Eurohold Bulgaria AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS (REVIEWED)

1 January - 30 June 2016

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CONSOLIDATED INTERIM MANAGEMENT REPORT

containing information on important events occurred in first half of 2016 in accordance with Art. 100o, para. 4, item 2 of the POSA

EUROHOLD BULGARIA

(Financial results on consolidated base)

For H1'2016 Eurohold Bulgaria registered a consolidated profit in amount of BGN 16.9 million compared to a loss in amount of BGN 2.7 million for the same period in 2015. For the observed period the distribution of financial result was as follows: for the Group – a profit in amount of BGN 15.2 million; Non-controlling interest – a profit in amount of BGN 1.7 million. Respectively for the first half of 2015: The Group realized a loss in amount of BGN 2.9 million and non-controlling interest – a profit in amount of BGN 0.2 million.

The consolidated gross profit of the Group Eurohold as of the end of first half of 2016 increased significantly by 68.7% and amounted to BGN 53.9 million compared to BGN 32 million as of 30th of June 2015. The consolidated EBITDA increased by BGN 20.7 million and amounted to BGN 26.5 million compared to EBITDA for H1'2015 that amounted to BGN 5.8 million.

The consolidated results from operating activities

According to the consolidated financial statements for H1'2016, the consolidated income from operating activities of Eurohold Bulgaria AD increased by BGN 24.7 million reaching BGN 515.1 million.

The operating expenses increased only by BGN 1 million - from BGN 460.2 million reaching BGN 461.2 million.

As of the end of first half of 2016 the rate of increase in consolidated operating revenues compared to the previous period of 2015 exceeds by BGN 22 million the registered growth in operating revenues.

The consolidated operating results by types of activities

Insurance activities

The revenues from insurance business increased by 2.8% (BGN 11.2 million) as for the current period amounted to BGN 408.7 million.

The registered operating expenses for insurance business increased by only 1.3% and amounted to BGN 387.5 million for the current period compared to BGN 382.4 million as of the end of the comparable period in 2015.

For H1'2016 the insurance sub-holding Euroins Insurance Group realized consolidated operating profit in amount of BGN 21.2 million.

Automotive activities

The revenues from automotive activities amounted to BGN 75.9 million decreasing by BGN 3 million.

The operating expenses for car sales and sales of spare parts decreased by BGN 3.6 million and reached BGN 65.7 million.

For H1'2016 the automotive division realized the consolidated operating profit in amount of BGN 10.2 million.

Leasing activities

The revenues from leasing operations amounted to BGN 9.1 million as they increased by 7.8% or BGN 0.7 million.

The expenses from leasing operations decreased by BGN 0.3 million – from BGN 2.5 million to BGN 2.2 million.

For H1'2016 the leasing division realized consolidated operating profit in amount of BGN 7 million.

Investment brokerage

The revenues from investment brokerage decreased by BGN 1.2 million to BGN 5.5 million as of the end of current period.

The expenses for investment brokerage decreased by BGN 1 million for the period.

The operating result from investment brokerage activities amounted to BGN 0.6 million.

Parent company

For the first six months of 2016 Eurohold Bulgaria AD realized revenues in amount of BGN 15.8 million.

The operating expenses amounted to BGN 0.9 million.

The result from operating activities amounted to BGN 14.9 million.

The operating results by types of activities on a standalone basis

The table below represents the information regarding the revenues of the subsidiaries as of 30 June 2016 compared to 30 June 2015. It also gives a comparison of EBITDA, realized by the subsidiaries of Eurohold for the current and for the previous period.

Revenue by segments	H1.2016 *000'BGN*	H1.2015 *000'BGN*
Insurance and health assurance	408 990	397 714
Automotive business	79 230	82 625
Leasing services	9 869	9 275
Asset management and brokerage services	5 984	7 009
Parent company	16 144	1 658
Total revenue by segments	**520 217**	**498 281**
Intragroup eliminations	*(5 128)*	*(6 167)*
Consolidated revenue after eliminations, including:	**515 089**	**492 114**

EBITDA by segments	H1.2016 *000'BGN*	H1.2015 *000'BGN*
Insurance and health assurance	8 562	401
Automotive business	2 512	1 635
Leasing services	1 443	1 710
Asset management and brokerage services	264	367
Parent company	14 316	1 223
Total without eliminations	**27 097**	**5 336**
Intragroup eliminations	*(593)*	*444*
Total EBITDA	**26 504**	**5 780**

The revenues of all companies in the Group realized growth, namely an increase in revenue from operations by 4.4% or BGN 21.9 million before reporting intra-group eliminations and respectively by 4.7% or BGN 23 million in their reporting.

The consolidated result from other operations

The net consolidated expenses and expenses for amortization of entities in the group Eurohold amounted respectively to BGN 6.2 million and BGN 3.4 million, while in comparable period they amounted to BGN 5.1 million and BGN 3.6 million. The other expenses increased by BGN 1.2 million and reached BGN 27.4 million.

Assets and liabilities

The consolidated assets as of 30th of June 2016 amounted to BGN 1.03 billion compared to BGN 979.4 million as of 31 December 2015.

The cash and deposits increased by BGN 39 million to BGN 126.2 million. The receivables decreased by BGN 21.8 million for the period reached BGN 391.9 million. The other assets increased by BGN 33.3 million and amounted to BGN 223.6 million, including financial assets recorded the highest growth increasing by BGN 30.6 million up to BGN 134.3 million.

The consolidated equity of the Group Eurohold increased by BGN 5.5 million and as of the end of first half of 2016 amounted to BGN 97.2 million compared to BGN 91.7 million as of the end of December 2015. The consolidated equity for non-controlling interest increased by BGN 8.2 million for the period and amounted to BGN 35.7 million.

Following the policy for capital strengthening of its insurance sub-holding, the management has taken the appropriate capital measures at Eurohold level. Existing obligations were renegotiated into subordinated debt effectively as of 30th June 2016. The total amount of subordinated debt at the end of the reporting period amounted to BGN 85 million. The transformation of the obligations significantly improves the Debt to Equity ratio of the Group.

The non-current consolidated liabilities decreased by 11% to BGN 160 million compared to BGN 179.9million. A major part of non-current liabilities is liabilities to banks and other financial institutions, issued bonds and as of the end of the accountable period they decreased by BGN 6.7 million.

Liabilities on loans:	H1.2016 *000'BGN*	2015 *000'BGN*	% *Change*
To banks and other nonbank financial institutions	105 306	111 684	-5.7%
On issued bonds	32 691	33 207	-1.6%
Total loans	**137 997**	**144 891**	**-4.8%**

The current liabilities decreased by BGN 8.5 million, from BGN 660.8 to BGN 652.3 million for the current period.

The main part of the current liabilities are the additional insurance reserves in amount of BGN 436.8 million, as for the current reporting period they decreased by BGN 34.1 million compared to the end of 2015. The decrease in insurance reserves was due to the accrued additional technical reserves at the end of 2015 in Euroins Romania as well as in accordance with a decision of the shareholders for the implementation of a new group policy for the calculation of insurance reserves in connection with the entry into force of Solvency II regime. According to the above mentioned decisions at the end of 2015 in the insurance sub-holding were accrued additional technical reserves in amount of BGN 122 million, of which in Euroins Romania was were accrued additional technical reserves in amount of BGN 104 million and there are negative one-off effect. Are expected an increase in average premium, restructuring and improving the risk profile of the portfolio of the insurance group to lead to a positive technical result in the first half of 2016. Even during the reporting period - the first six months, the growth in the insurance business gave a positive impact on the technical result.

Due to the significant growth of the insurance business in recent reporting periods and for support of businesses, the shareholders decided to increase the capital of the insurance group, which is in progress.

In the first quarter of 2015, the capital increase by BGN 5,659,732 of Euroins Bulgaria was made.

Since the end of 2015 has launched the capital increase of Euroins Romania with RON 200 million and currently the amount of the increase was paid in full.

The capital increase of Euroins Insurance Group has increased by BGN 195.58 million, of which currently have been entered BGN 102.1 million.

On 27th of June 2016 Eurohold Bulgaria announced a decision for starting a procedure of capital increase by BGN 84,896,666 by means of issuance of new shares with nominal and issuing value of BGN 1, subject to the provisions of the Public Offering of Securities Act. The capital of the company will be increased only if at least 33,958,667 new shares would be subscribed to and paid in.

EUROINS INSURANCE GROUP

In H1'2016 Euroins Insurance Group (EIG) has realized consolidated gross written premiums of BGN 234.9 million compared to BGN 228.6 million in H1'2015. The Group has registered a consolidated profit of BGN 6.6 million. This significant improvement is predominantly due to the performance of Euroins Romania.

➢ Euroins Bulgaria

In H1'2016 Euroins Bulgaria has reported a total GWP of BGN 56 million compared to BGN 64.5 million written in H1'2015. The reason for the decrease in the written business is the decrease in the active reinsurance. After elimination of the active reinsurance business, the direct business actually grows impressively by nearly 30%. This growth is due to the Freedom of services business written in Greece, the successful integration of HDI Bulgaria and the growth from local brokers. Almost all lines of business are currently growing.

Net claims incurred are down by almost 35%. This is mainly due to the fact that H1'2015 has been significantly impacted by the hail from 2014 on one hand and the improvement in 2016 in the MTPL runoff on another.

Administrative expenses are down by almost 1%, which means that Euroins Bulgaria has managed to stabilize the expenses resulting from the successful operational integration of HDI Bulgaria.

In H1'2016 Euroins Bulgaria has reported a profit for group purposes of BGN 2.6 million, which is mainly related to the performance of the company in net claims incurred.

➢ Euroins Romania

In H1'2016 Euroins Romania has written a total of GWP of BGN 170.9 million, which is a growth of 10.4% compared to the same period of 2015. This increase is mainly due to the MTPL but some of the other lines of business incl. Property, Cargo and A&H are also growing. The growth in MTPL is down to the re-segmentation of the business activities of the company's clients that has been completed in 2014. As a result the company started writing MTPL business in new more profitable segments by implementing a segmentation requirement of at least 3 criteria. Actually the trend observed in 2016 is even more encouraging. Currently Euroins Romania is growing in terms of GWP but actually is achieving that by writing similar number of policies as in 2015, i.e. the average premium is growing as well.

Net claims incurred are growing by 6%. This growth, however, is totally justified due to the gross premium growth being twice as big. This is mainly due to the fading of the negative impact of the runoff in Romania.

For Euroins Romania this is the second consecutive quarter where we can witness the positive effect of the re-segmentation combined with the strengthening of the reserves in 2015. As a result the profit for group purposes rises to BGN 5.5 million.

- **Euroins Macedonia**

In H1'2016 the GWP written by Euroins Macedonia are at the same level as in 2015. All main business lines have registered slight increase: MTPL by 1%, Liability by 21%, Property by 11%.

Net claims incurred are down by 17%. Again as with the other subsidiaries this is due to the conservative approach in our reserving policy in 2015.

Acquisition costs and administrative costs are at the same level as last year.

- **Euroins Life**

Euroins Life has written in H1'2016 a total GWP of BGN 648 thousand.

The management of the company is currently reviewing the products on offer. In addition the company also started offering on the market new life insurance solutions. Their sales, however, are still at the very beginning with the positive portfolio effect yet to be seen.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2016 to 30.06.2016 is a profit amounting to BGN 49 thousand. The result for the same period in 2015 was a loss of BGN 824 thousand.

The number of cars sold for the first half of 2016 has increased by 0.4% as compared to H1'2015. The revenues from sale of vehicles, spare parts and lubricants have decreased by 5% while the revenues from services have decreased by 7.2%.

The operating expenses for H1' 2016 have decreased by 5% as compared to the same period of 2015 or by BGN 583 thousand due to decreased expenses for external services by 14% or BGN 626 thousand as the largest contribution to this have the reduced rental expenses. The other expenses also decreased by 3% or by BGN 17 thousand due to decreased expenses for business trips. The financial expenses decreased by 7.1% or BGN 88 thousand. For the period the revenues from financial operations decreased by 51% compared to previous 2015, or BGN 174 thousand.

As of 30 June 2016 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the group of Eurohold, amounted to 1898 units as compared to 1891 units for H1'2015. According to the Union of the Importers of Automobiles in Bulgaria the market for new PC and LCV has increased by 6.2% for Q1'2016. Avto Union has decreased its market share from 13.7% for H1'2015 to 13% for H1'2016. For the reporting period Opel has a decrease of 12% in Varna and 61% for Sofia. Espace Auto OOD has an decrease in Dacia sales by 2.5% and Renault sales has an increase by 16.7%. Nissan

Sofia AD has a decrease by 17.2%. Auto Italia EAD has increased sales in FIAT by 12.7% and the sales of Alfa Romeo increased by 250%. Maserati registered a decline by 66.7%. Star Motors EOOD have an increase of Mazda sales 42.8% for the reporting period.

Avto Union	**Sales H1'2016**	**H1'2015**	**% Change**
January–June, 2016 (YTD)	1 898	1 891	0.4%
Monthly			
January	155	248	-37.5%
February	334	130	156.9%
March	280	255	9.8%
April	293	461	-36.4%
May	406	271	49.8%
June	430	526	-18.3%

During the reporting period the companies from the automotive holding have concluded fleet contracts for totally 700 vehicles in total amount of BGN 14.8 million, while the number for the same period of previous year was 699 vehicles for BGN 15.7 million.

According to Board decision of Avto Union AD from 29th of March 2016 the capital of Bulvaria Holding AD was increased successfully by BGN 250,000 as at the end of the period amounted to BGN 2,415,000. The capital increase was entered in Commercial Register on 4th of May 2016.

EUROLEASE GROUP

The consolidated financial result of Eurolease Group for the first half of 2016 was a profit in amount of BGN 87 thousand, compared to a profit of BGN 28 thousand for the same period of 2015.

The consolidated interest income decreased by 14.2% to BGN 2,713 thousand compared to BGN 3,162 thousand for the comparable period. The decrease was caused by the general decline in interest rates on the market, as evidenced by the 13.75% reduction in interest expenses. At the end of June 2016 they amounted to BGN 2,077 thousand compared to BGN 2,408 thousand at the end of the first half of 2015.

The consolidated total assets amounted to BGN 96,042 thousand compared to BGN 102,110 thousand as of 31 December 2015.

Consolidated net investment in financial leases decreased by 2.53% to BGN 51,678 thousand in comparison to BGN 53,019 thousand at the end of 2015.

As of 30.06.2016 the payables to other financial institutions decrease by 8.77% to BGN 7,403 thousand compared to BGN 8,115 thousand as of 31 December 2015. The amount is payable by the subsidiary Eurolease Rent A Car to leasing companies that finance its activities.

The bank indebtedness also decreased by 18.07% and amounted to BGN 31,861 thousand at the end of the first half of 2016.

As of 30.06.2016 the payables under debt instruments issued amounted to BGN 29,308 thousand compared to BGN 29,303 thousand at the end of 2015.

The stand-alone financial result of Eurolease Group was a loss in amount of BGN 119 thousand compared to a loss of BGN 69 thousand at the end of the first half of 2015. The total assets of the company amounted to BGN 35,648 thousand.

- **Eurolease Auto Bulgaria**

The financial result of Eurolease Auto Bulgaria for the first half of 2016 was a profit in amount of BGN 322 thousand compared to a profit of BGN 212 thousand for the comparable period of 2015.

For the period the company reported a decrease in net interest income as at the end of June it amounted to BGN 1,113 thousand compared to BGN 1,197 thousand as of 30.06.2015. The decline was compensated by an increase in the fees and commissions; they are BGN 347 thousand as of 30.06.2016 vs BGN 187 thousand for the comparable period.

As of the end of June the total assets of the company amounted to BGN 73,815 thousand compared to BGN 80,414 thousand at the end of 2015.

A decline by 4.21% was reported in net investment in financial leases and as of the end of June 2016 its amounted to BGN 48,132 thousand compared to BGN 50,25 thousand at the end of December 2015. The amount of non-matured receivables on finance leases amounted to BGN 40,017 thousand compared to BGN 43,068 thousand at the end of 2015.

At the end of June 2016 the equity amounted to BGN 21,378 thousand compared to BGN 21,056 thousand as of 31 December 2015.

At the end of the reporting period the total liabilities of the company amounted to BGN 52,437 thousand vs BGN 59,358 thousand as of 31 December 2015.

The company reported 20.55% decrease in bank indebtedness to BGN 24,704 thousand compared to BGN 31,093 thousand as of 31 December 2015.

The payable under debt securities issued amounted to BGN 23,209 thousand vs BGN 23,203 thousand as of the end of 2015. According to a protocol decision No 23 from 23th of June 2016 of the Bulgarian Stock Exchange Sofia AD, the bond issue ISIN BG2100010151 was admitted to trading on the Main market. The first date for trade was 01.07.2016.

- **Eurolease Auto Romania**

The financial result of Eurolease Auto Romania for first half of 2016 was a loss of BGN 39 thousand compared to a loss of BGN 41 thousand for the comparable period in 2015.

The total assets of the company amounted to BGN 1,272 thousand compared to BGN 1,339 thousand as of 31 December 2015.

The total liabilities was BGN 1,874 thousand compared to BGN 1,906 thousand for the previous reporting period.

- **Eurolease Auto Macedonia**

The financial result of Eurolease Auto Macedonia for first half of 2016 is a loss of BGN 98 thousand compared to a loss of BGN 32 thousand for the relative period of 2015.

For the reporting period interest income increased by 6.79% compared to the first half of 2015, reaching BGN 283 thousand.

As of 30th of June 2016 the total assets of the company amounted to BGN 7,346 thousand vs BGN 7,575 thousand as of 31st of December 2015.

As at the end of June 2016 the leasing portfolio amounted to BGN 5,876 thousand.

As a result of the good contacts with most of the dealers, Eurolease Auto Macedonia has a leading position in newly generated business.

The bank indebtedness decreased by 7.72% at the end of the period and amounted to BGN 6,516 thousand compared to BGN 7,061 thousand as of 31 December 2015.

For the reporting period the share capital of Eurolease Auto Macedonia was increased by BGN 98 thousand.

- **Eurolease Rent a Car**

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

Due to its financing policy to use funding from external for the Group leasing companies and repayment of old payables at a higher interest rate, the Company reports 32.20% reduction of interest expenses. During the reporting period they reach BGN 301 thousand compared to BGN 419 thousand as of the end of June 2015.

The total assets of the company amounted to BGN 15,965 thousand for the first half of 2016 compared to BGN 17,010 thousand as of 31 December 2015.

The total liabilities was BGN 14,300 thousand vs BGN 15,314 thousand for the previous period.

- **Autoplaza**

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

In 2015 the Company has expanded the range of services, including import of vehicles for clients, purchase of used vehicle for resale as well as a mediation in sale of vehicle on behalf of third parties. Because of that Autoplaza managed to establish itself in the market of used vehicles and became a recognizable supplier of cars with proven origin.

During the reporting period Autoplaza entered into a few significant deals on the purchase of cars, which provided the company with a wide range of vehicles for sale in the current and the next period.

The financial result of the company for the reporting period was a profit of BGN 43 thousand compared to a loss of BGN 34 thousand for the first half of 2015.

The total assets amounted to BGN 1,143 thousand compared to BGN 884 thousand as of 31 December 2015.

At the end of the first half of 2016 the Company signed a revolving loan agreement with Bulgarian-American Credit Bank AD. The agreed limit amounted to EUR 200 thousand. The amount is going to be used for the purchasing of used vehicles.

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 1 069 thousand for the first six months 0f 2016, generated by:

- Interest income - BGN 208 thousand;
- Other income from main activities – BGN 861 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN 828 thousand.

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

Euro-Finance is an investment intermediary - member of the Frankfurt Stock Exchange, giving direct access to the Xetra® through the trading platform EFOCS. The company offers trading on Forex, indices, equities and precious metals through contracts for difference (CFD) via EF MetaTrader 5 platform.

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

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

EUROHOLD BULGARIA

(Stand alone base)

As of 30 June 2016 the financial result of Eurohold Bulgaria AD on stand alone base is a profit in amount of BGN 9.679 million compared to a loss in amount of BGN 1.126 million for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 15.803 million, of which BGN 15.208 million represented revenues from financial operations. For comparison, as of the end of June 2015 the total revenues amounted to BGN 1.658 million.

The operating expenses increased nearly twice compared to the first half of 2015, from BGN 3.382 million to BGN 6.218 million. The interest expenses marked the highest growth reaching BGN 4.375 million. The expenses for financial operations rose by BGN 0.799 million and the expenses for services - by BGN 0.534 million.

As of the end of H1'2016 the company's assets amounted to BGN 458.246 million compared to BGN 390.534 million as of the end of 2015. The equity increased to BGN 283.288 million while for 2015 the equity amounted to BGN 273.975 million.

During the reporting period, the most significant change in assets was noted in investments in subsidiaries as a result of carried out capital increases of Euroins Insurance Group (EIG) with BGN 61.940 million. EIG increased its capital by BGN 195.58 million according to the GMS decision taken on 19th of November 2015. Currently Eurohold Bulgaria has been transferred above BGN 102 million in EIG. The aim of capital increase was to finance the expansion of EIG, as well as to support its subsidiaries in the region. On 1st of April 2016 the Commercial Register entered the capital increase of EIG increase by BGN 195.58 million as currently amounted to BGN 483 million.

During the reporting period the company's liabilities increased to BGN 174.958 million. For the six-month period the non-current liabilities retained at the same level as at the end of 2015. The amount of current liabilities increased from BGN 32.028 million at the end of 2015 to BGN 90.498 million for the current period. The increase in current liabilities is mainly due to the borrowings from non-financial and other institutions that have been used to increase the capital of the subsidiary Euroins Insurance Group AD. Until the end of the year Eurohold Bulgaria intends to reduce the amount of borrowed funds as for the purpose will be used part of the funds raised by the forthcoming capital increase according to the Management Board's decision already taken on 27th of June 2016.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN H1'2016 ON FINANCIAL STATEMENTS AS OF 30 JUNE 2016

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

DESCRIBTION OF THE KEY RISK FACTORS

1. Systematic risks
Influence of the Global Economic Crisis

The global financial crisis, which started in 2007, led to a slowdown in economic growth and an increase of unemployment in many countries (including US, EU countries,Russia, and Japan), limited access to financing resources and a significant devaluation of financial assets worldwide. The financial crisis also caused significant disturbances on the global financial market which led to reduced confidence in financial markets and fewer investments in financial instruments. As a result, companies in the financial sector started to experience difficulties in maintaining liquidity and raising capital. A further deterioration of the business climate may lead to an even higher unemployment rate and reduced income in the Balkan countries (Bulgaria, Romania, Macedonia and Serbia), which in turn may lead to a decreased level of consumption. The low levels of consumption will affect the sales of the Issuer's subsidiaries.

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

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

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

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

As a result, the gross underwritten premiums (GWP) in the insurance business may decrease and clients may discontinue their insurance policies, as well as postpone new car purchases and, correspondingly, new car leases. Any deterioration of the region's macroeconomic indicators may also adversely affect insurance products, car sales and

signing of new lease contracts. Consequently, there is a risk, if the business environment broadly deteriorated, the Group's sales would be lower than originally planned. Furthermore, the general changes in the government policy and regulatory systems may lead to an increase of the Group's operating expenses and capital requirements. If the above mentioned factors occur, fully or partially, they could have a significant adverse impact on the Group's results and financial status.

Political Risk

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

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

Credit Risk of the State

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

At the end of year 2015 the credit agency STANDART&POOR'S confirmed the long term and short term debt rating of Bulgaria in foreign and local currency as „BB+/B" with a stable perspective. The assigned value is supported by the low government debt as well as by the moderate foreign liabilities. The considerably low per capita income and the weak institutional environment are specified as limiting factors. Standard&Poor's judge, that the financial sector continues being faced with important challenges, but they also point out, that the efforts made have been directed towards the elimination of risks, considering the upcoming quality appraisal of the assets of the banking system in year 2016.

In December 2015 the international rating agency "Fitch" confirmed the long term debt rating of Bulgaria in foreign currency as „BBB-" and the long term rating in local currency as"BBB".The expectations about both indicators are "stable". The country's top rating is approved as being „BBB+", as well as the short term credit rating in foreign currency as „F3". The Fitch appraisal indicates that the current economic development of the country in 2015 is better than expected by the agency, which determines the increase in the forecast for economic growth, mostly associated with the high foreign demand. After the growth during the first three quarters of 2015 averaged 2,7%, the international agency revised its current year expectations in upward direction from 1,2% to 2,5%, which was the same estimate as made in June. According to the Bulgarian Ministry of finance, the Fitch expectations are also higher for the next two years, when the growth will be more balanced. The company expects for years 2016 and 2017 the average growth of the Bulgarian Real GDP to reach 2,6%.

Inflation Risk

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

Currency risk

This risk is related to the possibility of a devaluation of the local currency. For Bulgaria this is the risk of premature collapse of the Monetary Board in the conditions of fixed exchange rate of the national currency. Considering the adopted policy by the government and the Central Bank, it is expected the currency board to be maintained until the country's admission into the Euro zone. In Romania, Serbia and Macedonia the currency exchange rates are determined by the market conditions and the central banks intervene and balance the short-term fluctuations of currency exchange rates in occurance of stress situations caused by singular external factors.

Any significant devaluation of the national currencies in the region (Bulgaria, Romania, Macedonia and Serbia) could have a significant adverse effect on the business in the country, including the Company. Risks exist when the revenues and expenses of a firm are denominated in different currencies.

Interest Rate Risk

The interest rate risk is related to the possibility of changes in the prevailing interest rates in the country. Its impact is reflected in the possibility that the net income of the companies will decrease as a result of increase of interest rates at which the Company funds its activity. Interest rate risk is classified as a general macro-economic risk, because the major precondition for interest rates change is the instability of the financial system as a whole. This risk can be managed by a balanced use of multiple sources of funding. A typical example of this risk is the global economic crisis, caused by the liquidity problems of the large mortgage institutions in the U.S.A. and Europe. As a result of the crisis, the required interest rate premiums were reconsidered and re-evaluated and increased globally. The effect of this crisis is noticeable in Eastern Europe and the Balkans and restricts the free access to borrowed funding.

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

2. Unsystematic risks

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

EUROHOLD BULGARIA AD is a holding company, and any deterioration in the operating results, financial status and development prospects of its subsidiaries may adversely affect the results financial condition of the Company. As far as the Company's business is related to management of assets of other companies, the Company cannot be assigned to one particular segment of the national economy and is exposed to the industry risks of its subsidiaries. Generally, the companies from the group of EUROHOLD BULGARIA AD operate in two main sectors: financial (insurance, leasing, financial intermediary) and car sales.

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

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

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

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

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

The automotive subholding Avto Union AD which operates in Bulgaria and Macedonia is engaged in the field of new car sales, rent-a-car services and after-sales services. The business activity depends directly on the permissions and authorizations granted to the companies from the group of Avto Union by the respective car manufacturers. The termination or revocation of such rights can drastically decrease the sales of the group. This is relevant, especially in the context of global restructuring of the car industry. Business environment of the car industry is influenced by domestic factors related to the ability of the population to buy, funding availability, business attitudes, inventories, etc.

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

Risks, related to the strategy and development of the Issuer

The future earnings and market value of the Company depend on the strategy, chosen by the senior management of the Company and its subsidiaries. Choosing the wrong strategy may lead to significant losses. EuroHold seeks to manage the risk of strategic mistakes by continuously monitoring various stages in the implementation of its marketing strategy and the results from it. This is crucial for the ability to respond on time if change in the strategic development plan is needed. Untimely or inappropriate strategy changes may also have a significant negative impact on the Company's operating results and financial status.

Risks, Related to the Management of the Company

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

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

Financial Risk

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

The larger the share of long-term debt to equity, the greater the possibility for default in payments of fixed liabilities will be. The increase in this indicator represents an increase of overall financial risk.

Another group of indicators is related to the flow of revenues which enable the payment of the company's liabilities. An indicator, which can be used is the one reflecting the coverage of the fixed liabilities (interests). This indicator refers to the amount of the fixed interest payments divided by the income before payment of interests and taxation. This is a good indicator of a firm's ability to service its long term liabilities.

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

Currency Risk

EuroHold operates in several Balkan countries (Bulgaria, Romania, Macedonia and Serbia), where the national currency of each of the countries, except in Bulgaria, is freely convertible, which relative value to other currencies is determined by the free financial markets. In Bulgaria, since 1997 the local currency has been pegged to the Euro. Abrupt changes in the macro-framework of any of the countries, where the Company actively operates, may have a negative effect on its consolidated results. However, EuroHold reports its consolidated financial results in Bulgaria in Bulgarian lev, which in turn is pegged to the Euro, which also changes its value according other global currencies, but is significantly less exposed to any dramatic fluctuations.

Liquidity Risk

The liquidity risk is related to the possibility for the Company to fail to repay its maturing financial liabilities fully and on time when they are due for payment. The good financial indicators of profitability and capitalization of a company do not guarantee the smooth covering of the current payables. Liquidity risk may occur due to delayed payments from clients. EUROHOLD BULGARIA AD aims to minimize this risk by optimal management of the cash flows within the group. The Group implements an approach which ensures the necessary liquidity resource for covering the incurred liabilities in normal or extraordinary conditions without unacceptable loss or compromising the reputation of the separate companies in the group.

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

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

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

The relationships with related parties arise as a result of contracts for temporary financial aid to the subsidiarycompanies and transactions, related to the normal business activity of the subsidiary companies. The risk of possible transactions between the companies within the Group under terms that are different from those on the market refers to taking a risk to achieve low profitability from provided intercompany financing. Another risk that can be assumed refers to intercompany transactions failing to realize enough revenues and thus poor profit for the respective company. On a consolidated level, this can affect negatively the profitability of the entire group.There are constant transactions between the parent Company and its subsidiaries, as well as among the subsidiaries themselves, which arise in the normal course of activity of the companies. All transactions with related parties are conducted underterms that are no different from the normal market prices and are in compliance with IAS24.

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

3. Risk Management

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

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

In the case of unexpected events, incorrect assessment of current market trends, as well as many other micro- and macroeconomic factors, could impact the judgment of management. The only way to overcome this risk is to work with experienced professionals, as well as to maintain and update a comprehensive database on recent developments and trends in all markets of operation.

The Group has implemented an integrated risk management system based on the Enterprise Risk

Management model. The risk management process covers all the Group's business segments and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk by properly selecting and actively monitoring the insurance portfolio, matching the duration of assets and liabilities, as well as minimizing FX exposure. An effective risk management system allows the Group to maintain stability and a strong financial position, despite the ongoing crisis on the global financial markets.

The risk management procedures aim to:

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

INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN FIRST HALF OF 2016

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

16 October 2016

Asen Minchev,

Executive Member of the Management Board

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TO

THE SHAREHOLDERS

OF "EUROHOLD BULGARIA" AD

SOFIA

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of "EUROHOLD BULGARIA" AD (the "Parent company") and its subsidiaries (together referred to as "the Group") as at 30 June 2016 and the related interim consolidated statement of profit and loss, interim consolidated statement of other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

As at 30 June 2016 the Group has changed its methodology for valuation of outstanding claims reserve and has determined gross amount of outstanding claims reserve of BGN 299,238 thousand. During our review we identified that the specific assumptions in the methodology are not supported by the historical information. As a result of that we were not able to assess whether the recorded outstanding claims reserve as at 30 June 2016 is adequate to cover the future liabilities of the Group and the related effects.

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Qualified conclusion

Based on our review, except for the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not present fairly, in all material aspects, the financial position of "Eurohold Bulgaria" AD as at 30 June 2016 and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU.

Emphasis of matter

We draw attention to the following matters:

As disclosed in Note 2.10.1 „Insurance activity" of the interim consolidated financial statements, in 2015 the Group changed its accounting policy for calculation of insurance reserves on insurance contracts but the comperative consolidated interim financial information which includes interim consolidated statement of profit and loss, interim consolidated statement of other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period ended on 30 June 2015 and all related disclosures as at 30 June 2015 and for the six-month period then ended, were not audited or reviewed by us.

A subsidiary of the Group in Romania is under financial recovery plan imposed by a regulator. As at 30 June 2016 the subsidiary has amended partially the breached regulatory financial requirements and the financial recovery plan requires the breach to be fully rectified by 20 November 2016 through the application of various financial and operational measures including capital increase of the subsidiary. The subsidiary's ability to continue its operations depends on the implementation of the financial recovery plan. As at the date of the review report we have received a certificate from the regulator that the share capital increase requirement is fulfilled.

The results of the Group, particularly in respect of segment „Insurance and Health Insurance" are influenced by changes in legislation and in the regulatory environment. As at 30 June 206 an Asset Quality Review of the Group has started which has not been completed as at the date of the review report. Changes in the regulatory framework and the results of the Asset Quality Review might have effect on the financial position, results from the operations and the cash flows of the Group.

As at 30 June 2016 the Group owns more than 50% from the share capital of one company and there are indications that the Group may exercise control over that company. The management of the Group considers that regardless of the ownership percentage, the Group does not control the company as the ownership percentage was decreased below 50% as at 31 August 2016. The company is not consolidated in the interim consolidated financial statements. Due to limitations in the available information we were not in a position to determine the impact of this deviation on the consolidated interim financial statements.

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The management has decided to disclose the effect of the restructuring of entities under common control till 30 June 2009 as goodwill (Note 33 "Goodwill"). Significant part of the goodwill arises from business combinations within the "Insurance and Health Insurance" segment.

Our opinion is not qualified in respect of these matters.

Sofia, 16.10.2016

BDO Bulgaria OOD

Stoyanka Apostolova

CPA, Certified auditor

Nedyalko Apostolov

Manager

София
Рег. №016

Eurohold Bulgaria AD
Consolidated statement of profit or loss
For the period ended 30 June

In thousand BGN	*Notes*	30.6.2016	30.6.2015
Revenues from operating activities			
Insurance revenue	*3*	408 692	397 453
Car sales revenue	*5*	75 904	79 048
Leasing revenue	*6*	9 144	8 478
Revenue from asset management and brokerage	*8*	5 548	6 790
Revenue from the activities of the parent company	*10*	15 801	345
		515 089	**492 114**
Expenses for operating activities			
Insurance expenses	*4*	(387 506)	(382 406)
Cost of cars and spare parts sold		(65 736)	(69 333)
Leasing financial expenses	*7*	(2 163)	(2 471)
Financial expenses for asset management and brokerage	*9*	(4 916)	(5 947)
Financial expenses for the activities of the parent company	*11*	(851)	-
		(461 172)	**(460 157)**
Gross Profit		**53 917**	**31 957**
Other income/expenses	*12*	(3 215)	(1 318)
Other operating expenses	*13*	(24 198)	(24 859)
EBITDA		**26 504**	**5 780**
Financial expenses	*14*	(6 324)	(4 974)
Financial revenue	*15*	99	112
Foreign exchange gains/losses	*18*	(3)	(1)
EBTDA		**20 276**	**917**
Depreciation and amortization	*16*	(3 395)	(3 624)
EBT		**16 881**	**(2 707)**
Taxes	*17*	11	(2)
Net income/loss for the period		**16 892**	**(2 709)**
Attributable to:			
Equity holders of the parent		15 197	(2 954)
Non-controlling interests		1 695	245

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

Procurator: /H.Stoev/

EUROHOLD BULGARIA PLC.

13.10.2016

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

Eurohold Bulgaria AD
Consolidated Statement of Other Comprehensive Income
For the period ended June 30, 2016

In thousand BGN	*Notes*	30.6.2016	30.6.2015
Profit/loss for the year		**16 892**	**(2 709)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on financial assets available for sale		(181)	(323)
Income tax effect		-	-
		(181)	**(323)**
Exchange differences on translating foreign operations		(794)	(238)
Income tax effect		-	-
		(794)	**(238)**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(975)**	**(561)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
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		**(975)**	**(561)**
Total comprehensive income for the period, net of tax		**15 917**	**(3 270)**
Attributable to:			
Equity holders of the parent		14 403	(3 502)
Non-controlling interests		1 514	232
		15 917	**(3 270)**

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

Procurator: /H.Stoev/

EUROHOLD BULGARIA PLC

13.10.2016

Eurohold Bulgaria AD
Consolidated Statement of Financial Position
As at June 30, 2016

In thousand BGN	*Note*	30.6.2016	31.12.2015
ASSETS			
Cash and cash equivalents	*19*	103 081	71 552
Deposits at banks	*20*	23 073	15 652
		126 154	**87 204**
Receivables			
Insurance receivables	*21*	95 673	91 178
Trade and other receivables	*22*	21 544	23 041
Other receivables	*23*	274 667	299 441
		391 884	**413 660**
Other assets			
Property, plant and equipment	*24, 24.2-5*	28 950	29 056
Intangible assets	*26*	2 471	2 678
Inventory	*27*	37 243	34 449
Financial assets	*28*	134 313	103 752
Other assets	*29*	20 644	20 353
		223 621	**190 288**
Investments			
Land and buildings	*24, 24.1*	13 495	13 169
Investment property	*25*	12 256	11 396
Investments in subsidiaries and associates	*30*	138	136
Other financial investments	*31*	2 680	2 772
Non-current receivables	*32*	69 866	70 810
		98 435	**98 283**
Goodwill	*33*	**189 989**	**189 989**
TOTAL ASSETS		**1 030 083**	**979 424**

EUROHOLD

Eurohold Bulgaria AD
Consolidated Statement of Financial Position (continued)
As at June 30, 2016

In thousand BGN	*Notes*	30.6.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity			
Issued capital	*43*	125 854	127 237
Premium reserves from the issue of securities		38 714	38 714
General reserves		8 640	8 640
Revaluation reserves		937	(37)
Special reserves		(56 870)	(54 163)
Retained earnings		(35 319)	48 626
Current period result	*44*	15 197	(77 345)
Equity attributable to equity holders of the parent		**97 153**	**91 672**
Non-controlling interests	*45*	35 739	27 550
Total equity		**132 892**	**119 222**
SUBORDINATED DEBTS	*34*	**85 077**	**-**
LIABILITIES			
Bank and non- bank loans	*35*	105 306	111 684
Obligations on bond issues	*36*	32 691	52 765
Non-current liabilities	*37*	21 842	34 981
Current liabilities	*38*	27 200	23 754
Trade and other payables	*39*	103 042	83 295
Payables to reinsurers	*40*	85 002	82 550
Deferred tax liabilities	*41*	233	244
		375 316	**389 273**
Insurance reserves	*42*	436 798	470 929
		436 798	**470 929**
Total liabilities and subordinated debts		**897 191**	**860 202**
TOTAL LIABILITIES, SUBORDINATED DEBTS and EQUITY		**1 030 083**	**979 424**

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

EUROHOLD BULGARIA PLC

Procurator: /H.Stoev/

13.10.2016

Eurohold Bulgaria AD
Consolidated Cash Flow Statement
For the period ended June 30, 2016

In thousand BGN	*Notes*	30.6.2016	30.6.2015
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		**16 881**	**(2 707)**
Adjustments for:			
Depreciation	*16*	3 395	3 624
Foreign exchange gain/loss		32	(608)
Impairment loss recognized on assets		90	94
Interest expense		8 039	8 304
Interest revenue		(3 556)	(5 959)
Dividend income		(118)	(41)
Profit/Loss from sale of investments		(14 648)	-
Other non-cash adjustments		11	-
Operating profit before change in working capital		**10 126**	**2 707**
Change in trade and other receivables		(15 262)	(129 205)
Change in inventory		2 794	6 570
Change in trade and other payables and other adjustments		5 551	88 482
Cash generated from operations		**3 209**	**(31 446)**
Interest paid/received		341	1 125
Income taxes paid		(166)	(209)
Net cash flow from operating activities		**3 384**	**(30 530)**
Investing activities			
Purchase of property, plant and equipment		(1 902)	(5 724)
Proceeds from the disposal of property, plant and equipment		973	249
Loans granted		(6 321)	(7 968)
Repayment of loans, including financial leases		9 363	(1 438)
Interest received on loans granted		353	449
Purchase of investments		(259 200)	(64 966)
Sale of investments		230 022	43 302
Dividends received		192	323
Effect of exchange rate changes		(420)	(11)
Other proceeds/ payments from investing activities		(5 323)	2 468
Net cash flow from investing activities		**(32 263)**	**(33 316)**

Eurohold Bulgaria AD
Consolidated Cash Flow Statement (continued)
For the period ended June 30, 2016

In thousand BGN	*Notes*	30.6.2016	30.6.2015
Cash flow from financing activities			
Proceeds from loans		89 787	91 174
Repayment of loans		(26 663)	(58 586)
Repayment of financial leases		(910)	(1 202)
Payment of interest and commissions on loans		(3 751)	(1 974)
Other proceeds/ payments from financing activities		1 945	2 031
Net cash flow from financing activities		**60 408**	**31 443**
Net cash flows		**31 529**	**(32 403)**
Cash and cash equivalents at the beginning of the period	*19*	71 552	68 119
Cash and cash equivalents at the end of the period	*19*	**103 081**	**35 716**

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

Procurator: /H.Stoev/

EUROHOLD BULGARIA PLC

13.10.2016

Eurohold Bulgaria AD
Consolidated Statement of Changes in Equity
For the period ended June 30, 2016

In thousand BGN	Share capital	Share premium	Reserves General	Reserves Other	Financial result	Share-holders' equity	Non-controlling interests	Total equity
Balance as at 1 January 2015	**127 321**	**38 714**	**8 640**	**(53 078)**	**49 758**	**171 355**	**47 525**	**218 880**
Dividends	-	-	-	-	(583)	**(583)**	-	**(583)**
Consolidation procedures effects	(84)	-	-	-	-	**(84)**	-	**(84)**
Other changes	-	-	-	(728)	(549)	**(1 277)**	2 012	**735**
Net income for the period	-	-	-	-	(77 345)	**(77 345)**	(21 858)	**(99 203)**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(448)	-	**(448)**	(148)	**(596)**
Change in the fair value of financial assets	-	-	-	54	-	**54**	19	**73**
Total other comprehensive income	**-**	**-**	**-**	**(394)**	**-**	**(394)**	**(129)**	**(523)**
Total comprehensive income	**-**	**-**	**-**	**(394)**	**(77 345)**	**(77 739)**	**(21 987)**	**(99 726)**
Balance as at 31 December 2015	**127 237**	**38 714**	**8 640**	**(54 200)**	**(28 719)**	**91 672**	**27 550**	**119 222**
Balance as at 1 January 2016	**127 237**	**38 714**	**8 640**	**(54 200)**	**(28 719)**	**91 672**	**27 550**	**119 222**
Dividends	-	-	-	-	(366)	**(366)**	-	**(366)**
Consolidation procedures effects	(1 383)	-	-	-	-	**(1 383)**	-	**(1 383)**
Other changes	-	-	-	(939)	(6 234)	**(7 173)**	6 675	**(498)**
Net income for the period	-	-	-	-	15 197	**15 197**	1 695	**16 892**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(669)	-	**(669)**	(125)	**(794)**
Change in the fair value of financial instruments	-	-	-	(125)	-	**(125)**	(56)	**(181)**
Total other comprehensive income	**-**	**-**	**-**	**(794)**	**-**	**(794)**	**(181)**	**(975)**
Total comprehensive income	**-**	**-**	**-**	**(794)**	**15 197**	**14 403**	**1 514**	**15 917**
Balance as of 30 June 2016	**125 854**	**38 714**	**8 640**	**(55 933)**	**(20 122)**	**97 153**	**35 739**	**132 892**

Prepared by: /I. Hristov/

Signed on behalf of BoD: /A. Minchev/

Procurator: /H.Stoev/

EUROHOLD BULGARIA PLC.

13.10.2016

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

Consolidated statement of profit or loss by Business Segments
For the period ended June 30, 2016

In thousand BGN	Notes	30.6.2016 Consolidated	30.6.2016 Insurance business	30.6.2016 Automotive	30.6.2016 Leasing business	30.6.2016 Asset management and brokerage	30.6.2016 Parent company	30.6.2016 *Elimination*
Revenues from operating activities								
Insurance revenue	*3*	408 692	408 990					*(298)*
Car sales revenue	*5*	75 904		79 230				*(3 326)*
Leasing revenue	*6*	9 144			9 869			*(725)*
Revenue from asset management and brokerage	*8*	5 548				5 984		*(436)*
Revenue from the activities of the parent company	*10*	15 801					16 144	*(343)*
		515 089	**408 990**	**79 230**	**9 869**	**5 984**	**16 144**	***(5 128)***
Expenses for operating activities								
Insurance expenses	*4*	(387 506)	(391 386)					*3 880*
Cost of cars and spare parts sold		(65 736)		(65 737)				*1*
Leasing financial expenses	*7*	(2 163)			(2 274)			*111*
Financial expenses for asset management and brokerage	*9*	(4 916)				(4 916)		*-*
Financial expenses for the activities of the parent company	*11*	(851)					(851)	*-*
		(461 172)	**(391 386)**	**(65 737)**	**(2 274)**	**(4 916)**	**(851)**	***3 992***
Gross Profit		**53 917**	**17 604**	**13 493**	**7 595**	**1 068**	**15 293**	***(1 136)***
Other income/expenses	*12*	(3 215)		4	(3 219)	-	-	*-*
Other operating expenses	*13*	(24 198)	(9 042)	(10 985)	(2 933)	(804)	(977)	*543*
EBITDA		**26 504**	**8 562**	**2 512**	**1 443**	**264**	**14 316**	***(593)***
Financial expenses	*14*	(6 324)	(1 198)	(1 156)	-	-	(4 382)	*412*
Financial revenue	*15*	99	-	163	-	-	-	*(64)*
Foreign exchange gains/losses	*19*	(3)	-	-	-	-	(3)	*-*
EBTDA		**20 276**	**7 364**	**1 519**	**1 443**	**264**	**9 931**	***(245)***
Depreciation and amortization	*16*	(3 395)	(728)	(1 274)	(1 365)	(23)	(5)	*-*
EBT		**16 881**	**6 636**	**245**	**78**	**241**	**9 926**	***(245)***
Taxes	*17*	11	13	-	-	(2)	-	*-*
Net income/loss for the period		**16 892**	**6 649**	**245**	**78**	**239**	**9 926**	***(245)***

Consolidated statement of profit or loss by Business Segments
For the period ended June 30, 2015

In thousand BGN	Notes	30.6.2015 Consolidated	30.6.2015 Insurance business	30.6.2015 Automotive	30.6.2015 Leasing business	30.6.2015 Asset management and brokerage	30.6.2015 Parent company	30.6.2015 *Elimination*
Revenues from operating activities								
Insurance revenue	*3*	397 453	397 714	-	-	-	-	*(261)*
Car sales revenue	*5*	79 048	-	82 625	-	-	-	*(3 577)*
Leasing revenue	*6*	8 478	-	-	9 275	-	-	*(797)*
Revenue from asset management and brokerage	*8*	6 790	-	-	-	7 009	-	*(219)*
Revenue from the activities of the parent company	*10*	345	-	-	-	-	1 658	*(1 313)*
		492 114	**397 714**	**82 625**	**9 275**	**7 009**	**1 658**	***(6 167)***
Expenses for operating activities								
Insurance expenses	*4*	(382 406)	(388 216)	-	-	-	-	*5 810*
Cost of cars and spare parts sold		(69 333)	-	(69 334)	-	-	-	*1*
Leasing financial expenses	*7*	(2 471)	-	-	(2 585)	-	-	*114*
Financial expenses for asset management and brokerage	*9*	(5 947)	-	-	-	(5 948)	-	*1*
Financial expenses for the activities of the parent company	*11*	-	-	-	-	-	-	*-*
		(460 157)	**(388 216)**	**(69 334)**	**(2 585)**	**(5 948)**	**-**	***5 926***
Gross Profit		**31 957**	**9 498**	**13 291**	**6 690**	**1 061**	**1 658**	***(241)***
Other income/expenses	*12*	(1 318)	-	4	(1 336)	14	-	*-*
Other operating expenses	*13*	(24 859)	(9 097)	(11 660)	(3 644)	(708)	(435)	*685*
EBITDA		**5 780**	**401**	**1 635**	**1 710**	**367**	**1 223**	***444***
Financial expenses	*14*	(4 974)	(2 088)	(1 244)	-	-	(2 940)	*1 298*
Financial revenue	*15*	112	-	337	-	-	-	*(225)*
Foreign exchange gains/losses	*19*	(1)	-	-	-	-	(1)	*-*
EBTDA		**917**	**(1 687)**	**728**	**1 710**	**367**	**(1 718)**	***1 517***
Depreciation and amortization	*16*	(3 624)	(725)	(1 182)	(1 691)	(20)	(6)	*-*
EBT		**(2 707)**	**(2 412)**	**(454)**	**19**	**347**	**(1 724)**	***1 517***
Taxes	*17*	(2)	-	-	-	(2)	-	*-*
Net income/loss for the period		**(2 709)**	**(2 412)**	**(454)**	**19**	**345**	**(1 724)**	***1 517***

Notes to the Interim Consolidated Financial Statement for H1.2016

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*	**89.36%**
Indirect participation through EIG AD:	
Insurance Company Euroins AD	80.92%
Euroins Romania Insurance AD	96.64%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance EAD	100.00%
Euroins Life Insurance EAD	100.00%
Insurance Company EIG Re AD	100.00%

*direct participation

Finance Sector

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

*direct participation

Automobile Sector

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

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The interim consolidated financial statements of Eurohold Bulgaria AD are prepared in compliance with International Accounting Standard 34 Interim Financial Reporting as adopted by the Commission of the European Union.

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.

2.2 Comparative Data

The Group retains the information presentation format in its financial statements down the periods. Where necessary the comparative information is reclassified to be in accordance with the changes occurred in the current year.

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 30.6.2016. 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 and/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.

With respect to business combinations including companies under common control, the Group has chosen to apply the purchase method according to IFRS 3 – Business Combinations. The Group has chosen this accounting policy regarding these transactions, because at the end of the reporting period they are outside of the scope of IFRS 3 and there are no instructions about them in the existing IFRSs. As per IAS 8 in the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management must use its judgment in developing and applying an accounting policy.

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 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.

2.5 Accounting Assumptions and Approximate Estimates

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

2.6 Income

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

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

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

Dividend incomes are recognized upon certifying the right to obtain them. Dividends declared from subsidiaries for the financial year are recognized in the consolidated financial statement of comprehensive income as an internal accounts and thus they are not being considered for the formation of the financial result.

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

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

2.7 Costs

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

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

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

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

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

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

2.8 Interest

Interest incomes and costs are recognized in the Statement of Profit or loss using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted afterwards.

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

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

The interest incomes and expenses 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

2.10.1 Insurance Activity

Recognition and Measurement of Insurance Contracts

General Insurance Premiums

General insurance premiums are accounted on annual basis.

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

The earned part of written insurance premiums, including for unexpired insurance contracts, is recognized as an income. Written insurance premiums are recognized as at the date of conclusion of the insurance contracts.

Premiums paid to reinsurers are recognized as cost in compliance with the received reinsurance services.

Health Insurance Premiums

The written health insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year.

The gross written health insurance premiums are not recognized when the future cash receipts thereof are not sure.Written health insurance premiums are stated gross of commissions due to agents.

Life Insurance Premiums

The written life insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year.

The gross written life insurance premiums are not recognized when the future cash receipts thereof are not sure. Written health insurance premiums are stated gross of commissions due to agents.

Unearned Premium Reserve

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

Unexpired Risks Reserve

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

Change in accounting policy

In 2015 the Insurance segment has changed its accounting policy related to the calculation of the technical reserves by applying new methodology on group level. The methodology is based on specific assumptions and accounting assessments.

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

The group calculates the income tax in compliance with the applicable legislation. The income tax is calculated on the bases of taxable profit after adjustments of the financial result in accordance with the Law for Corporate Income Tax.

Deferred Tax

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

The deferred tax is calculated on the basis of the tax rate that is expected to apply upon the realization of the asset or the settlement of the liability. The effect from changes in the tax rates on the deferred tax is accounted in the statement of profit or loss, except in cases when it is about sums, which are earlier accrued or accounted directly in equity.

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

Pursuant to the Bulgarian tax legislation, income tax is binding for the companies. The income tax rate for 2016 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 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	25-46
Plant and equipment	3-10
Vehicles	4-6
Fixtures and fittings	3-19
Computers	2-5

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.

The Group discloses as subordinated debt certain liabilities which will be included as element of basic ownfunds which are classified as tier 1 capital. Subordinated debt represents direct, unsecured and subordinated liability without any preferences and subject to repayment in case of liquidation and insolvency of the Group after the claims of all other privileged creditors and all other creditos are settled except for the shareholders.

2.22 Financial Risk Management

Factors Determining Financial Risk

Implementing its activity, the Group companies are exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and risk from change of future cash flows due to a change in market interest rates.

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

Currency Risk

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

The group has no investments in other countries, except in the countries it operates – Bulgaria, Romania and Macedonia.
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.
The interest rates are specified in the respective appendixes.

Credit Risk

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

Liquidity Risk

Liquidity risk is that the group may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions. The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding. The group's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

2.23 Measuring Fair Values

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

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

- In the principal market for the asset or liability,

or

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as the positive goodwill.

2.24 Cash Flows

The statement of cash flows shows the Group's cash flows for the year in relation to operating, investment and financial activity during the year, the change in cash and cash equivalents for the year, cash and cash equivalents at the beginning and at the end of the year.
The operating cash flows are calculated as result for the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

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

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

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

3. Revenue from insurance business

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Gross premiums written from insurance	234 043	226 424
Gross premiums written from health insurance	145	1 067
Gross premiums written from life insurance	648	972
Received recoveries from reinsurers	55 813	67 126
Positive change in the gross provision for unearned premiums and unexpired risk reserve	5 348	150
Positive change in reinsurers' share in unearned premium reserve	2 189	26 819
Reinsurers' share in the change in the other reserves	-	55 279
Positive change in other technical reserves	42 173	-
Recourse income	1 033	3 973
Fees and commissions income	29 996	4 197
Investment income	6 022	6 688
Other revenue	31 282	4 758
	408 692	**397 453**

4. Expenses from insurance business

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Current year paid claims, claims handling and prevention expenses	(147 553)	(159 400)
Change in the gross provision for unearned premiums and unexpired risk reserve	(3 130)	(22 229)
Change in the reinsurers' share in the outstanding claims provision	(2 955)	-
Change in other reserves	(213)	(53 634)
Change in the reinsurers' share in the other reserves	(26 757)	-
Premiums ceded to reinsurers	(94 590)	(76 717)
Acquisition expenses	(59 068)	(56 069)
Investment expenses	(3 438)	(2 992)
Other expenses	(49 802)	(11 365)
	(387 506)	**(382 406)**

5. Revenues from car sales and after sales

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Revenue from sale of cars and spare parts	73 652	76 590
Revenue from after sales and rent-a-car services	2 252	2 458
	75 904	**79 048**

6. Revenue from financial and operating leases

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Revenue from services	6 739	5 636
Interest income	2 394	2 836
Foreign exchange gains	6	-
Other revenue	5	6
	9 144	**8 478**

7. Financial expenses from leasing services

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Interest expenses	(1 966)	(2 294)
Foreign exchange losses	(20)	(16)
Other expenses	(177)	(161)
	(2 163)	**(2 471)**

8. Revenue from asset management and brokerage

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Interest income	203	1 640
Dividend income	-	41
Gains from sale of financial instruments	1 385	2 582
Foreign exchange gains	3 533	2 012
Other revenue	427	515
	5 548	**6 790**

9. Finance expenses from asset management and brokerage

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Interest expenses	(64)	(1 441)
Negative result from sales of financial instruments	(1 338)	(2 481)
Foreign exchange losses	(3 456)	(1 971)
Other expenses	(58)	(54)
	(4 916)	**(5 947)**

10. Revenue of the parent company

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Gains from sale of financial instruments and effects from agreements	15 455	-
Interest revenue	346	-
Other revenue	-	345
	15 801	**345**

11. Financial expenses of the parent company

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Negative result from sales of financial instruments and effects from agreements	(851)	-
	(851)	**-**

12. Other revenue/expenses

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Other income/expenses	(3 215)	(1 318)
	(3 215)	**(1 318)**

12.1. Other expenses

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Leasing services	(3 219)	(1 336)
	(3 219)	**(1 336)**

12.2. Other revenue

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Automotive business	4	4
Asset management and brokerage services	-	14
	4	**18**

13. Other operating expenses

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Expenses on materials	(1 149)	(1 263)
Expenses on hired services	(8 356)	(10 770)
Employee benefits expense	(12 207)	(10 795)
Other expenses	(2 486)	(2 031)
	(24 198)	**(24 859)**

13.1 Expenses on materials

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Insurance business	(179)	(193)
Automotive business	(833)	(884)
Leasing services	(118)	(164)
Asset management and brokerage services	(16)	(19)
Parent company	(3)	(3)
	(1 149)	**(1 263)**

13.2 Expenses on hired services

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Insurance business	(2 219)	(4 104)
Automotive business	(3 765)	(4 429)
Leasing services	(1 262)	(1 703)
Asset management and brokerage services	(339)	(261)
Parent company	(771)	(273)
	(8 356)	**(10 770)**

13.3 Employee benefits expense

	30.6.2016 *BGN '000*	30.6.2015 *BGN '000*
Insurance business	(4 960)	(3 603)
Automotive business	(5 771)	(5 729)
Leasing services	(998)	(994)
Asset management and brokerage services	(331)	(330)
Parent company	(147)	(139)
	(12 207)	**(10 795)**

13.4 Other expenses

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Insurance business	(1 684)	(1 197)
Automotive business	(482)	(499)
Leasing services	(156)	(230)
Asset management and brokerage services	(109)	(88)
Parent company	(55)	(17)
	(2 486)	**(2 031)**

14. Financial expenses

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Interest expenses	(6 009)	(4 569)
Other financial expenses	(315)	(405)
	(6 324)	**(4 974)**

14.1 Financial expenses by segments

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Insurance business	(1 170)	(1 325)
Automotive business	(1 076)	(1 128)
Parent company	(4 078)	(2 521)
	(6 324)	**(4 974)**

15. Financial revenue

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Interest income	99	112
	99	**112**

15.1 Financial revenue by segments

	30.6.2016	30.6.2015
	BGN '000	*BGN '000*
Automotive business	99	112
	99	**112**

16. Depreciation

	30.6.2016 BGN '000	30.6.2015 BGN '000
Insurance business	(728)	(725)
Automotive business	(1 274)	(1 182)
Leasing services	(1 365)	(1 691)
Asset management and brokerage services	(23)	(20)
Parent company	(5)	(6)
	(3 395)	**(3 624)**

17. Tax

	30.6.2016 BGN '000	30.6.2015 BGN '000
Income tax expense	(218)	(2)
Deferred tax	229	-
	11	**(2)**

17.1. Tax by segments

	30.6.2016 BGN '000	30.6.2015 BGN '000
Insurance business	13	-
Automotive business	-	-
Leasing services	-	-
Asset management and brokerage services	(2)	(2)
Parent company	-	-
	11	**(2)**

18. Foreign exchange gains/losses (net)

	30.6.2016 BGN '000	30.6.2015 BGN '000
Parent company	(3)	(1)
	(3)	**(1)**

19. Cash and cash equivalents

	30.6.2016 BGN '000	31.12.2015 BGN '000
Cash on hand	3 212	3 028
Cash at bank	99 534	67 787
Restricted cash	83	542
Cash equivalents	252	195
	103 081	**71 552**

20. Deposits at banks with maturity 3 to 12 months

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	23 073	15 652
	23 073	**15 652**

21. Receivables from insurance and health insurance business

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Receivables from direct insurance	83 802	79 477
Receivables from recourse/subrogation	11 871	11 701
	95 673	**91 178**

22. Trade and other receivables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Trade receivables	20 742	21 058
Advances received	797	906
Other	5	1 077
	21 544	**23 041**

22.1. Trade receivables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	922	2 321
Automotive business	10 022	9 920
Leasing services	9 773	8 795
Asset management and brokerage services	18	18
Parent company	7	4
	20 742	**21 058**

23. Other receivables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	261 285	291 175
Automotive business	2 559	2 755
Leasing services	1 366	964
Parent company	5 664	339
Receivables under court procedures	3 061	3 262
Tax receivables	732	946
	274 667	**299 441**

23.1. Tax receivables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	181	118
Automotive business	268	405
Leasing services	235	367
Parent company	48	56
	732	**946**

24. Property, plant and equipment

	Land plots	Buildings	Machinery and equipment	Vehicles	Furniture and fittings	Other	Assets under constructi on	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Cost								
At 1 January 2016	**5 406**	**9 168**	**7 421**	**42 455**	**4 636**	**1 676**	**1 702**	**72 464**
Additions	-	389	378	5 169	434	39	1 448	**7 857**
Disposals	-	-	(290)	(6 449)	(6)	(96)	(293)	**(7 134)**
Other changes	(2)	69	(136)	(108)	102	-	-	**(75)**
At 30 June 2016	**5 404**	**9 626**	**7 373**	**41 067**	**5 166**	**1 619**	**2 857**	**73 112**
Depreciation								
At 1 January 2016	**-**	**1 405**	**5 856**	**18 029**	**3 986**	**958**	**5**	**30 239**
Additions	-	130	298	2 435	122	52	-	**3 037**
Disposals	-	-	(149)	(2 416)	(4)	(40)	-	**(2 609)**
Other changes	-	-	-	-	-	-	-	**-**
At 30 June 2016	**-**	**1 535**	**6 005**	**18 048**	**4 104**	**970**	**5**	**30 667**
Net book value:								
At 1 January 2016	**5 406**	**7 763**	**1 565**	**24 426**	**650**	**718**	**1 697**	**42 225**
At 30 June 2016	**5 404**	**8 091**	**1 368**	**23 019**	**1 062**	**649**	**2 852**	**42 445**

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

24.1. Land and buildings

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	6 612	6 604
Automotive business	6 883	6 565
	13 495	**13 169**

24.2. Machinery and equipment

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	345	599
Automotive business	985	957
Leasing services	38	9
	1 368	**1 565**

24.3. Vehicles

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	1 491	1 507
Automotive business	7 803	7 438
Leasing services	13 688	15 432
Asset management and brokerage services	37	47
Parent company	-	2
	23 019	**24 426**

24.4. Furniture and fittings and Other assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	270	234
Automotive business	1 389	1 048
Leasing services	41	72
Asset management and brokerage services	10	10
Parent company	1	4
	1 711	**1 368**

24.5. Assets under construction

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Automotive business	2 852	1 697
	2 852	**1 697**

25. Investment property

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Net book value at 1 January	**11 396**	**12 200**
Additions	-	406
Disposals	-	-
Revaluation	860	(1 189)
Other changes	-	-
Depreciation	-	(21)
Disposals on sale of subsidiaries	-	-
Net book value as at the period end	**12 256**	**11 396**

26. Intangible assets

	Software	Licenses	Other	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*
Cost				
At 1 January 2016	**7 106**	**155**	**1 436**	**8 697**
Additions	56	-	96	**152**
Disposals	(1)	-	-	**(1)**
At 30 June 2016	**7 161**	**155**	**1 532**	**8 848**
Depreciation				
At 1 January 2016	**5 183**	**154**	**682**	**6 019**
Additions	313	-	45	**358**
Disposals	-	-	-	**-**
At 30 June 2016	**5 496**	**154**	**727**	**6 377**
Net book value:				
At 1 January 2016	**1 923**	**1**	**754**	**2 678**
At 30 June 2016	**1 665**	**1**	**805**	**2 471**

27. Inventories

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	360	239
Automotive business	34 249	31 688
Leasing services	2 634	2 522
	37 243	**34 449**

28. Financial assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Financial assets held for trading	130 402	89 966
Available for sale financial assets	3 795	13 756
Other financial assets	116	30
	134 313	**103 752**

28.1. Financial assets held for trading

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	119 090	78 645
Asset management and brokerage services	11 312	11 321
	130 402	**89 966**

28.2. Available for sale financial assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	3 795	13 756
	3 795	**13 756**

28.3. Other financial assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	116	30
	116	**30**

29. Other assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Prepaid expenses	2 939	2 881
Deferred tax asset	17 705	17 472
	20 644	**20 353**

29.1 Deferred tax asset

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	17 072	16 809
Automotive business	577	607
Leasing services	56	56
	17 705	**17 472**

30. Investments in subsidiaries and associates

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Investments of the parent company	1	1
Investments of the subsidiaries	137	135
	138	**136**

31. Other financial investments

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Held to maturity financial assets	-	2 600
Other	2 680	172
	2 680	**2 772**

31.1. Held to maturity financial assets

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	-	2 600
	-	**2 600**

31.2. Other

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	2 508	-
Parent company	172	172
	2 680	**172**

32. Non-current receivables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Finance lease receivables	40 953	42 385
Parent company	9 782	9 782
Subsidiaries	19 131	18 643
	69 866	**70 810**

33. Goodwill

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Euroins Inshurance Group AD	164 664	164 664
Motobul EOOD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 461	1 461
Eurolease Group AD	1 803	1 803
Eurolease Rent-a-Car EOOD	1 312	1 312
Euro-Finance AD	2 620	2 620
	189 989	**189 989**

34. Subordinated debts

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business - issued	19 558	-
Insurance business	4 000	-
Parent company	61 519	-
	85 077	**-**

35. Borrowings

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	9 736	6 119
Automotive business	19 143	21 623
Leasing services	31 861	38 887
Parent company	44 566	45 055
	105 306	**111 684**

35.1. Borrowings –long term

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business, including:	5 999	5 999
Bank loans	*-*	*-*
Loans from non-bank financial institutions	*5 999*	*5 999*
Automotive business, including:	9 991	5 288
Bank loans	*9 991*	*5 288*
Loans from non-bank financial institutions	*-*	*-*
Leasing services, including:	31 732	38 887
Bank loans	*31 732*	*38 887*
Loans from non-bank financial institutions	*-*	*-*
Parent company, including:	32 538	43 099
Bank loans	*26 990*	*29 337*
Loans from non-bank financial institutions	*5 548*	*13 762*
	80 260	**93 273**

35.2. Borrowings –short term

	30.6.2016 BGN '000	31.12.2015 BGN '000
Insurance business, including:	3 737	120
Bank loans	*3 737*	*120*
Loans from non-bank financial institutions	*-*	*-*
Automotive business, including:	9 152	16 335
Bank loans	*8 785*	*14 295*
Loans from non-bank financial institutions	*367*	*2 040*
Leasing services, including:	129	-
Bank loans	*129*	*-*
Loans from non-bank financial institutions	*-*	*-*
Parent company, including:	12 028	1 956
Bank loans	*2 347*	*-*
Loans from non-bank financial institutions	*9 681*	*1 956*
	25 046	**18 411**

36. Bond obligations	30.6.2016 BGN '000	31.12.2015 BGN '000
Euroins Insurance Group AD – for the purpose of insurance business	-	19 558
Auto Union AD for the purpose of automotive business	6 761	6 763
Eurolease Auto EAD – for the purpose of leasing services	25 930	26 444
	32 691	**52 765**

36.1 Bond obligations – long term

	30.6.2016 BGN '000	31.12.2015 BGN '000
Euroins Insurance Group AD – for the purpose of insurance business	-	19 558
Auto Union AD for the purpose of automotive business	6 554	6 554
Eurolease Auto EAD – for the purpose of leasing services	25 930	26 444
	32 484	**52 556**

36.2 Bond obligations – short term

	30.6.2016 BGN '000	31.12.2015 BGN '000
Auto Union AD for the purpose of automotive business	207	209
	207	**209**

37. Non-current liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Other non-current liabilities	7 748	23 508
Finance lease liabilities	14 094	11 467
Deferred revenue	-	6
	21 842	**34 981**

37.1. Other non-current liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	-	110
Automotive business	7 678	7 605
Leasing services	5	6
Parent company	65	15 787
	7 748	**23 508**

37.2. Deferred revenue

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Automotive business	-	6
Leasing services	-	-
	-	**6**

38. Current liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Payables to employees	3 389	3 126
Social-security liabilities	952	1 556
Tax liabilities	5 308	5 131
Other current liabilities	16 793	13 676
Deferred revenue	526	247
Provisions	232	18
	27 200	**23 754**

38.1. Payables to employees

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	2 376	2 019
Automotive business	848	958
Leasing services	139	125
Parent company	26	24
	3 389	**3 126**

38.2. Social-security liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	346	1 059
Automotive business	457	425
Leasing services	140	69
Parent company	9	3
	952	**1 556**

38.3. Tax liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	1 579	1 403
Automotive business	2 318	2 565
Leasing services	1 106	866
Asset management and brokerage services	41	6
Parent company	264	291
	5 308	**5 131**

38.4. Other current liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	11 651	5 509
Automotive business	500	4 362
Leasing services	597	760
Asset management and brokerage services	1 028	1 043
Parent company	3 017	2 002
	16 793	**13 676**

38.5. Deferred revenue

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Automotive business	526	247
Leasing services	-	-
	526	**247**

39. Trade and other payables

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	-	-
Automotive business	38 593	37 443
Leasing services	5 562	3 854
Asset management and brokerage services	5	2
Parent company	58 882	41 996
	103 042	**83 295**

40. Payables to reinsurers

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	85 002	82 550
	85 002	**82 550**

41. Deferred tax liabilities

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	83	72
Automotive business	57	79
Leasing services	93	93
	233	**244**

42. Reserves for insurance contracts

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Unearned premium reserve, gross amount	120 405	116 919
Share of reinsurers in unearned premium reserve	*(71 304)*	*(69 190)*
Unexpired risks reserve, gross amount	9 429	14 764
Share of reinsurers in outstanding claims reserve	*(4 838)*	*(7 787)*
Reserve for incurred but not reported claims, gross amount	80 950	144 441
Share of reinsurers in reserve for incurred but not reported claims	*(68 474)*	*(85 242)*
Reserve for reported but not settled claims, gross amount	146 479	188 414
Share of reinsurers in reserve for reported but unsettled claims	*(102 690)*	*(103 118)*
Other technical reserve	79 535	6 391
	436 798	**470 929**

43. Share capital

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Issued shares	127 345	127 345
Shares held from subsidiaries	(1 491)	(108)
Share capital	**125 854**	**127 237**
Number of shares	**127 345 000**	**127 345 000**

44. Retained earnings

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Current result attributable to the shareholders	15 197	(77 345)
Current result attributable to the minority interests	1 695	(21 858)
	16 892	**(99 203)**

44.1. Retained earnings by segments

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Insurance business	6 649	(100 752)
Automotive business	245	899
Leasing services	78	569
Asset management and brokerage services	239	245
Parent company	9 926	407
Profit/Loss attributable to the minority interests	(1 695)	21 858
Intercompany eliminations of dividends and other	(245)	(571)
	15 197	**(77 345)**

45. Non-controlling interests

	30.6.2016	31.12.2015
	BGN '000	*BGN '000*
Non-controlling interest related to current result	1 695	(21 858)
Non-controlling interest related to equity	34 044	49 408
	35 739	**27 550**

46. Events after the reporting period

On 6 July 2016 in the Trade register to the Registry Agency the share capital increase of Euroins Insurance Group AD with BGN 9,500 thousand was published.
The Management Board of EuroHold Bulgaria AD is not aware of any other important or significant events that have occurred after the reported financial period.

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 first half of 2016, 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 first half of 2016 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