31.3.2015 000'BGN	31.12.2014 000'BGN
Equity and liabilities			
Equity			
Issued capital	43	127,238	127,321
Premium reserves from the issue of securities		38,714	38,714
General reserves		8,640	8,640
Revaluation reserves		1,714	2,529
Special reserves		(52,779)	(54,089)
Retained earnings		64,896	71,109
Current period result	44	(4,699)	(6,596)
Total equity		183,724	187,628
Non-controlling interests	46	50,319	50,513
LIABILITIES			
Bank and non- bank loans	35	128,826	129,831
Obligations on bond issues	36	40,295	36,025
Non-current liabilities	37	30,297	18,859
Current liabilities	38	28,958	28,894
Trade and other payables	39	51,574	43,645
Payables to reinsurers	40	29,782	18,632
Deferred tax liabilities	41	184	202
		309,916	276,088
Insurance reserves	42	298,635	291,066
		298,635	291,066
Total liabilities		608,551	567,154
TOTAL EQUITY AND LIABILITIES		842,594	805,295

Prepared by:

30.6.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Eurohold Bulgaria AD
Interim consolidated cash flow statement
For the period ended March 31, 2015

		31.3.2015	31.3.2014
	Notes	000'BGN	000'BGN
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		(5,528)	(2,278)
Adjustments for:			
Depreciation	16	1,794	1,642
Foreign exchange gain/loss		195	(1,428)
Impairment loss recognized on assets		13	729
Interest expense		4,777	4,094
Interest revenue		(3,450)	(3,452)
Dividend income		(82)	(49)
Other non-cash adjustments		-	-
Operating profit before change in working capital		(2,281)	(742)
Change in trade and other receivables		(62,159)	11,073
Change in inventory		3,118	(5,289)
Change in trade and other payables and other adjustments		29,214	(1,918)
Cash generated from operations		(32,108)	3,124
Interest paid/received		571	98
Income taxes paid		(133)	(122)
Net cash flow from operating activities		(31,670)	3,100
Investing activities			
Purchase of property, plant and equipment		(5,135)	(328)
Proceeds from the disposal of property, plant and equipment		66	19
Loans granted		(4,908)	(3,933)
Repayment of loans, including financial leases		(2,422)	6,191
Interest received on loans granted		17	-
Purchase of investments		(51,349)	(32,743)
Sale of investments		28,813	26,858
Dividends received		242	49
Effect of exchange rate changes		(684)	(58)
Other proceeds/ payments from investing activities		(1,040)	3,212
Net cash flow from investing activities		(36,400)	(733)

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

		31.3.2015	31.3.2014
	<i>Note</i>	000'BGN	000'BGN
Cash flow from financing activities			
Proceeds from issuance of securities		-	-
Proceeds from loans		61,149	14,037
Repayment of loans		(35,013)	(15,064)
Repayment of financial leases		(444)	(18)
Payment of interest and commissions on loans		(861)	(745)
Other proceeds/ payments from financing activities		837	463
Net cash flow from financing activities		25,668	(1,327)
Net cash flows		(42,402)	1,040
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	25,717	40,069

Prepared by:

30.6.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

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

	Share capital	Share premium	Reserves		Financial result	Share- holders' equity	Non- controlling interests	Total equity
	000'BGN	000'BGN	General	Other	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	-	-	-	7,537	-	7,537
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)
Other changes	-	-	-	(317)	382	65	420	485
Net income for the period	-	-	-	-	(4,699)	(4,699)	(829)	(5,528)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	839	-	839	223	1,062
Change in the fair value of financial instruments	-	-	-	(26)	-	(26)	(8)	(34)
Total other comprehensive income	-	-	-	813	-	813	215	1,028
Total comprehensive income	-	-	-	813	(4,699)	(3,886)	(614)	(4,500)
Balance as of 31 March 2015	127,238	38,714	8,640	(51,064)	60,196	183,724	50,319	234,043

Prepared by:

30.6.2015

/I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Notes to the Interim Consolidated Financial Statement for Q1.2015

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*	82.12%
<i>Indirect participation through EIG AD:</i>	
Insurance Company Euroins AD	78.13%
Euroins Romania Insurance AD	93.27%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance EAD	100%
Euroins Life Insurance EAD	100%
Inter Sigorta AD, Turkey	90.75%

*direct participation

Finance Sector

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

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The 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 31.3.2015. 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 as discounts or premiums, which are integral part of the effective interest rate.

Transaction costs are internally inherent costs directly related to the financial asset or liability acquisition, issue or derecognition.

The interest incomes and costs stated in the Statement of profit or loss include:
Interests recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value;

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

2.9 Fees and Commissions

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

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

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

2.10 Segment Reporting

The operating segment is a component of the Group, which deals with activities, from which incomes may be generated and costs may be sustained, including incomes and costs pertaining to transactions with each of the other Group's components. For the purposes of management, the Group is organized in business units on the basis of products and services they render and includes the following segments subject to reporting:

Insurance and Health Insurance:

- Insurance Services
- Health Insurance Services
- Life Insurance Services

Financial Services:

- Leasing Services
- Investment Intermediation

Automobiles:

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

In 2013, the Company sold its real estates segment companies.

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 it is no longer probable that related tax benefits will be realized.

Pursuant to the Bulgarian tax legislation, income tax is binding for the companies. The income tax rate for 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	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Gross premiums written from insurance	125,430	71,498
Gross premiums written from health insurance	518	1,152
Gross premiums written from life insurance	307	
Received recoveries from reinsurers	36,710	7,277
Positive change in the gross provision for unearned premiums and unexpired risk reserve	150	3,487
Positive change in reinsurers' share in unearned premium reserve	10,242	-
Reinsurers' share in the change in the other reserves	-	4,205
Positive change in other technical reserves	7,099	195
Recourse income	1,341	2,104
Fees and commissions income	1,520	227
Investment income	5,061	3,259
Other revenue	5,241	301
	193,619	93,705

4. Expenses from insurance business

	31.3.2015	31.3.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Current year paid claims, claims handling and prevention expenses	(95,248)	(55,756)
Change in the outstanding claims provision	(11,571)	-
Change in the reinsurers' share in the outstanding claims provision	-	(152)
Change in other reserves	(1,533)	(1,414)
Change in the reinsurers' share in the other reserves	(6,966)	(91)
Premiums ceded to reinsurers	(40,973)	(3,528)
Acquisition expenses	(26,469)	(20,157)
Investment expenses	(2,447)	(2,540)
Other expenses	(4,907)	(5,286)
	(190,114)	(88,924)

5. Revenues from car sales and after sales

	31.3.2015	31.3.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from sale of cars and spare parts	30,684	30,720
Revenue from after sales	1,152	1,118
Revenue from sale of investments	-	-
	31,836	31,838

6. Revenue from financial and operating leases

	31.3.2015	31.3.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from services	2,550	3,292
Interest income	1,401	1,146
Gains from sale of financial instruments	-	-
Foreign exchange gains	3	1
	3,954	4,439

7. Financial expenses from leasing services

	31.3.2015	31.3.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	(1,151)	(1,020)
Losses from sales of financial instruments	-	-
Foreign exchange losses	(5)	(6)
Other expenses	(35)	(781)
	(1,191)	(1,807)

8. Revenue from asset management and brokerage

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Interest income	1,455	1,731
Dividend income	-	-
Gains from sale of financial instruments	1,212	3,141
Foreign exchange gains	1,194	105
Other revenue	431	132
	4,292	5,109

9. Finance expenses from asset management and brokerage

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Interest expenses	(1,355)	(1,651)
Negative result from sales of financial instruments	(1,271)	(2,636)
Foreign exchange losses	(1,168)	(99)
Other expenses	(35)	(20)
	(3,829)	(4,046)

10. Revenue of the parent company

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Gains from sale of financial instruments	-	794
Interest revenue	171	171
	171	965

11. Financial expenses of the parent company

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Negative result from sales of financial instruments	-	(3)
	-	(3)

12. Other revenue/expenses

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Other income/expenses	(554)	(496)
	(554)	(496)

12.1. Other expenses

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Leasing services	(554)	(496)
	(554)	(496)

12.2. Other revenue

	31.3.2015 BGN '000	31.3.2014 BGN '000
Leasing services	-	-
Asset management and brokerage services	-	-
	-	-

13. Other operating expenses

	31.3.2015 BGN '000	31.3.2014 BGN '000
Expenses on materials	(671)	(638)
Expenses on hired services	(5,336)	(4,822)
Employee benefits expense	(5,378)	(4,540)
Other expenses	(850)	(1,248)
	(12,235)	(11,248)

13.1 Expenses on materials

	31.3.2015 BGN '000	31.3.2014 BGN '000
Parent company	(2)	(2)
Insurance business	(77)	(118)
Leasing services	(67)	(77)
Asset management and brokerage services	(11)	(9)
Automotive business	(514)	(432)
	(671)	(638)

13.2 Expenses on hired services

	31.3.2015 BGN '000	31.3.2014 BGN '000
Parent company	(114)	(121)
Insurance business	(2,329)	(1,923)
Leasing services	(814)	(939)
Asset management and brokerage services	(124)	(110)
Automotive business	(1,955)	(1,729)
	(5,336)	(4,822)

13.3 Employee benefits expense

	31.3.2015 BGN '000	31.3.2014 BGN '000
Parent company	(69)	(80)
Insurance business	(1,905)	(1,965)
Leasing services	(486)	(495)
Asset management and brokerage services	(184)	(161)
Automotive business	(2,734)	(1,839)
	(5,378)	(4,540)

13.4 Other expenses

	31.3.2015 BGN '000	31.3.2014 BGN '000
Parent company	(10)	(16)
Insurance business	(511)	(744)
Leasing services	(79)	(161)
Asset management and brokerage services	(44)	(45)
Automotive business	(206)	(282)
	(850)	(1,248)

14. Financial expenses

	31.3.2015 BGN '000	31.3.2014 BGN '000
Interest expenses	(1,580)	(1,319)
Other financial expenses	(198)	(155)
	(1,778)	(1,474)

14.1 Financial expenses by segments

	31.3.2015 BGN '000	31.3.2014 BGN '000
Parent company	(1,258)	(927)
Asset management and brokerage services	-	-
Automotive business	(520)	(547)
	(1,778)	(1,474)

15. Financial revenue

	31.3.2015 BGN '000	31.3.2014 BGN '000
Interest income	52	20
	52	20

15.1 Financial revenue by segments

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Automotive business	52	20
	52	20

16. Depreciation

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Parent company	(3)	(3)
Insurance business	(389)	(358)
Leasing services	(839)	(760)
Asset management and brokerage services	(10)	(10)
Automotive business	(553)	(511)
	(1,794)	(1,642)

17. Tax

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Income tax expense	-	-
Deferred tax	-	-
Other	-	-
	-	-

18. Expenses from operating activities presented by nature

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
1. Expenses on materials	(816)	(726)
2. Expenses on hired services	(29,601)	(23,026)
3. Depreciation	(1,794)	(1,642)
4. Employee benefits expense	(8,898)	(8,456)
5. Cost of goods sold	(28,510)	(28,866)
6. Other expenses	(160,600)	(66,135)
	(230,219)	(128,851)

19. Share of net result in associate

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Share of net profit in associate	-	-
Share of net loss in associate	-	-
	-	-

19.1. Share of net loss in associate by segments

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Automotive business	-	-
	-	-

20. Foreign exchange gains/losses**20.1. Foreign exchange losses**

	31.3.2015 <i>BGN '000</i>	31.3.2014 <i>BGN '000</i>
Parent company	(1)	(2)
Automotive business	-	-
	(1)	(2)

21. Cash and cash equivalents

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Cash on hand	3,031	3,069
Cash at bank	21,513	63,391
Restricted cash	958	649
Cash equivalents	215	1,010
	25,717	68,119

22. Receivables from insurance and health insurance business

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Receivables from direct insurance	96,042	69,994
Receivables from recourse/subrogation	28,245	28,606
	124,287	98,600

23. Trade and other receivables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Trade receivables	18,475	19,501
Advances received	1,211	738
Other	530	-
	20,216	20,239

23.1. Trade receivables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	22	22
Insurance business	-	1,652
Leasing services	10,826	10,280
Asset management and brokerage services	154	19
Automotive business	7,473	7,528
	18,475	19,501

24. Other receivables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	483	313
Insurance business	165,117	155,091
Leasing services	733	648
Automotive business	4,870	3,901
Receivables under court procedures	3,504	7,902
Tax receivables	1,496	862
	176,203	168,717

24.1. Tax receivables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	-	-
Insurance business	57	419
Leasing services	108	238
Automotive business	1,331	205
	1,496	862

25. 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	-	33	3,915	19	-	136	8,460
Disposals	-	(1)	(157)	(3,482)	(107)	-	-	(3,747)
Other changes	(9)	49	-	-	-	-	-	40
At 31 March 2015	5,376	9,594	6,958	39,194	4,662	685	1,436	67,905
Depreciation								
At 1 January 2015	-	1,228	5,546	17,043	3,846	5	886	28,554
Additions	-	49	182	1,264	65	-	22	1,582
Disposals	-	-	(163)	(836)	(14)	-	-	(1,013)
At 31 March 2015	-	1,277	5,565	17,471	3,897	5	908	29,123
Net book value:								
At 1 January 2015	1,028	8,318	1,536	21,718	904	680	414	34,598
At 31 March 2015	5,376	8,317	1,393	21,723	765	680	528	38,782

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

25.1. Land and buildings

	31.3.2015 BGN '000	31.12.2014 BGN '000
Insurance business	6,976	6,956
Automotive business	6,717	2,390
	13,693	9,346

25.2. Machinery and equipment

	31.3.2015 BGN '000	31.12.2014 BGN '000
Insurance business	378	425
Leasing services	40	39
Automotive business	975	1,072
	1,393	1,536

25.3. Vehicles

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	1,459	1,550
Asset management and brokerage	10	11
Leasing services	16,113	16,152
Automotive business	4,136	3,999
Parent company	5	6
	21,723	21,718

25.4. Furniture and fittings and Other assets

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	291	398
Asset management and brokerage	13	15
Leasing services	35	38
Automotive business	945	856
Parent company	9	11
	1,293	1,318

25.5. Assets under construction

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Automotive business	680	680
	680	680

26. Investment property

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Net book value at 1 January	12,200	25,613
Additions	-	-
Disposals	-	(2,160)
Revaluation	150	958
Other changes	-	(3,641)
Depreciation	(10)	(20)
Disposals on sale of subsidiaries	-	(8,550)
Net book value as at the period end	12,340	12,200

27. 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	-	68	747
Disposals	(547)	(1)	(68)	(616)
At 31 March 2015	5,716	154	1,347	7,217
Depreciation				
At 1 January 2015	3,890	154	512	4,556
Additions	179	-	23	202
Disposals	(4)	-	-	(4)
At 31 March 2015	4,065	154	535	4,754
Net book value:				
At 1 January 2015	1,694	1	835	2,530
At 31 March 2015	1,651	-	812	2,463

28. Inventories

	31.3.2015	31.12.2014
	BGN '000	BGN '000
Insurance business	662	828
Leasing services	3,470	2,799
Automotive business	22,397	19,784
	26,529	23,411

29. Financial assets

	31.3.2015	31.12.2014
	BGN '000	BGN '000
Financial assets held for trading	100,875	74,698
Available for sale financial assets	14,493	14,061
Other financial assets	15,456	12,204
	130,824	100,963

29.1. Financial assets held for trading

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	86,557	60,733
Asset management and brokerage services	14,318	13,965
Leasing services	-	-
	100,875	74,698

29.2. Available for sale financial assets

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	14,493	14,061
	14,493	14,061

29.3. Other financial assets

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	15,456	12,204
	15,456	12,204

30. Other assets

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Prepaid expenses	2,400	2,177
Deferred tax asset	974	998
	3,374	3,175

31. Investments in subsidiaries and associates

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Investments of the parent company	1	1
Investments of the subsidiaries	6,200	6,192
	6,201	6,193

32. Other financial investments

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Held to maturity financial assets	-	-
Other	10,684	724
	10,684	724

32.1. Held to maturity financial assets

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Asset management and brokerage services	-	-
	-	-

32.2. Other

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	172	172
Insurance business	10,512	552
	10,684	724

33. Non-current receivables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Finance lease receivables	48,162	49,090
Parent company	9,784	9,784
Subsidiaries	16,237	16,161
	74,183	75,035

34. Goodwill

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Eurolease Group AD	1,803	1,803
Euro-Finance AD	2,620	2,620
Motobul EOOD	12,538	12,538
Bulvaria Varna EOOD	5,591	5,591
Eurolease Rent-a-Car EOOD	1,312	1,312
Daru Car OOD	1,461	1,461
Euroins Insurance Group AD	165,466	165,466
	190,791	190,791

35. Borrowings

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	49,945	46,255
Insurance business	9,357	15,093
Leasing services	51,301	54,538
Automotive business	18,223	13,945
	128,826	129,831

36. Bond obligations

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
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	14,044	9,884
Auto Union AD - for the purpose of automotive business	6,693	6,583
	40,295	36,025

37. Non-current liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Other non-current liabilities	21,416	9,967
Finance lease payables	8,875	8,872
Deferred revenue	6	20
	30,297	18,859

37.1. Other non-current liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	12,525	933
Insurance business	39	149
Asset management and brokerage services	8	11
Automotive business	8,844	8,874
	21,416	9,967

38. Current liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Payables to employees	2,578	2,921
Social-security liabilities	1,206	1,303
Tax liabilities	5,356	6,493
Other current liabilities	19,341	17,987
Deferred revenue	163	158
Provisions	314	32
	28,958	28,894

38.1. Payables to employees

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	24	24
Insurance business	1,685	1,707
Leasing services	138	168
Automotive business	731	1,022
	2,578	2,921

38.2. Social-security liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	3	7
Insurance business	485	725
Leasing services	67	51
Automotive business	651	520
	1,206	1,303

38.3. Tax liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	311	353
Insurance business	1,108	1,498
Asset management and brokerage services	27	27
Leasing services	1,805	1,734
Automotive business	2,105	2,881
	5,356	6,493

38.4. Other current liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	2,264	2,198
Insurance business	10,685	9,066
Asset management and brokerage services	2,334	2,362
Leasing services	1,126	1,284
Automotive business	2,932	3,077
	19,341	17,987

38.5. Deferred revenue

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Leasing services	34	37
Automotive business	129	121
	163	158

39. Trade and other payables

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	14,527	12,378
Insurance business	-	57
Asset management and brokerage services	7	20
Leasing services	6,888	4,373
Automotive business	30,152	26,817
	51,574	43,645

40. Payables to reinsurers

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	29,782	18,632
	29,782	18,632

41. Deferred tax liabilities

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	52	52
Leasing services	73	73
Automotive business	59	77
	184	202

42. Reserves for insurance contracts

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Unearned premium reserve, gross amount	104,458	92,527
<i>Share of reinsurers in unearned premium reserve</i>	<i>(62,326)</i>	<i>(51,451)</i>
Unexpired risks reserve, gross amount	756	897
<i>Share of reinsurers in outstanding claims reserve</i>	<i>(65)</i>	<i>(65)</i>
Reserve for incurred but not reported claims, gross amount	70,252	68,340
<i>Share of reinsurers in reserve for incurred but not reported claims</i>	<i>(33,597)</i>	<i>(33,397)</i>
Reserve for reported but not settled claims, gross amount	118,968	125,227
<i>Share of reinsurers in reserve for reported but unsettled claims</i>	<i>(53,715)</i>	<i>(60,808)</i>
Other technical reserve	4,201	4,075
	298,635	291,066

43. Share capital

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
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

44. Retained earnings

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Current result attributable to the shareholders	(4,699)	(6,596)
Current result attributable to the minority interests	(829)	(1,178)
	(5,528)	(7,774)

45. Retained earnings by segments

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	(1,126)	1,665
Insurance business	(3,596)	(8,114)
Asset management and brokerage services	244	571
Leasing services	17	144
Automotive business	(877)	(1,226)
Intercompany eliminations of dividends, disposal of subsidiaries and other	639	364
	(4,699)	(6,596)

46. Non-controlling interests

	31.3.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Non-controlling interest related to current result	(829)	(1,178)
Non-controlling interest related to equity	51,148	51,691
	50,319	50,513

47. 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,

30 June 2015

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

The undersigned,

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

hereby DECLARE that to our best knowledge:

1. The set of interim consolidated financial statements for Q1'2015, 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 interim consolidated management report of Eurohold Bulgaria AD for Q1'2015 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov



2. Assen Minchev



3. Ivan Hristov

