

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 bottom right towards the center. The text is positioned on the left side of the page.

**Eurohold Bulgaria AD**

**INTERIM MANAGEMENT  
REPORT AND FINANCIAL  
STATEMENTS**

**1 January – 31 December 017**

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## **INTERIM MANAGEMENT REPORT**

***containing information on important events occurred in Q3'2017 in accordance with Art. 100o, para. 4, item 2 of the POSA***

### **Financial performance (Stand alone base)**

As of 31<sup>st</sup> of December 2017 the financial result of Eurohold Bulgaria AD on stand alone base is a loss in amount of BGN 17.269 million compared to a profit in amount of BGN 2.309 million for the same period last year. The financial result for 2016 was influenced by the realized profit from sale of securities in amount of BGN 15.455.

Eurohold Bulgaria AD as a holding company does not carry out regular commercial transactions, and in this respect, its main (operating) revenues are of a financial nature, as the most significant of them - revenues from financial operations occur in different reporting periods and do not have a permanent occurrence. The total revenues of the company over the reporting period amounted to BGN 4.048 million, of which BGN 1.346 million revenues from financial operations, BGN 2.437 million interest revenues and BGN 0.265 million represented dividend revenues. For comparison, as of the end of 2016 the revenues from financial operations amounted to BGN 15.506 million, the interest revenues amounted to BGN 0.917 million and dividend in amount of BGN 0.245 million.

The operating expenses increased by 64.3% as amounted to BGN 21.6 million. This increase was mainly due to the interest expenses, which reached BGN 17.5 million compared to BGN 10 million for the comparable period in 2016. The interest expense growth was reported in relation to the five-year bonds issued in December'2016 at the amount of BGN 111.863 million on the EMTN Programme approved by the Central Bank of Ireland.

As of the end of 2017 the company's assets amounted to BGN 558.259 million compared to BGN 534.908 million as of the end of 2016.

During the reporting period the investments in subsidiaries increased by BGN 54 million due to a contribution in the equity of Euroins Insurance Group AD amounted to BGN 47.5 million, as well as a contribution in the equity of Eurofinance AD in amount of BGN 6.5 million. On an extraordinary session of GMS of Eurofinance AD held on 03.08.2017 was voted for capital increase of the company from BGN 14 100 000 to BGN 40 000 000 through issuance of new 25 900 000 shares with nominal and emission value of BGN 1.00 each one, the same type and class as the existing shares of the company.

The long-term assets decreased by BGN 34 million due to the reduction of non-current receivables from related parties by BGN 24.3 million. The short-term assets increased by BGN 3.5 million, mainly due to the increasing of the other current receivables by BGN 2.2 million.

The total equity increased to BGN 338.1 million compared to BGN 275.9 million at the end of 2016. In February 2017 the company increased its share capital by BGN 34 million following a successful capital increase procedure. In December 2017 Eurohold Bulgaria AD increased its share capital by BGN 36,180,600 million by the public offering of

securities. The company's equity was increased from BGN 161,345,000 to BGN 197,525,600.

The company's liabilities increased by BGN 14.9 million to BGN 220.2 million as of 31.12.2017. For the period the non-current liabilities increased by BGN 22.5 million to BGN 164.8 million compared to BGN 142.3 million at the end of 2016. The current liabilities decreased by BGN 7.6 million to BGN 50.4 million. The main growth of current liabilities was due to an increase in current liabilities on loans from financial and non-financial institutions by BGN 26.5 million and an increase of other short-term liabilities by BGN 7 million. On the other hand, the short-term liabilities to related parties decreased by BGN 16 million.

## **INFLUENCE OF THE IMPORTANT EVENTS ON FINANCIAL STATEMENTS AS OF 31 December 2017**

During the reporting period have 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.

### **Political risk**

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

### **Sovereign credit risk**

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

At the end of 2015, Standard&Poor's Credit Rating Agency affirmed Bulgaria's long-term and short-term foreign and local currency sovereign credit ratings "BB+/B", outlook stable. The ratings are supported by the low government debt and the moderate external indebtedness. The agency indicates as constraining factors the relatively low income-per-capita levels and the weak institutional settings. Standard&Poor's estimates that the financial sector continues to face important challenges, but notes that efforts are underway to mitigate risks, including an asset quality review in the banking system slated for 2016.

### **Inflation risk**

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

### **Currency risk**

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

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

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

Any significant devaluation of currencies in the region (Bulgaria, Romania, Macedonia and Serbian) can have a significant adverse effect on businesses in the country, including

that of the Company. Risks exist when revenues and expenditures of a firm are derived in different currencies.

### **Interest rate risk**

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

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

## **2. Unsystematic risks**

### **Risk relating to the business operations of the Company**

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

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

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

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

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



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

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

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

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

### **Strategic development risks**

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

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

### **Risks related to the management of the company**

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

- ◆ Poor investment management and liquidity management decisions by either top management or other senior employees;
- ◆ Inability to launch and execute new projects under development;
- ◆ Possible information system errors;
- ◆ Possible external control failures;

- ◆ Departure of key employees and inability to retain and hire qualified personnel;
- ◆ Possible jump in SG&A expense, leading to shrinkage in overall margins and profitability levels.

## **Financial risk**

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

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

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

## **Currency risk**

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

## **Liquidity Risk**

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

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



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

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

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

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

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

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

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

## **RISK MANAGEMENT**

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

- ♦ Market share, pricing policy and marketing researches for the development of the market and the market share;

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

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

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

Risk management in the Group aims to:

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

Date: 30 January 2018

**Asen Minchev,**

*Executive Member of the  
Management Board*

**Eurohold Bulgaria AD**  
**Statement of profit or lost and other comprehensive income**  
**For the period ended December 31, 2017**

		31.12.2017	31.12.2016
	Notes	BGN '000	BGN '000
<b>Revenue from operating activities</b>			
Dividend income	3	265	245
Gains from financial activities	4	1 346	15 506
Interest income	5	2 437	917
		<b>4 048</b>	<b>16 668</b>
<b>Expenses on operating activities</b>			
Interest expenses	6	(17 456)	(10 067)
Losses on financial activities	7	(2 236)	(1 015)
Salaries and related expenses		(368)	(335)
Depreciation		(7)	(8)
Hired services and other expenses	8	(1 491)	(1 694)
		<b>(21 558)</b>	<b>(13 119)</b>
<b>Profit/(Loss) from operating activities</b>		<b>(17 510)</b>	<b>3 549</b>
Other revenue/expenses	9	241	(1 240)
<b>Profit/(Loss) before tax</b>		<b>(17 269)</b>	<b>2 309</b>
Tax expenses		-	-
<b>Profit/(Loss) after tax</b>		<b>(17 269)</b>	<b>2 309</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(17 269)</b>	<b>2 309</b>

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.01.2018

**Eurohold Bulgaria AD**  
**Statement of financial position**  
**As at December 31, 2017**

		31.12.2017	31.12.2016
	Notes	BGN '000	BGN '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Machinery and equipment	10	16	21
Receivables from related parties	11	5 129	29 427
Trade and other receivables	12	72	9 779
		<b>5 217</b>	<b>39 227</b>
<b>Investments</b>			
Investments in subsidiaries, associated and other companies	13	<b>539 529</b>	<b>485 693</b>
<b>Currents assets</b>			
Trade receivables	14	31	33
Receivables from related parties	15	1 593	537
Other currents receivables	16	11 343	9 137
Cash and cash equivalents	17	546	281
		<b>13 513</b>	<b>9 988</b>
<b>TOTAL ASSETS</b>		<b>558 259</b>	<b>534 908</b>

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

**Eurohold Bulgaria AD**  
**Statement of financial position (continued)**  
**As at December 31, 2017**

	Notes	31.12.2017 BGN '000	31.12.2016 BGN '000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	197 526	127 345
Share premium		49 568	38 714
General reserves		7 641	7 641
Retained earnings		100 605	99 909
Profit for the period		(17 269)	2 309
<b>Total equity</b>		<b>338 071</b>	<b>275 918</b>
Subordinated debts	19	-	53 695
<b>Total equity and subordinated debts</b>		<b>338 071</b>	<b>329 613</b>
<b>Non-current liabilities</b>			
Borrowings	20	21 123	24 643
Bond liabilities	21	141 035	111 863
Related parties liabilities	22	2 592	3 878
Other non-current liabilities	23	36	1 907
		<b>164 786</b>	<b>142 291</b>
<b>Current liabilities</b>			
Borrowings	24	51 939	44 965
Trade payables	25	944	373
Related parties liabilities	26	216	16 262
Other current liabilities	27	2 303	1 404
		<b>55 402</b>	<b>63 004</b>
<b>Total liabilities</b>		<b>220 188</b>	<b>205 295</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>558 259</b>	<b>534 908</b>

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.01.2018

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

**Eurohold Bulgaria AD**  
**Statement of cash flows**  
**For the period ended December 31, 2017**

		31.12.2017	31.12.2016
	Notes	BGN '000	BGN '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) before tax</b>		<b>(17 269)</b>	<b>2 309</b>
Adjusted for:			
Depreciation		7	8
Interest income	5	(2 437)	(917)
Interest expenses	6	17 456	10 067
Dividend income	3	(265)	(245)
Gains from sale of investments		(351)	(14 557)
Adjustments in working capital:			
Change in trade and other receivables		(3 260)	(8 799)
Change in trade and other payables		1 558	10 128
<b>Net cash flows from operating activities</b>		<b>(4 561)</b>	<b>(2 006)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(54 000)	(105 967)
Receipts from the sale of investments		-	15 455
Dividends received		265	245
Other cash receipts/ payments from investing activities		(100)	(853)
<b>Net cash used by investing activities</b>		<b>(53 835)</b>	<b>(91 120)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of new shares		81 035	-
Proceeds from loans		381 315	202 398
Repayments of loans		(397 837)	(102 410)
Interest and commissions paid, net		(4 380)	(6 330)
Dividends paid		(1 472)	(326)
Other cash receipts/ payments from financing activities		-	(37)
<b>Net cash generated/(used) by financing activities</b>		<b>58 661</b>	<b>93 295</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>265</b>	<b>169</b>
Cash and cash equivalents at the beginning of the period	17	281	112
<b>Cash and cash equivalents at the end of the period</b>	17	<b>546</b>	<b>281</b>

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.01.2018

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

**Eurohold Bulgaria AD**  
**Statement of changes in equity**  
**For the period ended December 31, 2017**

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings BGN '000	Total Equity BGN '000
<b>Balance as at 1 January 2016</b>	<b>127 345</b>	<b>7 641</b>	<b>38 714</b>	<b>100 275</b>	<b>273 975</b>
Profit for the period	-	-	-	2 309	<b>2 309</b>
Dividends	-	-	-	(366)	<b>(366)</b>
Other comprehensive income for the period	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>127 345</b>	<b>7 641</b>	<b>38 714</b>	<b>102 218</b>	<b>275 918</b>
<b>Balance as at 1 January 2017</b>	<b>127 345</b>	<b>7 641</b>	<b>38 714</b>	<b>102 218</b>	<b>275 918</b>
Share capital increase	70 181	-	10 854	-	<b>81 035</b>
Profit for the period	-	-	-	(17 269)	<b>(17 269)</b>
Dividends	-	-	-	(1 613)	<b>(1 613)</b>
Other comprehensive income for the period	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>83 336</b>	<b>338 071</b>

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.01.2018



# Notes to the Separate Interim Financial Statements for 2017

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

## 1. INFORMATION ABOUT THE GROUP

Eurohold Bulgaria AD is a public joint stock company established pursuant to the provisions of article 122 of the Law for Public Offering of Securities and article 261 of the Commerce Act.

The company is registered in the Sofia City Court under corporate file 14436/2006 and is formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court.

Eurohold Bulgaria has its seat and registered address in the city of Sofia, Iskar Region, 43 Hristofor Kolumb Blvd., EIK 175187337.

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

### 1.1 Scope of Activities

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

## 2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

### 2.1 Basis for Preparation of the Financial Statement

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

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

The financial statements are drafted in compliance with the historic cost principle, excluding those financial instruments and financial liabilities, which are measured at fair value. The financial statements are prepared in compliance with the principle of the going concern, which assumes that the company will continue its operations in the near future.

### 2.2 Comparative Data

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

## 2.3 Functional and Reporting Currency

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

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

## 2.4 Accounting Assumptions and Accounting Estimates

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

## 2.5 Income

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

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

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

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

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

- Income from operations with investments
- Income from dividends

- Income from loan interest granted to subsidiaries
- Income from Services

## 2.6 Expenses

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

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

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

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

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

## 2.7 Interest

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

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

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

## 2.8 Fees and Commissions

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

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

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

## 2.9 Types of Activities

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

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

### Insurance and Health Insurance line:

- Insurance services
- Health insurance services
- Life insurance services

### Leasing line:

- Leasing services
- Car rentals

### • Financial line:

- Investment intermediation

### Automobile line:

- Sales of new cars
- Car repairs

## 2.10 Business Combinations and Goodwill

Business combinations are reported by using the purchase method. This method requires the

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

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

## 2.11 Taxes

### Income Tax

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

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

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

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2016 is 10% of the taxable profit.

## Deferred Tax

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

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

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

Based on IAS 12, Income Taxes, the Company recognizes only the portion of a current tax asset or liability from the acquisition or sale of financial instruments for which the Company expects to realize a reverse benefit in the foreseeable future, or does not control the timing of the reverse benefit. The Company's policy applies equally to each class of financial instruments.

## VAT

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

## Withholding tax

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

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

## 2.12. Fixed Assets

### 2.12.1 Fixed Tangible Assets

Fixed tangible assets are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.

The company has fixed the 2017 value capitalization threshold to BGN 700, under which acquired assets, regardless if they have the

characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

## Initial Acquisition

Fixed tangible assets are initially measured:

- at acquisition cost, which includes: purchase price (including duties and nonrefundable taxes), all direct costs for bringing the asset into working condition according to its purpose – for assets acquired from external sources;
- at fair value: for assets obtained as a result of a charitable transaction;
- at evaluation: approved by the court and all direct costs for bringing the asset into working condition according to its purpose – for assets acquired as a contribution of physical assets.

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

## Further Measurement

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

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

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

### 2.12.2 Amortization Methods

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

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future

intentions for use and the probable moral aging.

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

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

### 2.12.3 Impairment

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

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

### 2.12.4 Fixed Intangible Assets

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

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

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

### 2.12.5 Investment Property

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

Investment property is measured at fair value.

### 2.12.6 Goodwill

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

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

### 2.13 Employment Benefits

#### Annual Paid Leave

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

### 2.14 Financial Assets

#### 2.14.1 Investments in Financial Assets

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

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

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

#### Conditional Remuneration

The remuneration that the acquirer transfers to the acquiree in exchange for a company includes any asset or liability arising from the arrangement under consideration. The acquirer shall recognize the fair value of the contingent consideration at the acquisition date as part of the consideration transferred to the acquiree in exchange for the company.

The acquirer shall classify an obligation to pay the remuneration condition as a liability or as own equity on the basis of the definitions of an equity instrument and financial liability in paragraph 11 of IAS 32, Financial Instruments: presentation and other applicable IFRS regulations.

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

#### **2.14.2 Investments in Financial Instruments**

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

The company classifies its financial instruments at their initial recognition.

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

#### **Financial Assets at Fair Value in Profit or Loss**

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

#### **Investments Held-to-Maturity**

Investments held-to-maturity are financial assets, which are non-derivative and have fixed or determinable payments and fixed maturity, that the company has the positive intention and ability to hold to maturity. Initially, these investments are recognized at acquisition cost, which includes the amount of consideration paid for acquisition of the investment. All transaction costs directly related to the acquisition are also included in the acquisition cost.

After the initial measurement, held-to-maturity investments are carried at amortized cost by using the method of the effective interest rate.

Gains and losses from held-to-maturity investments are recognized in the statement of profit or loss and other comprehensive income when the investment is derecognized or impaired.

#### **Loans and Other Receivables**

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

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

#### **Financial Assets Available for Sale**

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

## Derivative Financial Instruments

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

### 2.15 Inventory

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

### 2.16 Short-Term Receivables

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

### 2.17 Liability Provisions

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

### 2.18 Deferred Tax Liabilities

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

### 2.19 Equity

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

### 2.20 Liabilities

Financial liabilities are recognized during the loan period with the amount of gained proceeds, principal, less the transaction expenses.

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

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

## 2.21 Financial Risk Management

### 2.21.1 Factors Determining Financial Risk

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

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

### Currency Risk

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

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



### Interest Risk

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

The interest rates are specified in the respective appendixes.

### Credit Risk

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

### Liquidity Risk

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

The company's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

### 2.22 Measuring Fair Values

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

## 2.23 Cash Flows

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

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

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

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

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

<b>3. Dividend income</b>	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Euro-Finance AD	265	245
	<b>265</b>	<b>245</b>
<b>4. Gains from financial activities</b>	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Gains from sale of investments	1 324	15 455
Foreign exchange gains	22	51
	<b>1 346</b>	<b>15 506</b>
<b>5. Interest income</b>	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Interest income – from related party loans	1 584	18
Interest income – from subordinated term loan	694	696
Interest income – from third party loans	159	203
	<b>2 437</b>	<b>917</b>
<b>5.1 Interest income on loans granted to subsidiaries</b>	31.12.2017 <i>ХИЛ. ЛВ.</i>	31.12.2016 <i>ХИЛ. ЛВ.</i>
Avto Union AD	675	17
Euroins Insurance Group AD	909	1
	<b>1 584</b>	<b>18</b>

**6. Interest expense**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Interest expense – bank loans and non-bank financial institutions	5 401	3 562
Interest expense – bonds	10 805	214
Interest expense – from related party loans	187	487
Interest expense – from third party loans	1 063	5 804
	<b>17 456</b>	<b>10 067</b>

**6.1 Interest expense on loans granted to subsidiaries**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Euroins Insurance Group AD	-	101
Avto Union AD	-	6
Avto Union Service EOOD	-	41
Eurolease Group EAD	1	1
Eurolease Auto EAD	186	338
	<b>187</b>	<b>487</b>

**7. Losses on financial activities**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Losses on sale of investments	973	898
Other financial expenses	1 263	117
	<b>2 236</b>	<b>1 015</b>

**8. Hired services and other expenses**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Hired services expenses	1 325	1 374
Other expenses	166	320
	<b>1 491</b>	<b>1 694</b>

**9. Other revenue/expenses**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Revenue/expenses from revaluation	-	(1 500)
Other revenue	241	260
	<b>241</b>	<b>(1 240)</b>

**10. Property, plant and equipment**

	Vehicles	Fixtures and fittings	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
<b>Cost:</b>			
At 1 January 2016	<b>16</b>	<b>60</b>	<b>76</b>
Additions	20	3	<b>23</b>
Disposals	(16)	-	<b>(16)</b>
At 31 December 2016	<b>20</b>	<b>63</b>	<b>83</b>
Additions	-	2	<b>2</b>
Disposals	-	-	-
<b>At 31 December 2017</b>	<b>20</b>	<b>65</b>	<b>85</b>
<b>Depreciation:</b>			
At 1 January 2016	<b>14</b>	<b>56</b>	<b>70</b>
Accrued depreciation	4	4	<b>8</b>
Written-off	(16)	-	<b>(16)</b>
At 31 December 2016	<b>2</b>	<b>60</b>	<b>62</b>
Accrued depreciation	4	3	<b>7</b>
Written-off	-	-	-
<b>At 31 December 2017</b>	<b>6</b>	<b>63</b>	<b>69</b>
<b>Carrying value:</b>			
<b>At 1 January 2016</b>	<b>2</b>	<b>4</b>	<b>6</b>
<b>At 31 December 2016</b>	<b>18</b>	<b>3</b>	<b>21</b>
<b>At 31 December 2017</b>	<b>14</b>	<b>2</b>	<b>16</b>

**11. Long-term receivables from related parties**

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
<b><i>Loan principal</i></b>		
Euroins Insurance Group AD – subordinated term loan	-	19 500
Euroins Insurance Group AD	-	1 171
Avto Union AD	5 129	8 756
	<b>5 129</b>	<b>29 427</b>

**12. Trade and other receivables**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Loans granted	<b>72</b>	9 779
Trade and other receivables	-	-
	<b>72</b>	<b>9 779</b>

**13. Investments in subsidiaries, associates and other companies****13.1 Investments in subsidiaries**

	Value as at 1.1.2017 <i>BGN'000</i>	Increase <i>BGN'000</i>	Decrease <i>BGN'000</i>	Value as at 31.12.2017 <i>BGN'000</i>	Share capital of the subsidiary <i>BGN'000</i>	% control in the subsidiary <i>BGN'000</i>
Euroins Insurance Group AD	373 232	47 500	-	420 732	481 483	89.36%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	18 145	6 500	-	24 645	27 100	99.99%
Eurolease Group EAD	27 368	-	-	27 368	27 241	100.00%
	<b>485 520</b>	<b>54 000</b>	-	<b>539 520</b>		

**13.2 Investments in associates**

	Value as at 1.1.2017 <i>BGN'000</i>	Increase <i>BGN'000</i>	Decrease <i>BGN'000</i>	Value as at 31.12.2017 <i>BGN'000</i>
Juliunica AD	1	-	(1)	-
	<b>1</b>	-	<b>(1)</b>	-

**13.3 Investments in other companies**

	Value as at 1.1.2017 <i>BGN'000</i>	Increase <i>BGN'000</i>	Decrease <i>BGN'000</i>	Value as at 31.12.2017 <i>BGN'000</i>
Greenhouse Properties AD	162	-	(162)	-
Sevko AD	9	-	-	9
Hebar AD	1	-	(1)	-
	<b>172</b>	-	<b>(163)</b>	<b>9</b>

**14. Trade receivables**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Trade receivables	21	21
Tax receivables	10	12
	<b>31</b>	<b>33</b>

**15. Receivables from related parties**

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
<b>15.1 Interest receivables</b>		
Avto Union AD	686	11
Bulvaria Holding EAD	1	1
Euroins Insurance Group AD	659	374
	<b>1 346</b>	<b>386</b>

**15.2 Other receivables**

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Italia EAD	2	32
Avto Union Service EOOD (Espas Auto EOOD)	33	16
Bulvaria Varna EOOD	12	3
Daru Car AD	38	55
Euroins AD	51	31
Euroins - Romania	102	10
Eurolease Auto EAD	1	-
Autoplaza EAD	5	-
Star Motors EOOD	3	4
	<b>247</b>	<b>151</b>

**16. Other current receivables**

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
Receivables from sale of investments	950	8
Loans	9 779	
Interest receivables on loans	176	519
Interest receivables on subordinated term loan	120	118
Deferred expenses	5	391
Other receivables	313	8 101
	<b>11 343</b>	<b>9 137</b>

**17. Cash and cash equivalents**

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
Cash at banks	515	260
Cash in hand	17	15
Short-term deposits	14	6
	<b>546</b>	<b>281</b>

**18. Share capital**

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Issued shares	197 525 600	127 345 000

All ordinary shares are fully paid.

The share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	54,20%	107 051 956	107 051 956
KJK Fund II Sicav-Sif Balkan Discovery	12,46%	24 616 873	24 616 873
Other companies	30,62%	60 472 589	60 472 589
Other individuals	2,72%	5 384 182	5 384 182
	<b>100.00%</b>	<b>197 525 600</b>	<b>197 525 600</b>

**19. Subordinated debts**

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Shareholders	-	30 120
Other entities	-	23 575
	<b>-</b>	<b>53 695</b>

**20. Non-current borrowings**

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Accession Mezzanine	-	-
International Investment Bank	21 123	24 643
	<b>21 123</b>	<b>24 643</b>

**Analysis of borrowings from financial institutions:**

Bank	Type	Currency	Size contracted	Balance as at 31.12.2017	Balance as at 31.12.2016	Interest rate	Maturity date	Security
Accession Mezzanine	Loan - Principal	EUR	15,000,000 €	3,510,000 €	7,286,615 €	8.70%	12.2017	Pledge on shares
International Investment Bank	Loan - Principal	EUR	15,000,000 €	13,800,000 €	15,000,000 €	7,5%+3m EURIBOR	12.2021	Pledge on shares



**21. Bond liabilities**

	31.12.2017 BGN'000	31.12.2016 BGN'000
EMTN Programme in EUR	120 258	91 924
EMTN Programme in PLN	20 777	19 939
	<b>141 035</b>	<b>111 863</b>

**Analysis of Bond liabilities:**

Type	Currency	Size contracted	Balance as at 31.12.2017	Balance as at 31.12.2016	Interest rate	Maturity date
EMTN Programme	EUR	70,000,000	120 258	91 924	6.50%	12.2022
EMTN Programme	PLN	45,000,000	20 777	19 939	8.00%	12.2021

**22. Related parties' liabilities**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Starcom Holding AD	-	520
Eurolease Auto EAD	2 576	3 342
Eurolease Group EAD	16	16
	<b>2 592</b>	<b>3 878</b>

**23. Other non-current liabilities**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Non-current loans from third parties	36	1 907
	<b>36</b>	<b>1 907</b>

**24. Current borrowings**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Accession Mezzanine	6 865	14 251
International Investment Bank	5 867	4 694
Other	39 207	26 020
	<b>51 939</b>	<b>44 965</b>

**25. Trade payables**

	31.12.2017 BGN'000	31.12.2016 BGN'000
Trade payables	892	327
Payables to employees and social security institutions	52	46
	<b>944</b>	<b>373</b>

**26. Related parties liabilities****26.1 Interest payables**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Starcom Holding AD	-	861
Eurolease Auto EAD	157	20
Eurolease Group EAD	8	7
Avto Union Service EOOD	-	20
	<b>165</b>	<b>908</b>

**26.2. Current borrowings**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Starcom Holding AD	18	15 330
	<b>18</b>	<b>15 330</b>

**26.3 Other payables**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Eurolease Auto EAD	17	10
Sofia Motors EOOD	9	9
Bulvaria Holding EAD	7	5
	<b>33</b>	<b>24</b>

**27. Other current liabilities**

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Payables for acquisition of investments	18	43
Interest payables	314	714
Interest payables on issued bonds	1 450	214
Tax payables	272	337
Dividend payables	218	85
Other liabilities	31	11
	<b>2 303</b>	<b>1 404</b>

**28. Events after the reporting period.**

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

**Asen Minchev**

Executive member of the BD

**Hristo Stoev**

Procurator

Eurohold Bulgaria AD,

30.01.2018

## INSIDE INFORMATION

**pursuant to Article 7 of Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April in respect of circumstances occurring during the reporting period**

*EUROHOLD BULGARIA AD has disclosed the following information:*

**9 January, 2018**

Notification pursuant to Article 148b of POSA;

**4 January, 2018**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**2 January, 2018**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**29 December, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**22 December, 2017**

THE CAPITAL INCREASE OF EUROHOLD BULGARIA AD COMPLETED SUCCESSFULLY (News Release);

**18 December, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**14 December, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**12 December, 2017**

Euroins doubled its capital to 32.5 mln euro (News Release);

**12 December, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**1 December, 2017**

Eurohold issued euro notes worth EUR 70 million (News Release);

**17 November, 2017**

Euroins Insurance Group to buy a Russian insurer (News Release);

**3 November, 2017**

Eurohold enters in a procedure of capital increase;

**1 November, 2017**

Strong growth for Eurohold's main business (News Release);

**31 October, 2017**

Interim Consolidated Financial Report for Q3'2017:

1. Interim Consolidated Financial Statements as of 30 September 2017, IFRS;
2. Notes to the Consolidated Interim Financial Statements for Q3'2017;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**31 October, 2017**

Interim Financial Report for Q3'2017:

1. Interim Financial Statements as of 30 September 2017, IFRS;
2. Notes to the Interim Financial Statements for Q3'2017;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**31 October, 2017**

Communication under Art. 92a of the Public Offering of Securities Act announcing the beginning of the public offering of shares from the capital increase of Eurohold Bulgaria AD;

**3 October, 2017**

Minutes from the extraordinary session of GMS of Eurohold Bulgaria AD, held on 02.10.2017;

**2 October, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**20 September, 2017**

Minutes from the extraordinary session of GMS of Eurohold Bulgaria AD, held on 19.09.2017;

**15 September, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**13 September, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**12 September, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**8 September, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**1 September, 2017**

Notice and materials for the extraordinary session of GMS of Eurohold Bulgaria, 02.10.2017;

**28 August, 2017**

Eurohold's shareholders will vote for a capital hike and a bond issue (News Release);

**18 August, 2017**

Notice and materials for the extraordinary session of GMS of Eurohold Bulgaria, 19.09.2017;

**1 August, 2017**

Eurohold's main business grows strongly in H1 2017 . (News Release);

**31 July, 2017**

Credit Rating;

**31 July, 2017**

Disclosure of changes in the composition of the management bodies of the company;

**31 July, 2017**

Interim Consolidated Financial Report for H1'2017:

1. Interim Consolidated Financial Statements as of 30 June 2017, IFRS;
2. Notes to the Consolidated Interim Financial Statements for H1'2017;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**31 July, 2017**

Interim Financial Report for H1'2017:

1. Interim Financial Statements as of 30 June 2017, IFRS;
2. Notes to the Interim Financial Statements for H1'2017;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**5 July, 2017**

Euroins Romania got regulatory approval to acquire the non-life portfolio of ATE Insurance (News Release);

**5 July, 2017**

Notification of cash dividend;

**5 July, 2017**

Minutes from the Annual GMS of Eurohold Bulgaria AD, held on 30.06.2017;

**4 July, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**4 July, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**3 July, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**29 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**28 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**26 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**22 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**21 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**19 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**9 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**9 June, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

**8 June, 2017**

Euroins merged its health insurance company into its subsidiary EIG Re (News Release);

**30 May, 2017**

Notice and materials for the Annual session of GMS of Eurohold Bulgaria, 30.06.2017;

**22 May, 2017**

Interim Consolidated Financial Report for Q1'2017:

1. Interim Consolidated Financial Statements as of 31 March 2017, IFRS;
2. Notes to the Consolidated Interim Financial Statements for Q1'2017;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**12 May, 2017**

Minutes from the extraordinary session of GMS of Eurohold Bulgaria AD, held on 09.05.2017;

**5 May, 2017**

Annual Financial Report for the year ended on 31 December 2016:

1. Annual Consolidated Financial Report as of 31 December 2016, IFRS;
2. Notes to the Annual Consolidated Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2016;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declarations;

### **5 May, 2017**

EIG expects BGN 700 million in premiums for 2017 (News Release);

### **3 May, 2017**

Interim Financial Report for Q1'2017:

1. Interim Financial Statements as of 31 March 2017, IFRS;
2. Notes to the Interim Financial Statements for Q1'2017;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

### **6 April, 2017**

Notice and materials for the extraordinary session of GMS of Eurohold Bulgaria, 09.05.2017;

### **6 April, 2017**

EIG to launch buyout bid for Bulgaria's Euroins Insurance (News Release);

### **4 April, 2017**

Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

### **31 March, 2017**

Annual Financial Report for the year ended on 31 December 2016:

1. Annual Financial Report as of 31 December 2016, IFRS;
2. Notes to the Annual Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2016 ;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declarations;

### **2 March, 2017**

Notification of Major Shareholdings;

### **27 February, 2017**

Interim Consolidated Financial Report for Q4'2016:

1. Interim Consolidated Financial Statements as of 31 December 2016, IFRS;
2. Notes to the Consolidated Interim Financial Statements for Q4'2016;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;



**20 February, 2017**

Notification of Major Shareholdings;

**16 February, 2017**

Realized sales in January'2017 by the companies in the group of Eurohold;

**8 February, 2017**

THE CAPITAL INCREASE OF EUROHOLD BULGARIA AD COMPLETED SUCCESSFULLY (News Release);

**3 February, 2017**

Euroins has successfully finalized its plan for capitalizing its business (News Release);

**30 January, 2017**

Interim financial Report for Q4'2016:

1. Interim Financial Statements as of 31 December 2016, IFRS;
2. Notes to the Interim Financial Statements for Q4'2016;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Inside Information;
6. Additional Information;
8. Declarations;

**20 January, 2017**

Euroins Romania acquires the non-life portfolio of ATE Insurance Romania S.A. (News Release);

**16 January, 2017**

Realized sales in December'2016 by the companies in the group of Eurohold;

**5 January, 2017**

Minutes from the extraordinary session of GMS of Eurohold Bulgaria AD, held on 30.12.2016.

30.01.2018

**Asen Minchev,**

*Executive Member of the Management Board  
of Eurohold Bulgaria AD*

## **ADDITIONAL INFORMATION TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR 2017**

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

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

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

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

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

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

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

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

No estimates of financial results of the company have been published for 2017.

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

	<b>Shareholder</b>	<b>Number of shares</b>	<b>% participation</b>
1.	Starcom Holding AD	107 051 956	54.20%
3.	KJK Fund II Sicav-Sif Balkan Discovery	24 616 873	12.54%

- 6. Data of the shares, held by the management and supervisory bodies of the issuer at the end of the respective three months and changes, which took**

place since the end of the previous three months period for each person individually.

	<b>Shareholder</b>	<b>Number of shares</b>	<b>% participation</b>
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Assen Emanuilov Assenov	78,000	0.05%

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

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

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

#### Long-term related parties liabilities

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
Starcom Holding AD	-	520
Eurolease Auto EAD	2 576	3 342
Eurolease Group EAD	16	16
	<b>2 592</b>	<b>3 878</b>

#### Short-term related parties liabilities

	31.12.2017 <i>BGN'000</i>	31.12.2016 <i>BGN'000</i>
<b>1. Interest payables</b>		
Starcom Holding AD	-	861
Eurolease Auto EAD	157	20
Eurolease Group EAD	8	7
Avto Union Service EOOD	-	20
	<b>165</b>	<b>908</b>

## 2. Current borrowings

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	18	15 330
	<b>18</b>	<b>15 330</b>

## 3. Other payables

	31.12.2017	31.12.2016
	<i>BGN'000</i>	<i>BGN'000</i>
Eurolease Auto EAD	17	10
Sofia Motors EOOD	9	9
Bulvaria Holding AD	7	5
	<b>33</b>	<b>24</b>

Date:  
30.01.2018 г.

**Asen Minchev,**  
Executive Director of Eurohold Bulgaria AD

## **INFORMATION ACCORDING TO ANNEX 9**

**according to the requirements of Article 33, paragraph 1, item 3 of  
ORDINANCE № 2 of 17.09.2003 on prospectuses for public offering  
and admission to trading on a regulated securities market and for  
the disclosure of information**

- 1. There has no change of persons exercising a control over the Company**
- 2. Opening of insolvency proceedings for the company or its subsidiary and all essential stages of the proceedings**

No insolvency proceedings have been opened for the company or its subsidiary

- 3. Conclusion or execution of significant transactions**

There are no other significant transactions other than those adopted at extraordinary GMS meetings held in 2017 (<http://eurohold.bg/02-10-2017-668.html> )

- 4. No decision on the conclusion or termination of the joint venture agreement**
- 5. Change in company auditors and reasons for change**

At its annual meeting held on June 30, 2017, the General Meeting of the Shareholders of Eurohold Bulgaria AD selected a specialized auditing company of the company for 2017 "HLB Bulgaria" Ltd.

- 6. No court or arbitration case relating to the debts or claims of the company or its subsidiary has been initiated or terminated at a purchase price of at least 10% of the capital of the company**
- 7. There is no purchase, sale or pledge of shareholdings in commercial companies by the issuer or its subsidiary**
- 8. There are no other circumstances that the Company believes could be relevant to investors in taking a decision to acquire, sell or continue to hold publicly-traded securities**

Date:30.01.2018 г.

**Asen Minchev,**  
*Executive Director of Eurohold Bulgaria AD*

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

The undersigned,

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

**hereby DECLARE that to our best knowledge:**

1. The set of interim financial statements for Q4' 2017, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The interim management report of Eurohold Bulgaria AD for Q4' 2017 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

