Eurohold Bulgaria AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January - 31 March 2019

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INTERIM CONSOLIDATED MANAGEMENT REPORT

containing information on important events that occurred during the first three months of 2019 according to Art. 100o, paragraph 4, item 2 of POSA

IMPORTANT EVENTS FOR THE EUROHOLD GROUP THAT OCCURRED IN THE PERIOD 1 JANUARY - 31 MARCH 2019

During the reporting period, the following important events took place, affecting the results in the financial statements of Eurohold Bulgaria AD as of 31.03.2019:

1. EUROHOLD TO BUY COMPANIES OF GERMAN ERGO IN CZECH REPUBLIC, ROMANIA AND BELARUS

EIG will acquire three ERGO divisions in Romania and the Czech Republic, specializing in life and non-life insurance, as well as one non-life insurance company in Belarus. Both parties have already signed agreements and the deal will be finalized after approval by the relevant regulatory authorities.

Under the terms of the agreement, EIG will acquire all the shares in the four ERGO divisions, including ownership of employee contracts, customer portfolio and IT systems.

2. EUROHOLD BULGARIA LAUNCHES THE CAPITAL INCREASE PROCEDURE BY PUBLIC OFFERING OF 80 MILLION NEW SHARES

Eurohold Bulgaria AD is in the procedure of increasing its capital through public offering of nearly 80 million new shares. At its extraordinary session of the General Meeting of Shareholders, held on 22 of April,2019, a decision was taken to increase the company's capital up to BGN 277 million through issuing of preferred shares.

The public offering of a share issue of a capital increase provides for the subscription of a new issue of shares up to a maximum of 79,010,240 shares. The nominal value of each share is BGN 1.00 (one) and the issue price per share is 1.95 (one and 0.95 BGN). The maximum amount that Eurohold can raise in case the issue will be subscribed and paid up to a maximum amount is BGN 154,069,968 (one hundred and fifty four million sixty nine thousand nine hundred and sixty eight). The capital increase of Eurohold will be deemed successful if at least 25.3% (20 million) of the shares offered will be subscribed and paid in full.

The new preferred shares will not give voting rights to the general shareholders' meeting but will guarantee to their holders receiving dividend every year under the following scheme: 6% of the nominal value per share for the first five years after the entering of the issue in the Commercial Register; 3% of the nominal value between the sixth and the tenth year; and 1% after the tenth year of the entry.

All funds raised from the current public offering of shares will be fully utilized for the planned expansion of the company in new regulated business segments offering great opportunities for sustainable growth. The long-term investment strategy of the company includes investment in the energy sector, namely acquisition of CEZ's assets in Bulgaria.

The manager of the issue will be Euro-Finance AD, one of the largest investment intermediaries in Bulgaria.

3. EVROHOLD SUBMITTED AN INDIVIDUAL OFFER TO ACQUIRE CEZ GROUP'S ASSETS IN BULGARIA AND OBTAINED EXCLUSIVITY

On 1st of April 2019, after an in-depth research and analysis on the financial performance of the Bulgarian units of CEZ Group, the Czech power utility, Eurohold Bulgaria AD submitted a binding offer to acquire the assets of CEZ Group in Bulgaria.

Eurohold is participating in the procedure individually and is not in partnership with another candidate in the tender.

Eurohold will finance the transaction through own funds and additional funding to be extended by Western European banks.

The intention to acquire CEZ Group’s assets in Bulgaria is part of holding company’s long-term strategy to penetrate in new regulated business segments that provide large opportunities for growth. Simultaneously with the acquisition of CEZ Group’s assets in Bulgaria, Eurohold is analysing the opportunity to divest part of its assets outside the insurance business in order to focus on the segments with the highest potential.

On 17th of April 2019, Eurohold Bulgaria obtained exclusivity for the acquisition of CEZ Group’s assets in Bulgaria.

4. EUROINS INSURANCE GROUP INCREASED ITS PARTICIPATION IN THE CAPITAL OF RUSSIAN INSURANCE COMPANY EUROINS UP TO 48.61%

Euroins Insurance Group (EIG) increased its participation in the capital of Russian Insurance Company Euroins up to 48.61%, representing 244,002,300 shares, after on 01.02.2019 was registered in the unified state register of legal entities of Russia increase of the capital of the Russian insurance company. The increase was in amount of 121,500,000 rubles, which is fully subscribed by EIG.

EUROHOLD BULGARIA

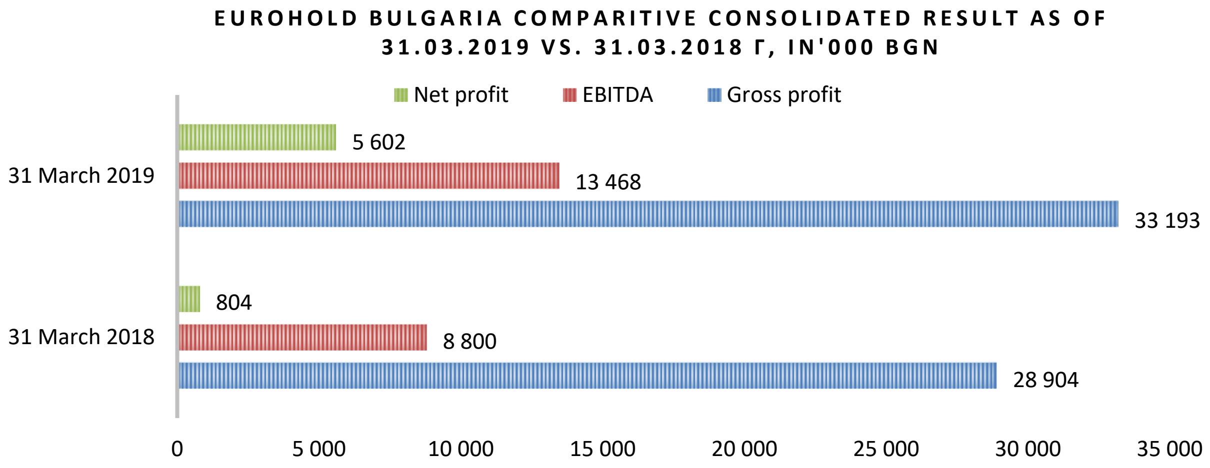
CONSOLIDATED FINANCIAL RESULTS

Eurohold Bulgaria's realized net profit as at 31 March 2019 increased 7 times compared to the relevant period in 2018.

Net consolidated profit amounted to BGN 5.6 million, distributed as follows: for the Group – a profit in amount of BGN 4.5 million; for non-controlling participation - a profit in amount of BGN 1.1 million. For comparison, the distribution as of 31.12.2018 was: for the Group a loss in amount of BGN 0.2 million; for non-controlling participation - a profit in amount of BGN 1 million.

As of 31.03.2019 the consolidated gross profit realized by the Eurohold Group's operating activities increased by 15% compared to the previous reporting period and amounted to BGN 33.2 million.

At the same time, the consolidated EBITDA increased significantly by 53% and amounted to BGN 13.5 million vs. BGN 8.8 million as of 31.03.2018.



CONSOLIDATED OPERATING RESULTS BY SEGMENTS

Consolidated operating income by segments

	Insurance	Automotive	Leasing	Investment intermediation	Parent company	Consolidated income
31.3.2019	333 151	54 872	5 730	1 557	554	395 864
31.3.2018	237 070	57 844	5 420	792	799	301 925
Change	**41%**	**-5%**	**6%**	**97%**	**-31%**	**31%**

According to the interim consolidated financial report for the first quarter of 2019, the consolidated operating income of the Eurohold group increased by 31% to BGN 395.9 million, while for the comparative period they amounted to BGN 301.9 million.

The highest growth in absolute value in the segment performance was recorded in the revenue generated by the insurance sector amounting to BGN 96 million.

Leasing activity reported income growth of BGN 0.3 million and investment intermediation amounted to BGN 0.8 million.

For the first three months of 2019 the automotive activity registered a decline of BGN 3 million and the parent company amounted to BGN 0.3 million.

Consolidated operating expenses by segments

	Insurance	Automotive	Leasing	Investment intermediation	Parent company	Consolidated income
31.3.2019	310 343	49 663	1 387	1 140	138	362 671
31.3.2018	219 290	51 457	934	1 289	51	273 021
Change	**42%**	**-3%**	**49%**	**-12%**	**171%**	**33%**

For the first three months of 2019 the companies in the economic group of Eurohold Bulgaria managed to reduce the amount of the financial and other expenses for the activity.

The net other income / expenses for the Group's operations amounted to BGN 19.7 million, whereas their amount as of March 31, 2018 was BGN 20.1 million, a decrease of 2%.

Net financial expenses also reported a significant decrease by 18% or BGN 1 mln compared to the previous reporting period and amounted to BGN 4.6 mln.

Depreciation expenses of Eurohold Group companies amounted to BGN 3.1 million, while during the comparable period their amount was BGN 2.4 million. The increase in depreciation expenses was due to the consolidation of the tangible fixed assets and the related depreciation expenses of insurance companies, acquired in Georgia and Ukraine in the fourth quarter of 2018.

RESULTS BY TYPE OF ACTIVITY BASED ON UNCONSOLIDATED DATA

The table below provides information on the incomes earned by the subsidiaries as at 31 March 2019 vs. March 31, 2018. There was also a comparison of EBITDA earned by Eurohold subsidiaries, as well as the financial result before intragroup eliminations.

TOTAL INCOMES BY SECTORS

Sectors	2018 '000	2017 '000	*Change %*
Insurance and Health assurance	333 486	237 228	41%
Automotive	57 304	59 724	-4%
Leasing	6 275	5 709	10%
Asset management and brokerage	1 755	981	79%
Total for the subsidiaries	**398 820**	**303 642**	**31%**
Parent company	691	1 053	-34%
Total before eliminations	**399 511**	**304 695**	**31%**
Intragroup eliminations	(3 647)	(2 770)	32%
Total before interest, amortization and taxes	**395 864**	**301 925**	**31%**

PROFIT BEFORE INTEREST, AMORTISATION AND TAXES

Sectors	2018 '000	2017 '000	*Change %*
Insurance and Health assurance	*11 183*	*6 783*	*65%*
Automotive	*924*	*1 112*	*-17%*
Leasing	*1 560*	*1 319*	*18%*
Asset management and brokerage	*248*	*(701)*	*135%*
Total for the subsidiaries	***13 915***	***8 513***	***63%***
Parent company	*(30)*	*556*	*-105%*
Total before eliminations	***13 885***	***9 069***	***53%***
Intragroup eliminations	*(417)*	*(269)*	*55%*
Total before interest, amortization and taxes	***13 468***	***8 800***	***53%***

FINANCIAL RESULTS

Sectors	2018 '000	2017 '000	*Change* %
Insurance and Health assurance	*9 865*	*5 793*	*70%*
Automotive	*(637)*	*(177)*	*260%*
Leasing	*115*	*19*	*505%*
Asset management and brokerage	*190*	*(718)*	*126%*
Total for the subsidiaries	***9 533***	***4 917***	***94%***
Parent company	*(3 931)*	*(4 113)*	*-4%*
Total before eliminations	***5 602***	***804***	***597%***
Intragroup eliminations	-	-	-
Total before interest, amortization and taxes	***5 602***	***804***	***597%***

Incomes from the activities of Eurohold Group companies increased by 31% or by BGN 94.8 million before accounting for intragroup calculations.

Profit before interest, amortization and taxes increased significantly by 53% or by BGN 4.8 million before reporting for intragroup eliminations and amounted to BGN 13.9 million.

The realized financial results of the Group companies before intragroup elimination amounted to BGN 5.6 million as the difference vs. comparable period amounted to BGN 4.8 million, representing a growth of 597%.

FINANCIAL CONDITION

Consolidated Assets

During the first three months of 2019 Eurohold Group companies achieved an increase of consolidated assets by 2%, which at the end of the reporting period amounted to BGN 1.424 billion compared to BGN 1.395 billion at 31.12.2018.

The most significant change in consolidated assets was recorded in cash and deposits, receivables, financial assets and reinsurers' share of technical reserves, as well as in the value of inventories.

At the end of the reporting period, the Eurohold Group has free cash and deposits in banks amounting to BGN 85.4 million, an increase of BGN 15.7 million, representing a growth of 22.5%. For comparison by the end of 2018, cash and deposits with banks amounted to BGN 69.7 million.

Receivables increased by BGN 30.2 million for the period reaching BGN 286.2 million, of which the current receivables amounted to BGN 206.9 million increasing by BGN 30.7 million vs. the end of the year 2018, while the non-current receivables amounted to BGN 79 million as they decreased slightly by BGN 0.5 million.

As of the end of the reporting period, the share of reinsurers in technical reserves of the insurance companies in structure of EIG grew by BGN 16.3 million as they reached BGN 427.7 million, an increase of 4%.

As of 31.03.2019 the financial assets held by Eurohold Group companies reported a decrease by BGN 26.2 million compared to the end of 2018 as they amounted to BGN 263.8 million.

The inventories of the companies participating in the consolidation amounted to BGN 52.6 million, decreasing by BGN 8 million for the current reporting period, compared to the end of 2018, when they amounted to BGN 60.6 million.

Consolidated equity and liabilities

Total equity of Eurohold Bulgaria amounted to BGN 206.2 million, decreasing by BGN 1.1 million compared to 31.12.2018. The capital belonging to the parent company amounted to BGN 170.4 million, while the capital belonging to the non-controlling interest for the period amounted to BGN 35.9 million. By comparison, at the end of 2018, the capital belonging to the parent company was amounted to BGN 168.6 million, and the capital belonging to the non-controlling interest - of BGN 38.7 million.

In support of equity, the Group holds subordinated debt instruments amounting to BGN 19.6 million, which remain unchanged as of 31.12.2018.

The total amount of equity and subordinated debt instruments amounted to BGN 225.8 million, while at the end of 2018 they amounted to BGN 226.9 million.

Non-current consolidated liabilities increased by 5.2% from BGN 341.6 million to BGN 324.9 million during the reporting period. The increase by BGN 5.7 million in the amount of bank loans is mainly due to a contract for the provision of cash in the form of a loan with a non-financial institution, signed by Euroins Insurance Group AD at the end of March 2019. The loan has an agreed limit of EUR 10 million for the purpose of financing the company's expansion for a period of 5 years. Separately, the amount of liabilities to financial and non-financial institutions is reduced by principal payments on loans under repayment schedules.

Liabilities on loans and bond issues:	31.03.2019 *BGN '000*	31.03.2018 *BGN '000*	% *Change*
- bank and non-bank loans	147 897	142 167	4.0%
- bond issues	167 479	157 564	6.3%
Total loans	**315 376**	**299 731**	**5.2%**

Current consolidated liabilities increased as of the end of the reporting period by BGN 13 million and amounted to BGN 856.2 million. Current liabilities represent current liabilities, trade and other payables, liabilities to reinsurance operations and insurance claims.

A major part of the current liabilities represent assigned insurance reserves amounting to BGN 712.2 million as for the current reporting period they increased by BGN 35.9 million compared to the end of 2018.

ACTIVITY OF THE SUBSIDIARIES FOR THE PERIOD

1 JANUARY - 31 MARCH 2019

EUROINS INSURANCE GROUP

In the first quarter of 2019 Euroins Insurance Group (EIG, the Group) has realized consolidated gross written premiums of BGN 205.2 million compared to BGN 149.6 million in same period of 2018. Main reason for the growth of over 37% is the growth of Euroins Bulgaria and Euroins Romania. However, all subsidiaries have registered growth. And there is also the business written by European Travel Insurance, Ukraine, and Euroins Georgia, two companies, which EIG has consolidated for the first time in Q4 2018. The Group has reported an unaudited consolidated profit of BGN 9.9 million before taxation compared to a profit of BGN 5.8 million in 2018, which, as with the gross premiums, is mainly down to Euroins Bulgaria and Euroins Romania but almost all the other companies in the Group has contributed too.

On 4 October 2018 a decision has been voted at the Extraordinary General Meeting of the Shareholders of Euroins Insurance Group to increase the capital of the Group from BGN 483,445,791 to BGN 543,445,791 by way of issuing 60,000,000 ordinary, registered, materialized, non-privileged shares with nominal and issue value of 1 (one) Bulgarian lev per share, with 1 (one) voting right in the General meeting of the shareholders, with dividend right and liquidation quota. The newly issued shares have been entirely subscribed by the majority shareholder Eurohold Bulgaria AD. The increase has been entered in the Trade Register on 25 October 2018. On 5 October 2008 25% of the nominal value of the newly issued shares, BGN 15,000,000, have been paid in. Further BGN 3,950 thousand have been paid in in 2019.

In 2018 Fitch Ratings confirmed the ratings that were assigned to Eurohold Bulgaria and Euroins Romania in 2017, namely Long-Term Default Rating "B" to Eurohold Bulgaria with Stable outlook and Insurer Financial Strength Rating "BB-" with Stable outlook to Euroins Romania. As part of the same process because Euroins Romania and Euroins Bulgaria were the key components of Eurohold Bulgaria Fitch Ratings assigned also to Euroins Bulgaria Insurer Financial Strength Rating "BB-" with Stable outlook. And in addition, Fitch Rating assigned the same rating to EIG Re reflecting the expected strategic importance of the company as a captive reinsurer within Euroins Insurance Group.

- **Euroins Bulgaria**

In the first three months of 2019 Euroins Bulgaria has reported total GWP of BGN 56.4 million compared to BGN 38.3 million written in the same period of 2018. Reason for this significant growth of more than 47% is the direct insurance business written both locally in Bulgaria and in Greece, Poland, Italy and Spain. The business in Greece has been written according to the EU directive for Freedom of establishment, while in Poland, Italy and Spain it was according to the EU directive for Freedom of services.

All main non-motor lines of business have registered growth: Health (92%), Accident and Travel (63%), Cargo (17%), Liability (16%). Credit and suretyships have more than doubled compared to the three months of 2018. MTPL has grown by more than 41%, Motor Hull – by more than 13%. Rate increases in Bulgaria, increase in the number of clients in Greece and start of the sales in Poland are behind the MTPL growth. Euroins Bulgaria has reported gross premiums of BGN 3.3 million written in Poland for the first months of the year.

Net earned premiums amount to BGN 31.1 million, while net incurred claims reach BGN 8.8 million.

And although there is an increase in the administrative expenses by app. 8% the low level of net claims incurred is the reason for Euroins Bulgaria to report a profit for group purposes of BGN 4.7 million before taxation compared to profit before taxation of BGN 419 thousand in 2018.

The improved financial condition of the company has been also reaffirmed by the updated Long-Term Claims Paying Ability Rating assigned by BCRA, Credit rating Agency, in January 2019. The assigned rating is "BBB-" with Stable long-term outlook.

All the circumstances above would help the management of Euroins Bulgaria to focus on the challenges in 2019, which are the introduction by way of enactment of the bonus malus system on the local MTPL insurance market and the operational start of the branch in Greece, which as of the date of this report is already a fact.

The bonus malus system has been already part of the underwriting policy of Euroins Bulgaria since 2012. But so far, the company has applied it only on drivers that are either current or former clients. With the introduction of the system on the entire market Euroins Bulgaria will be in position to perfect it and apply its conservative underwriting approach to all its clients and thus improve its technical result.

- **Euroins Romania**

In the first three months of 2019 Euroins Romania has written a total GWP of BGN 131.8 million compared to BGN 102.5 million in the same period of 2018. The total growth is mainly due to the growth in MTPL of more than 30%. However, the non-Motor lines of business have also grown significantly: Property (14%), Accident (12%), Cargo (5%).

Net earned premiums grow by app. 7% but this goes also for net claims incurred growing by 13%. It is a result of increase in the number of reported claims. However, at the same time there is also a decrease of the average reported claim. In 2018 the company has invested in a network of loss survey points as well as in a total remodeling of its strategy in the claims handling process aiming to improve the customer service and to guarantee high level of customer satisfaction.

There is decrease of the acquisition ratio reported, while administrative costs have grown compared to 2018.

Euroins Romania has completed Q1 2019 with a profit for group purposes amounting to BGN 4.5 million before taxation compared to a profit of BGN 5.4 million in the same period of 2018. The reason for the profit being lower is mainly the increased net claims incurred.

- **Euroins Macedonia**

In the three months ended 31 March 2019 gross premiums written by Euroins Macedonia grow by app. 38% reaching BGN 6.2 million. Main business lines growing are Cargo by 8% and MTPL by 5%. The company continues to strengthen its position in Agricultural insurance with the written business growing significantly to EUR 1 million. There is a plan to enter the Health insurance market as well with the positive results expected to be seen later during the year.

Net claims incurred have increased by 4% as a result of the business growing but in the same period net earned premiums have grown by 12%.

Because of the ongoing initiatives of the management of the company administrative cost ratio has decreased from 9.2% to 8.4%.

The result from the above is a profit for group purposes of BGN 723 thousand before taxation compared to a profit of BGN 418 thousand in 2018.

➢ Euroins Life

Gross premium income of Euroins Life amounts to BGN 624 thousand registering growth of nearly 68% compared to 2018.

The company reports a profit for group purposes of BGN 393 thousand compared to a loss of BGN 317 in 2018. The main reason is the improvement in the technical result and more precisely in net claims incurred where the loss ratio drops from 44.4% to 28.3%.

➢ Euroins Ukraine

In the first three months of 2019 the company has written gross premiums of BGN 4.2 million registering growth of 9%. App. 42% of the business written has been non-Motor. Apart from the Motor premiums the non-motor business has also grown: Accident by 35% and Liability by more than 20%.

But due to the investments made in the expansion of the distribution network and the increased number of claims as a result of the business growth Euroins Ukraine has reported a loss for group purposes of BGN 834 thousand. The management of the company has already initiated a series of steps as part of a general plan aiming to achieve significant improvement by the end of the first half of 2019 through new processes for claims handling, for prevention of insurance frauds and for risk management.

➢ EIG Re

The previous name of Insurance Company EIG Re EAD has been HDI Insurance AD. Euroins Insurance Group has acquired the company at the end of 2015. Following a decision from October 2016 Euroins - Health Assurance was merged into EIG Re. The procedure has been finalized in 2017.

For the three months of 2019 EIG Re has written gross premiums of BGN 778 thousand registering slight decrease compared to 2018. The profit for group purposes amounts to BGN 12 thousand before taxation.

The strategy of the management of EIG and EIG Re is for the company to continue developing as a reinsurer. The foundations were laid down in 2017 when the first proportional and non-proportional insurance treaties were signed. There were a series of initiatives in 2018 to analyze the potential for the development of EIG Re also as a captive reinsurer optimizing the entire reinsurance program of the Group. One of the starting points of these projects was also a possible participation of EIG Re as captive reinsurer in the optimization of the capital requirements for the Group and its subsidiaries in the light of Solvency IiЛ

➢ European Travel Insurance, Ukraine

On 26 February 2018 the Board of Directors of Euroins Insurance Group voted to acquire 99.99998% of the capital of European Travel Insurance, Ukraine (European Travel Insurance, ETI). The sale purchase agreement was signed on 13 April 2018 and the transaction was closed on 1 October 2018.

European Travel Insurance is one of the top Travel insurers in Ukraine and is the only one that specializes only in these insurance products by offering them both to individual and to corporate clients. In its portfolio ETI has tailor made products developed for the company's partners in the banking sector and tourist business such as travel agencies and tour operators. The company relies on innovative products offered via extremely well-developed distribution channels. Results from the planned and already in motion processes to use the potential for synergies and know-how share with the other subsidiaries in the Group are to be seen soon.

In the first three months of 2019 the company has written gross premiums of GWP 3.9 million reporting a profit for group purposes of BGN 520 thousand before taxation.

- **Euroins Georgia**

On 22 March 2018 the Board of Directors of Euroins Insurance Group voted to acquire 50.00002% (50% + 1 share) of the capital of Insurance Company IC Group, Georgia (IC Group) with the sale purchase agreement signed on 22 June 2018. The transaction was closed on 23 October 2018. The investment amounts to BGN 3,814 thousand. On 31 October 2018 the new name of the company was entered into the Georgian Trade Register, JSC Insurance Company Euroins Georgia.

The acquisition of Euroins Georgia is part of the strategy of Euroins Insurance Group for development in a region where markets have huge growth potential. With Georgia this is mainly due to the low insurance market penetration, positive regulatory changes and the expected introduction of compulsory third-party liability insurance both in motor and construction lines of business. The indicators showing expected growth of the Georgian economy of 5% in 2019 and 2020 will contribute additionally to the growth of the Georgian insurance market, where the Group would like to participate.

Insurance Company Euroins Georgia is specialized in Accident and Health. In the first quarter of 2019 these lines of business account for app. 48% of the insurance portfolio of the company, while the rest is split between Motor Hull (19%), MTPL (17%), Property (7%), Cargo (5%), Liability (2%), etc. Total gross premiums written in the quarter amount to BGN 2,016 million. The result for group purposes is a loss of 257 thousand before taxation.

- **Euroins Russia**

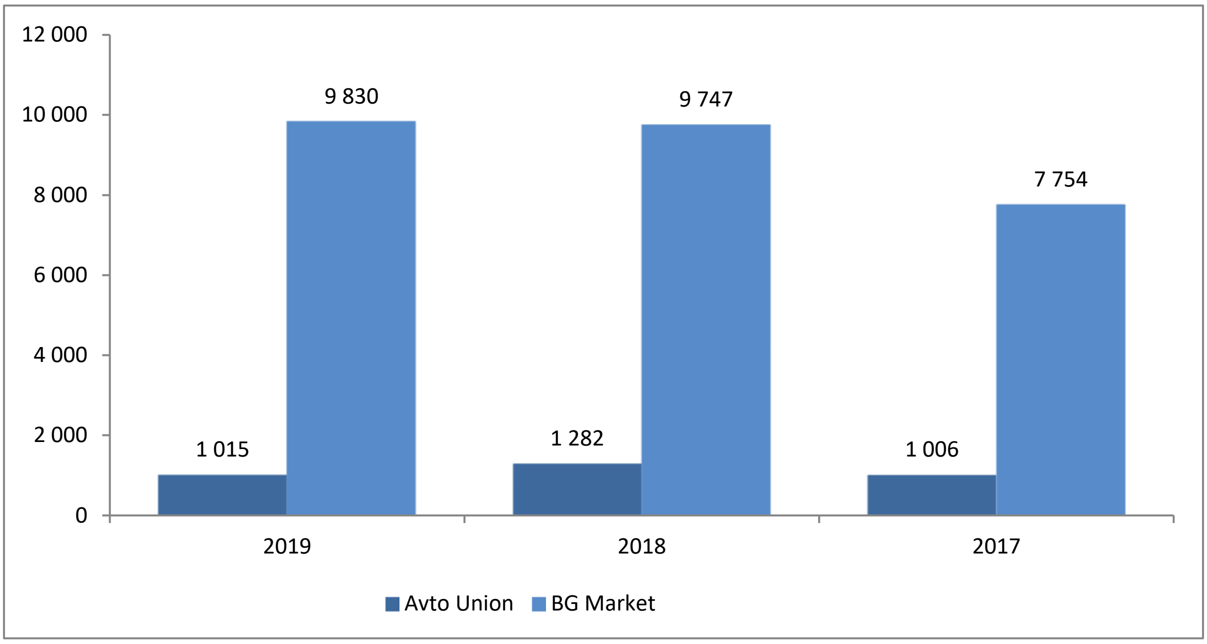
Entering the Russian insurance market has always been in line with the development strategy of the Group in Eastern Europe. This market, as most in this region, is typified by low insurance market penetration, which in combination with expected positive regulatory changes and economical growth hints at significant growth potential.

Euroins Russia is an insurer with 15 years of history and experience offering more than 50 insurance products on the market. In Q1 2019 the company has reported gross written premiums of app. BGN 15.5 million. And as continuation of the sound performance from last year the company reports a profit of BGN 484 thousand after taxation.

AVTO UNION

The consolidated financial result of the Group for the period from 01.01.2019 until 31.03.2019 was a loss of BGN 637 thousand (2018 – a profit of BGN 177 thousand). The consolidated financial result for the parent company's owners for the same period was a loss of BGN 980 thousand, compared to the same period in 2018 when it was a loss of BGN 513 thousand.

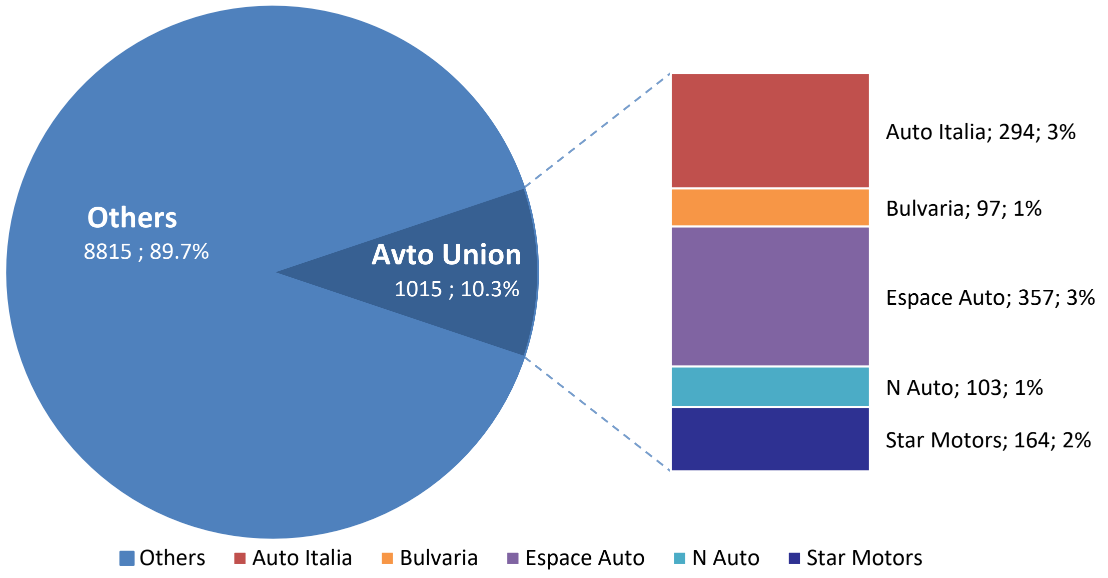
The number of cars sold for 2018 increased by 16.5% compared to the same period of 2017. Revenues from sales of cars, spare parts, oils and fuels increased by 7.2%, and the revenues from sales of services decreased by 8.8%.



Sales of new cars from Avto Union as of the end of March'2019 compared to those on the Bulgarian market as a whole, number of cars – Q1 YTD 2017, Q1 YTD 2018 and Q1 YTD 2019, source: ACM

Operating expenses for the first quarter of 2019 marked a decline of 2% compared to the same period in 2018, due to the ongoing expenses optimization policy. The highest decline was recorded in the other expenses which decreased by 47.1% or BGN 249 thousand, as well as the personnel expenses, which decreased by 8% or BGN 249 thousand. On the other hand, the expenses for services increased by 4.2% or BGN 104 thousand. The financial expenses increased by 5.7%, or BGN 37 thousand, due to an increase in the amount of borrowins associated with increased sales on the one hand, as well as due to the restructuring of the Group's capital structure. Revenues from financial operations also increased - by BGN 62 thousand in the period under review compared to the previous year 2018.

For the period ending on 31.03.2019 the sales of new personal cars and light commercial vehicles realized by Avto Union - the automobile holding in the group of Eurohold Bulgaria, amounted to 1,015 units, compared to 1,282 units sold in the same period of 2018, which represents a decline of 20.8%. According to the Union of Automobile Importers in Bulgaria, the new car market in the first quarter of 2019 did not account for a significant change compared to the same period last year - around 9,800 new registrations. During the reporting period Opel registered a growth of 36% for Varna and a decrease of 20% for Sofia. Espace Auto OOD registered sales decline for both of its brands compared to 2018 – by 36% for Renault and by 42% for Dacia. In N Auto EAD, there was a decline in sales by 50% for Nissan cars. Auto Italia EAD increased its sales of Fiat by 50%, but decreased sales of Alfa Romeo by 58%. Star Motors marks a 14% decline in sales of new Mazda cars compared to the same period of previous year.



Number of cars sold and market share of automotive companies in the Auto Union Group for Q1'2019.

During the reporting period the companies from the automobile holding have concluded fleet transactions for a total of 301 vehicles at a total value of approximately BGN 7 million, while the ratio for the comparable period was 449 automobiles at a total value of approximately BGN 13 million.

Avto Union Group	**Sales**		**%**
	Q1'2019	**Q1'2018**	**Change**
January – March (YTD)	1,015	1,282	-20,8%
By quarter:			
Q1 (January-March)	1,015	1,282	-20,8%
Q2 (April-June)	n/a	1,895	n/a
Q3 (July-Srptember)	n/a	1,298	n/a
Q4 (October-December)	n/a	1,257	n/a

At a constituent meeting held on 23.11.2018, it was decided to set up a subsidiary of Auto Italia EAD, namely Auto Italia-Sofia EOOD, the decision itself was entered in the Commercial Register on **16 January 2019**. The intention of the management is a division of the import and dealership activities of the FIAT, Maserati and Alfa Romeo brands - the newly established company performs the functions of a dealer for Sofia and Auto Italia EAD specializes in the functions of an importer for the brands in Bulgaria.

On 11.02.2019, an increase of the capital by BGN 550 thousand of "Benzin Finance" EAD was entered in the Commercial Register - thus the registered capital of the subsidiary of Motobul EAD has increased and reached the amount of BGN 1.050 thousand.

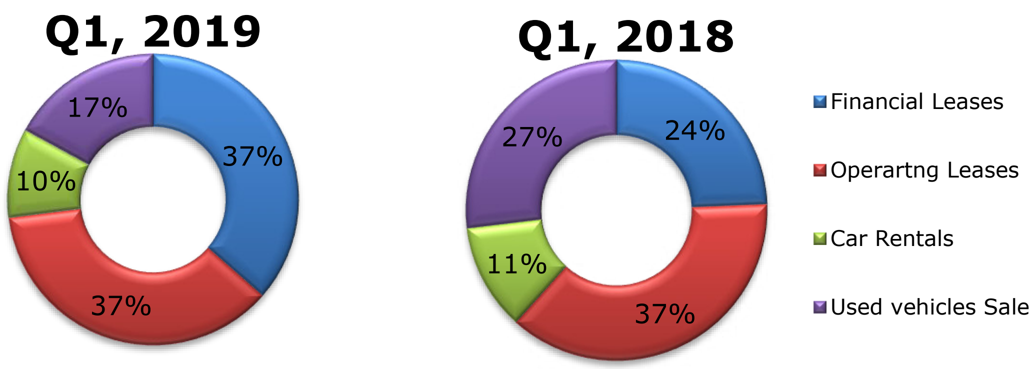
On March 22, 2019 Milen Asenov Christov was entered in the Commercial Register as Procurator of the subsidiary Auto Italia EAD.

For the observed period, the subsidiary company Espas Auto EOOD has distributed a dividend of BGN 750,000 thousand to its parent company (N Auto Sofia EAD). The dividend income was eliminated for the purposes of the consolidated financial statements as at 31.03.2019.

EUROLEASE GROUP

For the reporting period Eurolease Group reported a consolidated profit in amount of BGN 115 thousand compared to BGN 19 thousand for the first quarter of 2018.

The consolidated revenues of the company were formed by the different business lines of the subholding, namely: revenue from financial and operating leases, rent-a-car services and sale of used cars, the distribution of which is shown in the following graphic.



The observed changes has been conditioned by the following factors:

- During the reporting period the total revenues from the different lines of the business amounted to BGN 4.959 thousand compared to BGN 4.886 thousand at the end of the first quarter of 2018.
- Financial leasing – the share of revenues from financial leasing increases due to the significant volume of new business generated during 2018 by Eurolease Auto EAD. In absolute terms, the revenues from this line amounted to BGN 1.817 thousand in comparison with BGN 1.190 thousand as of 31.03.2018.
- Operating lease – the revenues from this line remained almost unchanged. As of 31.03.2019 they amounted to BGN 1.822 thousand.
- Rent-a-car services - the amount of revenues decreasea by 16.07% to BGN 470 thousand compared to BGN 560 thousand at the end of March 2018.
- Sale of used cars - the share of revenues from the sale of used cars decreases. In absolute terms, these revenues amounted to BGN 850 thousand compared to BGN 1,315 thousand as of 31.03.2018.

An increase of 7.60% was also reported in operating expenses, as they amounted BGN 3.340 thousand at the end of the first quarter of 2019, compared to BGN 3.104 thousand for the same period in 2018.

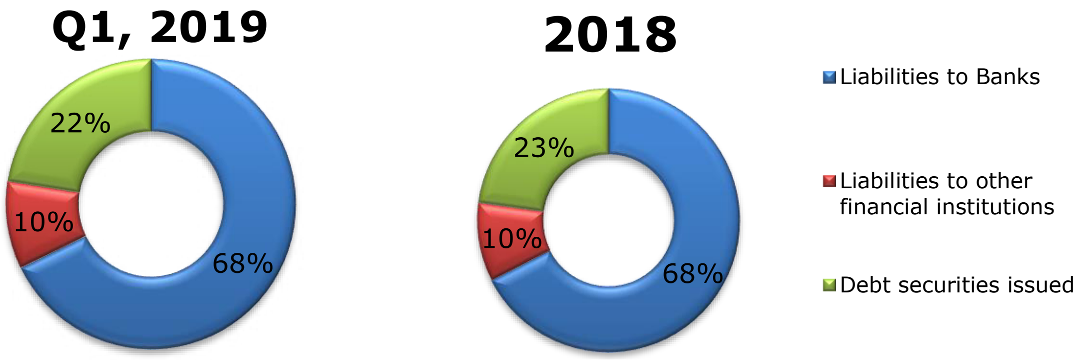
Eurolease Group consolidated assets amounted to BGN 137.229 thousand compared to BGN 137.585 thousand as of 31 December 2018.

Consolidated net investment in finance leases declined slightly to BGN 76.768 thousand compared to BGN 78.225 thousand as of the end of year 2018.

As of the end of reporting period Eurolease Group consolidated fixed assets amounted to BGN 28.155 thousand compared to BGN 28.075 thousand at the end of 2018.

As of the end of March 2019 there were no significant changes in the relative share of the type of funding used:

- Liabilities to banks as at 31 March 2019 amounted to BGN 78.462 thousand compared to BGN 78.303 thousand for the comparable period;
- Liabilities to other financial institutions amounted to BGN 11.315 thousand as at 31 March 2019. The amount is primarily due from the subsidiary Eurolease Rent A Car to leasing companies financing its activities;
- As at the end of the first quarter of 2019, debt securities obligations amounted to BGN 26.030 thousand compared to BGN 26.707 thousand as at 31 December 2018.



Stand-alone financial result of Eurolease Group was a loss of BGN 132 thousand compared to a loss of BGN 74 thousand at the end of comparable reporting period in 2018. Total assets of the company amounted to BGN 36.350 thousand.

➢ Eurolease Auto Bulgaria

The financial result of Eurolease Auto Bulgaria for the first quarter of 2019 was a profit of BGN 320 thousand, recording a growth of 48.15% compared to the first quarter of 2018. (BGN 216 thousand).

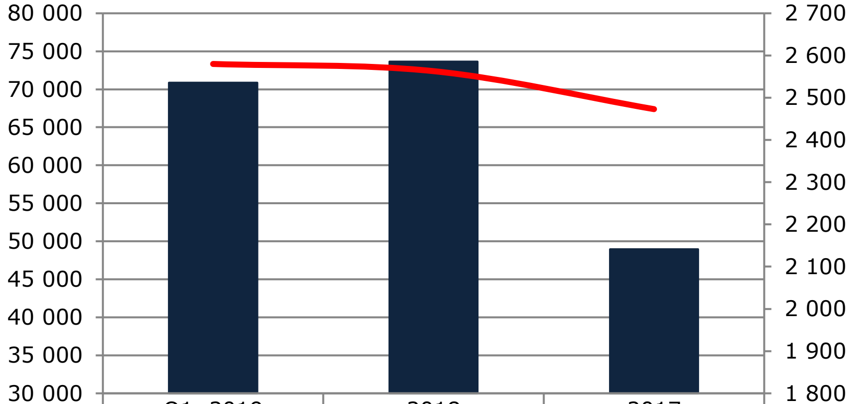
Net interest income increased by 31.12% and as of the end of March 2019 amounted to BGN 712 thousand vs. BGN 543 thousand as of 31 March, 2018. The reported growth was due to the significant volume of new business generated during 2018.

The administrative expenses of the Company at the end of reporting period amounted to BGN 490 thousand compared to BGN 478 thousand at the end of first quarter of 2018.

As of the end of March total assets of the Company amounted to BGN 102.041 thousand compared to BGN 101.371 thousand at the end of December 2018.

The net investment in financial leasing reported a slight decrease of 3.79% and as at 31 March 2019 amounted to BGN 70.853 thousand compared to BGN 73.647 thousand at the end of 2018.

The following graph shows the movement in the net investment in a financial lease of the company for the specified period, together with the movement in the number of the leasing assets, part of the company's portfolio.

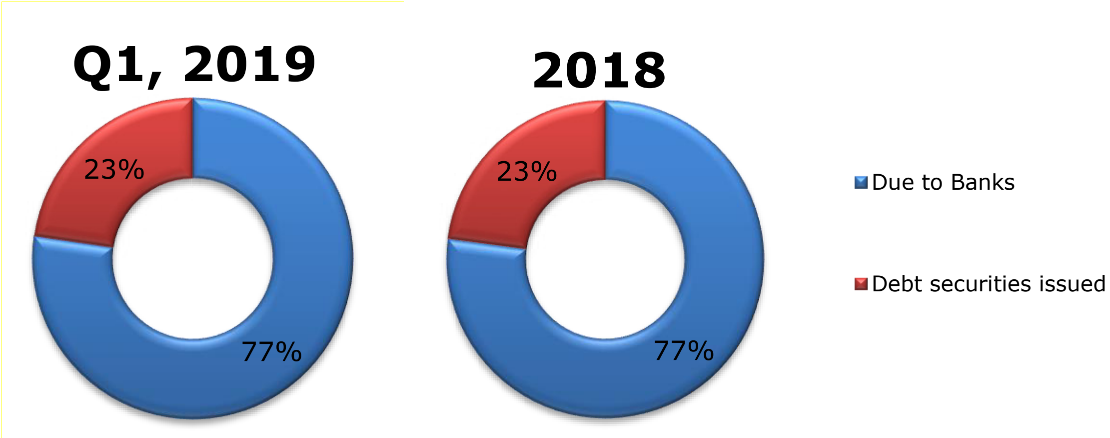


	Q1, 2019	2018	2017
Net Investment in finance lease (in '000 BGN)	70 853	73 647	48 964
Total number of vehicles	2 580	2 563	2 473

As at the end of March 2019, company's equity amounted to BGN 20.377 compared to BGN 20.057 thousand as at 31 December 2018.

At the end of the reporting period the liabilities of the company amounted to BGN 81.664 thousand and BGN 81.314 thousand as at 31 December 2018.

Eurolease Auto funds its operations through borrowed funds in the form of bank loans from local and international financing institutions as well as debt securities issuance. The following table shows the distribution of the funding used by the company.



During the reporting period no changes occurred in this type of obligation:

- Bank loans - at the end of March 2019 amounted to BGN 60.401 thousand compared to BGN 60.924 thousand at the end of 2018.
- Company's liabilities from debt securities issued amounted to BGN 17.740 thousand compared to BGN 18.106 thousand as at 31 December 2018.

➢ Eurolease Auto North Macedonia

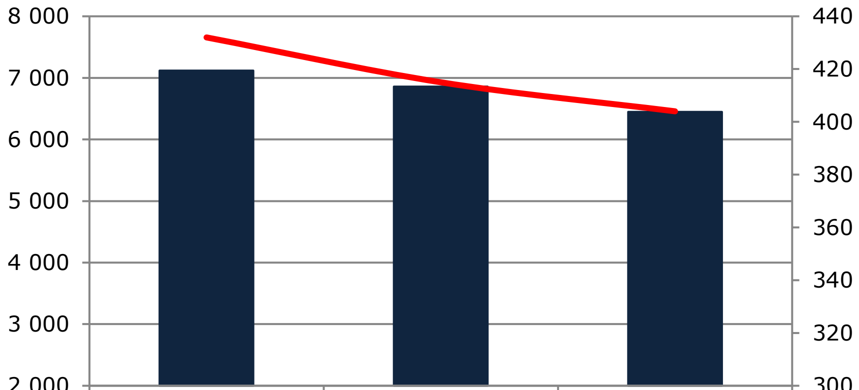
The financial result of Eurolease Auto North Macedonia for Q1'2019 was a profit in amount of BGN 46 thousand compared to a profit of BGN 15 thousand for the same period in 2018.

Interest income grew by 8.63% YoY to BGN 151 thousand in Q1'2019 compared to BGN 139 thousand in Q1'2018.

Interest expenses marked uplift by 12.63% YoY to BGN 107 thousand. As a result net interest income in Q1'2019 amounted to BGN 44 thousand unchanged compared to the same period a year earlier.

During the period under review, the net investment in finance leases increased to BGN 7.120 thousand compared to BGN 6.223 thousand at the end of the first quarter of 2018.

The following chart shows the change in net investment in financial lease as well as the number of leased assets.



	Q1, 2019	2018	2017
Net investment in financial lease (в '000 BGN)	7 120	6 861	6 449
Number of leased assets	432	415	404

As at 31 March 2019 company's assets amount at BGN 9,274 thousand compared to BGN 8,105 thousand a year ago.

Bank loans as at the end of the first quarter stand at BGN 6,459 thousand (BGN 5,347 thousand as at 31 March 2018). The company aims to attract new financing from other banks trying to decrease its cost of funding.

➢ Amigo Leasing

By order of entry BNB-32591, 20.03.2018, Eurolease Auto Retail was registered as financial institution in BNB registers. From April 2018, the company was renamed to Amigo Leasing EAD.

The company started operations in March 2018 and wass actively functioning in the second half of the year. The main activity of Amigo Leasing is financial lease of used vehicles. A branch network is spread in nine towns in Bulgaria.

In the first quarter of 2019, Amigo Leasing realized interest income in amount of BGN 285 thousand, the interest expense amounted to BGN 49 thousand and respectively net interest income amounted to BGN 236 thousand. For the period the Company has administrative expenses of BGN 204 thousand and ends the quarter with a profit of BGN 110 thousand.

Net investment in financial lease as at 31.03.2019 was BGN 5.126 thousand and total assets amounted to BGN 5.734 thousand.

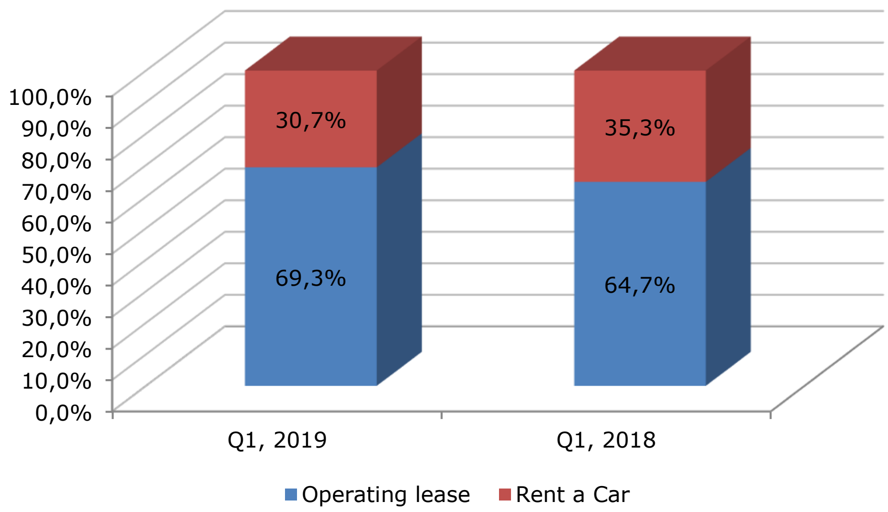
The Company financed its activities with own and borrowed funds such as bank loans at the end of the first quarter amounted to BGN 2.921 thousand.

➢ Eurolease Rent a Car

Eurolease Rent a Car is a provider of short-term and long-term rent of vehicles under AVIS and BUDGET brands.

For Q1’2019 Eurolease Rent a Car reported a loss of BGN 87 thousand compared to a loss of BGN 111 thousand a year ago. Traditionally strong for Eurolease Rent a Car are the second and third quarters due to the seasonal nature of the business.

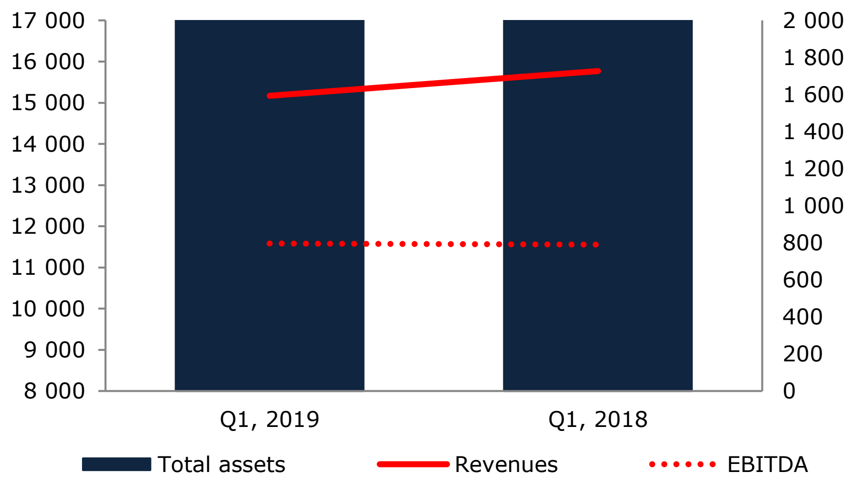
The following chart shows the breakdown of company’s revenue by business line:



For Q1’2019 the company's interest expense slightly increased, as at the end of the period it was BGN 146 thousand compared to 134 thousand BGN for Q1'2018

As of 31st of March 2019 Company’s administrative expenses amounted to BGN 1.529 thousand compared to BGN 1.695 thousand for the same period in 2018.

The chart below presents company’s fixed assets, revenues and EBITDA.



Eurolease Rent a Car total assets amounted to BGN 19.370 thousand as of the end of the first quarter 2019 compared to BGN 18.276 thousand a year ago.

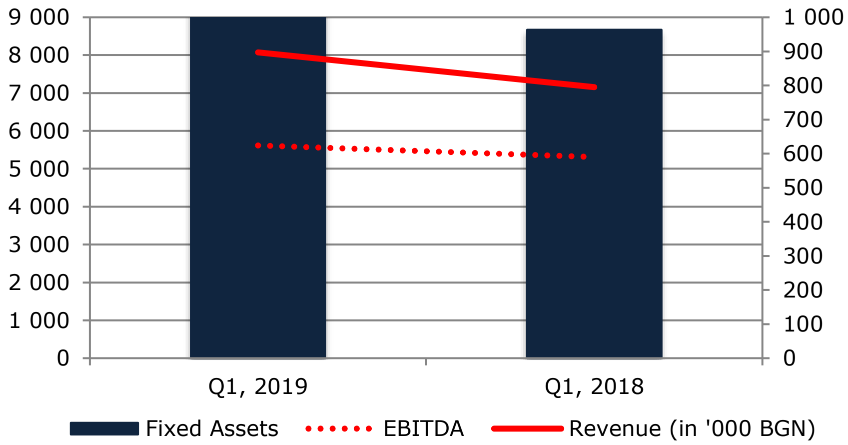
Company’s liabilities amounted to BGN 18.951 thousand compared to BGN 17.262 thousand for comparable period in 2018.

➢ Sofia Motors

The main activity of Sofia Motors is related to the rental of vehicles to individuals and small and medium enterprises.

The financial result of Sofia Motors at the end of first quarter of 2019 was a loss of BGN 29 thousand compared to a profit of BGN 10 thousand for the comparable period.

The chart below shows the relationship between the company's fixed assets, revenue and EBITDA. During the first quarter of 2019 the growth rate of revenues (12.83%) exceeds the same of fixed assets (8.77%).



Total assets of the company as of 31 March 2019 amounted to BGN 10.316 thousand compared to BGN 10.373 thousand as at 31 December 2018.

The total liabilities of the company amounted to BGN 10.102 thousand compared to BGN 10.130 thousand for the comparable reporting period.

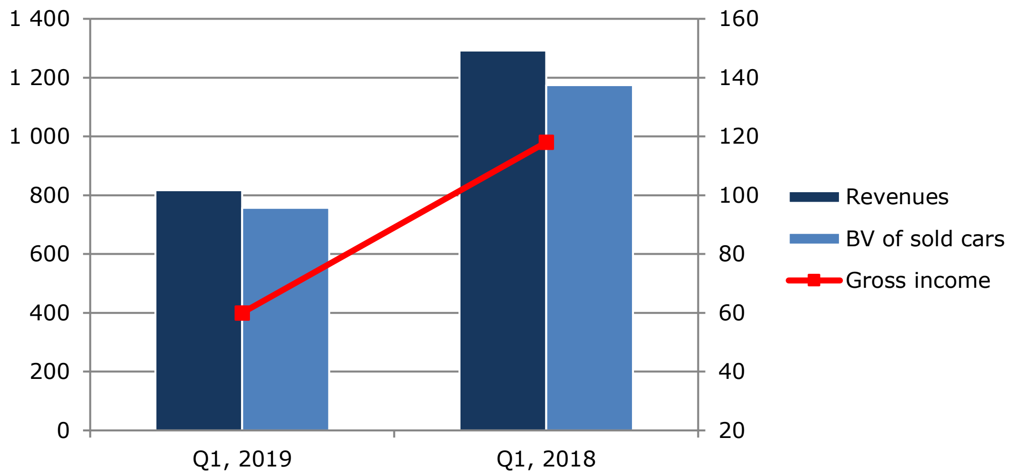
➢ Autoplaza

The main activity of Autoplaza EAD involves the sale of vehicles returned from lease, rent-a-car and "buy-back". The company operates in close cooperation with Avto Union, Eurolease Auto Bulgaria and Eurolease Rent Car. Autoplaza experts participate in international tender procedures aiming to be able to offer their clients a larger variety of automobiles as brands and level of equipment. In the last year Autoplaza affirmed its reputation as a preferred clent and loyal partner in the tender procedures.

The financial result of Autoplaza for the first quarter of 2019 was a loss of BGN 73 thousand compared to a profit of BGN 22 thousand for the same period in 2018.

During the period under review, Autoplaza realized a gross profit from sales of goods amounting to BGN 60 thousand, compared to BGN 118 thousand at the end of March 2018.

The chart below shows the change in total revenues, book value of sold cars and company’s realized gross income.



The company's assets amounted to BGN 3.285 thousand compared to BGN 2.218 thousand as of 31 March 2018.

EURO-FINANCE

EURO-FINANCE is an investment intermediary, a member of the Frankfurt Stock Exchange, providing a direct access to Xetra® through the EFOCS trade platform. The Company also offers trade in currencies, indexes, shares and precious metals by way of contracts for difference through the EF MetaTrader 5 platform.

According to the FSC data, the Company is the one having the highest amount of equity from among all the investment intermediaries.

The company realized net incomes from core operations in the amount of BGN 617 thousand for the first three months of 2019, generated by:

- Interest revenue - BGN 106 thousand;
- Other revenue from main activities – BGN 511 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN (427) thousand.

The Company develops in accordance with the expectations and, in view of the economic situation, the expenses are preserved close to the estimates. Part of the revenues of EURO-FINANCE is generated from the services that the Company has been actively developing since the year 2012.

EUROHOLD BULGARIA (Standalone base)

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. In this respect, investors and stakeholders should read this individual report together with the consolidated statement giving a clear and complete picture of the results, financial situation and prospects for the development of the Eurohold Group.

FINANCIAL RESULT

As of 31st of March,2019 Eurohold Bulgaria AD reported an improvement of the realized financial result on standalone base with a loss amounting to BGN 3.9 million versus a loss of BGN 4.1 million for the comparable period last year.

REVENUES

The revenues of the company over the reporting period amounted to BGN 0.5 million, of which profits from financial instruments amounting to BGN 0.32 million and interest income BGN 0.18.

The reported revenues in Q1'2018 amounted to BGN 1.1 million, mainly representing revenue from operations with financial instruments in amount of BGN 0.45 million and interest income of BGN 0.47 million.

EXPENSES

For the reporting period the operating expenses decreased by 0.7 million (13.6%) as amounted to BGN 4.6 million compared to BGN 5.3 million as of 31.12.2018. This decrease is due entirely to the marked decrease in interest expenses by almost BGN 1 million, which represents a decrease of 19.3%. As of 31.03.2019 interest expenses amounted to BGN 3.9 million, compared to BGN 4.8 million in the previous period. Other operating expenses did not account for a significant deviation from the expenses of the company's usual business activities.

ASSETS

As of 31st of March 2019 the company's assets increased by 1.4% and amounted to BGN 587.6 million compared to BGN 579.4 million as of the end of 2018.

The increase in the company's assets was due to an increase in investments in subsidiaries by BGN 8.9 million.

EQUITY AND LIABILITIES

The total equity amounted to BGN 333.9 million compared to BGN 337.8 million at 31.12.2018.

The company's liabilities increased by 5% from BGN 241.6 million as at 31.12.2018 reached BGN 253.7 million.

For the reporting period, non-current liabilities remained virtually unchanged from BGN 166.1 million at the end of 2018 to BGN 166.8 million. At the end of the reporting period, current liabilities increased by BGN 11.4 million, amounting to BGN 86.9 million at the end of the reporting period. The bulk of current liabilities represent current liabilities on loans from financial and non-financial institutions, as well as the current portion of debt obligations on bond loans amounting to BGN 2.5 million with an increase of BGN 1.8 million compared to the previous reporting period. At the same time, the amount of short-term liabilities to related parties decreased to BGN 43.9 million.

DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

1. Systematic risks

Influence of the international environment

Over the last few years, economists from different countries have been united around the thesis that the prosperity of the world economy depends on all the big ones as well as on a growing number of developing and smaller players. Issues of aging populations in all parts of the world, instability in energy and agricultural products prices, unequal distribution of income among members of the population and the risk of systematic global financial fluctuations are central topics for discussion in many international forums. These trends are inextricably linked with the Bulgarian macroeconomic environment and have a constant influence on the results of the local companies and their future development. Another outstanding issue is the excessive exhaustion and neglect of the importance of using limited global resources. Against the backdrop of these facts, economists are united around the thought that ultimately the change in the way in which global business operates will be dictated and imposed by the worsening environment and the reduction of beneficial opportunities for single entrants. The exit from the realization of certain risks related to the international environment will depend to a large extent on the previously established plans and the preventive measures of individual states and international institutions as evidenced by the last global economic crisis. The risk of the impact of the international environment on firms can not be diversified and affects all players, but on the other hand it can become an engine for innovation development and implementation that dramatically changes and increases business efficiency on a global scale.

Macroeconomic risk

The macroeconomic situation and the economic growth in Bulgaria and Europe are of main importance for the development of the Eurohold Bulgaria AD, and this includes also the governmental policies of the respective countries, and in particular the regulations and decisions made by the respective Central Banks, which influence the monetary and interest rate policy, exchange rates, taxes, GDP, inflation, budget deficit and foreign debt, the unemployment rate and the income structure.

Potential internal risk remains the theoretical liberalization of fiscal policy, which would lead to a serious further increase in the deficit and violation of the currency board principles.

Macroeconomic risks include: The political one; the credit risk of the state; inflation, currency and interest rate risk; emerging market risks and the risks associated with the Bulgarian securities market.

Political risk

The political risk reflects the influence of the political processes in the country on the economic and investment process and in particular on the return on investments. The degree of political risk is determined by the likelihood of changes in the unfavorable direction, of the government led long-term economic policy, which may have a negative impact on investment decisions. Other factors related to this risk are the possible legislative changes concerning the economic and investment climate in the country.

The Republic of Bulgaria is a country with political and institutional stability based on contemporary constitutional principles such as a multiparty parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers. Bulgaria is a member of NATO and since 1 January 2007 is a member of the European Union (EU). The desire for European integration, the presence of a dominant political formation, the pursuit of strict fiscal discipline and adherence to moderate deficits, create predictability and minimize political risk.

Unemployment

In market economy countries, unemployment is recognized as a social risk on the labor side. As a socially assessed risk, unemployment is subject to compulsory social security and benefits under certain conditions. The overall activity on the formation and implementation of the state policy on unemployment insurance, as well as the promotion and support of the unemployed, when seeking and starting work and / or other type of economic activity, gives the content of the process of management of this social risk.

According to the latest published NSI data, the unemployment rate in the country for the second quarter of 2018 was 5.5% or 0.8 percentage points lower than the second quarter of 2017. The number of people without work equals 182.2 thousand people or is reported a reduction in the number of unemployed by 31.7 thousand people compared to the second quarter of 2017. Over the same period, the unemployment rate decreased by 0.8 percentage points for men and 1.0 percentage points for women. Of the total number of unemployed persons, 109.8 thousand (60.3%) are men 72.4 thousand (39.7%) - women. Of all unemployed persons 13.61% have higher education, 49.1% - with an average, and 37.3% - with basic or lower education. Unemployment rates by grade of education is 2.4% for higher education, 4.8% for secondary education and 20.5% for basic education and lower education.

Source: www.nsi.bg

Credit risk of the country

The credit risk is the possibility for deterioration of the international credit ratings of given country. The low credit ratings of the country might lead to higher interest rates, tougher financing conditions for the economic subjects, including Eurohold and its economic group.

On 01.06.2018, the rating agency Fitch Ratings consolidated the outlook for the credit rating of Bulgaria as stable. The agency raised Bulgaria's long - term credit rating from "BBB-" to “BBB” in foreign and local currency and confirmed BBB + rating ceiling as well as the short-term credit rating in foreign and local currency "F2". The confirmation of the prospect as stable, reflects Fitch Ratings' assessment of the positive development of Bulgaria's external sector. The prolonged period of constant decline of the ratio of external debt to GDP and positive current account trends, have led to a better representation of Bulgaria's external finances compared to the countries of the rating group "BBB". Compared to other countries with a similar rating, Bulgaria’s public finance performance indicators positively influence the upgrading of the rating. The State debt to GDP ratio will continue to decline below that of other "BBB" rating countries.

On 01.06.2018, S&P Global Ratings rated the credit rating outlook of Bulgaria as positive. At the same time, the agency has increased both long-term and short-term credit rating in foreign and local currency "BBB- / A-3". The confirmed perspective for Bulgaria's credit rating reflects the expectations of S&P Global Rartings that its fiscal and external indicators will continue to improve and the authorities will take further steps to strengthen the financial sector where the level of non-performing loans remains high. The agency notes that in 2018 the economic recovery of the country will continue with the growing contribution of domestic demand to net exports. Improvements are reflected in the labor market, thus increasing disposable income and private consumption. Public investment funded through European funds will also be an important factor for economic recovery. At the same time, Bulgaria continues to feel structural limitations from demographic challenges. Net emigration, especially in the skilled labor force and the aging population represent challenges to economic policy development and to the opportunities for social cohesion.

Source: www.minfin.bg

Inflation risk

The inflation risk is related to the possibility of inflation influencing the real return of investments. The main risks associated with the inflation forecast refer to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may increase more significantly as a result of political crises or increased demand. The limited supply of certain agricultural commodities, especially of cereals, internationally, in connection with adverse climatic events, may additionally cause higher inflation in the country.

With the recovery of domestic demand, higher relative consumer prices of services are expected compared to food and non-food goods. According to the Ministry of Finance forecast for macroeconomic indicators by 2020, the growth rate of the economy is expected to slow down gradually and the projected average growth for the period 2017-2020 to amount to 2.0%. Inflation might influence the expenses of the Company, since quite a big portion of the company's liabilities are interest-bearing. Their servicing is related to the current interest rates which reflect the inflation level in the country. That is why keeping low inflation levels in the country is considered as a significant factor for the activity of Eurohold Bulgaria AD.

At the moment and as a whole, the currency board mechanism provides guarantees that inflation in the country will remain under control and will have no adverse effect on the country's economy, and in particular on the Company's activities.

Given this, every investor should well understand and take into account both the current levels of inflation risk and future opportunities for its manifestation.

Currency risk

This risk is related to the possibility for depreciation of the local currency. Specifically for Bulgaria this is the risk of untimely cancelation of the conditions of the Currency Board at fixed national currency exchange rate. Considering the policy adopted by the government and the Bulgarian National Bank, it is expected for the Currency Board to be maintained until entering of the country in the Eurozone.

Each considerable depreciation of the Bulgarian Lev might have a considerable unfavorable effect on the economic subjects in the country, including the Company. Risk exists also when the income and costs of an entity are formed in different currencies. Exposure of the economic entities operating on the territory of Bulgaria to the US dollar, which is the main currency of a significant part of the world markets for raw materials and products, is particularly pronounced.

Changes in the different exchange rates did not materially affect the Company's operations until controlling interests were acquired in the countries of Romania, Macedonia and Ukraine. The financial results of these companies are denominated in local currency, Romanian leya (RON), Macedonian denarius (MKD) and Ukrainian hryvnia (UAH), the exchange rate of which is almost freely determined on the local currency market. Consolidated revenue of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the Euro.

Interest rate risk

The interest risk is related to the possibility for change in the predominating interest levels in the country. Its influence is related to the possibility for decrease in the net income of the companies as a result of the increased interest rates, at which the Company finances its activity. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main precondition for a change in interest rates is the emergence of instability in the financial system as a whole. This risk can be managed through balanced use of different sources of financial resource. A typical example of the emergence of this risk is the global economic crisis caused by the liquidity problems of large mortgage institutions in the United States and Europe, with the result that interest rate credit risk rewards were rethought and increased globally. The effect of this crisis had a tangible manifestation in Eastern Europe and the Balkans, expressed in limiting free access to borrowed funds.

All other conditions equal, the increase in interests would reflect on the cost of the financial resource used by the Eurohold Bulgaria AD for the realization of different business projects. Moreover, it can influence the amount of expenses of the company, since quite a big portion of the company's liabilities are interest-related and their servicing is related to the current interest rates.

2. Unsystematic risks

Risks related to the activity and structure of Eurohold Bulgaria AD

Eurohold Bulgaria AD is a holding company and an eventual worsening of operating results, financial position and perspectives for development ofits subsidiaries might have a negative effect on the operating results and the financial position of the company.

As far as the activity of the Company is related to the management of the assets of other companies, it cannot be related to a specific sector from the domestic economy and it is exposed to the sectoral risks of the subsidiaries. In general, the companies in the group of Eurohold Bulgaria AD operate in two main sectors: the financial sector, including insurance, leasing, investment intermediation and the car sales sector.

The main risk related to the activity of Eurohold Bulgaria AD is the ability to reduce the sales revenue of the companies in which it participates. It influences the dividends received. In this regard, this might influence the growth of company revenue, as well as the change in profitability.

The greatest risk is concentrated in the insurance sector where the significant part of the group's revenue is generated. The companies with the largest share in the revenues, respectively - in the financial results of the insurance field are the companies operating in the Bulgarian and Romanian market, part of the group of Euroins Insurance Group AD.

The main risk in the leasing business is the ability to provide at an affordable price a sufficient financial means to expand the leasing portfolio and to provide the financing of the rented car rental services (rent-a-car services). The leasing Sub-Holding "Eurolease Group" EAD has issued a bond issue registered for trading on BSE-Sofia AD. The leading company of the leasing sub-holding "Eurolease Auto" EAD has issued bond issues, registered for trading on BSE-Sofia AD.

The Automotive Sub-Holding "Avto Union" AD operates mainly in the sphere of sale of new cars, warranty and after-sales service of cars, sale of spare parts and oils. The activity is directly dependent on the availability of permits and authorizations granted by the respective car manufacturers to the companies of the Auto Union AD group. Termination or revocation of such rights may abruptly reduce sales of the car group. This is particularly relevant in the context of the global restructuring of the automotive industry. The business environment in the automotive industry is also influenced by purely internal factors related to the purchasing power of the population, access to finance, business mood, stock availability and other.

The financial direction of the group is presented by the investment intermediary Euro-Finance AD. The risk in the financial intermediation and asset management sector is related to the high volatility of debt and capital markets, changes in the financial sentiment and investment culture of the population.

Deteriorated results 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 the share market price reflects the business potential and the assets of the economic group as a whole.

Risks associated with the company's development strategy

The future profits and economic value of the Eurohold Bulgaria AD depend on the strategy selected by the senior management of the company and its subsidiaries. Selecting an inappropriate strategy might lead to considerable losses.

Eurohold Bulgria AD tries to manage the risk of strategic errors through continuous monitoring of the different stages upon implementation of its marketing strategy and the results thereof. This is extremely important, so that they can react in a timely manner, in case a change in the strategic development plan is needed at a certain stage. Untimely or inappropriate changes to the strategy may also have a significant negative effect on the company's operations, operating results and financial condition.

Risks related to the management of Eurohold Bulgaria AD

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

• making wrong decisions about the current management of investments and the liquidity of the company, both on the part of the senior management and the operating officers of the Company;

• inability of the management to start the implementation of the projects planned or lack of suitable management for specific projects;

• possible technical errors in the unified management information system;

• possible errors in the internal control system;

• key employees leaving the company and inability to employ personnel with the necessary qualities;

• risk of excessive increase in the expenses for management and administration, which leads to a decrease in the total profitability of the company.

Financial risk

The financial risk is the additional uncertainty with regard to the investor in obtaining income, when the company uses borrowed or borrowed funds. This additional financial insecurity adds to the business risk. When part of the funds used for financing of the activity of the company are in the form of loans or debt securities, the repayment of these funds represents a fixed liability. The financial autonomy and financial indebtedness indicators take into account the ratio between own funds and attracted funds in the capital structure of the company. The high level of the financial autonomy ratio, respectively the low level of the financial indebtedness ratio, is a kind of guarantee to investors for the company's ability to pay its long-term liabilities on a regular basis. The indicators show how much of the total capital represents the attracted funds. The larger the share of long-term debt compared to equity, the greater the probability of problems with the payment of fixed obligations. The increase in the value of this indicator also shows an increase in the financial risk. Another set of indicators refers to the revenue stream that makes it possible to pay the Company's liabilities. An indicator that can be used is the coverage ratio of the fixed interest payable (interest). This indicator shows how many times fixed interest payments are included in the value of earnings before interest payments and taxation. It gives a good indication of the company's ability to pay its long-term liabilities. The effect of using borrowed funds (debt) to increase the final net income attributable to shareholders is called financial leverage. The benefit of financial leverage occurs when the company benefits from the attracted funds more than the costs (interest) on attracting them. The risk indicator in this case is the degree of financial leverage, which is expressed as the ratio of the income before interest and taxes to the income before the payment of taxes, the so called interest rate burden. The acceptable or "normal" degree of financial risk depends on business risk. If there is a small business risk for the firm, it may be expected that investors would agree to take a higher financial risk and vice versa.

Currency risk

As a whole, the activity of Eurohold Bulgaria AD on the territory of the Republic of Bulgaria does not generate currency risk due to the current currency board and the fixing of the national currency to the euro. Currency risk exists for the Group's investments abroad, mainly from the insurance sector in Romania, Macedonia and Ukraine, and a leasing line in Romania and Macedonia.

Liquidity risk

The liquidity risk is related to the possibility that Eurohold Bulgaria AD, is not able to repay its liabilities in the amount agreed and/or within the stipulated deadline. The presence of good financial indicators of profitability and capitalization of a certain company does not guarantee the smooth coverage of current payments. Liquidity risk might occur in case of late customer payments.

Eurohold Bulgaria AD strives to minimize this risk through optimal cash flow management within the group itself. The Group applies an approach which should provide the liquid resource needed to cover the liabilities which have occurred from normal or exceptional conditions, without realizing unacceptable losses or damaging the reputation of the separate companies and the business group as a whole.

The companies are making financial planning to meet the expenses and their current liabilities for a period of thirty days, including the servicing of financial obligations. This financial planning minimizes or totally excludes the potential effect of emerging extraordinary circumstances.

The management of Eurohold Bulgaria AD supports the efforts of the subsidiaries in the group to attract bank resources for investments and to use the opportunities that this type of financing provides for the provision of working capital. The volumes of these borrowed funds are maintained at certain levels and are allowed after proof of economic efficiency for each company.

The policy of the Company's management is aimed at raising financial resources from the market in the form of mainly equity securities and debt instruments (bonds) to invest in its subsidiaries by granting them loans to finance their own projects. The raised funds are also used for capital increases of subsidiaries.

Risk of possible realization of transactions between the companies in the Group, whose conditions differ from the market conditions, as well as risk of co-dependence on the activity of the subsidiaries

The relationships with related parties result from contracts for temporary financial assistance for the subsidiaries and transactions related to the ordinary commercial activity of the subsidiaries.

The risk of possible realization of transactions between the companies in the Group, under conditions which differ from the market conditions, is the risk of achieving low profitability from the provided inter-group financing. Another risk which may be assumed is not obtaining enough revenue from the inter-group commercial transactions, and subsequently not making good profit for the respective company. On a consolidated level, this might have a negative impact on the profitability of the whole group.

Within the Group are performed transactions between the Parent Company and the subsidiaries, as well as between the subsidiaries themselves, which originate from the nature of their main activity. All transactions with related parties are made under conditions which do not differ from the usual market prices and in compliance with IAS 24.

Eurohold Bulgaria AD operates through its subsidiaries, which means that its financial results are directly dependent on the financial results, development and prospects of the subsidiaries. One of the main goals of Eurohold Bulgaria AD is to realize significant synergy between its subsidiaries as a consequence of the integration of the three business lines - insurance, leasing and car sales. Poor results of one or several subsidiaries could lead to a deterioration in financial results on a consolidated basis. This in turn is also related to the share price of the Company, which may change as a result of the investors' expectations about the company's prospects.

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: 23 March 2019

Asen Minchev,

Executive Member of the Management Board

Eurohold Bulgaria AD
Interim Consolidated Statement of profit or loss and other comprehensive income
For the period ended March 31, 2019

In thousand BGN	*Notes*	31.3.2019	31.3.2018
Revenue from operating activities			
Revenue from insurance business	*3*	333 151	237 070
Revenue from car sales and after sales	*5*	54 872	57 844
Revenue from leasing business	*6*	5 730	5 420
Revenue from asset management and brokerage	*8*	1 557	792
Revenue from the activities of the parent company	*10*	554	799
		395 864	**301 925**
Expenses of operating activities			
Expenses of insurance business	*4*	(310 343)	(219 290)
Cost of cars and spare parts sold		(49 663)	(51 457)
Expenses of leasing business	*7*	(1 387)	(934)
Expenses of asset management and brokerage	*9*	(1 140)	(1 289)
Expenses of the activities of the parent company	*11*	(138)	(51)
		(362 671)	**(273 021)**
Gross Operating Profit		**33 193**	**28 904**
Other income/(expenses), net	*12*	(904)	(1 481)
Other operating expenses	*13*	(18 828)	(18 623)
(Accrued)/recovered impairment loss on financial assets, net	*14*	7	-
EBITDA		**13 468**	**8 800**
Financial expenses	*15*	(4 561)	(5 750)
Financial income	*16*	-	12
Foreign exchange gains/(losses), net	*17*	(26)	156
EBTDA		**8 881**	**3 218**
Depreciation and amortization	*18*	(3 114)	(2 414)
EBT		**5 767**	**804**
Tax expenses	*19*	(165)	-
Net profit for the period		**5 602**	**804**
Net profit, attributable to:			
Equity holders of the parent		4 506	(243)
Non-controlling interests		1 096	1 047

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Eurohold Bulgaria AD
Interim Consolidated Statement of profit or loss and other comprehensive income(continued)
For the period ended March 31, 2019

In thousand BGN	*Note*	31.3.2019	31.3.2018
Net profit for the period	*45*	**5 602**	**804**
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss:			
Net loss from change in the fair value of financial assets through other comprehensive income		-	-
Net loss from change in the fair value of available-for-sale financial assets		2 936	(62)
		2 936	**(62)**
Exchange differences on translating foreign operations		(2 371)	93
		(2 371)	**93**
Other comprehensive income for the period, net of tax		**565**	**31**
Total comprehensive income for the period, net of tax		**6 167**	**835**
Total comprehensive income, attributable to:			
Equity holders of the parent		5 061	(201)
Non-controlling interests		1 106	1 036
		6 167	**835**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

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Eurohold Bulgaria AD
Interim Consolidated statement of financial position
As at March 31, 2019

In thousand BGN	*Note*	31.3.2019	31.12.2018
ASSETS			
Cash and cash equivalents	*20*	67 996	49 540
Time Deposits at banks	*21*	17 408	20 157
Reinsurers' share in technical reserves	*22.1*	424 700	408 377
Insurance receivables	*22.2*	115 756	99 448
Trade receivables	*23*	39 263	37 518
Other receivables	*24*	51 884	39 262
Machinery, plant and equipment	*25, 25.2-5*	52 244	51 467
Intangible assets	*27*	3 516	3 274
Inventory	*28*	52 566	60 622
Financial assets	*29*	263 795	290 023
Deferred tax assets	*30*	14 491	14 676
Land and buildings	*25, 25.1*	15 145	15 043
Investment property	*26*	18 790	20 209
Investments in associates and other investments	*31*	13 848	12 698
Other financial investments	*32*	2 403	2 403
Non-current receivables	*33*	79 330	79 826
Goodwill	*34*	190 458	190 458
TOTAL ASSETS		**1 423 593**	**1 395 001**

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/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
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Eurohold Bulgaria AD
Interim Consolidated statement of financial position (continued)
As at March 31, 2019

In thousand BGN	Notes	31.3.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Issued capital	*44.1*	197 526	197 526
Treasury shares	*44.1*	(77)	(77)
Share Premium	*44.2*	49 568	49 568
General reserves		7 641	7 641
Revaluation and other reserves		(56 774)	(55 632)
Retained earnings/(losses)		(32 040)	(44 781)
Profit for the year	*45*	4 506	14 385
Equity attributable to equity holders of the parent		**170 350**	**168 630**
Non-controlling interests	*46*	35 864	38 692
Total equity		**206 214**	**207 322**
Subordinated debts	*35*	**19 558**	**19 558**
LIABILITIES			
Bank and non-bank loans	*36*	147 897	142 167
Obligations on bond issues	*37*	167 479	157 564
Non-current liabilities	*38*	25 766	24 745
Current liabilities	*39*	35 467	35 330
Trade and other payables	*40*	83 183	108 308
Payables to reinsurers	*41*	25 324	23 265
Deferred tax liabilities	*42*	466	396
		485 582	**491 775**
Insurance reserves	*43*	712 239	676 346
		712 239	**676 346**
Total liabilities and subordinated debts		**1 217 379**	**1 187 679**
TOTAL EQUITY AND LIABILITIES		**1 423 593**	**1 395 001**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
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Eurohold Bulgaria AD
Interim Consolidated statement of cash flows
For the period ended March 31, 2019

In thousand BGN	*Note*	31.3.2019	31.3.2018
Operating activities			
Profit for the period before tax:		**5 767**	**804**
Adjustments for:			
Depreciation and amortization	*18*	3 114	2 414
Foreign exchange gain/(loss) and operations with financial instruments		(4 713)	(3 596)
Asset impairment		-	-
Interest expense		5 574	6 438
Interest income		(4 100)	(2 626)
Dividend income		(1)	-
Other non-cash adjustments		192	-
Operating profit before change in working capital		**5 833**	**3 434**
Change in trade and other receivables		32 778	(6 160)
Change in inventory		8 241	1 942
Change in trade and other payables and other adjustments		(41 244)	1 504
Cash generated from operating activities		**5 608**	**720**
Interest (paid)/received		586	419
Income tax paid		(492)	(232)
Net cash flows from operating activities		**5 702**	**907**
Investing activities			
Purchase of property, plant and equipment		(1 069)	(3 988)
Proceeds from the disposal of property, plant and equipment		5 539	734
Loans granted		(11 826)	(27 793)
Repayment of loans, including financial leases		16 137	16 857
Interest received on loans granted		38	142
Purchase of investments		(23 971)	(49 258)
Sale of investments		19 681	62 536
Dividends received		1 704	6
Effect of exchange rate changes		85	2
Other proceeds/(payments) from investing activities, net		4 722	(1 800)
Net cash flows from investing activities		**11 040**	**(2 562)**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Eurohold Bulgaria AD
Interim Consolidated statement of cash flows (continued)
For the period ended March 31, 2019

In thousand BGN	*Note*	31.3.2019	31.3.2018
Financing activities			
Proceeds from issuance of shares		-	-
Proceeds from loans		19 690	57 361
Repayment of loans		(13 637)	(42 360)
Repayment of financial leases		(2 032)	(4 807)
Payment of interest, charges, commissions on investment loans		(1 945)	(5 672)
Dividends paid		(367)	-
Other proceeds/(payments) from financing activities, net		5	200
Net cash flows from financing activities		**1 714**	**4 722**
Net increase / (decrease) in cash and cash equivalents		**18 456**	**3 067**
Cash and cash equivalents at the beginning of the period	*20*	49 540	45 945
Cash and cash equivalents at the end of the period	***20***	**67 996**	**49 012**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

Eurohold Bulgaria AD
Interim Consolidated Statement of Changes in Equity
For the period ended March 31, 2019

In thousand BGN	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/ (losses)	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance as at 31 December 2017 (Restated) *	**197 449**	**49 568**	**7 641**	**(57 203)**	**(26 952)**	**170 503**	**43 606**	**214 109**
Adjustment upon initial application of IFRS 9	-	-	-	-	(11 584)	**(11 584)**	85	**(11 499)**
Adjustment for initial application of IFRS 15	-	-	-	-	(2 102)	**(2 102)**	-	**(2 102)**
Balance as at 1 January 2018 (Restated)	**197 449**	**49 568**	**7 641**	**(57 203)**	**(40 638)**	**156 817**	**43 691**	**200 508**
Dividends	-	-	-	-	(1 800)	**(1 800)**	(1 127)	**(2 927)**
Change in non-controlling interest due to transactions without change of control	-	-	-	1 462	(2 343)	**(881)**	(6 383)	**(7 264)**
Profit for the Year	-	-	-	-	14 385	**14 385**	2 489	**16 874**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	115	-	**115**	23	**138**
Changes in the fair value of financial assets through other comprehensive income	-	-	-	(6)	-	**(6)**	(1)	**(7)**
Total other comprehensive income	**-**	**-**	**-**	**109**	**-**	**109**	**22**	**131**
Total comprehensive income	**-**	**-**	**-**	**109**	**14 385**	**14 494**	**2 511**	**17 005**
Balance as at 31 December 2018	**197 449**	**49 568**	**7 641**	**(55 632)**	**(30 396)**	**168 630**	**38 692**	**207 322**
Balance as at 1 January 2019	**197 449**	**49 568**	**7 641**	**(55 632)**	**(30 396)**	**168 630**	**38 692**	**207 322**
Dividends	-	-	-	-	-	**-**	(367)	**(367)**
Change in non-controlling interest due to transactions without change of control	-	-	-	(1 697)	(1 644)	**(3 341)**	(3 567)	**(6 908)**
Profit for the period	-	-	-	-	4 506	**4 506**	1 096	**5 602**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	(2 172)	-	**(2 172)**	(199)	**(2 371)**
Changes in the fair value of financial assets through other comprehensive income	-	-	-	2 727	-	**2 727**	209	**2 936**
Total other comprehensive income	**-**	**-**	**-**	**555**	**-**	**555**	**10**	**565**
Total comprehensive income	**-**	**-**	**-**	**555**	**4 506**	**5 061**	**1 106**	**6 167**
Balance as at 31 March 2019	**197 449**	**49 568**	**7 641**	**(56 774)**	**(27 534)**	**170 350**	**35 864**	**206 214**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

20.5.2019

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Consolidated statement of profit or loss by Business Segments
For the period ended March 31, 2019

In thousand BGN	Note	31.3.2019 Consolidated	31.3.2019 Insurance business	31.3.2019 Automotive	31.3.2019 Leasing business	31.3.2019 Asset manage-ment and brokerage	31.3.2019 Parent company	31.3.2019 *Elimination*
Revenue from operating activities								
Revenue from insurance business	3	333 151	333 486	-	-	-	-	*(335)*
Revenue from car sales and after sales	5	54 872	-	57 304	-	-	-	*(2 432)*
Revenue from leasing business	6	5 730	-	-	6 275	-	-	*(545)*
Revenue from asset management and brokerage	8	1 557	-	-	-	1 755	-	*(198)*
Revenue from the activities of the parent company	10	554	-	-	-	-	691	*(137)*
		395 864	**333 486**	**57 304**	**6 275**	**1 755**	**691**	***(3 647)***
Expenses of operating activities								
Expenses of insurance business	4	(310 343)	(312 483)	-	-	-	-	*2 140*
Cost of cars and spare parts sold		(49 663)	-	(49 671)	-	-	-	*8*
Expenses of leasing business	7	(1 387)	-	-	(1 480)	-	-	*93*
Expenses of asset management and brokerage	9	(1 140)	-	-	-	(1 140)	-	*-*
Expenses of the activities of the parent company	11	(138)	-	-	-	-	(150)	*12*
		(362 671)	**(312 483)**	**(49 671)**	**(1 480)**	**(1 140)**	**(150)**	***2 253***
Gross profit		**33 193**	**21 003**	**7 633**	**4 795**	**615**	**541**	***(1 394)***
Other income/(expenses), net	12	(904)	-	-	(1 263)	5	-	*354*
Other operating expenses	13	(18 828)	(9 820)	(6 718)	(1 972)	(370)	(571)	*623*
(Accrued)/recovered impairment loss on financial assets, net	14	7	-	9	-	(2)	-	*-*
EBITDA		**13 468**	**11 183**	**924**	**1 560**	**248**	**(30)**	***(417)***
Financial expenses	15	(4 561)	(496)	(683)	-	-	(3 869)	*487*
Financial income	16	-	-	70	-	-	-	*(70)*
Foreign exchange gains/(losses), net	17	(26)	-	(2)	-	-	(24)	*-*
EBTDA		**8 881**	**10 687**	**309**	**1 560**	**248**	**(3 923)**	**-**
Depreciation and amortization	18	(3 114)	(657)	(946)	(1 445)	(58)	(8)	*-*
EBT		**5 767**	**10 030**	**(637)**	**115**	**190**	**(3 931)**	**-**
Tax expenses	19	(165)	(165)	-	-	-	-	*-*
Net profit for the period		**5 602**	**9 865**	**(637)**	**115**	**190**	**(3 931)**	**-**

Consolidated statement of profit or loss by Business Segments
For the period ended March 31, 2018

In thousand BGN	Note	31.3.2018 Consolidated	31.3.2018 Insurance business	31.3.2018 Automotive	31.3.2018 Leasing business	31.3.2018 Asset manage-ment and brokerage	31.3.2018 Parent company	31.3.2018 *Elimination*
Revenue from operating activities								
Revenue from insurance business	3	237 070	237 228	-	-	-	-	*(158)*
Revenue from car sales and after sales	5	57 844	-	59 724	-	-	-	*(1 880)*
Revenue from leasing business	6	5 420	-	-	5 709	-	-	*(289)*
Revenue from asset management and brokerage	8	792	-	-	-	981	-	*(189)*
Revenue from the activities of the parent company	10	799	-	-	-	-	1 053	*(254)*
		301 925	**237 228**	**59 724**	**5 709**	**981**	**1 053**	***(2 770)***
Expenses of operating activities								
Expenses of insurance business	4	(219 290)	(221 286)	-	-	-	-	*1 996*
Cost of cars and spare parts sold		(51 457)	-	(51 457)	-	-	-	*-*
Expenses of leasing business	7	(934)	-	-	(1 029)	-	-	*95*
Expenses of asset management and brokerage	9	(1 289)	-	-	-	(1 289)	-	*-*
Expenses of the activities of the parent company	11	(51)	-	-	-	-	(51)	*-*
		(273 021)	**(221 286)**	**(51 457)**	**(1 029)**	**(1 289)**	**(51)**	***2 091***
Gross profit		**28 904**	**15 942**	**8 267**	**4 680**	**(308)**	**1 002**	***(679)***
Other income/(expenses), net	12	(1 481)	-	-	(1 545)	-	-	*64*
Other operating expenses	13	(18 623)	(9 159)	(7 155)	(1 816)	(393)	(446)	*346*
(Accrued) / recovered impairment loss on financial assets, net	14	-	-	-	-	-	-	*-*
EBITDA		**8 800**	**6 783**	**1 112**	**1 319**	**(701)**	**556**	***(269)***
Financial expenses	15	(5 750)	(555)	(648)	-	-	(4 821)	*274*
Financial income	16	12	-	17	-	-	-	*(5)*
Foreign exchange gains/(losses), net	17	156	-	-	-	-	156	*-*
EBTDA		**3 218**	**6 228**	**481**	**1 319**	**(701)**	**(4 109)**	**-**
Depreciation and amortization	18	(2 414)	(435)	(658)	(1 300)	(17)	(4)	*-*
EBT		**804**	**5 793**	**(177)**	**19**	**(718)**	**(4 113)**	**-**
Tax expenses	19	-	-	-	-	-	-	*-*
Net profit for the period		**804**	**5 793**	**(177)**	**19**	**(718)**	**(4 113)**	**-**

Notes to the Interim Consolidated Financial Statements for Q1.2019

Founded in 1996, Eurohold Bulgaria operates in Bulgaria, Romania, Northern Macedonia, Ukraine, Georgia and Greece. The company owns a large number of subsidiaries in the insurance, financial services and car sales sectors.

1. INFORMATION ABOUT THE ECONOMIC GROUP

Eurohold Bulgaria AD (parent company) is a public joint stock company established by virtue of article 122 of the Public Offering of Securities Act and article 261 of the Commerce Act.

The parent company is registered in Sofia City Court under corporate file 14436/2006 and is established by 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.

The seat and registered address of Eurohold Bulgaria AD are as follows: city of Sofia, 43 Christopher Columbus Blvd.

The parent company has the following managing bodies: General Meeting of Shareholders, Supervisory Board /two-tier system/ and Management Board, with the following members as at 31.3.2019:

Supervisory board:
Asen Milkov Christov – Chairman;
Dimitar Stoyanov Dimitrov – Deputy Chairman;
Radi Georgiev Georgiev – Member;
Kustaa Lauri Ayma – Independent Member;
Lyubomir Stoev – Independent Member;
Louis Gabriel Roman – Independent Member.

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

As at 31.3.2019, 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 Parent Company only.

The Audit Committee supports the work of the Management board and plays the role of those charged with governance who monitor and supervise the Parent Company's internal control, risk management and financial reporting system.

As at 31.3.2019, the Audit Committee of the Parent Company comprises the following members:
Ivan Georgiev Mankov– Chairman;
Dimitar Stoyanov Dimitrov – Member;
Rositsa Mihaylova Pencheva – Member.

1.1 Scope of Activities

The scope of activities of the parent company is as follows: 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 parent company participates, funding companies, in which the Parent company participates.

1.2 Structure of the economic group

The investment portfolio of Eurohold Bulgaria AD comprises three economic sectors: insurance, finance and automobile. The insurance sector has the biggest share in the holding's portfolio, and the automobile sector is the newest line.

Companies involved in the consolidation and percentage of participation in equity

Insurance Sector

Company	% of participation in the share capital 31.3.2019	% of participation in the share capital 31.12.2018
Euroins Insurance Group AD (EIG AD) *	**92.87%**	**91.84%**
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.28%	98.27%
Euroins Insurance AD, Romania	98.50%	98.51%
Euroins Insurance AD, Northern Macedonia	93.36%	93.36%
Euroins Health Insurance EAD, Bulgaria	100.00%	100.00%
Insurance Company EIG Re AD, Bulgaria	100.00%	100.00%
Euroins Ukraine AD, Ukraine	98.36%	98.36%
Euroins Claims OOD, Greece	100.00%	66.00%
Euroins Georgia AD, Georgia	50.04%	50.04%
European Travel Insurance AD, Ukraine	99.99%	99.99%

*direct participation

Automobile Sector

Company	% of participation in the share capital 31.3.2019	% of participation in the share capital 31.12.2018
Avto Union AD (AU AD)*	**99.99%**	**99.99%**
Indirect participation through AU AD:		
Bulvaria Varna EOOD, Bulgaria	100.00%	100.00%
N Auto Sofia EAD, Bulgaria	100.00%	100.00%
Espace Auto OOD, Bulgaria through N Auto Sofia EAD	51.00%	51.00%
EA Properties EOOD, Bulgaria	51.00%	51.00%
Daru Car AD, Bulgaria	99.84%	99.84%
Auto Italy EAD, Bulgaria	100.00%	100.00%
Auto Italy-Sofia EOOD, Bulgaria	100.00%	100.00%
Bulvaria Holding EAD, Bulgaria	100.00%	100.00%
Bulvaria Sofia EAD, Bulgaria through Bulvaria Holding EAD	100.00%	100.00%
Star Motors EOOD, Bulgaria	100.00%	100.00%
Star Motors DOOEL, Northern Macedonia through Star Motors EOOD	100.00%	100.00%
Star Motors SH.P.K., Kosovo through Star Motors EOOD	100.00%	100.00%
Avto Union Service EOOD, Bulgaria	100.00%	100.00%
Motohub OOD, Bulgaria	51.00%	51.00%
Motobul EAD, Bulgaria	100.00%	100.00%
Benzin Finance EAD, Bulgaria through Motobul EAD	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD	99.00%	99.00%

*direct participation

Finance Sector

Company	% of participation in the share capital 31.3.2019	% of participation in the share capital 31.12.2018
Euro-Finance AD, Bulgaria*	**99.99%**	**99.99%**

*direct participation

Company	% of participation in the share capital 31.3.2019	% of participation in the share capital 31.12.2018
Eurolease Group EAD*	**100.00%**	**100.00%**
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD, Bulgaria	100.00%	100.00%
Eurolease Auto Romania AD, Romania	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Insurance Romania AD	20.45%	20.45%
Eurolease Auto DOOEL, Northern Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD, Bulgaria	100.00%	100.00%
Amigo Leasing EAD, Bulgaria	100.00%	100.00%
Autoplaza EAD, Bulgaria	100.00%	100.00%
Sofia Motors EOOD, Bulgaria	100.00%	100.00%

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Interim Consolidated Financial Statement

The interim consolidated financial statements of Eurohold Bulgaria AD are prepared in compliance with 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 and are adopted by the Commission of the European Union.

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

The inteirm consolidated financial statements have been prepared in accordance with the historical cost principle, except for investment properties and those financial instruments and financial liabilities that are measured at fair value.

2.2 New Standards, Explanations and Amendments in effect since January 1, 2019

IFRS 16 Leasing (issued on January 13, 2016), effective January 1, 2019, adopted by the EU on 31 October 2017, published in the OJ on 9 November 2017.

IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of the lease and requires lessees to account for all leases under a single balance sheet model similar to the accounting for finance leases under IAS 17 Leases. On the commencement date of the lease, the lessee will recognize an obligation to make lease payments (ie, a lease liability) and an asset - entitlement to use the underlying asset over the lease term (ie, the right to use the asset). Lessees will have to recognize separately the interest expense on the lease obligation and the depreciation cost of the right to use the asset. Similarly, lessees will be required to re-determine the value of the lease liability at the occurrence of certain events (eg, change in the lease term, change in future lease payments as a result of an index change or percentage used to determine such payments). In principle, the lessee will recognize the amount of the revaluation of the lease liability as an adjustment to the right to use the asset.

Essentially, accounting under IFRS 16 for lessors will not change significantly from current accounting in accordance with IAS 17. Lessors will continue to classify all leases by applying the same classification principle as IAS 17 and distinguishing between two types of lease: operational and financial.

In addition, IFRS 16 requires lessees and lessors to make more detailed disclosures than IAS 17.

Transition to IFRS 16
The Group plans to adopt IFRS 16 by applying a modified retrospective approach, with the cumulative effect of applying it being recognized on the date of initial application in the opening balance of the capital and no comparative information is restated. The Group will choose to apply the Standard to contracts that were previously identified as a lease under IAS 17 and IFRIC 4. Therefore, the Group will not apply the Standard to contracts that were previously not identified as leases under IAS 17 and IFRIC 4.

The Group will choose to use the exceptions proposed by the Standard for Leases for which the lease term ends within 12 months and Leases for which the underlying asset is of low value.

The management of the Group is in the process of evaluating the effect of the application of the Standard but can not yet provide quantitative information.

2.3 Comparative data

The Group retains the presentation of the information in the financial statements during the periods. Where necessary, comparative information is reclassified to reflect the changes occurring in the current year.

2.4 Consolidation

The interim consolidated financial statements include a interim consolidated statement of financial position, an interim consolidated statement of profit or loss and other comprehensive income, an interim consolidated cash flow statement and an interim consolidated statement of changes in equity as of 31 March 2019. These statements include the Parent Company and all subsidiaries. A subsidiary is consolidated by the Parent Company by holding, directly or indirectly, more than 50% of the voting shares of the capital or by the ability to manage its financial and operating policies in order to obtain economic benefits from its activities.

The full consolidation method is applied. Reports are aggregated in order, with items such as assets, liabilities, property, income and expense aggregated. All domestic transactions and balances between the group companies are eliminated. There is elimination of counter-elements: capital, financial, trade, goodwill on the acquisition date.

The non-controlling interest in the net assets of the subsidiaries is determined by the shareholder structure of the subsidiaries at the date of the consolidated statement of financial position.

For business combinations covering enterprises or businesses under common control, the Group has opted to apply the purchase method in accordance with IFRS 3 Business Combinations. The Group has made an accounting policy choice regarding these transactions as they are currently outside the scope of IFRS 3 and do not contain guidance for them in existing IFRSs. According to IAS 8, in the absence of a standard or explanation that is specifically applicable to an operation, other event or condition, management uses its own judgment to develop and apply accounting policies.

Principles of consolidation

Business combinations are accounted for using the purchase method. This method requires the acquirer to recognize, separately from goodwill, acquired acquiree's identifiable assets, liabilities assumed and participation that does not constitute control in the acquiree. Costs that are not directly related to the acquisition are attributable to profit or loss for the period.

The identifiable assets acquired and the liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date regardless of the extent of the non-controlling interest. The Group has the ability to measure participations that do not represent control of the acquiree either at fair value or as a pro rata share in the identifiable net assets of the acquiree.

The excess of the acquisition cost over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree is recognized as goodwill. If the cost of acquisition is lower than the investor's interest in the fair values of the net assets of the company, the difference is recognized directly in the consolidated statement of profit or loss and other comprehensive income for the period.

Self-recognized goodwill on the acquisition of subsidiaries is tested for impairment at least annually. Impairment losses on goodwill are not reversed. Gains or losses on disposal (disposal) of a subsidiary of the Group also include the carrying amount of the goodwill, the deductible for the (released) company.

Each recognized goodwill is identified as belonging to an object generating cash proceeds when a business combination is realized, and this object is applied when carrying out the impairment tests. In determining the cash-generating entities, the entities that were expected to benefit from future business combinations in the business combination and for which the goodwill itself arose.

Transactions with non-controlling interest

Non-controlling operations are treated by the Group as transactions with entities owning the equity instruments of the Group. The effects of the sale of units of the Parent Company without loss of control to non-controlling interests are not treated as components of the Group's current profit or loss but as movements in the components of its equity. Conversely, in the case of purchases by the Parent Company of non-controlling interests of any non-controlling interests, any difference between the amount paid and the corresponding share of the net book value of the subsidiary's net assets is recognized directly in the consolidated statement of comprehensive income. changes in equity, usually to the "unallocated profit / (uncovered loss)" line.

When the Group ceases to have control and significant influence, any remaining minority investment as a share in the capital of the company concerned is remeasured at fair value, the difference to carrying amount being recognized in current profit or loss, respectively all amounts previously recognized in other components of comprehensive income are accounted for, as in the case of a direct exemption operation, of all those associated with the initial investment (in the subsidiary or associate).

2.5 Functional and reporting currency

The functional and reporting currency of the Group is the Bulgarian Lev. The data in the consolidated report and its annexes are presented in thousands of BGN. From 1 January 1999, the Bulgarian lev has a fixed exchange rate to the euro: BGN 1,95583 for 1 euro. Cash, receivables and payables denominated in foreign currencies are reported in BGN on the exchange rate at the date of the transaction and are revalued on an annual basis using the official exchange rate of the BNB on the last working day of the year.

2.6 Accounting assumptions and approximate accounting estimates

The preparation of consolidated financial statements in accordance with IFRS adopted by the EU requires the Group's management to apply approximate accounting estimates and assumptions that affect the reported assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date. Although the assessments are based on the knowledge of the current events management, the actual results may differ from the accounting estimates used.

Significant judgments

Deferred tax assets
Tax loss
The assessment of the probability of future taxable income for the use of deferred tax assets is based on the last approved estimate, adjusted for significant non-taxable income and expense, and specific restrictions on the transfer of unused tax losses or loans. If a reliable estimate of taxable income implies the probable use of a deferred tax asset, particularly in cases where the asset can be used without a time limit, the deferred tax asset is recognized as a whole. Recognition of deferred tax assets that are subject to certain legal or economic constraints or uncertainties is judged by the management on a case-by-case basis based on the specific facts and circumstances.

Revenue from contracts with customers

When recognizing revenue under contracts with customers, the management makes various judgments, estimates and assumptions that affect the reported revenue, expense, assets and liabilities under contracts. Additional information is disclosed in Note 2.7 Revenues

Uncertainty of accounting estimates

Evaluation of the pending payment reserve

The Reserve for Outstanding Payments includes RBNS claims as at the date of the consolidated financial statements as well as unrecognized claims (IBNRs).

Liabilities on claimed but unpaid claims are individually assessed for each claim based on the best estimate of expected cash outflows for them.

The assessment of the liabilities for the IBNR is based on the assumption that the Group's experience in the development of claims from past years can be used to predict the future development of claims and their ultimate obligations. The development of claims is analyzed by year of event. Additional qualitative judgment is made to assess the extent to which past trends may not be applicable in the future.

The nature of the business makes it difficult to accurately determine the likely outcome of a particular damage and the overall amount of damage sustained. Any damage claimed is individually reviewed due to the circumstances, the information provided by damage experts and the historical data on the amount of such damage. Estimates of damage are reviewed and updated regularly with new information available. Reserves are based on the current available information.

The final amount of liabilities, however, may differ as a result of subsequent events and catastrophic cases. The impact of many circumstances that determine the final cost of settling the damage is difficult to predict. Difficulties in assessing reserves vary from one business class to another, depending on the insurance contracts, the complexity, the volume and the significance of the damage, the date of occurrence of the damage and the delay in making the claim.

The reserve for incurred but unproven damages is calculated on the basis of statistical and actuarial methods. The key method used or a combination of methods depends on the business class and the observed historical level of the loss ratio. The biggest share in this reserve is Motor Third Party Liability (civil liability of a motor vehicle).

The actuarial method used to determine technical provisions since 2016 is in line with generally accepted actuarial practices and a unified approach to assessing the provision for unsecured and unannounced civil liability insurance claims for all companies in the Group. The methodology is based on the Chain-Pillar method, which is based on the number of damages claimed for a period of not less than 3 years. The amount of the provision for unforeseen damage has been calculated on the basis of the expected number of claims and the average amount of damage.

The number of damages expected to be delayed is calculated on the Chain-Pillar Method based on the actuarial triangles Claims Damages - Paid Damages and the Pending Payout Reserve at the Date of the Consolidated Financial Statement.

Claims on recourse claims

Claims on recourse claims by insurance companies and other individuals (physically and legally) are recognized as an asset and income when recourse is made to the extent that future economic benefits to the Group are expected. Receivables are reviewed on an individual basis on recognition and subsequently on any impairment indications.

The Group has the practice of settling claims on regressions from insurance companies by offsetting its claims on recourse claims.

Share of reinsurers in technical provisions

The insurance companies of the Group are a party to quota reinsurance contracts that provide for the transfer of a share in the existing technical reserves upon the entry into force of the contract. IFRS does not provide for specific reporting requirements for such contracts. Due to the specific nature of this type of contract, the Group has made an analysis of the degree of risk transfer to the reinsurer and the results show that there is such a transfer, contracts meet the objective criteria for reinsurance. For the analysis, a commonly agreed stochastic model was used and the accepted reinsurer risk limit of 1%.

The Group has adopted an accounting policy for accounting for reinsurance contracts that at the date of entry into force of the contract, the Group recognizes the reinsurers share of the technical provisions as an asset and the corresponding change in the reinsurer's share of the technical provisions in the consolidated statement of profit or loss and other comprehensive income; other comprehensive income, and the liabilities to reinsurers under these contracts are recorded in the subsequent periods of the contracts.

During the term of the contracts in subsequent periods, the Group will remit to the reinsurers the respective percentage of premiums and damages on motor vehicle insurance. Upon termination or termination of reinsurance contracts, the reinsurers' share of the technical provisions will be released or transferred to another reinsurer. The terms of these contracts are indefinite and, by their nature, the contracts are indefinite. Due to the conventions relating to the future development of the contracts and their cash flows, the management of the Group considers that the adopted accounting policy is appropriate.

Inventories - Impairment
At the end of the reporting period, the management reviews the available inventories - materials, commodities to determine whether there are those with a net realizable value below their carrying amount. During this review as of 31.3.2019 there were no indications for impairment of inventories.

Impairment of property, plant and equipment
In accordance with IAS 36, at the end of the reporting period, an estimate is made as to whether there is any indication that the value of an asset in property, plant and equipment is impaired. In the case of such indications, the recoverable amount of the asset is calculated and the impairment loss is determined. As of 31.3.2019 there is no impairment of property, plant and equipment.

Actuarial assessments
In determining the present value of long-term employee retirement liabilities, calculations of certified actuaries based on mortality assumptions, staff turnover rates, future salary levels, and discount factors have been used, which assumptions have been judged by management to be reasonable and relevant for the Group.

Impairment of goodwill
The Group performs an impairment test of goodwill at least once a year. The recoverable amounts of the units that generate cash are determined on the basis of the value in use or the fair value, net of the cost of the sale. These calculations require the use of estimates as described in Note 34.

Impairment of cash, loans and receivables, and net investment in finance leases

- **Net investment in finance leases**

In determining the impairment of finance lease receivables, the Group is based on a three-tier approach that seeks to reflect the deterioration in the credit quality of the financial instrument. At each reporting date after the initial recognition, the Group assesses to what extent the financial asset that is the subject of the impairment test is at which stage. The stage defines the relevant impairment requirements. The Group uses a 5-point credit rating system for each transaction, with the criteria of the system being used to consider both the lease asset, transaction parameters (initial installment, term, residual value) and the financial status of the individual client.

- **Cash and cash equivalents**

The Group categorizes the banks in which it holds cash on the basis of their rating agencies (Moody's, Fitch, S & P, BCRA) and, depending on it, applies a different percentage for the expected credit losses for 12 months.

- **Loans receivables**

The Group has loan receivables that are categorized depending on whether the borrower has a rating, and whether or not the receivables from such loans are overdue.

- **Litigation and claims**

The Group's court and assignment receivables are categorized in Group 3, respectively as such, they are individually reviewed by the management and each such receivable is assigned an individual impairment.

Fair value of financial instruments

The management uses techniques to measure the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are presented in the notes on financial assets and liabilities. In applying valuation techniques, management uses the market data and assumptions that market participants would use when evaluating a financial instrument. When no applicable market data is available, management uses its best estimate of the assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period.

2.7 Revenues

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the client in an amount that reflects the remuneration the Group expects to be entitled to in exchange for those goods or services.

The Group recognizes revenue when (or is) satisfied the obligation to perform, under the terms of the contract, by transferring the promised product or service to the client. An asset (product or service) is transferred when (or as) a customer has control over that asset.

Clients' contracts typically include a single performance obligation:
•Sales of cars (spare parts);
•Car Services.

Sales are made under contracts with clients. Sales contracts with customers meet the criteria set out in IFRS 15. Typically, the Group expects to collect the remuneration for contracts with clients.

The following table provides information on the Group's accounting policy for recognition of revenue and time to satisfy obligations for the execution of contracts with clients under IFRS 15 and IAS 18.

Type of product / service	**Nature and timing of fulfillment of performance obligations, including essential payment arrangements**	**Recognition of income under IFRS 15 (effective from 1 January 2018)**	**Recognition of income under IAS 18 (applicable before 1 January 2018)**
Car sales	Performance obligations satisfied at a certain point. Customers receive control when: 1 / the client has a legal right of ownership; 2 / The Group has transferred the physical possession of the asset; 3 / the client carries significant risks and benefits from the asset; 4 / The Group has an existing payment entitlement. The asset is derecognised at	Revenue from the sale of vehicles is recognized by the liability method at a specified time, in accordance with IFRS 15, when the control of the vehicle is transferred to the customer. This is usually done by passing the vehicles and the physical knowledge of them to the customer and the buyer has accepted the goods in accordance with the sales contract. The transaction price can be defined as a market price, reduced by discounts (net of taxes), which may include fixed remuneration and variable	Revenue from sales is recognized when significant risks and rewards are transferred to the buyer when the customer has accepted the goods and has reasonably confirmed the resulting receivables. Revenue is recognized when the amount of revenue can be reliably determined when the Group may obtain future economic benefits.

Type of product / service	**Nature and timing of fulfillment of performance obligations, including essential payment arrangements**	**Recognition of income under IFRS 15 (effective from 1 January 2018)**	**Recognition of income under IAS 18 (applicable before 1 January 2018)**
	the time the control is transferred to the sold asset. Invoices are payable within 30-40 days.	remuneration. The allocation of the transaction price to the performance obligations is based on unit sales prices (market).	
Revenue from sales of short-term assets (spare parts and accessories)	Delivery occurs when the assets have been shipped to the customer, the risks of potential losses have been passed on to the buyer and / or he has taken the assets in accordance with the sales contract. The usual payment term is up to 30 days after delivery.	Revenues from sales of short-term assets are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the client, the risks of potential losses are passed on to the buyer and either he has accepted the assets in accordance with the sale contract.	Revenue is recognized when the significant benefits and risks of ownership of the assets are transferred to the buyer. It is considered that significant risks and rewards have been passed on to the buyer when the customer has accepted the assets without objection.
Revenue from services	The control is transferred when the service is performed. Receipt is due immediately.	Revenue from services is recognized using the liability method over time. If, at the end of the reporting period, the service contract is not fully realized, revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportion of the total services to be provided as the client receives and consumes the benefits simultaneously . This is determined on the basis of actual time spent or reported time for work, in relation to the total expected time of service.	Revenue from provision of services is recognized on the basis of the stage of completion of the transaction at the reporting date. The stage of completion of the transaction is determined in proportion to the term of the contract for which the services are agreed. When the outcome of the transaction (the contract) can not be reliably measured, revenue is recognized only to the extent that the expenses incurred are recoverable.

Type of product / service	Nature and timing of fulfillment of performance obligations, including essential payment arrangements	Recognition of income under IFRS 15 (effective from 1 January 2018)	Recognition of income under IAS 18 (applicable before 1 January 2018)
Extended warranties	Separate obligation to implement. They are deferred if the Group is the principal of the extended guarantees. It is analyzed whether the Group is a principal or an agent.	The Group has found that, when selling extended warranties, the Group companies providing extended guarantees have the role of agent and the way of reporting extended guarantees changed. The Group considers that all sales of extended warranties and repairs should be accounted for at the expense of the manufacturer or the insurance company Car-Guarantie Vesrsiherung AG (whichever is the principal).	They were not a separate obligation. The sale was only reported as income from a commodity without distributing the portion of the extended warranty

IFRS 15 does not have a material effect on the Group's accounting policies with respect to the other types of income it recognizes.

The transaction price is the amount of the consideration the Group expects to be entitled to in exchange for the customer's transfer of the promised goods or services, except for amounts collected on behalf of third parties (eg value added tax). The consideration promised in the contract with the client may include fixed amounts, variable amounts, or both.

The Group examines whether there are other promises in client contracts that are separate performance obligations for which part of the transaction price should be allocated.

When determining the transaction price, account is taken of the impact of variable remuneration, including price discounts, the existence of significant components of funding, non-monetary remuneration and remuneration payable to the client (if any).

In the contracts of the Group companies there are discounts that the client receives at the sale and which are reported as a reduction of the total price. In accordance with the requirement of IFRS 15, all discounts are reported as a reduction in sales revenue, at the same time as recognizing the sale proceeds of the goods for which the respective discounts are due. The policy of recognition of due price discounts applied so far does not differ from the requirements of IFRS 15.

The Group has reviewed its accounting policies and has assessed the areas in which there are changes from the application of IFRS 15.

- *Free goods*

For a large number of contracts, the Group provides free of charge to its customers free of charge (in the form of accessories, tires, alarms, etc.).

The provision of additional goods (in the form of an alarm, tires or accessories) is a separate obligation to perform.

In accordance with IFRS 15, the Group recognizes these free goods as variable remuneration, thereby reducing the fixed price of the products on the price list if they are provided additionally and free of charge.

➢*Sales with redemption capability*

Revenue is recognized when the vehicle is sold, but the estimate of the redemption option is deducted from revenue and recognized as deferred income, as well as a liability to the customer for redemption. Similarly, the estimate of the value of the vehicle to be returned is reduced by the cost of the sale and is also deferred.

The group has estimated that in Q1 2019, no contractual obligations in relation to a redemption option.

Approach for recognizing major types of revenue under customer contracts

Revenue from sale is realized by the following:
- ➢car sales;
- ➢car leasing;
- ➢services, repair services;
- ➢sales of spare parts.

Revenue from car sales

Revenue from the sale of vehicles is recognized by the method of meeting the obligations at a specific time in accordance with IFRS 15 when the control of the good is transferred to the customer.

This is usually the case with the passing of the cars and the physical knowledge to them by the customer and the buyer has accepted the goods in accordance with the sales contract.

For most contracts, there is a fixed unit price for each contract, taking into account the discounts provided to the client. The group is able to determine the distribution of the total contract price (delivery, order) for each site based on the scope of the goods / services under the contract that form the performance obligations.

The distribution of the transaction price to the performance obligations is based on unit sales prices (contractual or market).

Revenue from services

Revenue from provision of services is recognized in the period in which the services are provided. The group transfers control over the service over time and therefore satisfies the obligation to execute and recognizes revenue over time. If, by the end of the reporting period, the service contract has not been fully implemented, revenue is recognized using the inputs method based on actual time spent on work, over the total expected service delivery time.

In cases where the services provided by the Group exceed the payment, an asset is recognized under the contract. If payments exceed the services provided, a liability under a contract is recognized.

Revenue from sales of current assets

Revenues from sales of short-term assets and material are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the customer, the risks of potential losses are transferred to the buyer and / or he has accepted the assets in accordance with the sale contract.

Principal or agent

The group is the principal when controlling the promised product or service before transferring it to the customer. The Group is an agent if the Group's obligation to perform is to arrange the delivery of the goods or services from a third party.
The signs that it is the principal includes:
- ➢The Group has the primary responsibility for implementing the promise to provide a particular good or service;

- There is a risk to the Group's inventory before the specific good or service is transferred to the customer or after the transfer of the client's control;
- The Group has discretion in determining the price of the particular good or service.

Transactions where it is the principal

The Group is the principal in the following transactions:

- Sales of cars;
- Sales of spare parts;
- Additional Services;
- Sales of oils.

The Group is an agent for the following transactions:

- Sales of extended guarantees;
- Sale of fuel with cards;
- Extended warranty repair services.

The Group has established that it is an agent in the sale of extended warranties and in the sale of fuels through cards. The Group accepts that all repairs carried out should be accounted for at the expense of the manufacturer / insurer party to the contracts for these guarantees.

Extended warranties
In the case of car sales, an extended warranty can be purchased, which can be purchased separately.

The extended guarantees are a separate performance obligation, which should be deferred if the Group is the principal. If the extended guarantees are issued by the manufacturer, the Group is an agent and should account for the revenue from these sales as an agent on a net basis.

The group has found to be an agent and has changed its way of reporting on extended guarantees.

Other revenues/income

Other income includes operations that are incidental to the Group's core activities and are income or income that are recognized under other standards and are outside the scope of IFRS 15.

The following table provides information about the material conditions and related policies for recognizing other earnings.

Income	**IFRS / IAS - Applicable to Recognition of Revenue (Income)**	**Recognition approach**
Net gain on the sale of property, plant and equipment and intangible assets	IAS 16 IAS 38	Gains or losses arising on the disposal of a property, plant, equipment or intangible asset as a result of a sale are included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control is transferred to the sold asset.
Rental income	IAS 17	Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless the Group's management considers that another systematic basis reflects the timing model in which the lessor's benefit is reduced leased asset.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Surplus assets and asset liquidation	Conceptual framework	Revenues from surplus assets are recognized when surpluses are established.
Income from insurance events	Conceptual framework	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties		Revenue is recognized when the Group's right to receive the payment is established.
Income from write-off of liabilities	IFRS 9	Revenue from write-offs is recognized when the liability expires or the creditor waives its rights.

Interest income

Interest income is accounted for using the effective interest method, which is the percentage that accurately discounts the expected future cash payments for the expected term of the financial instrument or for a shorter period, where appropriate, to the carrying amount of the financial asset. Interest income is included in the financial income in the consolidated statement of profit or loss and other comprehensive income.

Dividend income shall be recognized when the right to receive them is established. In the consolidated statement of profit or loss and other comprehensive income, the dividends declared for the financial year by the subsidiaries are recognized as internal estimates and eliminated and therefore do not participate in the formation of the financial result.

The financial revenue generated by Eurohold Group generated stems from:
- investment operations;
- positive differences from operations with financial instruments and currency exchange operations;
- fee and commission income;
- dividends;
- interest on loans granted.

2.8 Expenses

Expenses in the Group are recognized at the time they are incurred and based on the principles of accrual and comparability.

Administrative expenses are recognized as expenses incurred during the year that are related to the management and administration of the Group companies, including expenses related to administrative staff, management staff, office and other external services.

Financial costs include: costs arising from investment operations, negative financial operations and currency exchange rate differences, interest expense on bank and commercial loans and debt securities, and charges for fees and commissions.

Prepayments (deferred expenses) are deferred for recognition as current expense over the period in which the contracts to which they relate are met.

Other operating income and expenses include items of a minor nature in respect of the core business of the Group companies.

2.9 Interests

Interest income and expense are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the one that accurately discounts the expected future cash payments and proceeds over the life of the financial asset or liability to the carrying amount of the asset or liability. The effective interest rate is determined at the initial recognition of the financial asset or liability and is not subsequently adjusted.

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

Transaction costs are intrinsic costs directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the interim consolidated statement of profit or loss and other comprehensive income includes: Interest recognized on an effective interest rate basis on financial assets and liabilities measured at amortized cost.

Unprofitable financial income represents the difference between the gross and net investment in the lease, the gross investment in the lease being the amount of the minimum lease payments and the unguaranteed residual value accrued to the lessor. Interest income from lease transactions (financial income) is allocated over the term of the lease and is recognized on a constant periodic rate of return on the lessor's net investment.

2.10 Fees and commissions

Fees and commissions income and expense that 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 fee and commission income, including fees for logistics services, insurance and other intermediation, are recognized through the performance of the related services.

Other charges for fees and commissions related mainly to banking services are recognized on receipt of the related services.

2.11 Segment Reporting

An operating segment is a component of the Group that engages in revenue-generating activities and costs, including income and expense, that relate to transactions with each other of the Group's other components.

For management purposes, the Group is organized into business units based on the products and services they provide and includes the following reportable segments:

Insurance:
- Insurance Services

Financial services:
- Lease services
- Investment intermediation

Car sales:
- Sale of new cars
- Auto services
- Rental services

2.11.1 Insurance business

Recognition and measurement of insurance contracts

Non-life insurance premiums
Non-life insurance premiums are booked on an annual basis.
Gross gross premiums written for non-life insurance are the premiums under the direct insurance or co-insurance contracts that were concluded during the year, although the premiums may be wholly or partly related to a later accounting period. Premiums are reported gross of commissions paid by intermediaries.

The portion of the insurance premiums written, including unexpired insurance contracts, is recognized as income. Subscribed insurance premiums are recognized at the date of the insurance contract.

Premiums paid to reinsurers are recognized as an expense in accordance with reinsurance services received.

Health insurance premiums
Subscribed health insurance premiums are recognized as income on the basis of the annual premium payable by insured persons for the premium period beginning in the financial year or the one-time premium payable for the entire coverage period for annual health insurance contracts concluded during the financial year.

Gross written health insurance premiums are not recognized when future cash receipts are not certain. The recorded health insurance premiums are shown gross of commissions due to agents.

Life insurance premiums
Subscribed life insurance premiums are recognized as income on the basis of the annual premium payable by the insured persons for the premium period commencing in the financial year or the one-time premium payable over the entire policy coverage period concluded during the financial year.

Gross written premiums are not recognized when future cash receipts are uncertain. Subscribed premiums are shown gross of commissions due to agents.

The unearned premium reserve
The carry-over reserve consists of the portion of gross written insurance / health insurance premiums that is calculated to be earned in the next or further financial periods. The carry-over provision includes accrued and recognized insurance premiums during the reporting period less the premiums written to reinsurers that are to be recognized in the next financial year or subsequent financial periods. The reserve is calculated separately for each insurance / health insurance contract using a proportional daily basis method. The carry-over provision is calculated as net of commission to intermediaries, advertising and other acquisition costs.

Reserve for unexpired risks
The reserve is formed to cover risks for the time between the end of the reporting period and the expiry date of the relevant insurance / health insurance contract in order to cover the payments and expenses expected to exceed the prepaid reserve.

Compensations arising from general insurance and health insurance and pending damages
Compensations incurred in respect of non-life insurance and health insurance include benefits and processing costs payable during the financial year together with the amendment to the pending loss reserve.

Management is of the opinion that the gross prudential reserve and the relevant share of the reinsurers' reserves are fairly presented on the basis of the information available to them at the date of the consolidated financial statements, the final obligation will change as a result of subsequent information and events and may require material adjustment of the amount initially charged. Corrections to the pending loss reserve established in previous years are recognized in the consolidated financial statements for the period in which the adjustments are made and disclosed separately if they are material. The methods to be used and the estimates to be made when calculating the reserve are reviewed on a regular basis.

Reinsurance
In its normal course of business, the insurance companies in the Group assign a risk to reinsurers in order to reduce their potential net losses through risk diversification. Reinsurance does not cancel the direct liability of the company concerned to the insured.

Reinsurance assets include the balances due from reinsurance companies for ceded insurance liabilities. Recovery values from reinsurers are valued in a similar way as for outstanding claims reserves or terminated claims related to reinsured policies.

Premiums and losses relating to these reinsurance contracts are treated as income and expense in the same way as would be considered if reinsurance was a direct business, taking into account the classification of reinsurance business products.

Coupled (or accepted) premiums and reimbursed benefits (or paid damages) are reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position as gross amounts.

Contracts where substantial insurance risk is transferred are accounted for as insurance contracts. Recoverable amounts are recognized in the same year as the corresponding loss.

Premiums on long-term reinsurance contracts are accounted for in parallel with the period of validity of related insurance policies, using similar assumptions as those for accounting for the relevant policies.

The recoverable amount of receivables under reinsurance contracts is reviewed for impairment at each date of the consolidated statement of financial position. Such assets are valued if objective evidence exists as a result of an event occurring after its initial recognition.

Deferred acquisition costs
Deferred acquisition costs represent the amount of the acquisition cost deducted in the calculation of the carry-over provision reserve. They are defined as the portion of the acquisition cost under the end-of-period contracts as a percentage of the insurance technical plan and relating to the time between the end of the reporting period and the expiry date of the insurance / health insurance contract. Current acquisition costs are recognized as an expense during the reporting period.

Acquisition costs
Costs of commissions include accrued commissions to intermediaries, costs of participating in the result that are charged to the insured / health insured persons at a low loss rate. Indirect acquisition costs include advertising costs and costs arising from the conclusion or renewal of insurance / health insurance contracts.

2.11.2 Leasing activity

The leasing activity of the Group is related to leasing of transport equipment, industrial equipment, real estate, etc., under contracts for financial and operational leasing.

A finance lease contract is an arrangement under which the lessor grants the lessee the right to use a particular asset for an agreed term for remuneration. Leases are accounted for as finance when the lessor transfers to the lessee all significant risks and rewards incidental to the ownership of the asset.

Typical indicators that the Group considers to determine whether all material risks and rewards are transferred include: the present value of the minimum lease payments as compared to the beginning of the lease; the term of the lease relative to the economic life of the leased asset; and whether the lessee will acquire ownership of the leased asset at the end of the lease term. All other leasing contracts that do not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases.

Minimum lease payments
Minimum lease payments are those payments that the lessee will make or may be required to make during the lease term. From the point of view of the Group, the minimum lease payments also include the residual value of the asset guaranteed by a third party not party to the Group, provided that that party is financially capable of meeting its commitment under the guarantee or redemption agreement. In the minimum lease payments, the Group also includes the cost of exercising any option that the lessee holds to purchase the asset, and at the beginning of the lease it is highly certain that the option will be exercised.
Minimum lease payments do not include contingent rentals, as well as service and tax charges that are paid by the Group and subsequently re-invoiced to the lessee.

Beginning of the lease contract and beginning of the lease term
A distinction is made between the start of the lease and the commencement of the lease term. Start of the lease is the earlier of the two dates - the lease agreement or the engagement of the parties to the basic terms of the lease. At that date: the lease is classified as a finance or operating lease; and in the case of a finance lease, the amounts to be recognized at the start of the lease term are determined. The start of the lease term is the date from which the lessee can exercise the right to use the leased asset. This is also the date on which the Group initially recognized the lease receivable.

Initial and post evaluation
Initially, the Group recognizes a lease receivable equal to its net investment that includes the present value of the minimum lease payments and any unguaranteed residual value for the Group. The present value is calculated by discounting the minimum lease payments payable with the interest rate inherent in the lease.

Initial direct costs are included in the calculation of the finance lease receivable. During the term of the lease, the Group charges financial income (interest income under finance leases) to the net investment.

Receivables under finance leases
Lease payments received are treated as a reduction in the net investment (repayment of principal) and recognition of financial income in a way that ensures a constant rate of return on the net investment. Subsequently, net investment in finance lease contracts is net, net of individual and portfolio provisions for uncollectability.

2.11.3 Financial intermediation activity

Financial Intermediation is related to transactions with financial instruments. They are classified as financial assets as part of an investment portfolio or as part of a trading portfolio.

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses.

Financial assets at fair value through profit or loss

Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply.

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined using either quoted market prices or using valuation techniques in the absence of an active market. This category classifies the securities from the trading portfolio and the equity instruments of the investment portfolio of the firm.

According to the Risk Management Rules of EURO-FINANCE AD, subsequent valuation of financial instruments from the trading book is made on a daily basis, at easily accessible closing prices from an independent source such as stock prices or prices from market information systems, quotes from independent brokers with good reputation. In the market valuation, the more conservative of the Buy and Sell rates is used unless EURO-FINANCE AD is significant to the market participant for the respective financial instrument and can close its position at an average market price.

When market valuation is not possible, the company uses a model to evaluate its positions and portfolios.

A subsequent valuation of its assets in the trading book under the following procedures:

/ 1 / For Bulgarian and foreign shares and rights admitted to trading on a regulated securities market in the Republic of Bulgaria as well as Bulgarian shares and rights admitted for trading on a regulated market in Member States:

a/ at the last price of a transaction concluded with them, announced in the stock exchange bulletin, if the volume of the transactions concluded with them for the day is not less than 0.02 per cent of the volume of the respective issue or reaches the estimated volume.

b/ if a price can not be determined under (a) - the arithmetic mean of the highest bid price or short selling respectively of the orders that are valid at the time of closing the regulated market on the estimated day , and the last price of a transaction concluded with the relevant securities for the same day.

c/ in the event that for the valuation day there are no deals with securities of the respective issue, the average of the highest bid or short selling offer respectively, valid at the moment of closing the regulated market for the assessed day, and the weighted average price of the last prices of the transactions concluded with the relevant securities and the traded volumes within the last 30-day period.

d/ If it is not possible to apply the valuation methods in a-c as well as for the non-traded shares, the post evaluation shall be based on the net book value of the assets.

/ 2 / For units of collective investment undertakings not traded on a regulated market, including in cases of temporary suspension of redemption:

a/ at the last announced redemption price.

b/ at the last designated and announced issue value per unit, less the amount of the unit-redemption and redemption costs provided for under the fund rules, in cases where the collective investment scheme has not reached the minimum amount of the net asset value.

/3/ for derivative financial instruments - in the order indicated in / 1 /, and in case of impossibility to apply this method of valuation - by an appropriate model for valuation of derivative financial instruments.

/4/ for Bulgarian and foreign bonds, as well as government securities issued pursuant to BNB Ordinance No. 5 - by the method of discounted future net cash flows with a discount factor consisting of a risk-free rate and a risk premium.

/5/ for foreign securities admitted for trading on internationally recognized and liquid regulated securities markets abroad:

a) at the last price of a transaction concluded with them on the relevant market on the day of valuation;

b) if it is not possible to apply the valuation method under "a", the valuation shall be made at the "buy" or "sell" price, upon closing of the market on the day of the valuation announced in the electronic securities price information system;

c) if it is impossible to apply the assessment method under letter b) the valuation shall be made at the last price of a transaction concluded with them within the last 30-day period;

/6/ In cases where there is no trading on a regulated market in working days for the country, the valuation valid for the day of the last trading session shall be accepted. In the subsequent assessment of bonds under the first sentence, the accrued interest for the respective days shall also be reported.

Price sources are regulated securities markets - the Bulgarian Stock Exchange and foreign regulated markets where the relevant securities are traded.

Quotation sources can be recognized by world news agencies such as REUTERS, BLOOMBERG, and so on.

Derivatives
Derivatives are off-balance sheet financial instruments the value of which is determined on the basis of interest rates, exchange rates or other market prices. Derivatives are an effective tool for managing market risk and limiting exposure to a counterparty.

The most commonly used derivatives are:
- foreign exchange swap;
- interest rate swap;
- floors and ceilings;
- Forward foreign exchange and interest rate contracts;
- futures;
- options.

All derivative financial instruments used for hedging are initially recognized at fair value and subsequently measured at fair value in the statement of financial position.

For derivatives, the same procedures for controlling market and credit risk apply as for other financial instruments. They aggregate with other exposures to monitor the total exposure to a counterparty and are managed within the limits approved for the counterparty.

Derivatives are held for trading purposes as well as hedging instruments used to manage interest rate and currency risk. Derivatives held for trading are measured at fair value and gains and losses are reported in the consolidated statement of profit or loss and other comprehensive income as a result of trading transactions.

2.12 Taxes

Income tax

Current tax comprises the amount of tax to be paid on the expected taxable profit for the period based on the effective tax rate applicable at the date of preparation of the consolidated statement of financial position and any adjustments to past tax payable.

Current taxes on profits of Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation - the Corporate Income Tax Act. The nominal tax rate for Bulgaria in 2019 is 10% (2018: 10%).

Subsidiaries abroad are taxed according to the requirements of the relevant tax laws by country at the following tax rates:

Country	**Tax rate**	
	2019	**2018**
Romania	16%	16%
Northern Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	29%	29%

Deferred tax
Deferred tax is calculated by applying the balance sheet method to all temporary differences between the carrying amount of the financial statements and the amounts for tax purposes.

Deferred tax is calculated on the basis of the tax rate that is expected to be incurred when the asset is realized or the liability is settled. The effect on deferred tax on change in tax rates is recognized in the consolidated statement of profit or loss and other comprehensive income except when it relates to amounts previously accrued or accounted for directly in equity.

A deferred tax asset is recognized only to the extent that it is probable that future profits will be available against which unused tax losses or tax credit can be utilized. Deferred tax assets are reduced in line with the decrease in probability of tax benefits.

As at 31.3.2019 the deferred taxes on the profits of the Group companies are assessed at a rate valid for 2019, which for the Bulgarian companies is 10% and for the subsidiaries abroad is as follows:

Country	**Tax rate for 2019**
Romania	16%
Northern Macedonia	10%
Ukraine	18%
Georgia	15%
Greece	29%

2.13. Non-current assets

2.13.1 Property, plant and equipment

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

The Group has set a materiality threshold of BGN 700 below which the assets acquired, despite having a characteristic of a fixed asset, are reported as current expense at the time they are acquired.

Initial acquisition
Initial valuation of tangible fixed assets is carried out:

At acquisition cost, which includes: the purchase price (including customs duties and non-recoverable taxes), all direct costs of bringing an asset into working condition in accordance with its intended purpose - for assets acquired from external sources;

At fair value: for those received as a result of a free transaction;

Under assessment: accepted by the court, and all direct costs of bringing an asset into working condition in accordance with its purpose - for assets received as an in-kind contribution.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost (cost) of that asset. All other borrowing costs are reported as current in profit or loss for the period.

Subsequent assessment
The Group's approach to subsequent balance sheet valuation of property, plant and equipment is the cost model under IAS 16, the historical cost of acquisition, less accumulated depreciation and accumulated impairment losses.

Subsequent costs
Subsequent repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income at the time they are performed unless there is clear evidence that their performance will result in increased economic benefits from the use of the asset. Then these costs are capitalized at the asset's carrying amount.

Gains and losses on sale
In the case of a sale of tangible fixed assets, the difference between the carrying amount and the sale price of the asset is recognized as a gain or loss in the consolidated statement of profit or loss and other comprehensive income.

Write-off of tangible fixed assets on the balance sheet is at the time of sale or when the asset is definitively disposed of and after the write-off is not expected to have any other economic benefits.

Depreciation methods
The Group applies a straight-line depreciation method. Depreciation of assets begins in the month following the month of acquisition. The land and assets under construction are not depreciated. Useful life by group of assets is consistent with: physical wear and tear, specifics of the equipment, future intentions for use, and the assumed obsolescence.

The defined useful life by group of assets is as follows:

Asset group	Useful life in years
Buildings	25-46
Machinery and equipment	3-10
Vehicles	4-6
Business inventory	3-19
Computers	2-5

Impairment
The carrying amounts of tangible fixed assets are reviewed for impairment when there are events or changes in circumstances that indicate that the carrying amount may be permanently different from their recoverable amount. If there are such indicators that the estimated recoverable amount is lower than their carrying amount, the latter is adjusted to the recoverable amount of the assets.

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

2.13.2 Intangible assets

Intangible assets are presented in the consolidated financial statements at cost less accumulated amortization and any impairment losses.

The Group applies a straight-line method of amortization of intangible assets over a useful life of 5-7 years.

The carrying amount of intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the carrying amount could exceed their recoverable amount.

2.13.3 Investment property

Investment property is such property that is held for rent or capital gains, or both, but not for sale in the ordinary course of business of the Group, or for the use of services or administrative needs.

Investment property is measured on the basis of the present fair value with any change reflected as a gain or loss.

2.14 Pension and other payables to employees and social legislation staff

The employment and social security relations with the employees of the Group are based on the provisions of the Labor Code and the provisions of the current insurance legislation for the companies operating in Bulgaria, the Romanian Code - for the companies in Romania, the labor legislation for the companies in Ukraine , of labor law for companies in Northern Macedonia.

Short-term employee benefits
Liabilities for short-term employee benefits are measured on an undiscounted basis and are recognized as an expense when the related service is provided. Liabilities are recognized for the amount expected to be paid on a short-term cash bonus or profit-sharing plan if the Group has a legal or constructive obligation to pay that amount as a result of past service provided by an employee and the liability may be evaluate reliably.

The Group recognizes as an obligation the undiscounted amount of estimated expense paid annual leave expected to be paid to employees in exchange for their work for the past reporting period.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan whereby the Group pays contributions to another person and has no legal or constructive obligation to pay additional amounts afterwards. The Government of Bulgaria is responsible for providing pensions under defined contribution plans. Expenses on the Group's commitment to transfer contributions to defined contribution plans are recognized in profit or loss on an ongoing basis.

Termination benefits
Termination benefits are recognized as an expense when the Group has committed itself clearly, without any real possibility of withdrawal, with a formal detailed plan either to terminate a business relationship before the normal retirement date or to provide termination benefits as a result of a proposal , made to encourage voluntary departure.

Termination benefits for voluntary departure are recognized as an expense if the Group has made a formal offer for voluntary termination, and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are due more than 12 months after the end of the reporting period, they are discounted to their present value.

2.15 Financial assets

2.15.1 Investments in non-current financial assets

Undertakings in which the Group holds between 20% and 50% of the voting rights and may have significant influence but not exercise control functions are considered as associates.

Investments in associates are accounted for using the equity method. Under the equity method, an investment in an associate is recognized in the consolidated statement of financial position at cost plus any changes in the Group's share of the associate's net assets after the acquisition. The goodwill associated with the associate is included in the carrying amount of the investment and is not amortized. The consolidated statement of profit or loss reflects the share of the associate's operating results. The share of the profit is displayed on the face of the report.

2.15.2 Investments in financial instruments

- **Recognition and derecognition**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities are derecognized when the obligation specified in the contract is fulfilled is derecognized or expires.

- **Classification and initial measurement of financial assets**

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not have a significant financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified into one of the following categories:
- debt instruments at amortized cost;
- Financial assets at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income, with or without reclassification in profit or loss, whether they are debt or equity instruments.

The classification of financial assets is determined on the basis of the following two conditions:
- the business model of the Financial Assets Management Group;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are included in financial expenses, financial income or other financial items, except for impairment of trade receivables, which is presented in line with other expenses in the consolidated statement of profit or loss and other comprehensive income.

- **Subsequent valuation of financial assets**

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following criteria and are not designated for fair value through profit or loss:

- The Group manages the assets within a business model that aims to hold the financial assets and to collect their contractual cash flows;
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discarding is not done when its effect is insignificant. The Group classifies in this category the cash and cash equivalents / cash, trade and other receivables as well as listed bonds that previously had been classified as held-to-maturity financial assets in accordance with IAS 39.

Financial assets at fair value through profit or loss

Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply (see below).

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

Financial assets at fair value through other comprehensive income

The Group recognizes financial assets at fair value in other comprehensive income if the assets meet the following conditions:

- The Group manages assets within a business model that aims to hold the financial assets to collect contractual cash flows and sell them; and
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

Financial assets at fair value through other comprehensive income include:

- Equity securities that are not held for trading and which the Group irrevocably has chosen at initial recognition to recognize in this category.
- Debt securities where the contractual cash flows are only principal and interest and the Group's business model is aimed at both the collection of contractual cash flows and the sale of financial assets.

With the exemption from equity instruments of this category, any value recognized in the revaluation reserve of the instruments is reclassified to retained earnings.

In the case of debt-reliefs in this category, any value recorded in the revaluation reserve of the instruments is reclassified to profit or loss for the period.

- **Classification and measurement of financial liabilities**

The financial liabilities of the Group include borrowings, liabilities under finance leases, trade and other financial liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability as measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedging tool).

All interest-related expenses and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in financial expenses or financial income.

- **Derivative financial instruments and hedge accounting**

The Group applies prospectively the new hedge reporting requirements in IFRS 9. All hedging relationships that are hedging relationships under IAS 39 at 31 December 2017 meet the IFRS 9 hedge accounting criteria as of 1 January 2018 and are therefore hedged considered as continuing hedging relationships.

Derivative financial instruments are measured at fair value through profit or loss except for derivatives designated as hedging instruments for cash flow hedges that require specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic link between the hedged item and the hedging instrument;
- the effect of credit risk is not an essential part of the changes in value that result from this economic

relationship;
- the hedging relationship's hedge ratio is the same as the one resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge this amount of hedged items.

All derivative financial instruments used for hedge accounting are initially recognized at fair value and are reported at fair value in the consolidated statement of financial position.

To the extent that hedging is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included in the hedge of the cash flow in equity. Any inefficiency in the hedging relationship is recognized immediately in profit or loss.

At the moment when the hedged item affects profit or loss, the gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as a reclassification adjustment to other comprehensive income. However, if a non-financial asset or liability is recognized as a result of the hedged transaction, gains or losses previously recognized in other comprehensive income are included in the initial measurement of the hedged item.

If the forecast transaction is no longer expected to occur, any related gain or loss recognized in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to be effective, hedge accounting is discontinued and the related gain or loss is recognized as a reserve in equity until the estimated transaction.

2.16 Inventory

Materials and goods are valued at shipping cost. Their value is the sum of all purchase costs and other costs incurred in delivering them to their current location and status.

The write-off of materials and commodities upon their consumption is based on a specific or weighted average value depending on the segments.

The net realizable value of the inventories is stated at the sale price, less the completion costs and costs incurred to realize the sale and is determined with respect to marketing, obsolescence and development at expected sales prices.

When the inventory value of inventories is higher than the net realizable value, it is reduced to the net realizable value. The decrease is recorded as other current expenses.

2.17 Provisions for liabilities

Liabilities provisions include expected costs associated with guarantees, restructuring, etc.

2.18 Equity

The share capital of the Parent Company is presented at its nominal value according to the court decisions for its registration.

Equity that does not belong to the economic group (non-controlling interest) is part of the net assets, including the net result for the year of the subsidiaries, attributable to interests not directly or indirectly held by the Parent Company.

2.19 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to shareholders, holders of ordinary shares by the weighted average number of ordinary shares outstanding for the period.

The weighted average number of shares is the number of ordinary shares outstanding at beginning of period, adjusted by the number of repurchased ordinary shares issued during the period multiplied by the average time factor. This factor expresses the number of days the specific shares were held in relation to the total number of days during the period.

In capitalization, bonus issue or split, the number of ordinary shares that are outstanding at the date of this event is adjusted to reflect the proportional change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the submitted the earliest period. Reduced earnings per share are not calculated as there are no dilutive potential issued shares.

2.20 Liabilities

Financial liabilities are recognized over the period of the loan by the amount of receipts received, the principal, less the transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value when applying the effective interest method. In the consolidated statement of profit or loss and other comprehensive income, loan costs are recognized over the period of the loan.

Current liabilities, such as payables to suppliers, group and associates and other payables, are measured at amortized cost, which usually corresponds to the nominal value.

Income for future periods recognized as liabilities includes payments received in respect of earnings for subsequent years.

2.21 Financial Risk Management

Factors that determine the financial risk

In carrying out its activities, the Group companies are exposed to a variety of financial risks: market risk (including currency risk, changes in the fair value of financial instruments under the influence of market interest rates and price risk), credit risk, liquidity risk and risk of change of future cash flows as a result of changes in market interest rates.

The overall risk management program focuses on the unpredictability of financial markets and aims to reduce any adverse effects on the Group's financial performance.

Currency risk
The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities denominated in foreign currency. Foreign currency exposures result in gains or losses that are reflected in the consolidated statement of profit or loss and other comprehensive income. These exposures comprise the Group's cash assets that are not denominated in the currency used in the financial statements of resident companies.

In cases where the local currency is exposed to significant currency risk, its management is achieved through investments in Euro denominated assets.

Interest rate risk
The Group is exposed to interest rate risk in relation to the bank and trade credits used as part of the borrowings are variable interest rate agreed as basic interest (EURIBOR / LIBOR), increased by a certain margin. Variable interest rate loans are denominated in euro. Interest rates are listed in the relevant appendices.

Credit risk
The credit risk of the Group is mainly related to trade and financial receivables.

Amounts presented in the consolidated statement of financial position are on a net basis and exclude provisions for uncollectible receivables assessed as such by management on the basis of past experience and current economic conditions.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The policy in this area is aimed at ensuring that sufficient liquidity is available to service the obligations when they become due, including in extraordinary and unforeseen situations. The objective of the management is to maintain a constant balance between the continuity and flexibility of financial resources through the use of adequate forms of funding.

Liquidity risk management is the responsibility of the Group's management and includes maintaining sufficient cash, negotiating adequate credit lines, preparing analysis and updating cash flow projections.

2.22 Determination of fair values

Fair value is the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date.

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:

•the underlying market for that asset or liability;
or
•in the absence of a major market - the most profitable market for that asset or liability.

The main or most advantageous market should be available to the Group.

In measuring the fair value of a non-financial asset, the ability of a market participant to generate economic benefits by using the asset to maximize its value or by selling it to another market participant that will use it in such a way is taken into account. The Group uses cost-appropriate valuation methods, for which there is sufficient available fair value measurement data, using as much as possible the relevant observable hypotheses and minimizing the use of non-observable ones.

All assets or liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized according to a fair value hierarchy described as follows and based on the lowest rank of observable assumptions that are significant for the fair value measurement as a whole:

- Level 1 - Adjusted (unadjusted) active market prices for identical assets or liabilities to which the Group may have access at the measurement date;
- Level 2 - Valuation techniques for which observable lower rank hypotheses that are relevant for fair value measurement are directly or indirectly observable;
- Level 3 - Valuation techniques for which observable lower case scenarios that are relevant for fair value measurement are unobservable.

External valuers have been used to measure the fair value of significant assets such as goodwill and investment property.

2.23 Cash and cash equivalents

The consolidated cash flow statement shows the Group's cash flows for operating, investing and financing activities during the year, changes in cash and cash equivalents for the year, cash and cash equivalents at beginning and end of the year.

Operating cash flows are calculated as a result for the year, adjusted for non-monetary operating positions, changes in net working capital and corporate tax.

Cash flows from investing activities include payments in connection with the purchase and sale of fixed assets and cash flows associated with the purchase and sale of businesses and activities. Purchase and sale of other securities that are not cash and cash equivalents are also included in investing activities.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowing and repayment of interest-bearing loans, purchase and sale of own shares and payment of dividends.

3. Revenue from insurance business	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Gross premiums written from insurance	205 022	149 560
Received recoveries from reinsurers	57 431	39 601
Positive change in the gross provision for unearned premiums and unexpired risk reserve	-	6 576
Positive change in reinsurers' share in unearned premium reserve	16 011	6 419
Change in the reinsurers' share in other reserves	10 837	7 918
Positive change in other technical reserves	3 278	1 369
Recourse income	3 786	1 813
Fees and commissions income	23 659	12 177
Investment income	11 059	8 856
Other revenue	2 068	2 781
	333 151	**237 070**

4. Expenses of insurance business	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Paid claims, claims handling and prevention expenses	(112 022)	(101 405)
Change in the gross provision for unearned premiums and unexpired risk reserve	(25 597)	(4 187)
Change in other technical reserves	(25 449)	(16 305)
Change in the reinsurers' share in the other reserves	(3 014)	-
Premiums ceded to reinsurers	(86 355)	(53 975)
Acquisition expenses	(44 293)	(33 571)
Investment expenses	(3 357)	(4 524)
Other expenses	(10 256)	(5 323)
	(310 343)	**(219 290)**

5. Revenue from car sales and after sales

	31.3.2019 *BGN'000*	31.3.2018 *BGN'000*
Revenue from sale of cars and spare parts	53 552	56 007
Revenue from after sales and rent-a-car services	1 320	1 837
	54 872	**57 844**

6. Revenue from leasing business

	31.3.2019 *BGN'000*	31.3.2018 *BGN'000*
Revenue from services	4 037	4 351
Interest income	1 507	1 053
Gains from sale of financial assets and instruments	148	-
Foreign exchange gains	-	2
Other financial revenue	38	14
	5 730	**5 420**

7. Expenses of leasing business

	31.3.2019 *BGN'000*	31.3.2018 *BGN'000*
Interest expenses	(1 122)	(843)
Losses from sales of financial assets and instruments	(176)	-
Foreign exchange losses	(44)	(4)
Other expenses	(45)	(87)
	(1 387)	**(934)**

8. Revenue from asset management and brokerage

	31.3.2019 *BGN'000*	31.3.2018 *BGN'000*
Interest income	112	174
Dividend income	1	-
Gains from sale of financial assets and financial instruments	1 218	525
Foreign exchange gains, net	14	-
Other financial revenue	212	93
	1 557	**792**

9. Expenses of asset management and brokerage

	31.3.2019 *BGN'000*	31.3.2018 *BGN'000*
Interest expenses	(44)	(8)
Losses from sales of financial assets and financial instruments	(732)	(777)
Foreign exchange losses,net	-	(478)
Other financial expenses	(364)	(26)
	(1 140)	**(1 289)**

10. Revenue from the activities of the parent company

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Gains from sale of financial assets and financial instruments	321	449
Interest revenue	172	350
Other revenue	61	-
	554	**799**

11. Expenses of the activities of the parent company

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Losses from sales of financial assets and financial instruments	(138)	(51)
	(138)	**(51)**

12. Other income/(expenses), net

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Other income/(expenses), net	(904)	(1 481)
	(904)	**(1 481)**

12.1. Other expenses

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	-	-
Leasing business	(909)	(1 481)
	(909)	**(1 481)**

12.2. Other income

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	-	-
Asset management and brokerage	5	-
	5	**-**

13. Other operating expenses

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Expenses on materials	(825)	(761)
Expenses on hired services	(7 054)	(6 667)
Employee benefits expenses	(8 979)	(8 846)
Other expenses	(1 970)	(2 349)
	(18 828)	**(18 623)**

13.1 Expenses on materials by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(223)	(189)
Automotive business	(527)	(528)
Leasing business	(67)	(35)
Asset management and brokerage	(7)	(8)
Parent company	(1)	(1)
	(825)	**(761)**

13.2 Expenses on hired services by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(3 473)	(2 997)
Automotive business	(2 377)	(2 342)
Leasing business	(677)	(856)
Asset management and brokerage	(106)	(157)
Parent company	(421)	(315)
	(7 054)	**(6 667)**

13.3 Employee benefits expenses by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(4 565)	(4 325)
Automotive business	(3 357)	(3 648)
Leasing business	(748)	(594)
Asset management and brokerage	(181)	(173)
Parent company	(128)	(106)
	(8 979)	**(8 846)**

13.4 Other expenses by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(1 559)	(1 648)
Automotive business	(280)	(529)
Leasing business	(47)	(106)
Asset management and brokerage	(63)	(43)
Parent company	(21)	(23)
	(1 970)	**(2 349)**

14. (Accrued) / recovered impairment loss on financial assets, net

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
(Accrued) impairment loss on financial assets	(3)	-
Recoverable impairment loss on financial assets	10	-
	7	**-**

14.1 (Accrued) impairment loss on financial Assets by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Asset management and brokerage	(3)	-
	(3)	**-**

14.2 Recovered impairment loss on financial assets by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	9	-
Asset management and brokerage	1	-
	10	**-**

15. Financial expenses

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Interest expenses	(4 408)	(5 587)
Other financial expenses	(153)	(163)
	(4 561)	**(5 750)**

15.1 Interest expenses by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(470)	(510)
Automotive business	(454)	(356)
Parent company	(3 484)	(4 721)
	(4 408)	**(5 587)**

15.2 Other financial expenses by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	(150)	(148)
Parent company	(3)	(15)
	(153)	**(163)**

16. Financial income

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Interest revenue	-	12
	-	**12**

16.1 Financial income by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	-	12
	-	**12**

17. Foreign exchange gains/(losses), net

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Automotive business	(2)	-
Parent company	(24)	156
	(26)	**156**

18. Depreciation and amortization by segments

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Insurance business	(657)	(435)
Automotive business	(946)	(658)
Leasing business	(1 445)	(1 300)
Asset management and brokerage	(58)	(17)
Parent company	(8)	(4)
	(3 114)	**(2 414)**

19. Tax expenses

	31.3.2019	31.3.2018
	BGN'000	*BGN'000*
Income tax expense	(117)	-
Deferred tax	(48)	-
	(165)	**-**

19.1 Tax expenses by segments

	31.3.2019 BGN'000	31.3.2018 BGN'000
Insurance business	(165)	-
	(165)	**-**

20. Cash and cash equivalents

	31.3.2019 BGN'000	31.12.2018 BGN'000
Cash on hand	1 351	1 569
Deposits up to 3 months	65 717	46 660
Restricted cash	584	596
Cash equivalents	473	844
Impairment	*(129)*	*(129)*
	67 996	**49 540**

21. Time deposits at banks by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	17 448	20 197
Impairment	*(40)*	*(40)*
	17 408	**20 157**

22.1 Reinsurers' share in technical reserves

	31.3.2019 BGN'000	31.12.2018 BGN'000
Unearned premium reserve	153 090	139 095
Claims reserves, incl.:	271 610	265 621
Reserves for incurred, but not reported claims	*99 594*	*102 066*
Reserves for reported, but not settled claims	*172 016*	*163 555*
Other technical reserves	-	3 661
	424 700	**408 377**

22.2 Receivables from insurance business

	31.3.2019 BGN'000	31.12.2018 BGN'000
Receivables from direct insurance	91 357	70 298
Receivables from reinsurers or sedants	10 708	18 514
Receivables from recourse/subrogation	13 691	10 636
	115 756	**99 448**

23. Trade receivables

	31.3.2019	31.12.2018
	BGN'000	*BGN'000*
Trade receivables	17 622	15 830
Impairment	*(926)*	*(935)*
Financial lease receivables	20 450	21 383
Advances paid	1 936	1 259
Impairment	*(20)*	*(20)*
Other	201	1
	39 263	**37 518**

23.1. Trade receivables by segments

	31.3.2019	31.12.2018
	BGN'000	*BGN'000*
Insurance business	793	870
Automotive business	13 455	11 718
Impairment	*(872)*	*(881)*
Leasing business	3 281	3 148
Impairment	*(49)*	*(49)*
Asset management and brokerage	12	13
Parent company	76	76
	16 696	**14 895**

24. Other receivables

	31.3.2019	31.12.2018
	BGN'000	*BGN'000*
Insurance business	33 917	19 525
Impairment	*(577)*	*(577)*
Automotive business	2 497	3 395
Impairment	*(166)*	*(166)*
Leasing business	1 126	2 713
Impairment	*(111)*	*(111)*
Parent company	10 465	10 284
Impairment	*(98)*	*(98)*
Prepaid expenses	3 014	2 078
Receivables under court procedures	2 267	2 275
Impairment	*(1 347)*	*(1 347)*
Tax receivables	899	1 293
Impairment	*(2)*	*(2)*
	51 884	**39 262**

24.1. Tax receivables by segments

	31.3.2019	31.12.2018
	BGN'000	*BGN'000*
Insurance business	98	138
Automotive business	282	931
Impairment	*(2)*	*(2)*
Leasing business	436	208
Parent company	83	16
	897	**1 291**

25. Property, plant and equipment

	Land plots	Buildings	Machinery and equipment	Vehicles	Furniture and fittings	Assets under construction	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost								
At 1 January 2018	**5 490**	**17 672**	**9 058**	**55 878**	**7 183**	**1 029**	**1 754**	**98 064**
Acquisition of a subsidiary	-	912	168	68	35	17	-	**1 200**
Additions	-	161	784	26 238	1 341	229	168	**28 921**
Disposals	(386)	-	(766)	(19 622)	(650)	(346)	-	**(21 770)**
Other changes	50	448	-	-	(16)	-	-	**482**
Transfer to investment properties	-	(5 931)	-	-	-	-	-	**(5 931)**
At 31 December 2018	**5 154**	**13 262**	**9 244**	**62 562**	**7 893**	**929**	**1 922**	**100 966**
At 1 January 2019	**5 154**	**13 262**	**9 244**	**62 562**	**7 893**	**929**	**1 922**	**100 966**
Additions	172	106	123	4 131	128	60	1 947	**6 667**
Disposals	-	-	(206)	(2 954)	(27)	(202)	(721)	**(4 110)**
Other changes	-	(52)	-	-	-	-	-	**(52)**
At 31 March 2019	**5 326**	**13 316**	**9 161**	**63 739**	**7 994**	**787**	**3 148**	**103 471**
Depreciation								
At 1 January 2018	**-**	**3 072**	**6 996**	**17 637**	**4 467**	**5**	**1 167**	**33 344**
Depreciation for the period	-	433	783	8 160	527	-	105	**10 008**
Disposals	-	(64)	(772)	(7 317)	(674)	-	(1)	**(8 828)**
Other changes	-	(68)	-	-	-	-	-	**(68)**
At 31 December 2018	**-**	**3 373**	**7 007**	**18 480**	**4 320**	**5**	**1 271**	**34 456**
At 1 January 2019	**-**	**3 373**	**7 007**	**18 480**	**4 320**	**5**	**1 271**	**34 456**
Depreciation for the period	-	124	204	2 341	144	-	130	**2 943**
Disposals	-	-	(201)	(1 079)	(27)	-	(10)	**(1 317)**
At 31 March 2019	**-**	**3 497**	**7 010**	**19 742**	**4 437**	**5**	**1 391**	**36 082**
Net book value:								
At 1 January 2018	**5 490**	**14 600**	**2 062**	**38 241**	**2 716**	**1 024**	**587**	**64 720**
At 1 January 2019	**5 154**	**9 889**	**2 237**	**44 082**	**3 573**	**924**	**651**	**66 510**
At 31 March 2019	**5 326**	**9 819**	**2 151**	**43 997**	**3 557**	**782**	**1 757**	**67 389**

25.1. Land and buildings by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	5 348	5 170
Automotive business	9 797	9 873
	15 145	**15 043**

25.2. Machinery and equipment by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	763	787
Automotive business	1 344	1 404
Leasing business	44	46
	2 151	**2 237**

25.3. Vehicles by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	5 275	5 145
Automotive business	11 390	10 991
Leasing business	27 223	27 826
Asset management and brokerage	36	40
Parent company	73	80
	43 997	**44 082**

25.4. Furniture and fittings and other assets by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	1 233	1 151
Automotive business	2 836	2 935
Leasing business	819	126
Asset management and brokerage	422	10
Parent company	4	2
	5 314	**4 224**

25.5. Assets under construction by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	26	228
Automotive business	756	696
	782	**924**

26. Investment property

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Net book value at 1 January	**20 209**	**12 698**
Acquired upon purchase of subsidiaries	-	1 170
Acquired	-	294
Revaluation / (Impairment)	(1 419)	116
Transfer from buildings	-	5 931
Net book value as at the period end	**18 790**	**20 209**

27. Intangible assets

	Software	Licenses	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cost				
At 1 January 2018	**6 744**	**115**	**1 612**	**8 471**
Acquisition of a subsidiary	409	-	15	**424**
Additions	1 106	-	151	**1 257**
Disposals	(52)	(1)	(147)	**(200)**
Other changes	61	-	-	**61**
At 31 December 2018	**8 268**	**114**	**1 631**	**10 013**
At 1 January 2019	**8 268**	**114**	**1 631**	**10 013**
Additions	363	-	134	**497**
Disposals	(84)	-	-	**(84)**
Other changes	-	-	-	**-**
At 31 March 2019	**8 547**	**114**	**1 765**	**10 426**

27. Intangible assets(continued)

Amortization				
At 1 January 2018	**5 304**	**114**	**855**	**6 273**
Amortization for the period	431	-	102	**533**
Disposals	(45)	-	(22)	**(67)**
At 31 December 2018	**5 690**	**114**	**935**	**6 739**
At 1 January 2019	**5 690**	**114**	**935**	**6 739**
Amortization for the period	148	-	23	**171**
Disposals	-	-	-	**-**
At 31 March 2019	**5 838**	**114**	**958**	**6 910**
Net book value:				
At 1 January 2018	**1 440**	**1**	**757**	**2 198**
At 1 January 2019	**2 578**	**-**	**696**	**3 274**
At 31 March 2019	**2 709**	**-**	**807**	**3 516**

28. Inventories by segments

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Insurance business	405	373
Automotive business	48 951	57 492
Leasing business	3 210	2 757
	52 566	**60 622**

29. Financial assets by segments

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Government bonds measured at FVTPL, incl.:	118 867	138 688
Insurance business	*118 470*	*138 291*
Asset management and brokerage	*397*	*397*
Government bonds measured at OCI, incl.:	1 156	1 156
Insurance business	*1156*	*1 156*
Total government bonds	**120 023**	**139 844**
Corporate bonds measured at FVTPL, incl.:	57 007	59 777
Insurance business	*56 403*	*59 192*
Asset management and brokerage	*604*	*585*
Total corporate bonds	**57 007**	**59 777**
Capital investments measured at FVTPL, incl.:	76 950	82 250
Insurance business	*75 371*	*80 640*
Leasing	*158*	*158*
Asset management and brokerage	*1 421*	*1 452*
Total capital investments	**76 950**	**82 250**

29. Financial assets by segments(continued)

Other financial assets measured at amortised cost, incl.:	9 962	8 297
Insurance business	*1 890*	*282*
Asset management and brokerage	*8 072*	*8 015*
Impairment	*(147)*	*(145)*
Total other financial assets	**9 815**	**8 152**
	263 795	**290 023**

30. Deferred tax assets

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	13 927	14 154
Automotive business	465	421
Leasing business	99	101
	14 491	**14 676**

31. Investments associates and other investments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	7 161	6 070
Asset management and brokerage	6 687	6 628
	13 848	**12 698**

32. Other financial investments by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	2 403	2 403
Parent company	9	9
Impairment	*(9)*	*(9)*
	2 403	**2 403**

33. Non-current receivables

	31.3.2019 BGN'000	31.12.2018 BGN'000
Finance lease receivables	53 432	53 738
Parent company	-	-
Subsidiaries	25 899	26 089
Impairment	*(1)*	*(1)*
	79 330	**79 826**

34. Goodwill

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Euroins Insurance Group AD	165 123	165 123
Motobul EAD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 461	1 461
Eurolease Group EAD	1 312	1 312
Eurolease Rent-a-Car EOOD	1 803	1 803
Sofia Motors EOOD	10	10
Euro-Finance AD	2 620	2 620
	190 458	**190 458**

35. Subordinated debts by segments

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Insurance and health insurance - issued	19 558	19 558
	19 558	**19 558**

The subordinate debt of the insurance business is in the form of a bond loan ,dated December 18, 2014. The bond loan is issued in the form of 100 materialized, subordinated, unsecured as of the emission date bonds with nominal value of EUR 100 thousand each. The loan has contracted amount of EUR 10,000 thousand (BGN 19,958 thousand) and maturity date 18.12.2021. The interest rate consists of floating and fixed interest component – 13% plus 3M Euribot, due at the end of each quarter.

Under the terms of the bond loan there is a clause the interest rate to be reduced to 9.75% plus Euribor if a guarantee by Eurohold Bulgaria AD is issued. Such guarantee was issued on March 18, 2015, which reduced the interest rate.

36. Bank and non-bank loans by segments

	31.3.2019	31.12.2018
	BGN'000	BGN'000
Insurance business	9 569	17
Automotive business	18 802	19 045
Leasing business	78 462	78 303
Parent company	41 064	44 802
	147 897	**142 167**

36.1. Bank and non-bank loans by segments – long term

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business, incl.:	9 302	-
Non-Bank loans	*9 302*	*-*
Automotive business, incl.:	2 282	2 272
Bank loans	*2 272*	*2 272*
Non-Bank loans	*10*	*-*
Leasing business, incl.:	57 862	57 056
Bank loans	*57 862*	*57 056*
Parent company, incl.:	30 533	35 549
Bank loans	*30 533*	*35 549*
	99 979	**94 877**

36.2. Bank and non-bank loans by segments – short term

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business, incl.:	267	17
Bank loans	*265*	*17*
Non-Bank loans	*2*	*-*
Automotive business, incl.:	16 520	16 773
Bank loans	*16 264*	*16 070*
Loans from non-bank financial institutions	*256*	*703*
Leasing business, incl.:	20 600	21 247
Bank loans	*20 600*	*21 247*
Parent company, incl.:	10 531	9 253
Bank loans	*10 531*	*9 253*
	47 918	**47 290**

37. Bond obligations by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Automotive business	13 561	13 634
Leasing business	19 957	20 380
Parent company	133 961	123 550
	167 479	**157 564**

37.1 Bond obligations – long term, by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Automotive business	12 893	12 746
Leasing business	5 095	11 654
Parent company	131 436	122 824
	149 424	**147 224**

37.2 Bond obligations – short term, by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Automotive business	668	888
Leasing business	14 862	8 726
Parent company	2 525	726
	18 055	**10 340**

38. Non-current liabilities

	31.3.2019 BGN'000	31.12.2018 BGN'000
Other non-current liabilities	6 926	5 972
Finance lease liabilities	18 840	18 773
	25 766	**24 745**

38.1. Other non-current liabilities by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	8	7
Automotive business	5 688	5 131
Leasing business	807	828
Asset management and brokerage	417	-
Parent company	6	6
	6 926	**5 972**

38.2. Finance lease liabilities – non-current, by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Automotive business	10 995	11 069
Leasing business	7 845	7 704
	18 840	**18 773**

39. Current liabilities

	31.3.2019 BGN'000	31.12.2018 BGN'000
Payables to employees	4 177	3 979
Social-security liabilities	1 978	1 912
Tax liabilities	5 837	6 063
Other current liabilities	12 545	12 145
Finance lease liabilities	7 038	7 317
Deferred revenue	692	687
Provisions	3 200	3 227
	35 467	**35 330**

39.1. Payables to employees by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	2 924	2 699
Automotive business	974	1 007
Leasing business	236	233
Parent company	43	40
	4 177	**3 979**

39.2. Social-security liabilities by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	1 438	1 339
Automotive business	399	422
Leasing business	126	145
Parent company	15	6
	1 978	**1 912**

39.3. Tax liabilities by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	2 927	2 574
Automotive business	1 908	2 564
Leasing business	703	557
Asset management and brokerage	8	75
Parent company	291	293
	5 837	**6 063**

39.4. Other current liabilities by segments

	31.3.2019	31.12.2018
	BGN’000	BGN’000
Insurance business	9 532	7 883
Automotive business	1 047	2 507
Leasing business	1 467	1 269
Asset management and brokerage	143	158
Parent company	356	328
	12 545	**12 145**

39.5. Finance lease liabilities – current, by segments

	31.3.2019	31.12.2018
	BGN’000	BGN’000
Automotive business	3 568	3 706
Leasing business	3 470	3 611
	7 038	**7 317**

39.6. Deferred revenue – current, by segments

	31.3.2019	31.12.2018
	BGN’000	BGN’000
Insurance business	90	103
Automotive business	602	584
	692	**687**

40. Trade and other payables by segments

	31.3.2019	31.12.2018
	BGN’000	BGN’000
Insurance business	6 369	6 275
Automotive business	47 998	57 291
Leasing business	3 467	2 542
Asset management and brokerage	6	31
Parent company	25 343	42 169
	83 183	**108 308**

41. Payables to reinsurers

	31.3.2019	31.12.2018
	BGN’000	BGN’000
Insurance business	25 324	23 265
	25 324	**23 265**

42. Deferred tax liabilities by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	230	223
Automotive business	142	79
Leasing business	94	94
	466	**396**

43. Insurance reserves

	31.3.2019 BGN'000	31.12.2018 BGN'000
Unearned premium reserve, gross amount	239 704	218 027
Reinsurers' share in unearned premium reserve	*(153 090)*	*(139 095)*
Unexpired risks reserve, gross amount	147	147
Reinsurers' share in unexpired risks reserve	*-*	*-*
Reserve for incurred but not reported claims, gross amount	171 708	171 780
Reinsurers' share in reserve for incurred but not reported claims	*(99 594)*	*(102 066)*
Reserve for reported but not settled claims, gross amount	296 202	275 507
Reinsurers' share in reserve for reported but unsettled claims	*(172 016)*	*(163 555)*
Other technical reserve	4 478	10 885
Reinsurers' share in other technical reserves	-	*(3 661)*
	712 239	**676 346**

44. Share capital and share premium

44.1 Share capital

	31.3.2019 BGN'000	31.12.2018 BGN'000
Issued shares	197 526	197 526
Treasury shares	(77)	(77)
Share capital	**197 449**	**197 449**
Number of shares	**197 525 600**	**197 525 600**

As at March 31, 2019, 77 387 shares of Eurohold Bulgaria AD are held by companies in Eurohold Group (31 December 2018 – 77 387 shares).

The share capital at 31 March 2019 is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	52.88%	104 456 874	104 456 874
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Other companies	30.61%	60 462 125	60 462 125
Other individuals	2.28%	4 489 728	4 489 728
Total	**100.00%**	**197 525 600**	**197 525 600**

44.2 Share premium	31.3.2019 BGN'000	31.12.2018 BGN'000
Share premium	49 568	49 568
	49 568	**49 568**

45. Net profit for the year

	31.3.2019 BGN'000	31.12.2018 BGN'000
Current result attributable to the shareholders	4 506	14 385
Current result attributable to the non-controlling interest	1 096	2 489
	5 602	**16 874**

45.1. Net profit for the year by segments

	31.3.2019 BGN'000	31.12.2018 BGN'000
Insurance business	9 865	9 910
Automotive business	(637)	3 438
Leasing business	115	1 218
Asset management and brokerage	190	834
Parent company	(3 931)	1 660
Pfofit/(Loss) attributable to the non-controlling interest	(1 096)	(2 489)
Intercompany eliminations of dividends and other	-	(186)
	4 506	**14 385**

46. Non-controlling interests

	31.3.2019 BGN'000	31.12.2018 BGN'000
Non-controlling interest attributable to profit	1 096	2 489
Non-controlling interest attributable to equity	34 768	36 203
	35 864	**38 692**

47. Events after the end of the reporting period

Between the date of the interim consolidated financial statements and the date of its approval for publication, the following disclosure events have occurred:

At its extraordinary meeting held on April 22, 2019, the General Meeting of the shareholders of Eurohold Bulgaria AD approved a decision to increase the capital of the company through the public offering of 79,010,240 new, dematerialized, preferred shares, without voting rights. The capital of the company will increase from 197,525,600 (one hundred and ninety-seven million five hundred twenty five thousand six hundred) to 276,535,840 (two hundred and seventy-six million five hundred thirty-five thousand eight hundred and forty) by issuing a new issue of shares of a new class, namely preferred shares under the conditions of a public offering under the Public Offering of Securities Act.

The Management Board of Eurohold Bulgaria AD is not aware of other significant events occurring after the reporting period.

EUROHOLD

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 – Financial controller of Eurohold Bulgaria AD (complier of the financial statements)
4. Hristo Stoev – Procurator of Eurohold Bulgaria AD

hereby DECLARE that to our best knowledge:

1. The set of consolidated interim financial statements for Q1'2019, 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 Q1'2019 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. Hristo Stoev

4. Ivan Hristov