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Eurohold Bulgaria AD

**INTERIM MANAGEMENT
REPORT AND FINANCIAL
STATEMENTS**

1 January – 31 March 2018

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INTERIM MANAGEMENT REPORT

containing information on important events occurred in Q1'2018 in accordance with Art. 100o, para. 4, item 2 of the POSA

Financial performance (Standalone base)

FINANCIAL RESULT

The financial result of Eurohold Bulgaria AD as at 31 March 2018 on standalone base reported an improvement of 8.7% compared to the previous reporting period, amounting to a loss of BGN 4.113 million versus a loss of BGN 4.506 million for the comparable period last year. The improvement in the financial result is due to the company's reported decrease in expenses.

REVENUES

Eurohold Bulgaria AD as a holding company does not carry out regular commercial transactions, and in this respect, its main (operating) revenues are of a financial nature, as the most significant of them - revenues from financial operations occur in different reporting periods and do not have a permanent occurrence.

The revenues of the company over the reporting period amounted to BGN 1.102 million, of which BGN 0.449 million revenues from financial operations, BGN 0.469 million interest revenues and BGN 0.184 million represented other revenues. For comparison, as of the end of 2017 the company's revenues amounted to BGN 1.312 million, of which revenues from financial operations in amount of BGN 0.307 million and interest revenues in amount of BGN 1.005 million.

EXPENSES

For the observed period the operating expenses decreased by 9.1% as amounted to BGN 5.326 million. This is mainly due to the significant decrease by BGN 0.679 million in the expenses for external services from BGN 0.730 million for the first quarter of 2017 was reduced to BGN 0.051 million as at 31.12.2018. The interest expenses increased by 4.5%, reported in relation to an increase in the amount of five-year issued bonds on the EMTN Programme approved by the Central Bank of Ireland.

ASSETS

As of 31st of March 2018 the company's assets increased by 3.7% and amounted to BGN 578.531 million compared to BGN 557.922 million as of the end of 2017.

The increase in assets is due to an increase in investments in subsidiaries in connection with the last contribution to the equity of the subsidiary Euroins Insurance Group made on 3 January 2018 amounting to BGN 1.963 million, according to decision from 2015 for capital increase of the insurance sub-holding.

During the reporting period, the current assets increased significantly by BGN 18.659 million. The main reason for this increase was due to the increase of the receivables from related parties by BGN 15.116 million.

The other receivables also increased by BGN 3.478 million and amounted to BGN 5.148 thousand at the end of the three-month period.

EQUITY AND LIABILITIES

The total equity amounted to BGN 333.921 million, decreasing by the reported loss in the first quarter of the current year. For comparison, as at 31.12.2017, the equity of Eurohold Bulgaria amounted to BGN 338.034 million.

The company's liabilities increased by 11.2% from BGN 219.888 million as at 31.12.2017 reached BGN 244.610 million.

For the period the non-current liabilities increased by 8.1% or BGN 13.441 million. The growth of non-current assets is due entirely to an increase in the amount of Eurobonds (EMTN Program) from BGN 141.542 million to BGN 154.922 million.

The current liabilities increased by BGN 11.281 million to BGN 50.4 million as of the end of reporting period. The main growth of current liabilities was due to an increase in current liabilities on loans from financial and non-financial institutions by BGN 9.316 million. The current part of obligations on bond loans also increased and amounted to BGN 1.802 million, while at the end of 2017 they amounted to BGN 0.947 million. The other current liabilities did not report any significant changes during the reporting period.

INFLUENCE OF THE IMPORTANT EVENTS ON FINANCIAL STATEMENTS AS OF 31 March 2018

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

DESCRIPTION OF THE KEY RISK FACTORS

1. Systematic risks

Influence of the global economic and financial crisis

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

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

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

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

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

Political risk

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

Sovereign credit risk

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

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

Inflation risk

Inflation risk is associated with the possibility inflation to adversely impact real returns. Inflation may affect the amount of expenses of the Issuer as a large part of the company's liabilities are interest bearing. Servicing them is related prevailing current

interest rates, which reflect levels of inflation in the country. Therefore, low inflation rates in the countries of operation, is seen as a significant factor in the Company.

Currency risk

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

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

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

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

Interest rate risk

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

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

2. Unsystematic risks

Risk relating to the business operations of the Company

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

The Company is involved in managing assets and other companies and thus cannot be specifically attributed to being exposed to one particular industry segment. Broadly, the Company is focused on the industry segment – (1) non-banking financial service (leasing, insurance, asset management, brokerage and financial intermediation) and (2)

new car sales and services. The main risk facing EuroHold is the possibility of decreasing revenue across business segments. This could possibly impact the dividends received. Correspondingly, this could have a negative effect on consolidated revenue growth and respectively return on equity.

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

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

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

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

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

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

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

Strategic development risks

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

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

Risks related to the management of the company

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

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

Financial risk

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

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

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

Currency risk

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

against other global currencies, but is significantly less exposed to dramatic price fluctuations.

Liquidity Risk

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

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

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

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

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

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

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

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

Eurohold Bulgaria AD operates through its subsidiary companies which means that its financial results are directly dependant on the financial results, the developments and the perspectives of the subsidiary companies. One of the main objectives of Eurohold Bulgaria AD is to realize significant synergies between its subsidiary companies due to

the integration of the three business lines – insurance, leasing and car sales. Bad results of one or several subsidiary companies could lead to worsening of the consolidated financial results. This is related to the Issuer's share price which can change as a result of the expectations of the investors about the perspectives of the company.

RISK MANAGEMENT

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

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

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

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

Risk management in the Group aims to:

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

Date: 30 April 2018

Asen Minchev,

*Executive Member of the
Management Board*

Eurohold Bulgaria AD
Interim separate statement of profit or lost and other comprehensive income
For the period ended March 31, 2018

	<i>Notes</i>	31.3.2018 BGN '000	31.3.2017 BGN '000
Revenue from operating activities			
Dividend income	3	-	-
Gains from sale of investments	4	449	307
Interest income	5	469	1 005
Other financial revenue	6	184	-
		1 102	1 312
Expenses on operating activities			
Interest expenses	7	(4 785)	(4 518)
Losses from sale of investments	8	(51)	(730)
Other financial expenses	9	(64)	(66)
Hired services expenses	10	(316)	(450)
Salaries and related expenses		(106)	(91)
Depreciation		(4)	(2)
		(5 326)	(5 857)
(Loss) / Profit from operating activities			
		(4 224)	(4 545)
Other revenue/(expenses),net	11	111	39
Net (Loss) /Profit			
		(4 113)	(4 506)
Other comprehensive income		-	-
Total comprehensive income for the period			
		(4 113)	(4 506)

Prepared by:

Signed on behalf of BoD:

Procurator:

24.4.2018

/I. Hristov/

/A. Minchev/

/H.Stoev/

Eurohold Bulgaria AD
Interim separate statement of financial position
As at March 31, 2018

	<i>Notes</i>	31.3.2018 BGN '000	31.12.2017 BGN '000
ASSETS			
Non-current assets			
Machinery and equipment	<i>12</i>	103	16
Long-term receivables from related parties	<i>13</i>	5 029	5 129
Loans granted to third parties	<i>14</i>	9 779	9 779
		14 911	14 924
Investments			
Investments in subsidiaries and other companies	<i>15</i>	541 492	539 529
Current assets			
Receivables from related parties	<i>16</i>	16 709	1 593
Other current receivables	<i>17</i>	5 148	1 670
Cash and cash equivalents	<i>18</i>	271	206
		22 128	3 469
TOTAL ASSETS		578 531	557 922

Eurohold Bulgaria AD
Interim separate statement of financial position (continued)
As at March 31, 2018

	<i>Notes</i>	31.3.2018 BGN '000	31.12.2017 BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	<i>19.1</i>	197 526	197 526
Share premium	<i>19.2</i>	49 568	49 568
General reserves	<i>19.2</i>	7 641	7 641
Retained earnings		83 299	100 605
(Loss) / Profit for the период		(4 113)	(17 306)
Total equity		333 921	338 034
Non-current liabilities			
Interest-bearing loans and borrowings	<i>20</i>	21 123	21 123
Bond liabilities	<i>21</i>	154 922	141 542
Non-current related parties liabilities	<i>22</i>	2 637	2 576
Other non-current liabilities	<i>23</i>	40	40
		178 722	165 281
Current liabilities			
Interest-bearing loans and borrowings	<i>20</i>	61 555	52 239
Bond liabilities	<i>21</i>	2 749	947
Trade payables	<i>24</i>	710	589
Related parties liabilities	<i>25</i>	290	232
Other current liabilities	<i>26</i>	584	600
		65 888	54 607
Total liabilities		244 610	219 888
TOTAL EQUITY AND LIABILITIES		578 531	557 922

Prepared by:

Signed on behalf of BoD:

Procurator:

24.4.2018 /I. Hristov/

/A. Minchev/

/H.Stoev/

Eurohold Bulgaria AD
Interim separate statement of cash flows
For the period ended March 31, 2018

		31.3.2018	31.3.2017
	Notes	BGN '000	BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before tax		(4 113)	(4 506)
Adjusted for:			
Depreciation		4	2
Interest income	5	(469)	(1 005)
Interest expenses	7	4 785	4 518
Dividend income	3	-	-
(Gains)/ Losses from sale of investments, net		(398)	481
Foreign exchange differences		(184)	-
Adjustments in working capital:			
Change in trade and other receivables		(54)	(7 855)
Change in trade and other payables, other adjustments		(492)	6 624
Net cash flows from operating activities		(921)	(1 741)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(1 963)	-
Receipts from the sale of investments		-	-
Borrowings granted		(28 348)	-
Proceeds from borrowings		13 655	-
Proceeds from interests		-	-
Dividends received		-	-
Other cash receipts/payments from investment activities		26	(58)
Net cash used by investing activities		(16 630)	(58)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		-	34 000
Proceeds from loans		36 390	109 123
Repayments of loans		(13 357)	(139 375)
Interest and commissions paid, net		(5 396)	(2 103)
Dividends paid		-	-
Other cash receipts/ payments from financing activities		(21)	-
Net cash generated/(used) by financing activities		17 616	1 645
Net increase/(decrease) in cash and cash equivalents		65	(154)
Cash and cash equivalents at the beginning of the year	18	206	281
Cash and cash equivalents at the end of the period	18	271	127

Prepared by:

Signed on behalf of BoD:

Procurator:

24.4.2018 /I. Hristov/

/A. Minchev/

/H.Stoev/

Eurohold Bulgaria AD
Interim separate statement of changes in equity
For the period ended March 31, 2018

	Share capital	General reserves	Share premium	Retained earnings	Total Equity
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Balance as at 1 January 2017	127 345	7 641	38 714	102 218	275 918
Issue of share capital	70 181	-	10 854	-	81 035
Loss for the year	-	-	-	(17 306)	(17 306)
Dividends	-	-	-	(1 613)	(1 613)
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 December 2017	197 526	7 641	49 568	83 299	338 034
Balance as at 1 January 2018	197 526	7 641	49 568	83 299	338 034
Loss for the period	-	-	-	(4 113)	(4 113)
Other comprehensive income for the period	-	-	-	-	-
Balance as at 31 March 2018	197 526	7 641	49 568	79 186	333 921

Prepared by:

Signed on behalf of BoD:

Procurator:

24.4.2018

/I. Hristov/

/A. Minchev/

/H.Stoev/

Notes to the interim separate financial statements for the period ended March 31, 2018

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

1. INFORMATION ABOUT THE GROUP

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

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

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

The governing bodies of the company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the management board comprising the following members as at 31.3.2018:

Supervisory board:

Assen Milkov Christov – Chairman;
Dimitar Stoyanov Dimitrov – Deputy Chairman;
Radi Georgiev Georgiev – Member;
Kustaa Lauri Ayma – Independent Member;
Lybomir Stoev – Independent Member.

Management board:

Kiril Ivanov Boshov - Chairman, Executive Member;
Assen Mintchev Mintchev – Executive Member;
Velislav Milkov Hristov – Member;
Assen Emanouilov Assenov – Member;
Dimitar Kirilov Dimitrov – Member;
Razvan Stefan Lefter – Member.

As at 31.3.2018, the Company is represented and managed by Kiril Ivanov Boshov and Assen Mintchev Mintchev – Executive Members of the Management Board, and Hristo Stoev – Procurator, jointly by the one of the executive members and the Procurator of the Company only.

1.1 Scope of Activities

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

1.2. Types of Activities

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

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

Insurance and Health Insurance line:

- Insurance services
- Health insurance services
- Life insurance services

Leasing line:

- Leasing services
- Car rentals

• Financial line:

- Investment intermediation

Automobile line:

- Sales of new cars
- Car repairs

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY**2.1 Basis for Preparation of the Financial Statement**

The separate financial statements of Eurohold Bulgaria AD are prepared in compliance with the Accounting Act and all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the Standing Interpretation Committee (SIC), interpretations of the IFRS interpretation committee (IFRIC), which are effectively in force since 01 January 2018 and are adopted by the Commission of the European Union.

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

The separate financial statements are drafted in compliance with the historic cost principle, excluding those financial instruments and financial liabilities, which are measured at fair value. The report is drafted in accordance with the principle of going concern, which assumes that the company will continue to operate in the near future.

2.2 Comparative Data

Eurohold Bulgaria AD presents comparative information for a single previous period. Whenever needed, comparative data are reclassified in order to achieve comparability between the changes in the presentation for the current year.

2.3 Functional and Reporting Currency

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

Upon initial recognition, a foreign currency transaction is recorded in the functional currency by applying to the amount in foreign currency the exchange rate at the time of the transaction or operation. 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.

Non-monetary reporting items of the separate statement of financial position that have been initially denominated in foreign currency are stated in the functional currency by applying the historical exchange rate as at the date of the operation and are not subsequently revaluated at the closing exchange rate.

The effect of foreign exchange losses and gains related to the settlement of business transactions in foreign currency or the reporting of business transactions at exchange rates different from those that have been initially recognised is stated in the separate statement of profit or loss and other comprehensive income at the time of occurrence thereof under [Other financial revenue/\(expenses\)](#)

2.4 Accounting Assumptions and Accounting Estimates

Upon preparing the financial statement in compliance with IAS, the management is required to apply approximate estimates and assumptions, which affect the reported assets and liabilities, and the disclosure of the contingent assets and liabilities as at the date of the balance sheet. Despite the estimates are based on the management's knowledge of current developments, the actual results may vary from the estimates used. The units that suggest higher degree of subjective estimate or complexity or where assumptions and estimates are material for the separate financial statements are disclosed in [2.20 Judgements that are crucial for the application of the Company's accounting policy. Key estimates and assumptions with high uncertainty.](#)

2.5 Income

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

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

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

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

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

- Income from operations with investments
- Gains from financial operations
- Income from dividends
- Income from loan interest granted to subsidiaries and third parties
- Income from Services

2.6 Expenses

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

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

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

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

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

2.7 Interest

Interest income and expenses are recognized in the Statement of profit or lost and other comprehensive income using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability.

The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted subsequently.

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

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

2.8 Fees and Commissions

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

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

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

2.9 Taxes

Income Tax

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

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

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

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2018 is 10% of the taxable profit (2017: 10%).

Deferred Tax

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

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

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

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

VAT

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

Withholding tax

Pursuant to the Corporate Income Tax Act, payment of incomes to foreign individuals or legal

entities is subject to withholding tax within the territory of the Republic of Bulgaria.

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

2.10 Fixed Assets

2.10.1 Fixed Tangible Assets

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

The company has fixed value capitalization threshold to BGN 700, under which acquired assets, regardless if they have the characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

Initial Acquisition

Fixed tangible assets are initially measured:

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

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

Further Measurement

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

Subsequent expenses

Subsequent expenses for repairs and maintenance are stated in the separate statement of financial position where the same criteria as at the initial acquisition exist.

Sales profits and loss

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

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

2.10.2 Amortization Methods

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

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

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

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

2.12.3 Impairment

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

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

2.11 Employment Benefits

Other long-term employee benefits

Defined contribution plans

Defined contribution plan is a plan for post-employment benefits in accordance with which the Company pays contributions to another person and does not have any legal or constructive obligations to make further payments. The Bulgarian government is responsible for providing pensions under the defined contribution plans. The company's engagement costs for transferring contributions under defined contribution plans are recognised currently in profit and loss.

Defined benefit plans

These are post-employment benefit plans other than defined contribution plans.

The net payable of the Company with regard to defined benefit plans is calculated by estimating the amount of future benefits the employees are entitled to in return for their services during the current and previous years; and these benefits are discounted in order to define their present value.

The Company has the obligation to pay retirement benefits to those of its employees who retire in compliance with the requirements of article 222, § 3 of the Labour Code (LC) in Bulgaria. In accordance with these provisions of the LC, upon termination of the employment agreement of an employee who is entitled to pension, the employer pays them compensation in the amount of two monthly gross salaries. Provided the worker or employee has 10 or more years' length of service as at the date of retirement, such compensation is in the amount of six monthly gross salaries. As at the date of the separate statement of financial position, the Company measures the approximate amount of potential expenses for all employees by using the estimate credit units.

Retirement benefits

Retirement benefits are recognised as an expense when the Company has clear engagements, without actual opportunity to withdraw, with an official detailed plan either for termination of employment relations before the normal retirement date, or for payment of compensation upon termination as a result of proposal for voluntary retirement.

Benefits upon voluntary retirement are recognised as an expense if the Company has made an official proposal for voluntary termination and the offer would be probably accepted, and the number of employees who has accepted the offer may be reliably measured. If compensations are payable for more than 12 months after the end of the reporting period, they are discounted up to their present value.

Short-term employee benefits

Payables for short-term employee benefits are measured on non-discounted basis and are stated as an expense when the related services are provided. Liability is recognised for the amount that is expected to be paid as a short-term bonus in cash or profit distribution plans, provided the Company has legal or constructive obligation to pay such amount as a result of previous services rendered by an employee, and such obligation may be reliably measured.

The company recognises as payable the non-discounted amount of measured paid annual leave expenses that are expected to be paid to the employees in return of their services for the past reporting period.

2.12 Financial Assets**2.12.1 Investments in Financial Assets****2.12.1 Investments in subsidiaries, associates and joint ventures**

A subsidiary is a company that is subject to the control of the Company as an investor. Having control means that the investor is exposed to or has rights to the variable return of its shareholding in the investee and is able to influence this return by means of its powers over the investee.

Long-term investments, being shares in subsidiaries, are stated in the separate financial statements at acquisition price (cost), which is the fair value of paid consideration, including the direct expenses for acquisition of the investment.

These investments are not traded at stock exchanges.

The investments in subsidiaries held by the Company are subject to review for impairment. Upon finding conditions for impairment, it is recognised in the separate statement for profit or loss and other comprehensive income as financial expense.

Upon purchase and sale of investments in subsidiaries, the "date of entering into" the transaction applies.

Investments are derecognised upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the control over the economic benefits from the investments. The revenue from their sales is stated in "financial revenue" or "financial expenses", respectively, in the separate financial statement for profit or loss and other comprehensive income.

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

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

The investments in associates and other companies held by the Company are subject to review for impairment. Upon finding conditions for impairment, it is recognised in the separate statement for profit or loss and other comprehensive income.

Investments in associates and other companies are derecognised upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the joint control over the economic benefits from the investments.

The revenue from their sale is stated under the item Gains from financial operations, or under the item Losses from financial operations, respectively, in the separate financial statement for profit or loss and other comprehensive income.

2.13 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.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term deposits, including repos at banks whose original maturity is up to 3 months. For the purposes of the separate statement of cash flows, bank deposits are analysed and presented in compliance with the Company's purposes and intentions for earning therefrom, as well as the actual maintained duration of investing in such type of deposits.

2.17 Liability Provisions

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

2.16 Tax and Deferred Tax Liabilities

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

2.17 Equity

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

In accordance with the requirements of the Commerce Act and the Articles of Association, the Company is obliged to establish a Reserve Fund and the sources of such fund may be as follows:

- At least one tenth of the profit being allocated until the fund amount reaches one tenth or bigger part of the capital as set out in the Articles of Association;
- The received funds exceeding the nominal value of shares upon issue thereof (premium reserve);
- Other sources as set out by resolution of the general meeting.

The funds may be used for covering annual losses or losses from previous years only. When the fund reaches the minimum amount as set out in the Articles of Association, the excess may be used for capital increase.

2.18 Liabilities

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

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

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

2.19 Earning per share

The basic earnings per share are calculated by dividing the net profit or loss for the period that is subject to distribution among shareholders – holders of ordinary shares, by the average weighted number of ordinary shares held during the period.

The average weighted number of shares is the number of ordinary shares held at the beginning of the period adjusted with the number of redeemed

ordinary shares and the number of newly issued shares multiplied by the average time factor. Such factor expresses the number of days in which the respective shares have been held towards the total number of days during the period.

Upon capitalisation, bonus issue or fractioning, the number of outstanding ordinary shares until the date of such event is adjusted to reflect the proportionate change in the number of outstanding ordinary shares as if the event has occurred at the beginning of the earliest period presented. Earnings per shares with decreased value are not calculated as no potential shares with decreased value are issued.

2.20 Judgements that are crucial for the application of the Company's accounting policy. Key estimates and assumptions with high uncertainty.

Deferred tax assets

Tax loss

The assessment of probability for future taxable income for the utilisation of deferred tax assets is based on the last approved budget forecast adjusted with regard to material untaxable income and expenses and specific restrictions for carrying forward unused tax losses or credits. If a reliable estimate for taxable income suggests the probable use of deferred tax asset, in particular in case the asset may be used without time limit, then the deferred tax asset is recognised in full. The recognition of deferred tax assets that are subject to specific legal or economic restrictions or uncertainty should be judged by the management on case by case basis on the grounds of specific facts and circumstances. On the basis of this approach and applying high level of conservatism, the management has judged not to recognise deferred tax asset for tax losses to be carried forward to the separate financial statement for Q1.2018.

Impairment of investments in subsidiaries

The amount with which the book value of an asset or a cash flow generating unit exceeds their replacement cost, which is the higher of the fair value less the sale cost of an asset, and its value in use, is recognised as impairment loss. For the purposes of defining the value in use, the

Company's management calculates the expected future cash flows per cash flow generating unit and defines an appropriate discount factor for the purposes of calculating the present value of these cash flows. Upon calculating the expected future cash flows, the management makes assumptions about the future gross profits. These assumptions are related with future events and facts. The actual results may differ and require significant adjustments in the Company's assets during the next reporting year.

In most cases, when defining the applicable discount factor, an assessment of appropriate adjustments with regard to the market risk and the risk factors inherent to different assets should be made.

In Q1.2018 and Q1.2017 the Company has not reported impairment losses of investments in subsidiaries.

Impairment of borrowings and receivables

The Company uses an adjustment account to report the impairment of difficultly collectible and uncollectible receivables from counterparties. The management judges the adequacy of this impairment on the basis of age analysis of receivables, previous experience about the level of derecognition of uncollectible receivables, and analysis of the counterparty's solvency, amendments of contractual payment terms and conditions, etc. If the financial position and performance of the counterparties become worse than the expected, the value of receivables that should be derecognised during the next reporting periods may be higher than the one expected as at the reporting date. In Q1.2018 and Q1.2017 the Company has not reported impairment losses of borrowings and receivables.

Fair value of financial instruments

The management uses techniques to measure the fair value of financial instruments if there are no quoted prices at active market. Detailed information about the assumptions used are presented in the explanatory notes to the financial assets and liabilities. When applying assessment techniques, to the maximum extent, the management uses market data and assumptions that market stakeholders would assumed upon

assessing a financial instrument. In case there are no applicable market data, the management uses its best estimate of assumptions that the market stakeholders would make. These assessments may differ from the actual prices that would be defined in an arm's length transaction between informed and willing parties at the end of the reporting period.

2.21 Consolidated financial statements of the Company

The Company has started the process of preparation of its interim consolidated financial statements for Q1.2018 in accordance with IFRS effective for 2018, which statements also comprise these interim separate financial statements. In accordance with the scheduled dates, the company expects that its interim consolidated statements will be approved by the Company's management board for publication not later than 30.5.2018 and then the statements will be made available to third persons.

2.21 Financial Risk Management

2.21.1 Factors Determining Financial Risk

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

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

Currency risk

The Company is exposed to currency risk as a result of the settlements in foreign currency and through its assets and liabilities denominated in foreign currency.

The Company has borrowings in foreign currencies – EURO and Polish zloty. As the BGN/ EUR exchange rate is fixed at 1.95583, the currency risk caused by the euro expositions of the Company is minimum.

The Company makes payments under a bond loan in Polish zloty. There is a significant risk of change in the exchange rates under this borrowing. Therefore, the Company's exposition to changes in the Polish zloty exchange rate is possible, although the Company could hedge its exposition through derivatives, such as swaps, in case of occurrence of future excessive fluctuations.

Interest Risk

The Company's policy is aimed at minimising the interest risk with regard to long-term funding. Therefore, the long-term borrowings are with fixed interest rates. All investments in Company's bonds are paid on the basis of fixed interest rates.

Credit Risk

Credit risk is mainly related to trade and financial receivables.

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

The credit risk in terms of cash and cash equivalents, cash on the monetary market of derivative financial instruments is considered minor as the counterparties are banks with good reputation and high credit rating.

Liquidity Risk

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

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

2.23 Capital risk management

By managing its capital, the Company is aimed at creating and maintaining opportunities to continue operating as going concern and to ensure the respective return of invested funds for the shareholders and economic benefits for the other stakeholders and participants in its business, as well as at maintaining optimal capital structure.

The Company continuously monitors the availability and the structure of the capital based on the debt ratio, and namely the net debt capital to the total amount of capital.

2.22 Measuring Fair Values

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

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

In the principal market for the asset or liability,

or

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

2.23 Cash Flows

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

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

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

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

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

3. Dividend income	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Euro-Finance AD	-	-
	-	-
4. Gains from sale of investments		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Gains from sale of investments	449	307
	449	307
5. Interest income		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income – from related parties loans	293	702
Interest income – from third parties loans	176	303
	469	1 005
6. Other financial revenue		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Foreign exchange gains	184	-
	184	-
7. Interest expense		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expense – loans and borrowings	2 005	1 777
Interest expense – bonds, EMTN programme	2 729	2 183
Interest expense – from related parties loans	46	401
Interest expense – from third parties loans	5	157
	4 785	4 518
8. Losses on sale of investments		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Losses on sale of investments	51	730
	51	730
9. Other financial expenses		
	31.3.2018	31.3.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Foreign exchange losses	28	3
Other financial expenses – related parties	21	58
Other financial expenses	15	5
	64	66

10. Hired services expenses

	31.3.2018 <i>BGN'000</i>	31.3.2017 <i>BGN'000</i>
Hired services expenses	315	450
Hired services expenses – related parties	1	-
	316	450

11. Other revenue/(expenses), net

	31.3.2018 <i>BGN'000</i>	31.3.2017 <i>BGN'000</i>
Other expenses	(24)	(43)
Other revenue	-	-
Other revenue – related parties	135	82
	111	39

12. Machinery and equipment

	Vehicles <i>BGN'000</i>	Fixtures and fittings <i>BGN'000</i>	Total <i>BGN'000</i>
Cost:			
At 1 January 2017	20	63	83
Additions	-	2	2
At 31 December 2017	20	65	85
Additions	90	1	91
At 31 March 2018	110	66	176
Depreciation:			
At 1 January 2017	2	60	62
Accrued depreciation	4	3	7
At 31 December 2017	6	63	69
Accrued depreciation	3	1	4
At 31 March 2018	9	64	73
Carrying value:			
At 1 January 2017	18	3	21
At 31 December 2017	14	2	16
At 31 March 2018	101	2	103

13. Long-term receivables from related parties

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
<i>Loan principal</i>		
Avto Union AD	5 029	5 129
	5 029	5 129

14. Loans granted to third parties

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Loans granted	9 779	9 779
	9 779	9 779

15. Investments in subsidiaries and other companies**15.1 Investments in subsidiaries**

	Value as at 1.1.2018	Increase	Decrease	Value as at 31.3.2018	Share capital of the subsidiary	% control in the subsidiary
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	%
Euroins Insurance Group AD	420 732	1 963	-	422 695	461 483	89.36%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	20 600	99.99%
Eurolease Group EAD	27 368	-	-	27 368	27 241	100.0%
	539 520	1 963	-	541 483	-	-

15.2 Investments in other companies

	Value as at 1.1.2018	Increase	Decrease	Value as at 31.3.2018
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Sevko AD	9	-	-	9
	9	-	-	9

16. Receivables from related parties

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
16.1 Interest receivables		
Avto Union AD	768	686
Starcom Holding AD	36	-
Bulvaria Holding EAD	1	1
Euroins Insurance Group AD	833	659
	1 638	1 346

16.2 Other receivables

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Italia EAD	2	2
Avto Union Service EOOD	41	33
Bulvaria Varna EOOD	13	12
Daru Car AD	27	38
IC EIG Re EAD	29	51
IC Euroins AD	165	102
IC Euroins Romania	-	1
Eurolease Auto EAD	1	5
Star Motors EOOD	-	3
	278	247

16.2 Loans granted

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Loans principal	14 793	-
	14 793	-

17. Other current receivables

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Interest receivables	472	296
Tax receivables	33	10
Other receivables	4 643	1 364
	5 148	1 670

18. Cash and cash equivalents

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Cash at banks	255	179
Cash in hand	16	17
Short-term deposits	-	10
	271	206

19. Share capital and reserves**19.1 Share capital****Share capital**

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Issued shares	197 525 600	197 525 600

The share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	54.20%	107 051 956	107 051 956
KJK Fund II Sicav-Sif Balkan Discovery	12.46%	24 616 873	24 616 873
Other legal entities	30.65%	60 539 898	60 539 898
Other individuals	2.69%	5 316 873	5 316 873
	100.00%	197 525 600	197 525 600

19.2 Reserves

	31.3.2018 BGN'000	31.12.2017 BGN'000
Share premium	49 568	49 568
General reserves	7 641	7 641
	57 209	57 209

20. Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings

	31.3.2018 BGN'000	31.12.2017 BGN'000
International Investment Bank	21 123	21 123
	21 123	21 123

Current interest-bearing loans and borrowings

	31.3.2018 BGN'000	31.12.2017 BGN'000
Accession Mezzanine	7 014	7 032
International Investment Bank	5 921	5 940
Other entities	48 620	39 267
	61 555	52 239

Analysis of interest-bearing loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 31.3.2018	Principal as of 31.12.2017	Interest rate	Maturity date	Security
Accession Mezzanine	Loan - Principal	EUR	15,000,000 €	3 510 000 €	7,286,615 €	8.70%	4.2018	Pledge on subsidiary shares; related party guarantee
International Investment Bank	Loan - Principal	EUR	15,000,000 €	13,800,000 €	15,000,000 €	6,0%+3m EURIBOR	12.2021	Pledge on subsidiary shares

21. Bond liabilities**Non-current bond liabilities**

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
EMTN Programme in EUR	134 235	120 700
EMTN Programme in PLN	20 687	20 842
	154 922	141 542

Current bond liabilities

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
EMTN Programme in EUR	2 333	800
EMTN Programme in PLN	416	147
	2 749	947

Detailed information about the bonds issued by Eurohold Bulgaria AD is available on the website of the Irish Stock Exchange, Debt section.

22. Non-current liabilities to related parties**22.1. Loans principal**

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
Eurolease Auto EAD	2 576	2 576
	2 576	2 576

22.1. Financial lease liabilities

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
Eurolease Auto EAD	61	-
	61	-

23. Other non-current liabilities

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
Non-current loans from third parties	36	36
Retirement benefit obligations	4	4
	40	40

24. Trade payables

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
Trade payables	710	589
	710	589

25. Current liabilities to related parties**25.1 Interest payables**

	31.3.2018 <i>BGN'000</i>	31.12.2017 <i>BGN'000</i>
Eurolease Auto EAD	202	157
Eurolease Group EAD	8	8
	210	165

25.2. Current borrowings

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	-	18
Eurolease Group EAD	16	16
	16	34

25.3 Other payables

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Eurolease Auto EAD	48	17
Sofia Motors EOOD	9	9
Bulvaria Holding AD	7	7
	64	33

26. Other current liabilities

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Payables for acquisition of investments	18	18
Interest payables	14	14
Tax payables	274	272
Payables to employees and social security institutions	52	49
Dividends payables	184	184
Dividends payables – related parties – Starcom Holding AD	34	34
Other liabilities	8	29
	584	600

37. Events after the end of the reporting period

No adjustment and non-adjustment events that require additional disclosure have occurred after the end of the reporting period until the date of approval of the interim separate financial statements for publication.

INSIDE INFORMATION

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

EUROHOLD BULGARIA AD has disclosed the following information:

4 April, 2018

Annual Financial Report for the year ended on 31 December 2017:

1. Annual Consolidated Financial Report as of 31 December 2017, IFRS;
2. Notes to the Annual Consolidated Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2017;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declarations;

7 March, 2018

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

7 March, 2018

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

27 February, 2018

The shares from the last capital increase of Eurohold Bulgaria AD have been admitted to trading on the Warsaw Stock Exchange (*News Release*);

2 February, 2018

2017 cons results for Eurohold: Profit doubled and upsurge in the profitability of the main business lines (*News Release*);

1 February, 2018

Interim Consolidated Financial Report for Q4'2017:

1. Interim Consolidated Financial Statements as of 30 December 2017, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4'2017;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declarations;

1 February, 2018

Interim Financial Report for Q4'2017:

1. Interim Financial Statements as of 30 December 2017, IFRS;
2. Notes to the Interim Financial Statements for Q4'2017;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Internal Information;

6. Additional Information;
7. Information according to Annex 9;
8. Declarations;

9 January, 2018

Notification pursuant to Article 148b of POSA;

4 January, 2018

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

2 January, 2018

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

30.04.2018

Asen Minchev,

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

ADDITIONAL INFORMATION TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR Q1'2018

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

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

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

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

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

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

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

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

No estimates of financial results of the company have been published for Q1'2018.

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

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

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

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

	Shareholder	Number of shares	% participation
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Assen Emanuilov Assenov	78,000	0.04%

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

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

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

Non-current liabilities to related parties

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Loans principal		
Eurolease Auto EAD	2 576	2 576
	2 576	2 576

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Financial lease liabilities		
Eurolease Auto EAD	61	-
	61	-

Current liabilities to related parties

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Interest payables		
Eurolease Auto EAD	202	157
Eurolease Group EAD	8	8
	210	165

Current borrowings

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	-	18
Eurolease Group EAD	16	16
	16	34

Other payables

	31.3.2018	31.12.2017
	<i>BGN'000</i>	<i>BGN'000</i>
Eurolease Auto EAD	48	17
Sofia Motors EOOD	9	9
Bulvaria Holding AD	7	7
	64	33

Date:
30.04.2018 г.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

INFORMATION ACCORDING TO ANNEX 9

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

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

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

- 3. Conclusion or execution of significant transactions**

There are no significant transactions during the observed period.

- 4. No decision on the conclusion or termination of the joint venture agreement**

- 5. Change in company auditors and reasons for change**

There has no change in company auditors.

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

- 6. No court or arbitration case relating to the debts or claims of the company or its subsidiary has been initiated or terminated at a purchase price of at least 10% of the capital of the company**

- 7. There is no purchase, sale or pledge of shareholdings in commercial companies by the issuer or its subsidiary**

- 8. There are no other circumstances that the Company believes could be relevant to investors in taking a decision to acquire, sell or continue to hold publicly-traded securities**

Date: 30.04.2018 г.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

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

The undersigned,

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

hereby DECLARE that to our best knowledge:

1. The set of interim financial statements for Q1' 2018, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The interim management report of Eurohold Bulgaria AD for Q1' 2018 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

