

The background features a decorative graphic consisting of three blue circles of varying sizes, each composed of concentric rings. Two thin blue lines intersect at the top left, and a third line extends from the top right towards the bottom right, creating a dynamic geometric composition.

Eurohold Bulgaria AD

**INTERIM CONSOLIDATED
MANAGEMENT REPORT AND
FINANCIAL STATEMENTS**

1 January - 30 September 2015

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CONSOLIDATED INTERIM MANAGEMENT REPORT

containing information on important events occurred in third 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 nine months of 2015, the consolidated income from operating activities of Eurohold Bulgaria AD registered a 64.8% growth with BGN 674.9 million compared to BGN 409.6 million for the comparable period in 2014.

The consolidated revenues by types of activities are as follows:

The revenues from insurance business increased significantly by 92.8% (BGN 258.8 million) as in the current period amounted to BGN 537.5 million. The revenues from automotive activities increased by 11.2% amounted to BGN 111.9 million. The revenues from leasing operations increased by 3.9% compared to the same period in 2014, as they amounted to BGN 14.9 million. The revenues from investment brokerage increased by 8.9% from BGN 9.4 million to BGN 10.2 million as of the end of current period. The parent company realized consolidated revenues in amount of BGN 0.5 million.

As of 30.09.2015 the net financial result was a loss in amount of BGN 8.9 million, distributed as follows: for the Group was reported a loss amounted to BGN 8.2 million and for minority interest – a profit in amount of BGN 0.7 million. The net financial result for the same period in 2014 was a loss amounted to BGN 3.2 million, included a loss for the Group in amount of BGN 1.8 million and for minority interest – a loss amounted to BGN 1.5 million.

For the first nine months of 2015 the consolidated gross profit of the Group Eurohold increased by 1.9%, as for the current period amounted to BGN 45 million, while as of 30 September 2014 amounted to BGN 44.2 million. The consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for Q3'2015 amounted to BGN 3.9 million vs. BGN 6.4 million for the comparable period in 2014.

The table below represents the information regarding the revenues of the subsidiaries as of 30.09.2015 compared to 30.09.2014. 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.

The net result from the operations of the entities in the group of Eurohold was a loss amounted to BGN 8.2 million compared to a loss in amount of BGN 1.8 million. For the current period were accounted BGN (0.5) million intercompany eliminations, while in the previous period they amounted to BGN 2.3 million.

	Q3.2015 000'BGN	Q3.2014 000'BGN
Financial result by segments without eliminations		
Insurance and health assurance	(5 316)	(7 173)
Automotive business	(688)	(754)
Leasing services	98	384
Asset management and brokerage services	183	498
Parent company	(2 845)	2 944
Total financial result by segments	(8 568)	(4 101)
<i>Intragroup eliminations of dividends, effects from the sale of subsidiaries and others</i>	367	2 302
Consolidated financial result for the group after eliminations and consolidation effects	(8 201)	(1 799)

	Q3.2015 000'BGN	Q3.2014 000'BGN
Total revenue by segments		
Insurance and health assurance	537 882	279 233
Automotive business	118 419	105 215
Leasing services	16 083	15 629
Asset management and brokerage services	10 498	9 697
Parent company	2 316	7 357
Total revenue by segments	685 198	417 131
<i>Intragroup eliminations of dividends, effects from the sale of subsidiaries and others</i>	(10 261)	(7 534)
Consolidated revenue after eliminations:	674 937	409 597

Despite the increase in loss, revenue of the Group companies realized substantial growth, namely an increase in revenue from operations by BGN 268.1 million before reporting intra-group eliminations and respectively BGN 265.3 million in their reporting.

The consolidated expenses from operating activities of the Eurohold Group as of 30 September 2015 increased by BGN 264.5 million and amounted to BGN 365.4 million.

The consolidated expenses by types of activities are as follows:

The expenses related to insurance activity amounted to BGN 518.4 million, increasing by BGN 252.7 million compared to BGN 265.6 million for the same period in 2014. The book value of sold vehicles and spare parts decreased by 13.1% and for the current period amounted to BGN 98.3 million, while as of 30.09.2014 the amount was BGN 87 million. The expenses related to the leasing activity decreased by BGN 0.7 million amounted to BGN 3.9 million. The expenses related to investment brokerage activities decreased by BGN 1 million and amounted to BGN 9.2 million.

The financial expenses and the expenses for amortization and depreciation of the companies in the group of Eurohold amounted respectively to BGN 7.5 million and BGN 5.6 million, compared to BGN 3.4 million and BGN 5.1 million for the same period in 2014.

The consolidated assets as of the end of the current period amounted to BGN 959.9 million compared to BGN 805.3 million as of 31.12.2014.

The most significant change in assets recorded receivables by BGN 125 million, reaching the amount of BGN 412.5 million and financial assets - by BGN 25million, reaching BGN 113.7 million.

The consolidated equity of the Group Eurohold amounted to BGN 180.1 million compared to BGN 187.6 million as of the end of 2014. The equity of the minority interest amounted to BGN 50.7 million compared to BGN 50.5 million as of the end of 2014.

The non-current consolidated liabilities increased by 21.3% reaching BGN 224.1 million compared to BGN 184.7 million as of 31.12.2014. A major part of non-current liabilities is liabilities to banks and other financial institutions, issued bonds and as of the end of the accountable period they increased by BGN 14.9 million.

Liabilities on loans:	Q3.2015 <i>000'BGN</i>	Q3.2014 <i>000'BGN</i>	% <i>Change</i>
To banks and other nonbank financial institutions	128 262	129 831	-1.21%
On issued bonds	52 478	36 025	45.67%
Total loans	180 740	165 856	8.97%

The current liabilities increased by BGN 123 million, from BGN 382 to BGN 505 million for the current period. The main part of the current liabilities are insurance reserves, as for the current reporting period they increased by BGN 79 million and amounted to BGN 370 million.

EUROINS INSURANCE GROUP

In Q3 2015 Euroins Insurance Group (EIG) has realized consolidated gross written premiums of BGN 333 million compared to BGN 219 million written in Q3 2014. The Group has registered an unaudited loss of BGN 5.4 million, mainly due to the increased reinsurance costs in Romania and the implementation of a more conservative reserving policy.

➤ Euroins Bulgaria

In Q3 2015, Euroins Bulgaria has written gross premiums of BGN 89.3 million, which was a growth of more than 52% compared to the same period of last year. Main reason for this significant increase was the growth in the inward reinsurance business. The direct business, however, has also grown by 16.1%. MTPL business represents 41% of the direct premiums written by the company and it has grown by 9.6%. Essentially all classes of business have grown. The record holders, however, are Agriculture (81.7%), Accident & Health (73.8%), and Liability (37.2%). Financial Risks business has grown more than 10 times. All of this has been a result of the company strategy to diversify its portfolio and of the successful acquisition of the portfolios of QBE and Interamerican in 2013.

At the same time, the amount of reported claims for the period has decreased in total by 21.4%, mainly due to a decrease of the MTPL claims by 23.6%.

The administration cost ratio has decreased to 8.3% as a result of the initiatives undertaken in 2014 following the acquisitions of the portfolios of QBE and Interamerican.

The acquisition cost ratio has increased to 27.2% mainly due to the growth in inward reinsurance business where the acquisition costs were higher than the direct insurance.

The capital increase procedure was completed in Q1 2015 and the company's share capital amounts to BGN 16,470,000.

➤ Euroins Romania

In Q3 2015 Euroins Romania has written gross premiums of BGN 230 million, which was a growth of 54.8% compared to the same period of last year. Main reason for this significant increase was the growth of 59.3% in gross premiums in MTPL. The growth was down to the work done by the company in 2014 and related to the re-segmentation of its clients' activities. This enabled Euroins Romania to start writing business, which traditionally was avoided due to high claims frequency. Due to the abovementioned re-segmentation the company is in position to differentiate the profitable portfolios from those with high claim ratios.

At the same time, the sales in Casco have dropped by 41.3% in efforts to curb the portfolio share of this insurance, with claims frequency of 46.2%.

The reported claims frequency for the period was down to 5.0% with the decrease being driven by the drop in MTPL claims frequency to 5.7%.

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

Euroins Romania completed 2014 with an updated reinsurance program in MTPL 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 confirmed by AM Best and Moody's.

Additionally the company, helped by the continuous support of its shareholders, managed to finalize its capital increase initiative as EUR 10 million were paid in by Euroins Insurance Group.

➤ **Euroins Macedonia**

In Q3 2015 Euroins Macedonia has written gross premiums of BGN 13.3 million, which was an increase of 7.5%. Almost all lines of business have registered growth with the major ones being the non-motor lines of business – Cargo (29.3%), Liability (21.9%) and Accident & Health (8.5%). MTPL sales registered an increase of 10.7%.

The acquisition ratio went further down to 36.6%.

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

Due to a more conservative reserving policy implemented in Q2 2015 at Q3 2015 the company registered a loss of BGN 0.9 million.

➤ **Euroins Health Assurance**

Euroins Health Assurance has reported a decrease of 39% in gross written premiums for Q3 2015 in comparison to Q3 2014. However, this is due to the company being in a process of merging its operations into Euroins Bulgaria in order to achieve higher synergy effect.

Euroins Health Assurance recorded an unaudited loss of BGN 0.1 million mainly due to the decreasing net earned premiums.

Euroins Life

In Q3 2015 Euroins Life has registered gross written premiums of BGN 1.3 million, which was behind Q3 2014 by 20%.

Net acquisition and administrative costs are under control and have actually decreased by 32% and 12% respectively compared to the same period last year.

Higher net claims incurred have caused a loss of BGN 127 thousand. This is due to the fact that the current portfolio is too small and every relatively large claim directly impacts the result.

Following its strategy of growing the business last year Euroins Life signed a three-year banc assurance scheme with Piraeus Bank for providing life insurance cover of the bank's clients. Additionally in 2014 the company has signed insurance agreements with some of

its biggest corporate clients such as Alpha Bank, Carrefour and the companies within Viohalco Group.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2015 to 30.09.2015 is a loss amounting to BGN 688 thousand. The result for the same period in 2014 was a loss of BGN 754 thousand.

The number of cars sold for Q3' 2015 has increased by 2.8% as compared to 2014. The revenues from sale of vehicles, spare parts and lubricants have increased by 10.2% while the revenues from services have increased by 9%.

The operating expenses for Q3' 2015 have increased by 10% as compared to the same period of 2014 due to increased expenses on materials by 17%, increased expenses on external services by 11%, which is due to increased rental expenses as well as to the personnel expenses by 9% - due to new body shop of Star Motors EOOD in Plovdiv as well as to increased turnover in the workshops of Avto Union Service EOOD.

As of 30 September 2015 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the group of Eurohold, amounted to 2,793 units as compared to 2,718 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 13.1% for the first nine months of 2015. Avto Union has decreased its market share from 15.1% for the first the same period of 2014 to 13.7% for the current accountable period. For the reporting period Opel has an increase of nearly 30% in Varna and 90% for Sofia. Espace Auto OOD has an increase in Dacia sales by 28.4% and Renault sales has a increase by 1.6%. Nissan Sofia EAD has a decrease by 31.7%. Auto Italia EAD has decreased sales in FIAT by 13.6%, in Maserati - by 66.6%, in Alfa Romeo - by 50%. Star Motors EOOD have an increase of 1% for the reporting period.

Avto Union	Sales		% Change
	Q3 2015	Q3 2014	
January–September, 2015 (YTD)	2 793	2 718	2.8%
January–March	633	981	-35.5%
April–June	1 249	918	36.19%
July	429	304	41.1%
August	261	235	11.1%
September	221	280	-21.1%

During the reporting period the companies from the automotive holding have concluded fleet contracts for totally 1,023 vehicles, while the number for the same period of previous year was 802.

On 29.12.2014 EA Properties OOD concluded a loan contract with Raiffeisenbank (Bulgaria) EAD amounting to EUR 3 120 000 for the purchase of land and building of showrooms and workshops. According to the repayment schedule were repaid EUR 180 thousand.

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

During the reporting period Espace Auto OOD has signed a new loan contract with Societe Generale Expressbank AD for EUR 1,000,000 which is due on 30.09.2015 which has already repaid.

EUROLEASE GROUP

Consolidated net result of the Group as of 30.09.2015 is profit of BGN 85 thousand, distributed as follows: profit of BGN 98 thousand for the Group and loss of BGN 13 thousand for the non-controlling interest.

During the first nine months of the year the Group reports a minor decrease in the interest income compared to the relevant period of previous year. As of 30.09.2015 the consolidated interest income is BGN 4,754 thousand compared to BGN 4,761 thousand as of 30.09.2014. The reported decrease is caused by the general decline of interest rates for new leases on the market. The high levels of newly generated business from the first three quarters of the year by the companies within the Eurolease Group have significantly renewed the managed portfolio. Consolidated net investment in financial lease is BGN 61,416 thousand compared to BGN 59,375 thousand for the relevant period of 2014.

Consolidated total assets amount to BGN 116,297 thousand compared to BGN 101,722 thousand as of 31 December 2014.

As of 30.09.2015 the payables to other financial institutions rose by 18.13% to BGN 7,590 thousand compared to 31 December 2014. The amount is payable by the subsidiary Eurolease Rent A Car to leasing companies that finance its activities.

During the period the payables to banks decreased by 6.48% to BGN 51,004 thousand compared to BGN 54,538 thousand as of 31 December 2014.

As of 30.09.2015 consolidated payables under debt securities issued increase to BGN 29,416 thousand compared to BGN 11,861 thousand at the end of 2014. The increase is caused by the corporate bonds issued in 2015 by both Eurolease Group and Eurolease Auto Bulgaria that mature in 2020 and 2021 respectively.

➤ Eurolease Auto Bulgaria

For the first nine months of the year the financial result of Eurolease Auto EAD is a profit in amount of BGN 433 thousand compared to a profit amounted to BGN 352 thousand for the relevant period of 2014.

As of the end of September the total assets of the company amount to BGN 94,155 thousand compared to BGN 87,368 thousand as at the end of 2014.

The net investment in financial leases amounts to BGN 59,518 thousand compared to BGN 61,111 thousand as of 31.12.2014. For the period the newly generated business amounted to BGN 16,968 thousand. The amount of non-matured receivables on finance

leases amounts to BGN 51,928 thousand compared to BGN 52,374 thousand at the end of 2014.

As of the end of September 2015 the equity of the company amounted to BGN 20,962 thousand compared to BGN 20,529 thousand as of 31 December 2014.

As of the end of the reporting period the liabilities of the company amounts to BGN 73,193 thousand compared to BGN 66,839 thousand as of 31 December 2014.

Within the reporting period the indebtedness to banks has decreases by 8.89 per cent reaching to BGN 43,446 thousand vs. BGN 47,687 thousand as at 31 December 2014.

On 29.07.2015 Eurolease Auto issued a corporate bond for the amount of EUR 5,800 thousand. The purpose of the issue is to finance the leasing activity of the company. Final maturity date of the bond emission is 29.07.2021, principal is payable to the bondholders in 20 equal installments during the life of the debt instrument.

As a result payables under debt securities issued by the company increases to BGN 23,406 thousand compared to BGN 11,861 thousand as of 31 December 2014.

➤ **Eurolease Auto Romania**

The financial result of Eurolease Auto Romania for third quarter of 2015 is loss amounted to BGN 59 thousand compared to a profit of BGN 92 thousand for the relative period of 2014.

Total assets of the company amounted to BGN 1,470 thousand compared to BGN 1,549 thousand as of 31 December 2014.

As of the end of September 2015 the liabilities of the company amounts to BGN 1,946 thousand compared to BGN 1.963 thousand as of 31 December 2014.

➤ **Eurolease Auto Macedonia**

During the reporting period the company managed to maintain and even increase the volumes of new business and they reach the amount of BGN 2,465 thousand.

During the reporting period the interest revenue increased by 19.17 per cent reaching BGN 404 thousand.

As a result of the good contacts with most of the dealers, Eurolease Auto Macedonia reports growth in the lease portfolio and as of 30.09.2015 it amounts to BGN 5,765 thousand, an increase of 10.36per cent compared to BGN 5,224 thousand at the end of 2014. During the period the company has signed new operating lease contracts with a total value of assets purchased BGN 427 thousand.

Payables to banks increased by 15.37 % and reach the amount of BGN 6,673 thousand compared to BGN 5,784 thousand as of 31 December 2014.

During the reporting period the capital of Eurolease Auto Macedonia has increased by BGN 147 thousand.

➤ **Eurolease Rent A Car**

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

The 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 has realized significant effects from the synergy between financial and operating lease.

The financial result of the company is profit of BGN 151 thousand compared to profit of 237 thousand as of 30 September 2014.

The total assets of the company amount to BGN 17,598 thousand compared to BGN 17,954 thousand as at the end of 2014.

The total liabilities of the company amount to BGN 15,725 thousand compared to BGN 16,232 for the respective period 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. New services offered by the company since the beginning of 2015 are import of vehicles for clients, purchase of used vehicle for resale as well as mediation in sale of vehicle on behalf of third parties.

The financial result of Autoplaza EAD for the reporting period was a loss amounted to BGN 24 thousand compared to a loss of BGN 77 thousand for third quarter of 2014.

The total assets of the company amounted to BGN 870 thousand vs. BGN 588 thousand as of 31 December 2014.

As of the end the reporting period the capital of the company was increased by BGN 250 thousand.

EURO-FINANCE

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

The company realized revenues of BGN 1 261 thousand for the first nine months of 2015, generated by:

- Interest income - BGN 377 thousand;
- Other income from main activities – BGN 884 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN 1 075 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 30 September 2015 the financial result of Eurohold Bulgaria AD on stand alone base is a loss of BGN 2.845 million compared to a profit in amount of BGN 2.944 million for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 2.211 million. For comparison, as of the end of September 2014 the total revenues amounted to BGN 7.351 million.

As of the end of September 2015 the company's assets amounted to BGN 369.262 million compared to BGN 349.821 million as of the end of 2014. The equity amounted to BGN 270.723 million while for 2014 the equity amounted to BGN 274.151 million.

During the reporting period the company's liabilities increased by 30.22% and amounted to BGN 98.539 million. The non-current liabilities increased by 62.35% - from BGN 56,179 million at the end of 2014 to BGN 91.210 million for the current period. The amount of current liabilities decreased to BGN 7.329 million compared to the end of 2014 when amounted to BGN 19.491 million. The decrease in current liabilities is mainly due to the repaid BGN 9.779 million (EUR 5 million) 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 million (EUR 5.25 million), the interest will be reduced from 10.7% to 8.7%.

The loans from financial and non-financial institutions was distributed depending on the term of repayment as current and non-current liabilities. As of 30 September 2015 the total debt amounted to BGN 45.655 million compared to BGN 46.255 million at the end of 2014.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN THE FIRST QUARTER OF 2015 ON FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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.

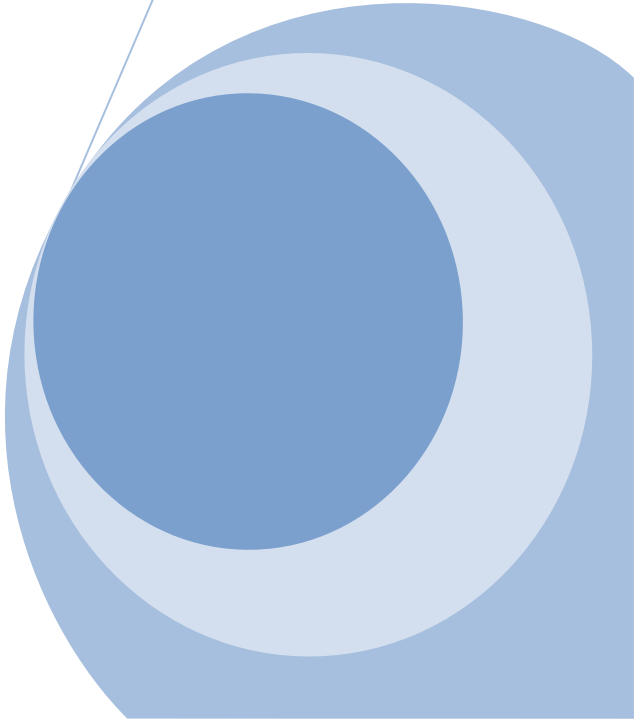
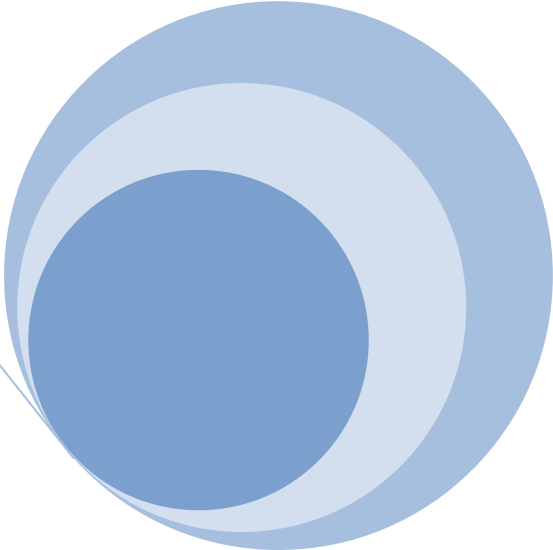
INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST NINE MONTHS OF 2015

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

30 November 2015

Asen Minchev,

Executive Member of the
Management Board



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www.eurohold.bg



Eurohold Bulgaria AD
Interim consolidated statement of profit or loss
For the period ended September 30, 2015

		30.9.2015	30.9.2014
	Notes	000'BGN	000'BGN
Revenues from operating activities			
Insurance revenue	3	537 471	278 742
Car sales revenue	5	111 882	100 654
Leasing revenue	6	14 862	14 299
Revenue from asset management and brokerage	8	10 202	9 365
Revenue from the activities of the parent company	10	520	6 537
		674 937	409 597
Expenses for operating activities			
Insurance expenses	4	(518 351)	(265 633)
Cost of cars and spare parts sold		(98 396)	(86 998)
Leasing financial expenses	7	(3 941)	(4 602)
Financial expenses for asset management and brokerage	9	(9 250)	(8 188)
Financial expenses for the activities of the parent company	11	-	(19)
		(629 938)	(365 440)
Gross Profit		44 999	44 157
Other income/expenses	12	(2 243)	(1 721)
Other operating expenses	13	(38 853)	(36 078)
Share of net result in associate	19	-	-
EBITDA		3 903	6 358
Financial expenses	14	(7 500)	(4 631)
Financial revenue	15	297	114
Foreign exchange gains/losses	20	(2)	(5)
EBTDA		(3 302)	1 836
Depreciation and amortization	16	(5 602)	(5 112)
EBT		(8 904)	(3 276)
Taxes	17	(3)	(2)
Net income/loss for the period		(8 907)	(3 278)
Attributable to:			
Equity holders of the parent		(8 201)	(1 799)
Non-controlling interests		(706)	(1 479)

Prepared by:

25.11.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Eurohold Bulgaria AD
Interim consolidated statement of other comprehensive income
For the period ended September 30, 2015

		30.9.2015	30.9.2014
	Notes	000'BGN	000'BGN
Profit/loss for the year	45	(8 907)	(3 278)
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		(7)	(402)
Income tax effect		-	-
		(7)	(402)
Exchange differences on translating foreign operations		914	593
Income tax effect		-	-
		914	593
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		907	191
<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		907	191
Total comprehensive income for the period, net of tax		(8 000)	(3 087)
Attributable to:			
Equity holders of the parent		(7 484)	(1 753)
Non-controlling interests		(516)	(1 334)
		(8 000)	(3 087)

Prepared by:

25.11.2015

/I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Eurohold Bulgaria AD
Interim consolidated statement of financial position
As at September 30, 2015

		30.9.2015	31.12.2014
	Note	000'BGN	000'BGN
ASSETS			
Cash and cash equivalents	21	46 857	68 119
Deposits at Banks	22	14 506	12 204
		61 363	80 323
Receivables			
Insurance receivables	23	119 873	98 600
Trade and other receivables	24	20 078	20 239
Other receivables	25	272 588	168 717
		412 539	287 556
Other assets			
Property, plant and equipment	26, 26.2-5	28 858	25 252
Intangible assets	28	2 757	2 530
Inventory	29	27 021	23 411
Financial assets	30	113 732	88 759
Other assets	31	3 281	3 175
		175 649	143 127
Investments			
Land and buildings	26, 26.1	13 559	9 346
Investment property	27	12 318	12 200
Investments in subsidiaries and associates	32	5 060	6 193
Other financial investments	33	11 467	724
Non-current receivables	34	77 203	75 035
		119 607	103 498
Goodwill	35	190 791	190 791
TOTAL ASSETS		959 949	805 295

Eurohold Bulgaria AD
Interim consolidated statement of financial position (continued)
As at September 30, 2015

	Notes	30.9.2015 000'BGN	31.12.2014 000'BGN
Equity and liabilities			
Equity			
Issued capital	44	126 804	127 321
Premium reserves from the issue of securities		38 714	38 714
General reserves		8 640	8 640
Revaluation reserves		1 499	2 529
Special reserves		(53 211)	(54 089)
Retained earnings		65 868	71 109
Current period result	45	(8 201)	(6 596)
Total equity		180 113	187 628
Non-controlling interests	47	50 701	50 513
LIABILITIES			
Bank and non- bank loans	36	128 262	129 831
Obligations on bond issues	37	52 478	36 025
Non-current liabilities	38	43 353	18 859
Current liabilities	39	53 668	28 894
Trade and other payables	40	49 684	43 645
Payables to reinsurers	41	31 393	18 632
Deferred tax liabilities	42	184	202
		359 022	276 088
Insurance reserves	43	370 113	291 066
		370 113	291 066
Total liabilities		729 135	567 154
TOTAL EQUITY AND LIABILITIES		959 949	805 295

Prepared by:

25.11.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Eurohold Bulgaria AD
Interim consolidated cash flow statement
For the period ended September 30, 2015

		30.9.2015	30.9.2014
	Notes	000'BGN	000'BGN
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		(8 904)	(3 276)
Adjustments for:			
Depreciation	16	5 602	5 112
Foreign exchange gain/loss		(298)	(5 629)
Impairment loss recognized on assets		120	952
Interest expense		12 103	9 290
Interest revenue		(8 243)	(8 140)
Dividend income		(441)	(456)
Other non-cash adjustments		-	2
Operating profit before change in working capital		(61)	(2 145)
Change in trade and other receivables		(154 426)	(57 312)
Change in inventory		3 610	(5 638)
Change in trade and other payables and other adjustments		121 229	52 195
Cash generated from operations		(29 648)	(12 900)
Interest paid/received		1 500	567
Income taxes paid		(250)	(198)
Net cash flow from operating activities		(28 398)	(12 531)
Investing activities			
Purchase of property, plant and equipment		(5 900)	(1 324)
Proceeds from the disposal of property, plant and equipment		475	401
Loans granted		(9 182)	(11 964)
Repayment of loans, including financial leases		2 810	9 442
Interest received on loans granted		554	389
Purchase of investments		(89 068)	(83 496)
Sale of investments		59 557	79 059
Dividends received		377	698
Effect of exchange rate changes		(546)	(557)
Other proceeds/ payments from investing activities		2 813	9 720
Net cash flow from investing activities		(38 110)	2 368

Eurohold Bulgaria AD
Interim consolidated cash flow statement (continued)
For the period ended September 30, 2015

		30.9.2015	30.9.2014
	<i>Note</i>	000'BGN	000'BGN
Cash flow from financing activities			
Proceeds from issuance of securities		-	-
Proceeds from loans		132 241	76 268
Repayment of loans		(85 084)	(59 526)
Repayment of financial leases		(1 544)	(463)
Payment of interest and commissions on loans		(2 782)	(2 454)
Dividends paid		(544)	-
Other proceeds/ payments from financing activities		2 959	2 258
Net cash flow from financing activities		45 246	16 083
Net cash flows		(21 262)	5 920
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	46 857	44 949

Prepared by:

25.11.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Eurohold Bulgaria AD
Interim consolidated statement of changes in equity
For the period ended September 30, 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	-	-	-	7,573	-	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	(517)	-	-	-	-	(517)	-	(517)
Dividends	-	-	-	-	(583)	(583)	-	(583)
Other changes	-	-	-	(869)	1 938	(1 069)	704	1 773
Net income for the period	-	-	-	-	(8 201)	(8 201)	(706)	(8 907)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	723	-	723	191	914
Change in the fair value of financial instruments	-	-	-	(6)	-	(6)	(1)	(7)
Total other comprehensive income	-	-	-	717	-	717	190	907
Total comprehensive income	-	-	-	717	(8 201)	(7 484)	(516)	(8 000)
Balance as of 30 September 2015	126 804	38 714	8 640	(51 712)	57 667	180 113	50 701	230 814

Prepared by:

25.11.2015 /I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Notes to the Interim Consolidated Financial Statement for Q3.2015

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%
*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 30.9.2015. 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	30.9.2015	30.9.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Gross premiums written from insurance	329 791	214 303
Gross premiums written from health insurance	1 715	2 783
Gross premiums written from life insurance	1 292	1 626
Received recoveries from reinsurers	83 112	12 965
Positive change in the gross provision for unearned premiums and unexpired risk reserve	150	9 322
Positive change in reinsurers' share in unearned premium reserve	24 155	4 220
Reinsurers' share in the change in the other reserves	57 899	16 260
Positive change in other technical reserves	-	2 079
Recourse income	4 728	4 178
Fees and commissions income	22 367	1 181
Investment income	8 314	8 109
Other revenue	3 948	1 716
	537 471	278 742

4. Expenses from insurance business

	30.9.2015	30.9.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Current year paid claims, claims handling and prevention expenses	(218 270)	(155 150)
Change in the outstanding claims provision	(22 116)	-
Change in the reinsurers' share in the outstanding claims provision	-	-
Change in other reserves	(56 234)	(16 653)
Change in the reinsurers' share in the other reserves	-	-
Premiums ceded to reinsurers	(119 875)	(12 993)
Acquisition expenses	(82 713)	(59 627)
Investment expenses	(4 591)	(7 200)
Other expenses	(14 552)	(14 010)
	(518 351)	(265 633)

5. Revenues from car sales and after sales

	30.9.2015	30.9.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from sale of cars and spare parts	108 146	97 467
Revenue from after sales	3 236	3 187
Revenue from sale of investments	500	-
	111 882	100 654

6. Revenue from financial and operating leases

	30.9.2015	30.9.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Revenue from services	10 604	10 110
Interest income	4 243	4 183
Gains from sale of financial instruments	-	-
Foreign exchange gains	15	6
	14 862	14 299

7. Financial expenses from leasing services

	30.9.2015	30.9.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Interest expenses	(3 682)	(3 499)
Losses from sales of financial instruments	-	-
Foreign exchange losses	(23)	(30)
Other expenses	(236)	(1 073)
	(3 941)	(4 602)

8. Revenue from asset management and brokerage

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Interest income	1 811	2 043
Dividend income	419	188
Gains from sale of financial instruments	3 954	6 219
Foreign exchange gains	3 454	434
Other revenue	564	481
	10 202	9 365

9. Finance expenses from asset management and brokerage

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Interest expenses	(1 535)	(1 722)
Negative result from sales of financial instruments	(4 238)	(6 022)
Foreign exchange losses	(3 403)	(368)
Other expenses	(74)	(76)
	(9 250)	(8 188)

10. Revenue of the parent company

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Gains from sale of financial instruments	-	6 016
Interest revenue	520	521
	520	6 537

11. Financial expenses of the parent company

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Negative result from sales of financial instruments	-	(19)
	-	(19)

12. Other revenue/expenses

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Other income/expenses	(2 243)	(1 721)
	(2 243)	(1 721)

12.1. Other expenses

	30.9.2015 <i>BGN '000</i>	30.9.2014 <i>BGN '000</i>
Leasing services	(2 243)	(1 722)
	(2 243)	(1 722)

12.2. Other revenue

	30.9.2015 BGN '000	30.9.2014 BGN '000
Asset management and brokerage services	-	1
	-	1

13. Other operating expenses

	30.9.2015 BGN '000	30.9.2014 BGN '000
Expenses on materials	(1 793)	(1 669)
Expenses on hired services	(17 075)	(14 913)
Employee benefits expense	(17 428)	(16 261)
Other expenses	(2 557)	(3 235)
	(38 853)	(36 078)

13.1 Expenses on materials

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(4)	(6)
Insurance business	(258)	(271)
Leasing services	(260)	(299)
Asset management and brokerage services	(26)	(26)
Automotive business	(1 245)	(1 067)
	(1 793)	(1 669)

13.2 Expenses on hired services

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(466)	(457)
Insurance business	(6 544)	(4 976)
Leasing services	(3 258)	(3 301)
Asset management and brokerage services	(370)	(349)
Automotive business	(6 437)	(5 830)
	(17 075)	(14 913)

13.3 Employee benefits expense

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(209)	(229)
Insurance business	(6 543)	(6 037)
Leasing services	(1 538)	(1 593)
Asset management and brokerage services	(478)	(475)
Automotive business	(8 660)	(7 927)
	(17 428)	(16 261)

13.4 Other expenses

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(24)	(43)
Insurance business	(1 390)	(1 941)
Leasing services	(297)	(366)
Asset management and brokerage services	(154)	(124)
Automotive business	(692)	(761)
	(2 557)	(3 235)

14. Financial expenses

	30.9.2015 BGN '000	30.9.2014 BGN '000
Interest expenses	(6 886)	(4 069)
Other financial expenses	(614)	(562)
	(7 500)	(4 631)

14.1 Financial expenses by segments

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(3 832)	(2 908)
Asset management and brokerage services	(1 985)	(326)
Automotive business	(1 683)	(1 397)
	(7 500)	(4 631)

15. Financial revenue

	30.9.2015 BGN '000	30.9.2014 BGN '000
Interest income	297	114
	297	114

15.1 Financial revenue by segments

	30.9.2015 BGN '000	30.9.2014 BGN '000
Automotive business	297	114
	297	114

16. Depreciation

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(9)	(9)
Insurance business	(1 108)	(1 127)
Leasing services	(2 588)	(2 389)
Asset management and brokerage services	(33)	(31)
Automotive business	(1 864)	(1 556)
	(5 602)	(5 112)

17. Tax

	30.9.2015 BGN '000	30.9.2014 BGN '000
Income tax expense	(3)	(1)
Deferred tax	-	-
Other	-	(1)
	(3)	(2)

18. Expenses from operating activities presented by nature

	30.9.2015 BGN '000	30.9.2014 BGN '000
1. Expenses on materials	(2 177)	(2 035)
2. Expenses on hired services	(94 366)	(68 220)
3. Depreciation	(5 602)	(5 112)
4. Employee benefits expense	(28 401)	(27 789)
5. Cost of goods sold	(100 657)	(88 742)
6. Other expenses	(427 789)	(197 397)
	(658 992)	(389 295)

19. Share of net result in associate

	30.9.2015 BGN '000	30.9.2014 BGN '000
Share of net profit in associate	-	-
Share of net loss in associate	-	-
	-	-

19.1. Share of net loss in associate by segments

	30.9.2015 BGN '000	30.9.2014 BGN '000
Automotive business	-	-
	-	-

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

	30.9.2015 BGN '000	30.9.2014 BGN '000
Parent company	(2)	(5)
Automotive business	-	-
	(2)	(5)

21. Cash and cash equivalents

	30.9.2015 BGN '000	31.12.2014 BGN '000
Cash on hand	3 010	3 069
Cash at bank	42 867	63 391
Restricted cash	656	649
Cash equivalents	324	1 010
	46 857	68 119

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

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	14 506	12 204
	14 506	12 204

23. Receivables from insurance and health insurance business

	30.9.2015 BGN '000	31.12.2014 BGN '000
Receivables from direct insurance	90 647	69 994
Receivables from recourse/subrogation	29 226	28 606
	119 873	98 600

24. Trade and other receivables

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Trade receivables	16 965	19 501
Advances received	950	738
Other	2 163	-
	20 078	20 239

24.1. Trade receivables

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	31	22
Insurance business	-	1 652
Leasing services	9 845	10 280
Asset management and brokerage services	19	19
Automotive business	7 070	7 528
	16 965	19 501

25. Other receivables

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	485	313
Insurance business	265 131	155 091
Leasing services	798	648
Automotive business	2 239	3 901
Receivables under court procedures	3 371	7 902
Tax receivables	564	862
	272 588	168 717

25.1. Tax receivables

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	24	-
Insurance business	171	419
Leasing services	133	238
Automotive business	236	205
	564	862

26. Property, plant and equipment

	Land plots	Buildings	Machinery and equipment	Vehicles	Furniture and fittings	Assets under construction	Other	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Cost								
At 1 January 2015	1 028	9 546	7 082	38 761	4 750	685	1 300	63 152
Additions	4 357	-	375	11 719	72	268	294	17 085
Disposals	-	(1)	(128)	(6 805)	(110)	(125)	(19)	(7 188)
Other changes	(10)	9	(4)	(52)	-	-	-	(57)
At 30 September 2015	5 375	9 554	7 325	43 623	4 712	828	1 575	72 992
Depreciation								
At 1 January 2015	-	1 228	5 546	17 043	3 846	5	886	28 554
Additions	-	142	516	4 132	185	-	67	5 042
Disposals	-	-	(160)	(2 837)	(9)	-	(15)	(3 021)
At 30 September 2015	-	1 370	5 902	18 338	4 022	5	938	30 575
Net book value:								
At 1 January 2015	1 028	8 318	1 536	21 718	904	680	414	34 598
At 30 September 2015	5 375	8 184	1 423	25 285	690	823	637	42 417

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

26.1. Land and buildings

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	6 896	6 956
Automotive business	6 663	2 390
	13 559	9 346

26.2. Machinery and equipment

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	447	425
Leasing services	37	39
Automotive business	939	1 072
	1 423	1 536

26.3. Vehicles

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	1 500	1 550
Asset management and brokerage	47	11
Leasing services	15 608	16 152
Automotive business	8 127	3 999
Parent company	3	6
	25 285	21 718

26.4. Furniture and fittings and Other assets

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Insurance business	254	398
Asset management and brokerage	11	15
Leasing services	45	38
Automotive business	1 011	856
Parent company	6	11
	1 327	1 318

25.5. Assets under construction

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Automotive business	823	680
	823	680

27. Investment property

	30.9.2015 <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	-	958
Other changes	134	(3 641)
Depreciation	(16)	(20)
Disposals on sale of subsidiaries	-	(8 550)
Net book value as at the period end	12 318	12 200

28. Intangible assets

	Software	Licenses	Other	Total
	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>
Cost				
At 1 January 2015	5 584	155	1 347	7 086
Additions	852	-	2	854
Disposals	(81)	(1)	(2)	(84)
At 30 September 2015	6 355	154	1 347	7 856
Depreciation				
At 1 January 2015	3 890	154	512	4 556
Additions	476	-	68	544
Disposals	-	-	(1)	(1)
At 30 September 2015	4 366	154	579	5 099
Net book value:				
At 1 January 2015	1 694	1	835	2 530
At 30 September 2015	1 989	-	768	2 757

29. Inventories

	30.9.2015	31.12.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	680	828
Leasing services	3 155	2 799
Automotive business	23 186	19 784
	27 021	23 411

30. Financial assets

	30.9.2015	31.12.2014
	<i>BGN '000</i>	<i>BGN '000</i>
Financial assets held for trading	97 557	74 698
Available for sale financial assets	13 988	14 061
Other financial assets	2 187	-
	113 732	88 759

30.1. Financial assets held for trading

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	84 535	60 733
Asset management and brokerage services	13 022	13 965
Leasing services	-	-
	97 557	74 698

30.2. Available for sale financial assets

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	13 988	14 061
	13 988	14 061

30.3. Other financial assets

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	2 187	-
	2 187	-

31. Other assets

	30.9.2015 BGN '000	31.12.2014 BGN '000
Prepaid expenses	2 307	2 177
Deferred tax asset	974	998
	3 281	3 175

32. Investments in subsidiaries and associates

	30.9.2015 BGN '000	31.12.2014 BGN '000
Investments of the parent company	1	1
Investments of the subsidiaries	5 059	6 192
	5 060	6 193

33. Other financial investments

	30.9.2015 BGN '000	31.12.2014 BGN '000
Held to maturity financial assets	-	-
Other	11 467	724
	11 467	724

33.1. Held to maturity financial assets

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Asset management and brokerage services	-	-
	-	-

33.2. Other

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	172	172
Insurance business	11 295	552
	11 467	724

34. Non-current receivables

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Finance lease receivables	50 406	49 090
Parent company	9 784	9 784
Subsidiaries	17 013	16 161
	77 203	75 035

35. Goodwill

	30.9.2015 <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

36. Borrowings

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	45 055	46 255
Insurance business	15 435	15 093
Leasing services	51 004	54 538
Automotive business	16 768	13 945
	128 262	129 831

37. Bond obligations

	30.9.2015 <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	26 249	9 884
Auto Union AD - for the purpose of automotive business	6 671	6 583
	52 478	36 025

38. Non-current liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Other non-current liabilities	31 550	9 967
Finance lease payables	11 803	8 872
Deferred revenue	-	20
	43 353	18 859

38.1. Other non-current liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	22 240	933
Insurance business	319	149
Asset management and brokerage services	7	11
Automotive business	8 984	8 874
	31 550	9 967

39. Current liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Payables to employees	2 739	2 921
Social-security liabilities	1 352	1 303
Tax liabilities	5 695	6 493
Other current liabilities	43 281	17 987
Deferred revenue	293	158
Provisions	308	32
	53 668	28 894

39.1. Payables to employees

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	21	24
Insurance business	1 810	1 707
Leasing services	159	168
Automotive business	749	1 022
	2 739	2 921

39.2. Social-security liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	3	7
Insurance business	748	725
Leasing services	104	51
Automotive business	497	520
	1 352	1 303

39.3. Tax liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	300	353
Insurance business	1 506	1 498
Asset management and brokerage services	5	27
Leasing services	1 430	1 734
Automotive business	2 454	2 881
	5 695	6 493

39.4. Other current liabilities

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	2 633	2 198
Insurance business	34 446	9 066
Asset management and brokerage services	2 018	2 362
Leasing services	812	1 284
Automotive business	3 372	3 077
	43 281	17 987

39.5. Deferred revenue

	30.9.2015 BGN '000	31.12.2014 BGN '000
Leasing services	-	37
Automotive business	293	121
	293	158

40. Trade and other payables

	30.9.2015 BGN '000	31.12.2014 BGN '000
Parent company	15 923	12 378
Insurance business	-	57
Asset management and brokerage services	12	20
Leasing services	4 741	4 373
Automotive business	29 008	26 817
	49 684	43 645

41. Payables to reinsurers

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	31 393	18 632
	31 393	18 632

42. Deferred tax liabilities

	30.9.2015 BGN '000	31.12.2014 BGN '000
Insurance business	52	52
Leasing services	73	73
Automotive business	59	77
	184	202

43. Reserves for insurance contracts

	30.9.2015 BGN '000	31.12.2014 BGN '000
Unearned premium reserve, gross amount	113 990	92 527
<i>Share of reinsurers in unearned premium reserve</i>	(76 207)	(51 451)
Unexpired risks reserve, gross amount	755	897
<i>Share of reinsurers in outstanding claims reserve</i>	(65)	(65)
Reserve for incurred but not reported claims, gross amount	105 399	68 340
<i>Share of reinsurers in reserve for incurred but not reported claims</i>	(83 127)	(33 397)
Reserve for reported but not settled claims, gross amount	145 670	125 227
<i>Share of reinsurers in reserve for reported but unsettled claims</i>	(69 386)	(60 808)
Other technical reserve	4 299	4 075
	370 113	291 066

44. Share capital

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Issued shares	127 345	127 345
Shares held from subsidiaries	(541)	(24)
Share capital	126 804	127 321
Number of shares	127 345 000	127 345 000

45. Retained earnings

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Current result attributable to the shareholders	(8 201)	(6 596)
Current result attributable to the minority interests	(706)	(1 178)
	(8 907)	(7 774)

46. Retained earnings by segments

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Parent company	(2 845)	1 665
Insurance business	(5 316)	(8 114)
Asset management and brokerage services	183	571
Leasing services	98	144
Automotive business	(688)	(1 226)
Intercompany eliminations of dividends, disposal of subsidiaries and other	367	364
	(8 201)	(6 596)

47. Non-controlling interests

	30.9.2015 <i>BGN '000</i>	31.12.2014 <i>BGN '000</i>
Non-controlling interest related to current result	(706)	(1 178)
Non-controlling interest related to equity	51 407	51 691
	50 701	50 513

48. Events after the reporting period.

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

Asen Minchev

Executive member of the Management Board
Eurohold Bulgaria AD,

25 November 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 consolidated interim financial statements for the third quarter of 2015, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

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

Declarers:

1. Kiril Boshov



2. Asen Minchev



3. Ivan Hristov

