Eurohold Bulgaria AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January - 31 March 2018

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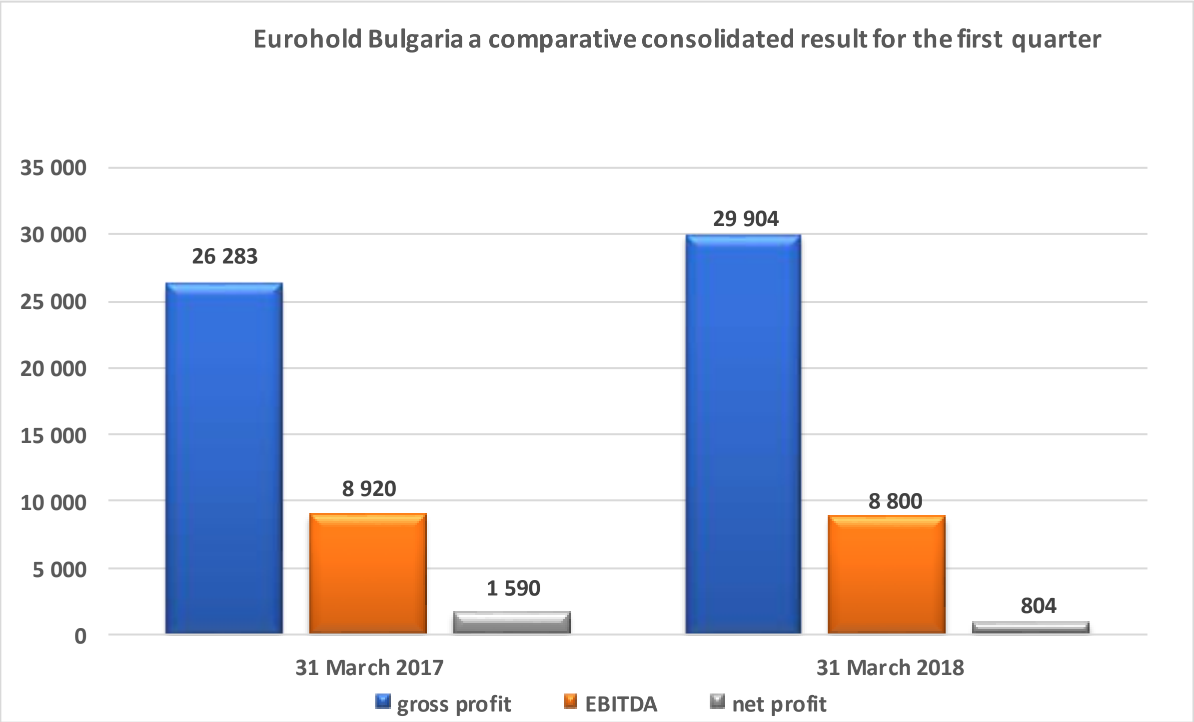
CONSOLIDATED INTERIM MANAGEMENT REPORT

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

EUROHOLD BULGARIA

CONSOLIDATED FINANCIAL RESULT

Eurohold Bulgaria reported a net consolidated profit of BGN 0.8 million as of March 31st, 2018, with a 49% decline compared to a profit of BGN 1.6 million for the first quarter of 2017. The distribution of the financial result is as follows: for the Group, a loss of BGN 0.2 million; for the minority participation - profit of BGN 1 million. Accordingly, as at 31.03.2017: The Group realized a profit of BGN 0.5 million, while the relative result for the minority interest amounted to BGN 1 million profit.



The consolidated Gross Profit of the Eurohold Group as at 31st March 2018 increased by BGN 2.6 million, reaching BGN 28.9 million compared to BGN 26.3 million for the comparable period.

The consolidated EBITDA amounted to BGN 8.8 million, marking a decrease of 1% compared to 2016 when the realized EBITDA was in the amount of BGN 8.9 million.

The consolidated results from operating activities

According to the interim consolidated financial report for the first quarter of 2018, the consolidated operating income of Eurohold Bulgaria AD increased by 2.3% to BGN 301.9 million.

The operating expenses increased by 1.6% - from BGN 268.7 million reaching BGN 273 million.

The consolidated operating results by types of activities

Insurance activities

The revenues from insurance business decreased by 5% and as of the end of the reporting period amounted to BGN 237 million.

The registered operating expenses for insurance business decreased by 6% and amounted to BGN 219.2 million for the current period vs. BGN 234.1 million as of the end of the comparable period.

The insurance sub-holding Euroins Insurance Group realized consolidated operating profit in amount of BGN 17.7 million compared to BGN 15.8 million as at 31.03.2017 or an increase of 12%.

Automotive activities

The revenues from automotive activities amounted to BGN 57.8 million increasing by BGN 20.5 million.

The operating expenses for car sales and sales of spare parts increased by BGN 19.1 million and reached BGN 51.4 million.

For the observed period the automotive division realized the consolidated operating profit in amount of BGN 6.4 million compared to BGN 5 million for the comparable period.

Leasing activities

Reported consolidated lease income amounted to BGN 5.4 million, compared to BGN 6.3 million for the comparable period, recording a decrease of BGN 0.9 million.

The expenses related to the leasing activity amounted to BGN 9 million and remained unchanged compared to the previous period.

For the reporting period the leasing division realized consolidated operating profit in amount of BGN 4.5 million whereas as of 31st of March 2017 the operating profit amounted to BGN 5.4 million.

Investment brokerage

Revenues from financial investment activity amounted to BGN 0.8 million and did not account for a significant change compared to the comparable period.

The expenses for financial investment activity for the reporting period increased twice and amount to BGN 1.3 million.

The operating profit from investment brokerage activities amounted to BGN 1.1 million.

Parent company

In the first quarter of 2018, Eurohold Bulgaria generated revenue of BGN 0.8 million.

The operating expenses of the parent company are insignificant in the amount of BGN 51 thousand.

The result of the operating activity is a profit of BGN 0.75 million.

The operating results by types of activities on a standalone basis

The table below represents the information regarding the revenues of the subsidiaries as of 31 March 2018 compared to 31 March 2017. It also gives a comparison of EBITDA, realized by the subsidiaries of Eurohold, as well as gives the financial results before eliminations by segments.

Revenue by segments	Q1.2018 *000'BGN*	Q1.2017 *000'BGN*
Insurance and health assurance	237 228	250 326
Automotive business	59 724	39 044
Leasing services	5 709	6 562
Asset management and brokerage services	981	1 048
Total subsidiaries	**303 642**	**296 980**
Parent company	1 053	1 394
Total revenue by segments	**304 695**	**298 374**
Intragroup eliminations	*(2 770)*	*(3 366)*
Consolidated revenue after eliminations, including:	**301 925**	**295 008**

EBITDA by segments	Q1.2018 *000'BGN*	Q1.2017 *000'BGN*
Insurance and health assurance	6 783	7 953
Automotive business	1 112	885
Leasing services	1 319	1 052
Asset management and brokerage services	(701)	65
Total subsidiaries	**8 513**	**9 955**
Parent company	556	22
Total without eliminations	**9 069**	**9 977**
Intragroup eliminations	*(269)*	*(1 057)*
Total EBITDA	**8 800**	**8 920**

Financial result by segments without eliminations	Q1.2018 *000'BGN*	Q1.2017 *000'BGN*
Insurance and health assurance	5 793	6 645

Automotive business	(177)	(350)
Leasing services	19	24
Asset management and brokerage services	(718)	51
Total subsidiaries	**4 917**	**6 370**
Parent company	(4 113)	(4 506)
Total without eliminations	**804**	**1 864**
Intragroup eliminations	-	*(274)*
Total	**804**	**1 590**

Revenues from the activities of the Group companies increased by 2.6% or increased by BGN 6.3 million before accounting for intragroup eliminations. Profit before interest, depreciation and taxes decreased by 9% or by BGN 0.9 million before accounting for intragroup eliminations.

The realized financial results of the Group companies before intra-group eliminations amounted to BGN 4.9 million, decreasing by BGN 1.4 million.

The consolidated result from other operations

The net financial and depreciation costs of Eurohold Group companies amounted to BGN 5.6 million and BGN 2.4 million respectively, while during the comparable period they amounted to BGN 5.2 million and BGN 2 million.

Other operating expenses increase by BGN 2.7 million and amounted to a total of BGN 20.1 million.

Assets and liabilities

The consolidated assets of the Eurohold Group at 31 March 2018 amounted to BGN 1.367 billion compared to BGN 1.326 billion at 31.12.2017.

Cash and deposits amounted to BGN 49 million, increasing by BGN 3 million compared to the end of 2017.

Receivables increased by BGN 37 million for the reporting period reaching BGN 269.7 million. The most significant change was recorded for other receivables, which increased by BGN 21.3 million and for non-current receivables amounting to BGN 103 million, increasing by BGN 17 million.

The total consolidated capital of Eurohold Bulgaria AD amounted to BGN 215.4 million, increasing by BGN 0.9 million. The consolidated capital of the Eurohold Group equals to BGN 170.5 million, while the capital belonging to the non-controlling interest for the period amounts to BGN 45 million.

In support of equity, the Group holds subordinated debt instruments of BGN 28 million compared to BGN 26 million as of the end of 2017.

The total amount of equity and subordinated debt instruments amounted to BGN 243.5 million, while at the end of 2017 they amounted to BGN 240.6 million.

Non-current consolidated liabilities increased by 5.9%, from BGN 280 million to BGN 296.6 million. A major part of non-current liabilities represents liabilities to banks, other financial institutions and issued bond loans.

Liabilities on loans and issued bonds:	31.03.2018 000'BGN	2017 000'BGN	% Change
To banks and other nonbank financial institutions	100 120	99 245	0.9%
On issued bonds	161 923	150 757	7.4%
Total loans	**262 043**	**250 002**	**4.8%**

Current liabilities increased by BGN 20.9 million and amounted to BGN 827 million during the reporting period.

The bulk of current liabilities represent assigned insurance reserves amounting to BGN 608.6 million and for the current reporting period they increased by BGN 12.8 million compared to the end of 2017.

EUROINS INSURANCE GROUP

In the first quarter of 2018 Euroins Insurance Group (EIG, the Group) has realized consolidated gross written premiums of BGN 149.6 million compared to BGN 170.9 million for the same period of 2016. Reason for the decrease is the written business by Euroins Romania. All other subsidiaries have registered growth. The Group has reported unaudited consolidated profit of BGN 5.8 million compared to a profit of BGN 6.6 million in Q1 2017.

In January 2018 was completed the process to increase EIG capital by BGN 195.6 million (EUR 100 million), a decision that has been voted back in 2015. The amount of this increase has been fully paid in and registered with the Trade Registry as well. As of now the total share capital of Euroins Insurance Group amounts to BGN 483,445,791.

At the end of the quarter a Group corporate governance plan was initiated. Based on good practices, risk management and improved reporting it is in the context of a shared operational and IT environment. The aim is to achieve management synergies and to improve the Group corporate governance so that it will lead to qualitative and quantitative progress – from the very main elements (products, sales, claims) through reporting, control and quality of the actuarial calculations and work.

➢ Euroins Bulgaria

In the first three months of 2018 Euroins Bulgaria has reported total GWP of BGN 38.3 million compared to BGN 33.1 million written in 2017. The reason for this growth of nearly 16% is the direct insurance business written through brokers both locally in Bulgaria and in Greece, Italy and Spain according to the EU directive for Freedom of services. MTPL line of business grows but so do also main non-motor lines such as Property (15.4%), Accident & Health (22%), Liability (28.9%), Travel (46.3%) and Cargo (26.6%).

Net claims incurred are up by 13.2%. The reasons for this growth is the growth of the business. Net earned premiums have increased by nearly 28% for the period.

An increase in the administrative expenses has been reported compared to the same period of 2017. Firstly, these are the expenses associated with the growth of the business. Next are the substantial final costs related to the IFRS and Solvency II audits that also have their impact. Because of the new regulatory requirement, the statements of the insurance companies must be now signed off by two audit firms. There are also the significant costs associated with the new regulatory requirements of Solvency II.

Despite this Euroins Bulgaria has reported a profit for group purposes of BGN 419 thousand compared to BGN 54 thousand in Q1 2017.

In 2017 the majority shareholder of Euroins Bulgaria Euroins Insurance Group has reconfirmed its commitment to support its subsidiary by increasing its capital by BGN 16 million. As at 31 December 2017 the share capital, fully paid in and registered, amounts to BGN 32,470,000.

The improved financial condition of the company has been also confirmed by the updated Long-Term Claims Paying Ability Rating assigned by BCRA, Credit rating Agency, in January 2018. The assigned rating is "BBB-" with outlook updated to Stable confirming the improvement.

All the circumstances above would help the management of Euroins Bulgaria in focusing on the challenges waiting in 2018, which are the introduction by way of enactment of the bonus malus system on the local MTPL insurance market and the establishment of an insurance branch in Greece.

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 2018 Euroins Romania has written total GWP of BGN 102.5 million compared to BGN 131.7 million in 2017. The decrease is a result of the stabilization of the Romanian MTPL market after two years of significant increase of the average premium. Unlike the Motor business the major non-Motor lines of business such as Liability (47.5%), Accident (28.4%), Cargo (7.5%), and Property (5.5%).

Net claims incurred grow as result of an increase of the number of reported claims, At the same time there is a decrease of the average reported claim.

Acquisition and administrative costs have registered significant decrease, 13% and 10% respectively, compared to the same period of 2017. And while for the acquisition costs it is easily understandable because of the decrease in the written business, the administrative costs are going down because of certain initiatives under way to optimize several processes related not only to the administrative management but also to processes that are yet to benefit activities such as claims handling and internal controls.

As a result, this is another quarter for Euroins Romania where it can be witnessed the positive effect of the re-segmentation combined with the strengthening of the reserves in 2015. Subsequently the profit for group purposes rises to BGN 5.4 million before tax.

At the beginning of 2018 Euroins Romania has received the final regulatory approval for the acquisition of the insurance portfolio of ATE Insurance, a Romanian general insurer. It consists of non-Motor business only. The transaction is part of the long-term strategy of Euroins Romania to increase the share of the non-Motor business of the company.

➢ Euroins Macedonia

In Q1 2018 gross premiums written by Euroins Macedonia have registered a growth of nearly 17% reaching BGN 4.5 million. Main business lines that grow are Liability by 63.3%, Motor Hull – 25.9%, Property – 17.5%, MTPL – 14.9% and Cargo – 2.1%.

Net claims incurred have increased by 16.6% with the net earned premiums have grown by 13.3% in the same period.

Because of the ongoing initiatives of the management of the company administrative costs have registered a decrease of 8%.

The result of the above is a profit for group purposes of BGN 418 thousand compared to BGN 44 thousand in 2017.

➢ Euroins Life

In the first three months of 2018 Euroins Life has written total GWP of BGN 372 thousand, which is at the same level as in Q1 2017.

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

➢ Euroins Ukraine

On 12 August 2016 Euroins Insurance Group has completed the acquisition of PJSC HDI Strakhuvannya Insurance Company. On 30 September the General Assembly of the Shareholders voted the company's name to be changed to PJSC Euroins Ukraine Insurance Company. The newly acquired company writes both motor and non-motor business.

In Q1 2018 gross written premiums amount to BGN 3.9 million, which is a growth of 30%. Nearly 50% of the written business has been non-Motor. As a result of the administrative and acquisition costs related to the current ongoing restructuring of the company Euroins Ukraine has reported a loss for Group purposes of BGN 568 thousand.

➢ EIG Re

The previous name of Insurance Company EIG Re EAD is HDI Insurance AD. Euroins Insurance Group has acquired the company at the end of 2015. For the three months of 2018 EIG Re has written gross premiums of BGN 924 thousand showing growth of 21.7%. The profit for Group purposes amounts to BGN 78 thousand.

With a decision voted back in October 2016 Euroins - Health Assurance was to be merged into EIG Re. The documentation required for the regulatory approval has been submitted to the Financial Supervision Commission on 31 January 2017. The approval has been given and on 27 June 2017 the merger of Euroins Health into EIG Re has been entered into the Trade Register. As a result of the transaction Euroins Health has been terminated without liquidation and EIG Re has become its universal legal successor.

➢ Euroins Russia

On 23 November 2017 Euroins Insurance Group has acquired 14.144% of the capital of Insurance Company Euroins Russia.

On 13 February 2018 the increase of the capital of the company where Euroins Insurance Group AD participated with RUB 80 million has been completed. As a result at the end of the quarter the participation of the Group in the capital of Euroins Russia is 31.195%.

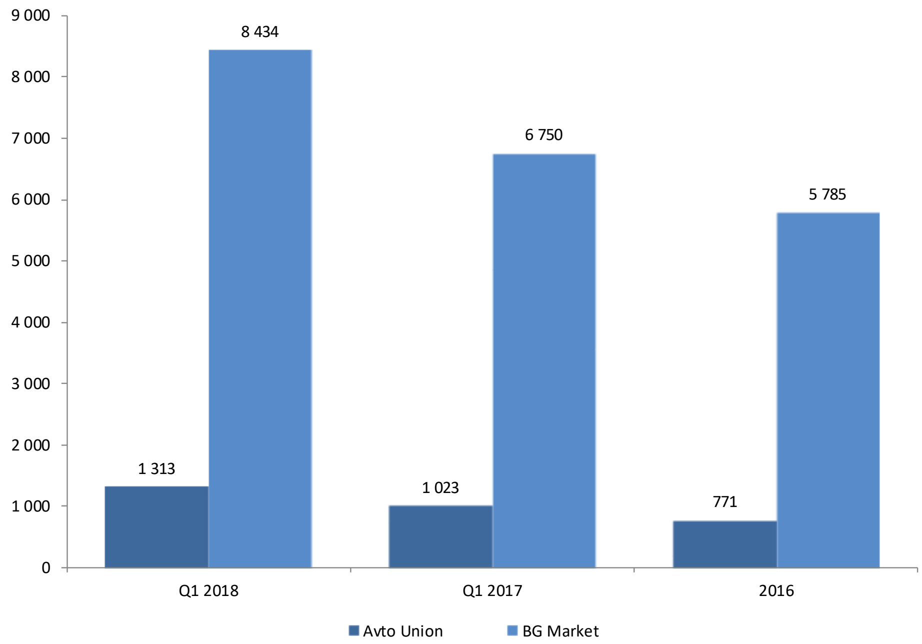
In the first quarter of 2018 the company has reported gross written premiums of BGN 11 million with the non-Motor business accounting for 48.6% of them. The major lines of business in the non-Motor portfolio are Accident & Health and Property.

As continuation of the sound performance from last year (a profit of BGN 198 thousand in 2017 Full year) the company reports a profit of BGN 286 thousand in Q1 2018.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2018 to 31.03.2018 is a loss amounting to BGN 177 thousand. The result for the same period in 2017 was a loss in amount of BGN 350 thousand. The consolidated financial result for the parent company's owners for the same period was a loss of BGN 513 thousand, compared to a loss of BGN 541 thousand for Q1’2017.

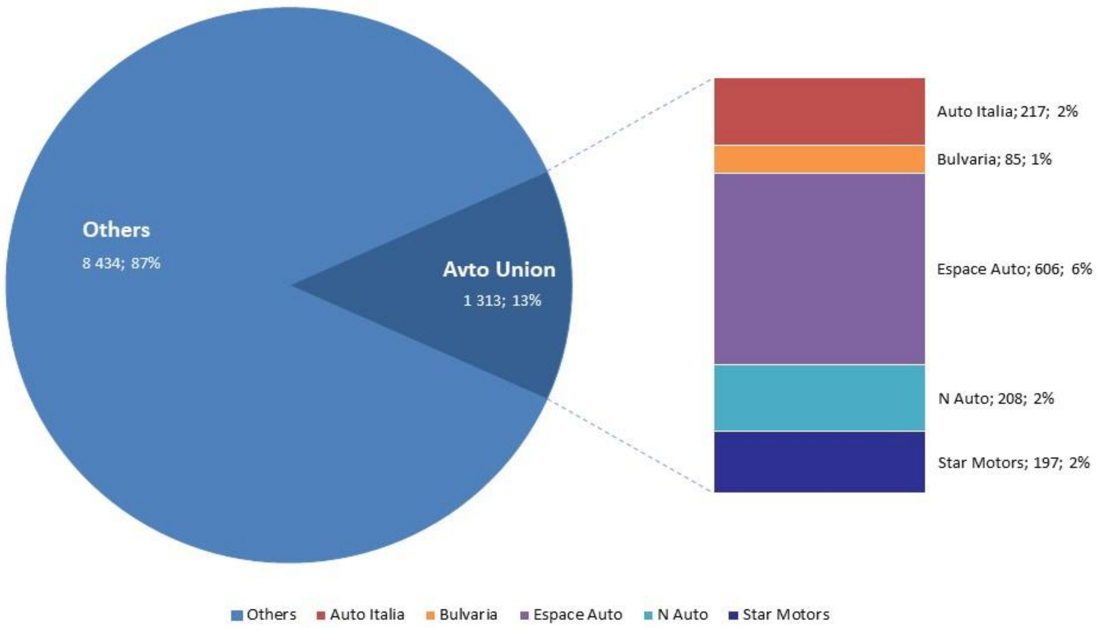
The number of cars sold for the three months of 2018 has increased by 30.8% as compared to the same period in 2017. The revenues from sale of vehicles, spare parts, lubricants and fuels increased by 56.4% while the revenues from services increased by 9%.



The operating expenses for the first quarter of 2018 have increased by 21% as compared to the same period of 2017, mainly due to the higher revenues realized in 2018 compared to 2017. The most significant growth registered the staff expenses, which increased by 24.1% or BGN 708 thousand, as well as the other expenses, which increased by 130% or BGN 299 thousand. The financial expenses decreased by 24% or BGN 206 thousand due to the optimization of the structure and the cost of borrowed capital for the Group. For the period the revenues from financial operations decreased by

93% or BGN 230 thousand compared to the comparable period in 2017, due to the decreased interest revenues from loan contracts.

As of 31st of March 2018 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the group of Eurohold, amounted to 1313 units as compared to 1023 units for the same period in 2017, which represents a growth of 28.3%. According to the Union of the Importers of Automobiles in Bulgaria the market for new PC and LCV has increased by 25.7% for the first quarter of 2018 compared to the same period of 2017. For the reporting period Opel has a decrease of 13% in Varna and aa decrease by 2% for Sofia. Espace Auto OOD decreased the Dacia sales by 15% but increased Renault sales by 22% compared to 2017. N Auto EAD increased Nissan sales by 68%. Auto Italia EAD increased sales of FIAT by 42%, the sales of Alfa Romeo increased by 168% and decreased sales of Maserati by 114%. Star Motors EOOD increased its sales of Mazda by 33% compared to comparable period in 2017.



Number of cars sold and market share of automotive companies in the Avto Union Group for the first quarter of 2018

During the reporting period, the companies from the automobile holding have concluded fleet transactions for a total of 446 units totaling BGN 12.8 million compared to 256 units amounted to BGN 5.3 million for the comparable period of 2017.

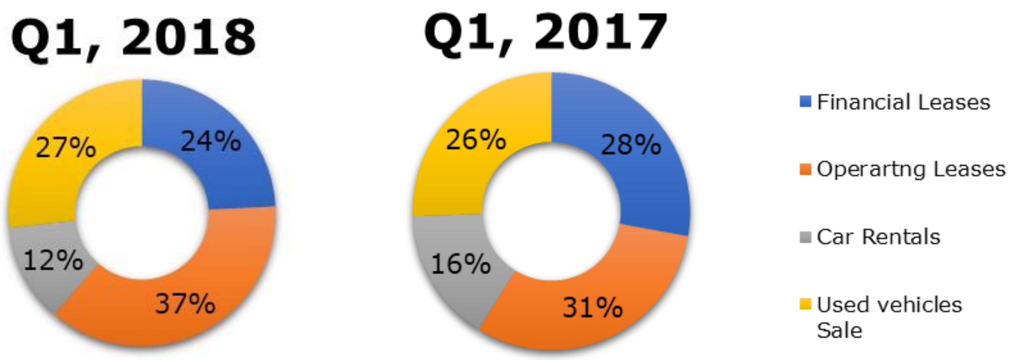
Avto Union	Sales		%
	2018	207	Change
January–March, 2018 (YTD)	1 313	1 023	28.3%

EUROLEASE GROUP

By order of listing BNB-32591 dated March 20, 2018, Eurolease Auto Retail EAD, part of Eurolease Group's structure, was registered as a financial institution in the registers of the BNB. From April 2018, the company was renamed to Amigo Leasing EAD.

For the reporting period Eurolease Group reports consolidated profit of BGN 19 thousand compared to BGN 24 thousand for the first quarter of 2017.

The consolidated revenues of the company are 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 are caused by the following factors:

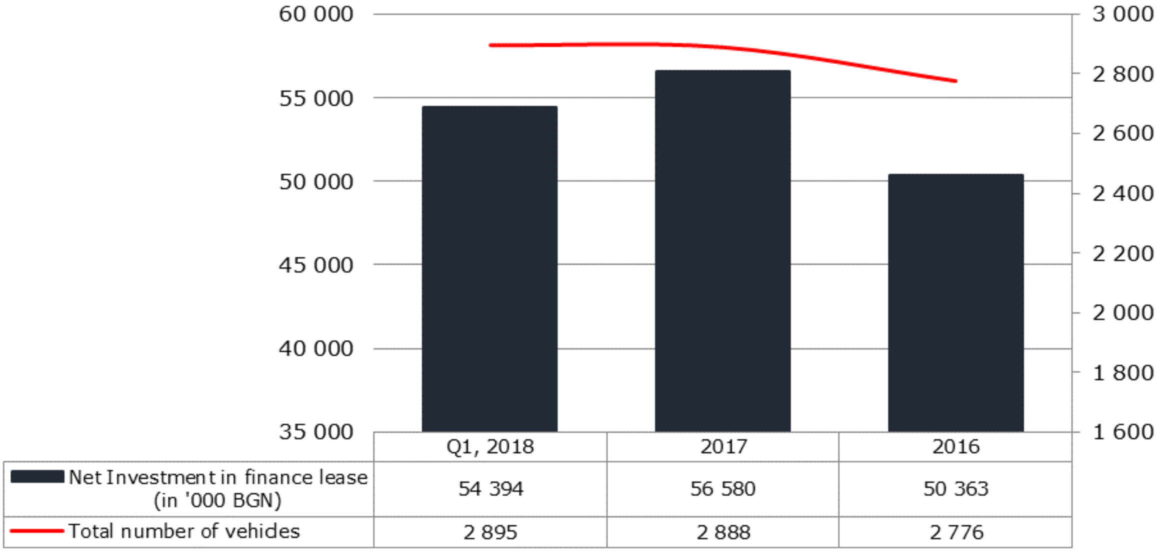
- During the reporting period the total revenues from the different lines of the business increased by 13.80% to BGN 4,886 thousand compared to BGN 4,294 thousand at the end of the first quarter of 2017;
- Financial leasing - the decrease in the relative share of income from finance leasing is mainly due to the increase in total consolidated revenues. In absolute terms, they are subject to a minimum reduction and as at 31 March 2018 amounted to BGN 1,190 thousand compared to BGN 1,197 thousand for the comparable period;
- Operating lease - the increase in the first quarter of 2018 is due to the significant increase in the number of long-term rental cars.
- Rent-a-car services - the amount of revenues decreases by 16.60% to BGN 560 thousand compared to BGN 672 thousand at the end of March 2017. Revenues from operating leases and short-term rentals are reported in other operating income and for the first quarter of 2018 they show an increase of 17.81% to reach BGN 2,758 thousand compared to BGN 2,341 thousand for the same period in 2017.
- Sale of used cars - the share of revenues from the sale of used cars remains unchanged. In absolute terms, an increase of 19.76% to BGN 1,315 thousand was reported, compared to BGN 1,098 thousand as of 31.03.2017.

An increase of 16.21% was also reported in operating expenses amounting to BGN 3,104 thousand at the end of the first quarter of 2018 compared to BGN 2,671 thousand for the same period in 2017.

Assets at the consolidated level amounted to BGN 112,390 thousand compared to BGN 115,171 thousand as at 31 December 2017.

Consolidated net investment in finance leases declined slightly to BGN 54,394 thousand compared to BGN 56,581 thousand as at the end of 2017.

The following graph shows the movement in the net investment in a financial lease of the sub-holding for the specified periods, together with the movement in the number of the leasing assets, part of the portfolio of the company.

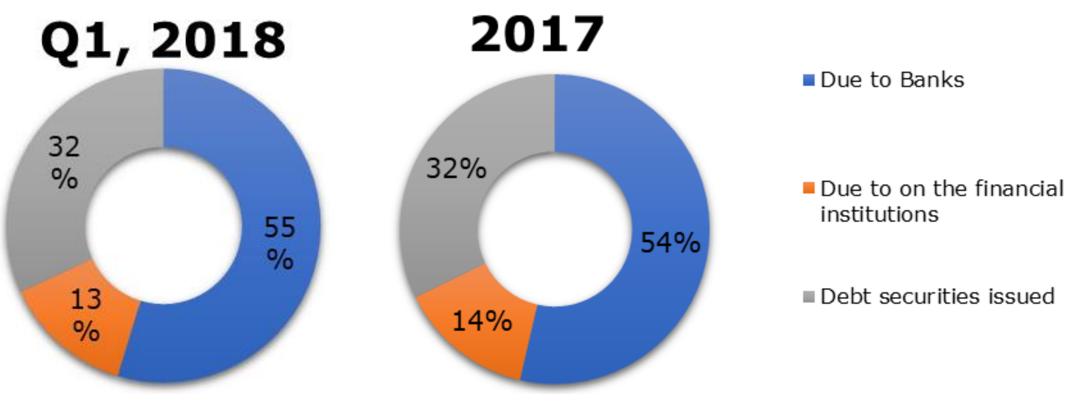


	Q1, 2018	2017	2016
Net Investment in finance lease (in '000 BGN)	54 394	56 580	50 363
Total number of vehicles	2 895	2 888	2 776

As at the end of the reporting period, consolidated fixed assets amounted to BGN 25,702 thousand compared to BGN 25,436 thousand at the end of December 2017.

As of the end of March 2018 there were no significant changes in the relative share of the type of funding used:

- Due to banks - amounted to BGN 48,835 thousand compared to BGN 47,768 thousand for the comparable reporting period.
- Due to other financial institutions - decreased by 6.36% to BGN 11,910 thousand compared to BGN 12,719 thousand as at 31 December 2017. The amount is payable by the subsidiary Eurolease Rent A Car to leasing companies that finance its activities;
- At the end of the first quarter of 2018, amounts due under debt securities issued are BGN 28,498 thousand compared to BGN 28,985 thousand as at 31 December 2017.



Stand-alone financial result of Eurolease Group is loss of BGN 74 thousand compared to loss of BGN 65 thousand at the end of relative reporting period of 2017. Total assets of the company are BGN 40,384 thousand.

- **Eurolease Auto Bulgaria**

Financial result of Eurolease Auto Bulgaria for the first quarter of 2018 is profit of BGN 216 thousand compared to profit of BGN 228 thousand for the first quarter of 2017.

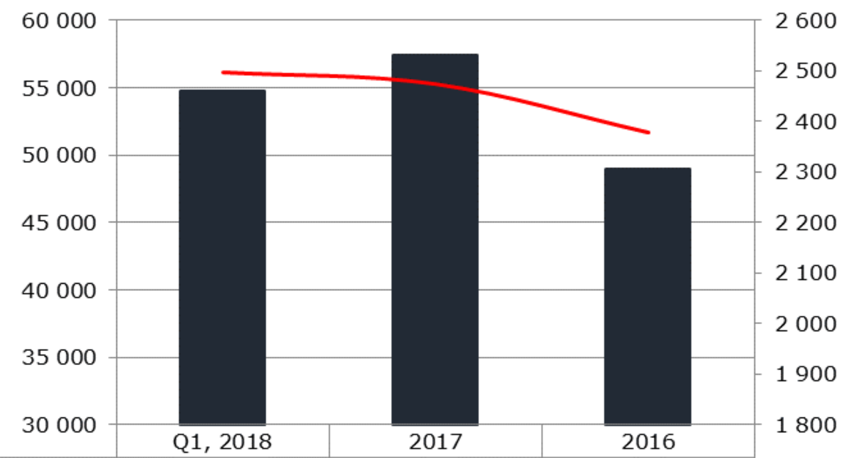
Net interest income increases by 4.86 per cent and as of the end of March 2018 amount to BGN 543 thousand vs BGN 518 thousand as of March 31, 2017.

The administrative expenses of the Company at the end of reporting period amount to BGN 478 thousand compared to BGN 437 thousand at the end of first quarter of 2017.

As of the end of March total assets of the Company amount to BGN 84,456 thousand compared to BGN 86,987 thousand at the end of December 2017.

The net investment in financial leasing reported a decrease of 4.68% and as at 31 March 2018 amounted to BGN 54,750 thousand compared to BGN 57,439 thousand at the end of 2017.

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.

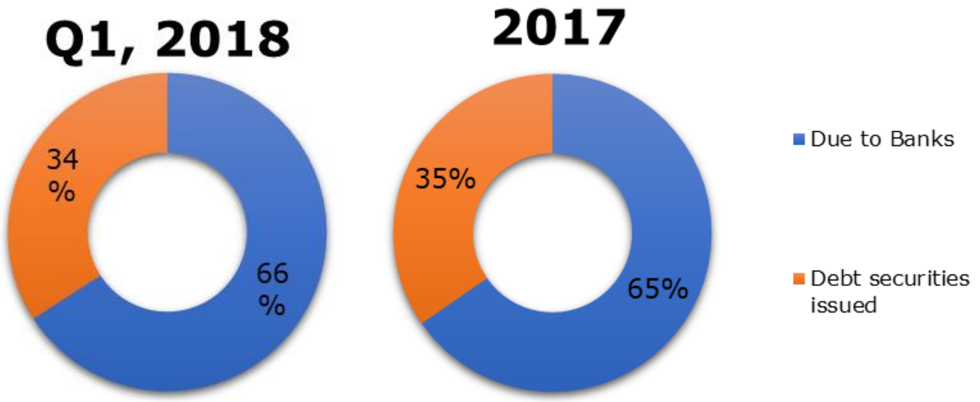


	Q1, 2018	2017	2016
Net Investment in finance lease (in '000 BGN)	54 750	57 439	48 964
Total number of vehicles	2 496	2 473	2 377

As at the end of March 2018, company's equity amounted to BGN 22,598 compared to BGN 22,382 thousand as at 31 December 2017.

At the end of the reporting period the liabilities of the company amounted to BGN 61,858 thousand and BGN 64,605 thousand as at 31 December 2017.

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



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

- Bank loans - at the end of March 2018 amounted to BGN 38,587 thousand compared to BGN 38,431 thousand at the end of 2017.
- Company's liabilities under debt instruments issued decrease by 2% to BGN 20,009 thousand compared to BGN 20,376 thousand as at 31 December 2017.

➢ Eurolease Auto Romania

At the end of the reporting period Eurolease Auto Romania reports loss of BGN 16 thousand compared to loss of BGN 20 thousand for the relative reporting period of 2017.

➢ Eurolease Auto Macedonia

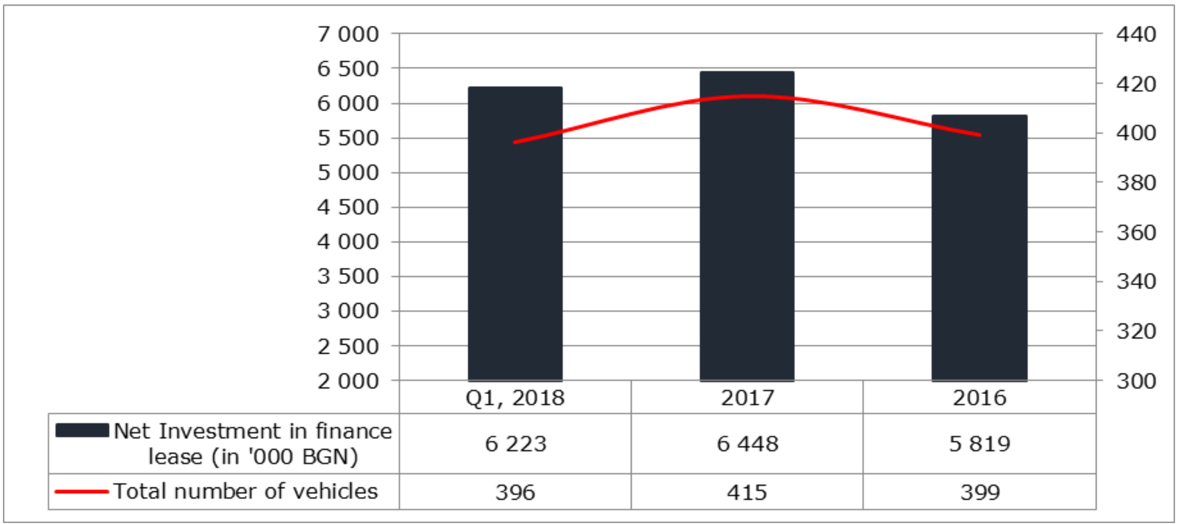
The financial result of Eurolease Auto Macedonia as at the end of first quarter of 2018 is profit of BGN 15 thousand vs loss of BGN 38 thousand for the same period of 2017.

As of 31.03.2018 interest income increase by 7.75 per cent to BGN 139 thousand compared to BGN 129 thousand at the end of the first quarter of 2017.

During the reporting period interest expenses decrease by 25 per cent to BGN 95 thousand compared to BGN 127 thousand as of 31.03.2017. The decrease is due to renegotiation in 2017 of the interest rates under the funding the company uses.

During the period the net investment in financial leasing decreases a bit and at the end of March 2018 amounts to BGN 6,223 thousand in comparison to BGN 6,4449 thousand at the end of 2017.

The following graphic shows the movement in the net investment in financial lease of the sub-holding for the specified periods, along with the movement in the number of leased assets part of the company's portfolio.



As at 31 March 2018 Company's total assets amounted to BGN 8,105 thousand compared to BGN 8,019 thousand as at 31 December 2017.

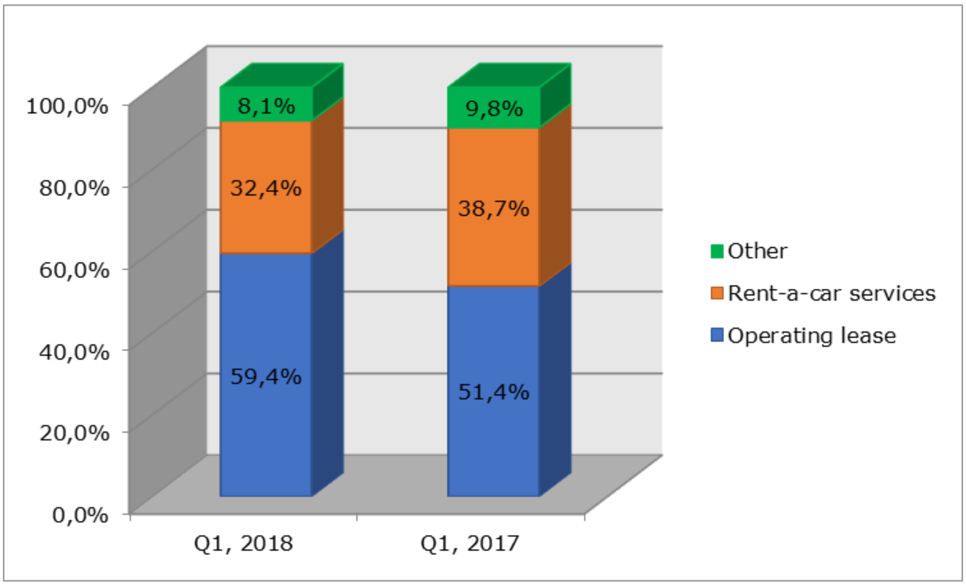
At the end of reporting period bank loans amount to BGN 5,347 thousand compared to BGN 5,380 thousand as at 31 December 2017.

- **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.

The financial result as of the company during the reporting period is loss of BGN 111 thousand compared to loss of 129 thousand as of the end of first quarter of 2017.

The following chart shows the breakdown of revenue by origin for the first quarters of 2018 and 2017:

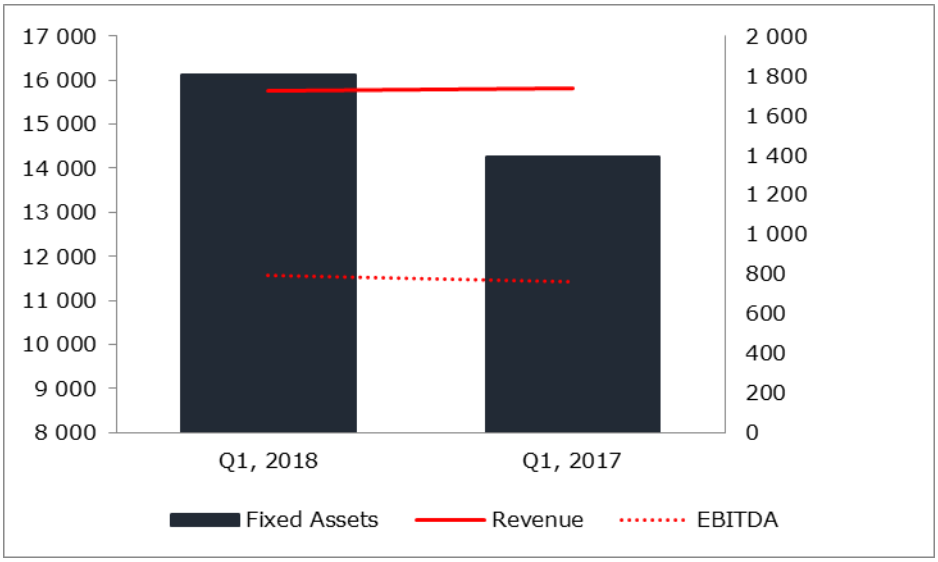


At the end of the first quarter of 2018, the interest expense of the company remained unchanged and amounts BGN 134 thousand compared to BGN 134 thousand as at March

2017.

The administrative expenses of the Company as at 31 March 2018 amounted to BGN 1,695 thousand compared to BGN 1,713 thousand for the same period in 2017.

The chart below shows the relationship between the Company's fixed assets, revenues and EBITDA. With the increase in the book value of fixed assets, there was a slight increase in EBITDA.



Total assets of the company amount to BGN 18,276 thousand compared to BGN 19,459 thousand as of December 2017.

Total liabilities are BGN 17,262 thousand vs BGN 18,319 thousand for the comparable period.

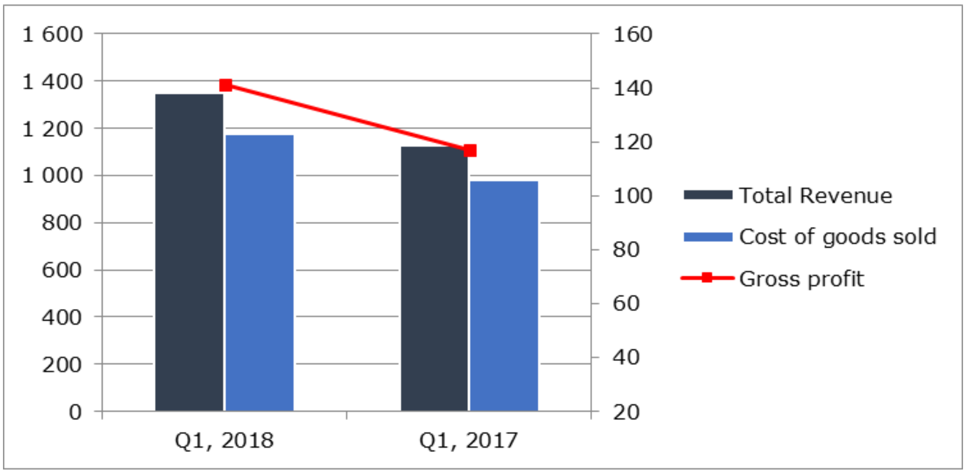
- **Autoplaza**

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

Financial result of Autoplaza as of the end of first quarter of 2018 is profit of BGN 22 thousand compared to profit of BGN 50 thousand for the comparable period.

During the reporting period Autoplaza reports gross profit of BGN 141 thousand compared to BGN 117 thousand at the end of March 2017.

The chart below shows the change in the total revenue, the cost of goods sold and the gross profit realized by the company.



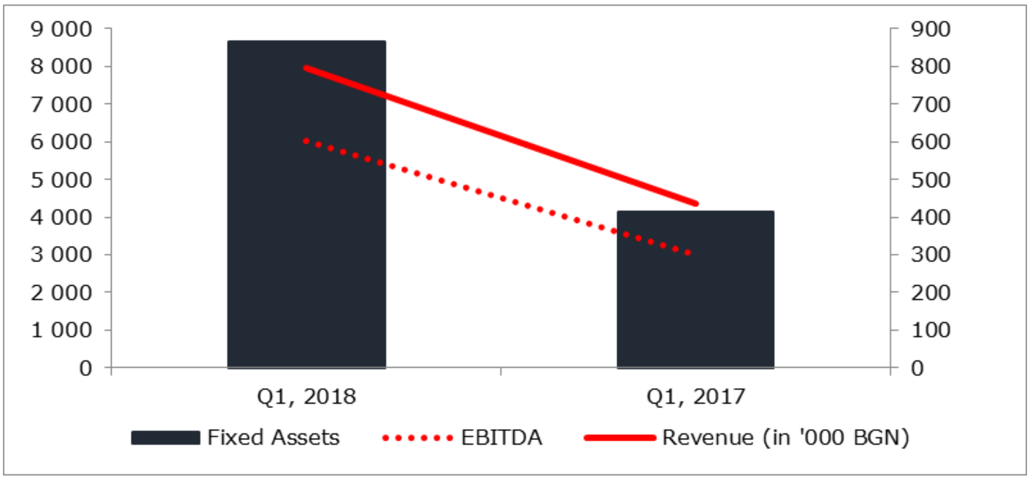
The total assets of the company amounted to BGN 2,218 thousand vs. BGN 2,523 thousand as of 31 December 2017.

- **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 2018 is profit of BGN 10 thousand compared to loss of BGN 2 thousand for the comparable period.

The chart below shows the relationship between the company's fixed assets, revenue and EBITDA. It is observed that the revenue growth is slower compared to the growth in book value of fixed assets. This is due the larger volume of new deals generated in the second half of 2017.



During the reporting period, the revenues from services increased by more than 80% compared to the first quarter of 2017. This trend is again due to the large number of transactions realized in the second half of 2017.

Total assets of the company as of 31 March 2018 amounted to BGN 9,747 thousand compared to BGN 8,593 thousand as at 31 December 2017.

The total liabilities of the company amounted to BGN 9,598 thousand compared to BGN 8,653 thousand for the comparable reporting period.

Amigo Leasing

By order of listing BNB-32591 dated March 20, 2018, EuroLease Auto Retail EAD was registered as a financial institution in the registers of the BNB. From April 2018, the company was renamed to Amigo Leasing EAD.

The Company's activities started at the end of the first quarter.

Amigo Leasing reports a loss of BGN 43 thousand - related to the expenses incurred in the preparation stage of business development.

EURO-FINANCE

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

The company realized net incomes from core operations in the amount of BGN (307) thousand for the first three months of 2018, generated by:

- Interest revenue - BGN 200 thousand;
- Other revenue from main activities – BGN (507) thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN (411) thousand.

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

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

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

At the traditional ceremony, held at the beginning of 2017, the Bulgarian Stock Exchange Sofia AD has awarded Euro-Finance AD at the second place for an investment intermediary with the highest turnover in 2016.

An extraordinary general meeting of the shareholders of Euro-Finance AD was held on 03.08.2017 and it was decided to increase the capital of the company from BGN 14,100,000 to BGN 40,000,000 by issuing new 25,900,000 shares with a nominal and issue value of BGN 1.00 each, of the same type and class as the existing share issue of the company. Each of the shareholders acquires such a share of the new shares that corresponds to its share in the capital before the increase. The capital increase is entered in the Commercial Register. At the date of preparation of this report, BGN 6,500,002 has been paid into the capital of Euro-Finance AD.

EUROHOLD BULGARIA

(Stand alone base)

FINANCIAL RESULT

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

REVENUES

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

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

EXPENSES

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

ASSETS

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

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

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

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

EQUITY AND LIABILITIES

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

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

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

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

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN THE FIRST QUARTER OF 2018 ON FINANCIAL STATEMENTS AS OF 31 of MARCH 2018

There were no other important events occurred in the reporting period.

DESCRIBTION OF THE KEY RISK FACTORS

1. Systematic risks
Influence of the Global Economic Crisis

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

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

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

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

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

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

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

Political Risk

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

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

Credit Risk of the State

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

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

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

Inflation Risk

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

Currency risk

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

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

Interest Rate Risk

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

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

2. Unsystematic risks

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

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

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

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

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

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

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

The automotive subholding Avto Union AD which operates in Bulgaria and Macedonia is engaged in the field of new car sales, rent-a-car services and after-sales services. The business activity depends directly on the permissions and authorizations granted to the companies from the group of Avto Union by the respective car manufacturers. The termination or revocation of such rights can drastically decrease the sales of the group.

This is relevant, especially in the context of global restructuring of the car industry. Business environment of the car industry is influenced by domestic factors related to the ability of the population to buy, funding availability, business attitudes, inventories, etc.

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

Risks, related to the strategy and development of the Issuer

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

Risks, Related to the Management of the Company

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

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

Financial Risk

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

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

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

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

Currency Risk

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

Liquidity Risk

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

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

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

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

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

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

3. Risk Management

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

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

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

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

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

The risk management procedures aim to:

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

INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST THREE MONTHS OF 2018

There were no significant transactions between related parties during the reporting period.

30 May 2018

Asen Minchev,

Executive Member of the Management Board

Eurohold Bulgaria AD
Interim Consolidated Statement of profit or loss
For the period ended March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.3.2017
Revenue from operating activities			
Revenue from Insurance business	*3*	237 070	249 896
Revenue from car sales and after sales	*5*	57 844	37 337
Revenue from Leasing business	*6*	5 420	6 346
Revenue from asset management and brokerage	*8*	792	819
Revenue from the activities of the parent company	*10*	799	610
		301 925	**295 008**
Expenses of operating activities			
Expenses of Insurance business	*4*	(219 290)	(234 066)
Cost of cars and spare parts sold		(51 457)	(32 328)
Expenses of Leasing business	*7*	(934)	(936)
Expenses of asset management and brokerage	*9*	(1 289)	(607)
Expenses of the activities of the parent company	*11*	(51)	(788)
		(273 021)	**(268 725)**
Gross Profit		**28 904**	**26 283**
Other income/(expenses), net	*12*	(1 481)	(2 529)
Other operating expenses	*13*	(18 623)	(14 834)
EBITDA		**8 800**	**8 920**
Financial expenses	*14*	(5 750)	(5 478)
Financial income	*15*	12	242
Foreign exchange gains/losses, net	*18*	156	(3)
EBTDA		**3 218**	**3 681**
Depreciation and amortization	*16*	(2 414)	(2 001)
EBT		**804**	**1 680**
Tax expenses	*17*	-	(90)
Net income for the year		**804**	**1 590**
Attributable to:			
Equity holders of the parent		(243)	506
Non-controlling interests		1 047	1 084

Prepared by: Signed on behalf of BoD: Procurator:

/I. Hristov/ /A. Minchev/ /H.Stoev/

30.5.2018

These Interim consolidated Financial Statements have been approved from the Board of Directors of Eurohold Bulgaria.
The notes are an integral part of the interim consolidated financial statements for Q1.2018.

Eurohold Bulgaria AD
Interim Consolidated Statement of Other Comprehensive Income
For the period ended March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.3.2017
Profit for the year	*44*	**804**	**1 590**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on financial assets available-for-sale		(62)	(7)
		(62)	**(7)**
Exchange differences on translating foreign operations		93	(291)
		93	**(291)**
Other comprehensive income for the year, net of tax		**31**	**(298)**
Total comprehensive income for the year, net of tax		**835**	**1 292**
Attributable to:			
Equity holders of the parent		(201)	250
Non-controlling interests		1 036	1 042
		835	**1 292**

Prepared by: Signed on behalf of BoD: Procurator:

/I. Hristov/ /A. Minchev/ /H.Stoev/

30.5.2018

These Interim consolidated Financial Statements have been approved from the Board of Directors of Eurohold Bulgaria.
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Eurohold Bulgaria AD
Interim Consolidated Statement of Financial Position
As at March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.12.2017
ASSETS			
Cash and cash equivalents	*19*	49 012	45 945
Deposits at banks	*20*	12 935	11 171
Reinsurers' share in technical reserves	*21.1*	375 596	361 247
Insurance receivables	*21.2*	85 264	87 941
Trade receivables	*22*	29 351	27 474
Other receivables	*23*	52 131	30 822
Machinery, plant and equipment	*24, 24.2-5*	47 342	44 630
Intangible assets	*26*	2 026	2 198
Inventory	*27*	57 179	59 125
Financial assets	*28*	310 586	327 053
Deferred tax assets	*29*	13 188	13 184
Land and buildings	*24, 24.1*	19 236	20 090
Investment property	*25*	13 273	12 698
Investments in associates and other investments	*30*	4 492	4 724
Other financial investments	*31*	2 394	2 391
Non-current receivables	*32*	102 982	85 908
Goodwill	*33*	189 813	189 813
TOTAL ASSETS		**1 366 800**	**1 326 414**

These Interim consolidated Financial Statements have been approved from the Board of Directors of Eurohold Bulgaria.
The notes are an integral part of the interim consolidated financial statements for Q1.2018.

Eurohold Bulgaria AD
Interim Consolidated Statement of Financial Position (continued)
As at March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Issued capital	*43.1*	197 526	197 526
Treasury shares	*43.1*	(77)	(77)
Share Premium	*43.2*	49 568	49 568
General reserves		7 641	7 641
Revaluation and other reserves		(57 964)	(57 203)
Retained earnings/(losses)		(25 968)	(44 825)
Profit for the year	*44*	(243)	18 174
Equity attributable to equity holders of the parent		**170 483**	**170 804**
Non-controlling interests	*45*	44 957	43 702
Total equity		**215 440**	**214 506**
Subordinated debts	*34*	**28 058**	**26 058**
LIABILITIES			
Bank and non-bank loans	*35*	100 120	99 245
Obligations on bond issues	*36*	161 923	150 757
Non-current liabilities	*37*	34 577	30 087
Current liabilities	*38*	24 323	25 587
Trade and other payables	*39*	111 306	102 192
Payables to reinsurers	*40*	82 205	81 863
Deferred tax liabilities	*41*	246	284
		514 700	**490 015**
Insurance reserves	*42*	608 602	595 835
		608 602	**595 835**
Total liabilities and subordinated debts		**1 151 360**	**1 111 908**
TOTAL EQUITY AND LIABILITIES		**1 366 800**	**1 326 414**

Prepared by: Signed on behalf of BoD: Procurator:

/I. Hristov/ /A. Minchev/ /H.Stoev/

30.5.2018

These Interim consolidated Financial Statements have been approved from the Board of Directors of Eurohold Bulgaria.
The notes are an integral part of the interim consolidated financial statements for Q1.2018.

Eurohold Bulgaria AD
Interim Consolidated Statement of Cash Flows
For the period ended March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.3.2017
Cash flows from operating activities			
Profit for the year before tax:		**804**	**1 680**
Adjustments for:			
Depreciation	*16*	2 414	2 001
Foreign exchange gain/loss		(3 596)	(1 391)
Impairment of assets		-	5
Interest expense		6 438	6 251
Interest revenue		(2 626)	(3 265)
Dividend revenue		-	(136)
Other non-cash adjustments		-	(1 334)
Operating profit before change in working capital		**3 434**	**3 811**
Change in trade and other receivables		(6 160)	(47 944)
Change in inventory		1 942	575
Change in trade and other payables and other adjustments		1 504	55 570
Cash generated from operating activities		**720**	**12 012**
Interest (paid)/received		419	737
Income tax paid		(232)	(225)
Net cash flows from operating activities		**907**	**12 524**
Investing activities			
Purchase of property, plant and equipment		(3 988)	(1 147)
Proceeds from the disposal of property, plant and equipment		734	1 101
Loans granted		(27 793)	4 160
Repayment of loans, including financial leases		16 857	(7 002)
Interest received on loans granted		142	2
Purchase of investments		(49 258)	(124 322)
Sale of investments		62 536	101 475
Dividends received		6	73
Effect of exchange rate changes		2	155
Other proceeds/(payments) from investing activities, net		(1 800)	10 198
Net cash flows from investing activities		**(2 562)**	**(15 307)**

These Interim consolidated Financial Statements have been approved from the Board of Directors of Eurohold Bulgaria.
The notes are an integral part of the interim consolidated financial statements for Q1.2018.

Eurohold Bulgaria AD
Interim Consolidated Statement of Cash Flows (continued)
For the period ended March 31, 2018

In thousand BGN	*Notes*	31.3.2018	31.3.2017
Financing activities			
Proceeds from issuance of shares		-	34 000
Proceeds from loans		57 361	129 310
Repayment of loans		(42 360)	(136 381)
Repayment of financial leases		(4 807)	(2 765)
Payment of interest, charges, commissions on investment loans		(5 672)	(3 470)
Other proceeds/(payments) from financing activities, net		200	109
Net cash flows from financing activities		**4 722**	**20 803**
Net increase (decrease) in cash and cash equivalents		**3 067**	**18 020**
Cash and cash equivalents at the beginning of the year	*19*	45 945	100 948
Cash and cash equivalents at the end of the year	*19*	**49 012**	**118 968**

Prepared by: Signed on behalf of BoD: Procurator:

/I. Hristov/ /A. Minchev/ /H.Stoev/

30.5.2018

Eurohold Bulgaria AD
Interim Consolidated Statement of Changes in Equity
For the period ended March 31, 2018

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 1 January 2017	**124 399**	**39 736**	**7 641**	**(56 477)**	**(36 185)**	**79 114**	**36 145**	**115 259**
Issue of share capital	70 181	10 854	-	-	-	**81 035**	-	**81 035**
Dividends	-	-	-	-	(1 613)	**(1 613)**	(490)	**(2 103)**
Treasury shares	2 869	(1 022)	-	-	-	**1 847**	-	**1 847**
Change in non-controlling interests without change in control	-	-	-	481	(7 027)	**(6 546)**	1 684	**(4 862)**
Profit for the year	-	-	-	-	18 174	**18 174**	6 241	**24 415**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(734)	-	**(734)**	135	**(599)**
Change in the fair value of financial assets available-for-sale	-	-	-	(473)	-	**(473)**	(13)	**(486)**
Total other comprehensive income	**-**	**-**	**-**	**(1 207)**	**-**	**(1 207)**	**122**	**(1 085)**
Total comprehensive income	**-**	**-**	**-**	**(1 207)**	**18 174**	**16 967**	**6 363**	**23 330**
Balance as of 31 December 2017	**197 449**	**49 568**	**7 641**	**(57 203)**	**(26 651)**	**170 804**	**43 702**	**214 506**
Balance as at 1 January 2018	**197 449**	**49 568**	**7 641**	**(57 203)**	**(26 651)**	**170 804**	**43 702**	**214 506**
Change in non-controlling interests without change in control	-	-	-	(803)	683	**(120)**	219	**99**
Profit for the year	-	-	-	-	(243)	**(243)**	1 047	**804**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	73	-	**73**	20	**93**
Change in the fair value of financial i assets available-for-sale	-	-	-	(31)	-	**(31)**	(31)	**(62)**
Total other comprehensive income	**-**	**-**	**-**	**42**	**-**	**42**	**(11)**	**31**
Total comprehensive income	**-**	**-**	**-**	**42**	**(243)**	**(201)**	**1 036**	**835**
Balance as of 31 March 2018	**197 449**	**49 568**	**7 641**	**(57 964)**	**(26 211)**	**170 483**	**44 957**	**215 440**

Prepared by: Signed on behalf of BoD: Procurator:

/I. Hristov/ /A. Minchev/ /H.Stoev/

30.5.2018

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

In thousand BGN		31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018	31.3.2018
	Notes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage-ment and brokerage	Parent company	*Elimination*
Revenues 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*
EBITDA		**8 800**	**6 783**	**1 112**	**1 319**	**(701)**	**556**	***(269)***
Financial expenses	*14*	(5 750)	(555)	(648)	-	-	(4 821)	*274*
Financial income	*15*	12	-	17	-	-	-	*(5)*
Foreign exchange gains/losses, net	*18*	156	-	-	-	-	156	*-*
EBTDA		**3 218**	**6 228**	**481**	**1 319**	**(701)**	**(4 109)**	***-***
Depreciation and amortization	*16*	(2 414)	(435)	(658)	(1 300)	(17)	(4)	*-*
EBT		**804**	**5 793**	**(177)**	**19**	**(718)**	**(4 113)**	***-***
Taxes	*17*	-	-	-	-	-	-	*-*
Net income for the year		**804**	**5 793**	**(177)**	**19**	**(718)**	**(4 113)**	***-***

Consolidated statement of profit or loss by Business Segments
For the period ended March 31, 2017

In thousand BGN		31.3.2017	31.3.2017	31.3.2017	31.3.2017	31.3.2017	31.3.2017	31.3.2017
	Notes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage-ment and brokerage	Parent company	*Elimination*
Revenues from operating activities								
Revenue from Insurance business	*3*	249 896	250 326	-	-	-	-	*(430)*
Revenue from car sales and after sales	*5*	37 337	-	39 044	-	-	-	*(1 707)*
Revenue from Leasing business	*6*	6 346	-	-	6 562	-	-	*(216)*
Revenue from asset management and brokerage	*8*	1 702	-	-	-	1 931	-	*(229)*
Revenue from the activities of the parent company	*10*	610	-	-	-	-	1 394	*(784)*
		295 891	**250 326**	**39 044**	**6 562**	**1 931**	**1 394**	***(3 366)***
Expenses of operating activities								
Expenses of Insurance business	*4*	(234 066)	(235 730)	-	-	-	-	*1 664*
Cost of cars and spare parts sold		(32 328)	-	(32 337)	-	-	-	*9*
Expenses of Leasing business	*7*	(936)	-	-	(1 000)	-	-	*64*
Expenses of asset management and brokerage	*9*	(1 490)	-	-	-	(1 491)	-	*1*
Expenses of the activities of the parent company	*11*	(788)	-	-	-	-	(788)	*-*
		(269 608)	**(235 730)**	**(32 337)**	**(1 000)**	**(1 491)**	**(788)**	***1 738***
Gross Profit		**26 283**	**14 596**	**6 707**	**5 562**	**440**	**606**	***(1 628)***
Other income/(expenses), net	*12*	(2 529)	-	-	(2 789)	-	-	*260*
Other operating expenses	*13*	(14 834)	(6 643)	(5 822)	(1 721)	(375)	(584)	*311*
EBITDA		**8 920**	**7 953**	**885**	**1 052**	**65**	**22**	***(1 057)***
Financial expenses	*14*	(5 478)	(889)	(854)	-	-	(4 523)	*788*
Financial income	*15*	242	-	247	-	-	-	*(5)*
Foreign exchange gains/losses, net	*18*	(3)	-	-	-	-	(3)	*-*
EBTDA		**3 681**	**7 064**	**278**	**1 052**	**65**	**(4 504)**	***(274)***
Depreciation and amortization	*16*	(2 001)	(329)	(628)	(1 028)	(14)	(2)	*-*
EBT		**1 680**	**6 735**	**(350)**	**24**	**51**	**(4 506)**	***(274)***
Taxes	*17*	(90)	(90)	-	-	-	-	*-*
Net income for the year		**1 590**	**6 645**	**(350)**	**24**	**51**	**(4 506)**	***(274)***

Notes to the Interim Consolidated Financial Statements for Q1.2018

Found in 1996, Eurohold Bulgaria AD operates in Bulgaria, Romania and Macedonia. The company is an owner of a great number of subsidiaries in the insurance, financial service and car sale sectors.

1. DETAILS 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 31.3.2018:

Supervisory Board:
Assen Milkov Christov – Chairman;
Dimitar Stoyanov Dimitrov – Deputy Chairman;
Radi Georgiev Georgiev – Member;
Kustaa Lauri Ayma – Independent member;
Lyubomir Stoev – Indendent member.

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

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

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 31.3.2018	% of participation in the share capital 2017
Euroins Insurance Group AD*	**89.36%**	**89.36%**
Indirect participation through EIG AD:		
Insurance Company Euroins AD	98.21%	98.21%
Euroins Romania Insurance AD	98.50%	98.50%
Euroins Insurance AD Macedonia	93.36%	93.36%
Euroins Life Insurance EAD	100.00%	100.00%
Insurance Company EIG Re AD	100.00%	100.00%
Euroins Ukraine AD	98.32%	98.32%

*direct participation

Finance Sector

Company	% of participation in the share capital 31.3.2018	% of participation in the share capital 2017
Euro Finance AD *	**99.99%**	**99.99%**
Eurolease Group EAD*	**100.00%**	**100.00%**
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD	100.00%	100.00%
Eurolease Auto Romania AD	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Romania Insurance AD	22.02%	22.02%
Eurolease Auto DOOEL, Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD	100.00%	100.00%
Eurolease Auto Retail EAD	100.00%	100.00%
Autoplaza EAD	100.00%	100.00%
Sofia Motors EOOD	100.00%	100.00%

*****direct participation

In 2017 the company Eurolease Auto Retail EAD was established.

Automobile Sector

Company	% of participation in the share capital 31.3.2018	% of participation in the share capital 2017
Auto Union AD*	**99.99%**	**99.99%**
Indirect participation through AU AD:		
Bulvaria Varna EOOD	100.00%	100.00%
N Auto Sofia AD	100.00%	100.00%
Espas Auto through N Auto Sofia EAD	51.00%	51.00%
EA Properties EOOD	51.00%	51.00%
Daru Car AD	99.84%	99.84%
Auto Italia EAD	100.00%	100.00%
Bulvaria Holding EAD	100.00%	100.00%
Star Motors EOOD	100.00%	100.00%
Star Motors DOOEL, Macedonia through Star Motors EOOD	100.00%	100.00%
Star Моторс SH.P.K. through Star Motors EOOD	100.00%	100.00%
Auto Union Service EOOD	100.00%	100.00%
Motobul EAD	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EOOD	99.00%	99.00%

*****direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

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

2.2 Comparative Data

The group keeps on presenting the information in the financial statements during the periods. Whenever needed, comparative data are reclassified in order to achieve comparability between the changes in the presentation for the current year.

2.3 Consolidation

Consolidated financial statements comprise consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity as at 31.3.2018.

These statements comprise the holding – parent company and all subsidiaries. A subsidiary is consolidated by the parent company through the direct or indirect holding of more than 50% of the voting shares in the capital or through the ability to manage its financial and operational policy for the purposes of obtaining economic benefits from its operations.

The method of full consolidation is applied. Statements are aggregated line by line, and items such as assets and liabilities, properties, income and expenses are summed up. All internal transactions and balances between the group companies are eliminated. Opposing elements: equity, financial, trade, calculation of goodwill as at the date of acquisition, are eliminated.

Non-controlled participation in the net assets of subsidiaries is defined in accordance with the shareholding structure of such subsidiaries as at the date of the consolidated statement of financial position.

With regard to business combinations comprising group entities or business subject to joint control, the Group has chosen to apply the purchase method in accordance with IFRS 3 – Business Combinations. The Group has chosen the accounting policy with regard to these transactions, as for the time being they do not fall within the scope of application of IFRS 3 and the existing IFRSs do not provide any guidance to this effect. In accordance with IAS 8, when there is no standard or interpretation that are particularly application to an operation, another vent or condition, the management uses its own judgments to develop and apply the accounting policy.

Principles of Consolidation
Business combinations are accounted by using the purchase method. This method requires the investor to recognize the acquired identifiable assets, undertaken liabilities and the participation, which is not a control in the investee, separately from the goodwill as at the date of acquisition. Expenses that are directly related to the acquisition are stated in the statement of profit or loss for the period.

Acquired identifiable assets and undertaken liabilities and contingent liabilities in a business combination are measured at fair value at the date of acquisition, irrespective of the level of non-controlled participation. The Group is able to measure participations, which are not control in the investee either at fair value, or as a proportionate share in the identifiable net assets of the investee.

The excess of the acquisition price over the share of the investor in the net fair value of identifiable assets, liabilities and contingent liabilities of the investee is stated as goodwill. In case the acquisition price is less than the investor's share in the fair value of the net assets of the company, the difference is recognised directly in the consolidated statement of profit or loss.

Separately recognised goodwill with regard to the acquisition of subsidiaries is always tested for impairment at least once a year. Goodwill impairment losses are not subsequently reimbursed. Profits or losses from sale (disposal) of a subsidiary by the Group also comprise the book value of the goodwill deducted for the sold (disposed) company.

Recognised goodwill is affiliated to a specific cash inflow generating unit yet at the realization of a business combination, and such unit is applied for the impairment tests. When defining the cash flow generating units, the Group takes into account the units that have been expected to generate future economic benefits upon the acquisition through the business combination, and with regard to which the goodwill has occurred.

Non-controlling participation transactions
The Group treats the operations with non-controlling participation as transactions with entities holding Group's equity instruments. The effects from sale of shares of the parent company, without losing control, to the holders of non-controlling participations are not treated as elements of the current profit or loss of the Group, but as movement within the components of its equity. And vice versa, upon purchases by the parent company, without acquiring control, of additional shares in the participation of holders of non-controlling participations, every difference between the amount paid and the respective acquired share from the book value of the subsidiary's net assets is recognised directly in the consolidated statement of equity, usually as "retained earnings/ (non-covered loss)".

When the Group does not have control and significant influence any more, every minority investment remaining as a share in the capital of the respective company is revaluated at fair value, and the difference up to the book value is recognised in the current profit or loss, whereas all amounts recognised before in other elements of the comprehensive income, are stated as like as for operation of direct disposal of all associated to the initial investment (in the subsidiary or associate), respectively.

2.4 Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the group. Data presented in the consolidated statements and the annexes thereto are in thousand BGN (000'BGN). Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1, 95583 for EUR 1. Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the year.

2.5 Accounting Assumptions and Accounting Estimates

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

Deferred tax assets

Tax loss

The assessment of probability for future taxable income for the utilisation of deferred tax assets is based on the last approved budget forecast adjusted with regard to material untaxable income and expenses and specific restrictions for carrying forward unused tax losses or credits. If a reliable estimate for taxable income suggests the probable use of deferred tax asset, in particular in case the asset may be used without time limit, then the deferred tax asset is recognised in full. The recognition of deferred tax assets that are subject to specific legal or economic restrictions or uncertainty should be judged by the management on case by case basis on the grounds of specific facts and circumstances.

Inventories – Impairment

As at the end of the reporting period, the management reviews the available inventories – supplies, goods, in order to identify if there are inventories whose net realizable value is less than their book value. No indications for impairment of inventories have been found during the review as at 31.3.2018.

Impairment of property, plant, machinery and equipment

In accordance with the requirements of IAS 36, as at the end of the reporting period the management judges if there are indications that the value of an asset within the property, plant and equipment is impaired. In case such indications exist, the replacement cost of this asset is measured and the impairment loss is calculated. As at 31.3.2018, no impairment of property, plant, machinery and equipment has been stated.

Actuarial valuations

When defining the current value of long-term employee benefits upon retirement, calculations of certified actuaries are used based on assumptions for mortality, staff turnover rate, future level of salaries and discount factor, which assumptions are estimated by the management as reasonable and appropriate for the Group.

Impairment of goodwill

The Group makes a test for impairment of goodwill at least once a year. The refundable amounts from cash generating units are defined on the basis of their value in use or their fair value, without calculation of the sale cost.

Impairment of borrowings and receivables
The Group uses an adjustment account to report the impairment of difficultly collectible and uncollectible receivables from counterparties. The management judges the adequacy of this impairment on the basis of age analysis of receivables, previous experience about the level of derecognition of uncollectible receivables, and analysis of the counterparty's solvency, amendments of contractual payment terms and conditions, etc. If the financial position and performance of the counterparties become worse than the expected, the value of receivables that should be derecognised during the next reporting periods may be higher than the one expected as at the reporting date.

Fair value of financial instruments
The management uses techniques to measure the fair value of financial instruments if here are no quoted prices at active market. Detailed information about the assumptions used are presented in the explanatory notes to the financial assets and liabilities. When applying assessment techniques, the management uses, to the maximum extent, market data and assumptions, that market stakeholders would adopt upon assessing a financial instrument. In case there are no applicable market data, the management uses its best estimate of assumptions that the market stakeholders would make. These assessments may differ from the actual prices that would be defined in an arm's length transaction between informed and willing parties at the end of the reporting period.

2.6 Income

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

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

Upon provision of services, income is recognized considering the stage of completion of the transaction as at the date of the balance sheet, if such stage may be reliably measured, as well as the costs incurred for the transaction. Dividend income is recognized upon certifying the right to obtain them.

In the consolidated statement of profit or loss, dividends declared for the financial year by the subsidiaries are recognised as intra-account and are thus eliminated and are not taken in consideration upon calculation of the financial performance.

Eurohold Group generates financial income from the following activities:

- Operations with investments;
- Dividends;
- Interests from granted loans.

2.7 Expenses

Group's expenses are recognized at the time of occurrence thereof and on the accrual and comparability basis.

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

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

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

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

2.8 Interest

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

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

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

Interest income and expenses stated in the consolidated statement of profit or loss include: interest recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value.

Unearned financial income (interest) is the difference between the gross and net investment in the lease, whereas the gross investment in a lease is the amount of minimum lease payments and the non-guaranteed residual value charged by the lessor. Interest income under lease operations (financial income) is distributed for the term of validity of the lease and is recognised on the basis of constant periodic rate of return of the lessor's net investment.

2.9 Fees and commissions

Fee and commission income and expenses which are an integral part of the effective interest rate for a financial asset or liability, are included in the calculation of the effective interest rate.

Other fee and commission income, including logistic services fees, insurance and other intermediation fees, is recognized upon providing the respective services.

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

2.10 Reporting by segments

An operating segment is a component of the Group, which deals with activities that can generate income and incur expenses related to transactions with any of the other Group's components.

For management purposes, the Group is organised in business units on the basis of the products and services they offer and provide, and includes the following segments subject to reporting:

Insurance:
- Insurance services

Financial services:
- Lease services
- Investment intermediation

Automobiles:
- Sale of new cars
- Car repair services
- Rent-a-car

2.10.1 Insurance activities

Recognition and measurement of insurance contracts

Non-life insurance premiums
Non-life insurance premiums are accounted on annual basis. Gross written premiums under non-life insurance are premiums under contracts for direct insurance or co-insurance, which are entered into during the year, although the premiums may be fully or partially relate to a later accounting period. Premiums are disclosed gross of commissions payable to brokers.

The earned part of written insurance premiums, including for unexpired insurance contracts, is recognised as income. Written insurance premiums are recognised as at the date of entering into the insurance contract.

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

Health insurance premiums
Written health insurance premiums are recognised as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the lump-sum premium payable for the whole period

of cover for one year health insurance contracts entered into during the financial year.

Gross written premiums from health insurance are not recognised when the future cash inflows related thereto are uncertain. Written health insurance premiums are stated gross of commissions payable to agents.

Life insurance premiums
Written premiums from life insurance are recognised as income on the basis of the annual premium due by the insured persons for the premium period beginning during the financial year, or the lump-sum premium payable for the whole period of cover for policies entered into during the financial year.

Gross written premiums from are not recognised when the future cash inflows related thereto are uncertain. Written premiums are stated gross of commissions payable to agents.

Unearned premium reserve
Unearned premium reserve comprises that part of written gross insurance/ health insurance premiums that is calculated to be earned during the next or subsequent financial periods. Unearned premium reserve comprises the insurance premiums charged and recognised as income during the reporting period, less ceded premiums to reinsurers, which should be recognised during the next financial year or during subsequent financial periods. The reserve is calculated individually for each insurance/ health insurance contract by using a proportionate method on daily basis. The unearned premium reserve is calculated net of commissions to brokers, advertising and other acquisition costs.

Unexpired risk reserve
This reserve is established to cover risks for the time between the end of the reporting period and the date on which the respective insurance/ health insurance contract expires, in order to cover payments and expenses that are expected to exceed the established unearned premium reserve.

Compensations incurred under non-life insurance and health insurance and reserves for pending claims
Compensations incurred with regard to non-life insurance and health insurance comprise compensations and their administration costs payable during the financial year, together with the change in the pending claims reserve.

The management believes that the gross pending claims reserve and the respective share of the reinsurer's reserve are presented fairly based on the information available as at the date of the consolidated financial statements. The final liability will be changed as a result of subsequent information and events and may require material adjustment of the amount accrued initially. Adjustments in the pending claims reserve found during previous years are stated in the financial statements for the period in which such adjustments have been made, and are disclosed independently, if they are material. The methods used and the assessments made for the accrual of the reserve are subject to regular review.

Reinsurance
In its principal activity, Group's insurance companies cede risk to reinsurers with view of decreasing their potential net losses through risk differentiation.
Reinsurance activity does not release the direct obligations of the respective company to the insured persons.

Reinsurance assets comprise the balance payable by reinsurance companies for ceded insurance liabilities. The amounts to be reimbursed by reinsurers are calculated in a way similar to the way for calculation of the reserves for pending claims or for settled claims related to reinsurance policies.

Premiums and claims related to these reinsurance contracts are considered income and expenses in the same way as they would be considered if reinsurance was a direct activity, while taking into account the classification of reinsurance business' products.

Ceded (or accepted) premiums and reimbursed compensations (or paid claims) are stated in the consolidated statement of profit or loss and the consolidated statement of financial position as gross amounts.

Contracts which cede material insurance risk are accounted as insurance contracts. The amounts refundable under these contracts are recognised during the year of occurrence of the respective claim.

Premiums for long-term reinsurance contracts are accounted in parallel with the term of validity of the related insurance policies by using assumptions similar to those for the accounting of the respective policies.

The replacement cost of receivables under reinsurance contracts is subject to impairment review at each date of the consolidated statement of financial position. Such assets are impaired if there is objective evidence as a result of event that has occurred after their initial recognition.

Deferred acquisition expenses
Deferred acquisition expenses are the amount of acquisition expenses deducted upon calculating the unearned premium reserve. They are defined as that part of the acquisition costs under the contracts valid as at the end of the period, which are estimated as a percentage in the insurance technical schedule and relevant to the time between the end of the reporting period and the date of expiration of the term of validity of the insurance/ health insurance contract. Current acquisition expenses are recognised in full as an expense during the reporting period.

Acquisition expenses
Commission expenses comprise charged broker's commissions, expenses for share in the result, which are accrued in favour of the insured/ health insured persons in case of low claims ratio. Indirect acquisition costs comprise expenses for advertising and expenses incurred for entering into/ renewal of insurance/ health insurance contracts.

2.10.2 Lease activities

The lease activity of the Group is related to the lease of motor vehicles and other industrial equipment, real estates, etc. under financial and operating lease agreements.

Finance lease is an agreement by virtue of which the lessor gives the lessee the right to use an asset for an agreed time period for consideration. The lease is reported as finance lease when the lessor transfers with the agreement all substantial risks and benefits related to the ownership of the asset to the lessee.

Typical indicators reviewed by the Group to identify whether all substantial risks and benefits are transferred are as follows: present value of minimum lease payments in comparison to the beginning of the lease; term of validity of the lease in comparison to the economic life of the leased asset; whether the lessee will acquire the title of the leased asset at the end of the finance lease term of validity. All other leases that do not transfer substantially all risks and benefits of the ownership of the asset are classified as operating lease.

Minimum lease payments
Minimum lease payments are those payments that the lessee will make or may be obliged to make during the term of validity of the lease. From Group perspective, minimum lease payments also comprise the residual value of the asset guaranteed by a third party not related to the Group, provided such party is financially capable to perform its engagements under the guarantee or the repurchase agreement. In the minimum lease payments, the Group also comprises the price of exercising possible option that the lessee has to purchase the asset, whereas it is to a great extent certain at the beginning of the lease that the option will be exercised.

Minimum lease payments do not include amounts related to conditional leases, as well as service and tax expenses, which are paid by the Group and are subsequently re-invoiced to the lessee.

Beginning of the lease and beginning of the term of validity of the lease
There is a difference between the beginning of the lease and the beginning of the term of validity of the lease. The beginning of the lease is the earlier than the two dates – of the lease agreement or the parties' binding with the main conditions of the lease. As at this date: the lease is classified as finance or operating lease; and in case of finance lease, the amounts that should be recognised at the beginning of the term of validity of the lease are defined. The beginning of the term of validity of the lease is the date on which the lessee may exercise its right to use the leased asset. This is also the date on which the Group initially recognizes the receivable under the lease.

Initial and subsequent measurement
Initially the Group recognizes receivable under lease that is equal to its net investment, which comprises the present value of minimum lease payments and every non-guaranteed residual value for the Group. The present value is calculated by discounting the minimum lease payments due with an interest rate inherent to the lease. Initial direct expenses are included in the calculation of the receivable under finance lease. During the term of validity of the lease, the Group accrues financial income (interest income from finance lease) over the net investment.

Receivables under finance lease
Received lease payments are considered a decrease of the net investment (repayment of principal) and recognition of financial income in a way that ensures permanent rate of return of the net investment. Subsequently, the net investment in financial leases is stated net, after offsetting individual and portfolio provisions for incollectibility.

2.10.3 Financial intermediation-related activity

The financial intermediation activity is related to transactions with financial instruments. They are classified as held for trading.

Financial instruments are measured upon acquisition at cost, which comprises their fair value plus all transaction-related expenses.

Financial instruments are subsequently measured at fair value, which is the sales, stock exchange or market price.

The Group states its financial assets in the following way:
- Securities of Bulgarian issuers traded on BSE – Sofia AD – the mean weighted price of the transactions they have made on regulated market for the closest day of the last 30-days' period in which such securities have been traded in an amount not less than the amount of securities held by the subsidiary Euro-Finance AD. If there is not transaction made, the market price of the securities is defined on the basis of the "ask" rate announced on the regulated market for the respective session of the closest day of the last 30-days period;
- Shares in foreign currency of foreign issuers – at market prices of the foreign stock exchanges: FRANKFURT, XETRA, NASDAQ;
- Government securities issued by the Bulgarian government – the market price is the price quoted by the Bulgarian National Bank or the primary dealers of government securities within the meaning of Ordinance № 5/ 1998;
- Securities issued by Bulgarian non-governmental issuers – market price of REUTERS;
- Securities issued and guaranteed by foreign countries and securities issued by foreign non-governmental issuers – market price of REUTERS.

Derivatives
Derivatives are off-balance financial instruments whose value is measured on the basis of interest rates, foreign exchange rates, or other market prices. Derivatives are effective means to manage the market risk and to limit the exposure to specific counterparty.

Most frequently used derivatives are:
- Currency swap;
- Interest swap;
- Floors and caps;
- Forward currency and interest contracts;
- Futures;
- Options.

The conditions and time periods under the contracts are defined by means of standard documents.

With regard to derivatives, the same procedures for control of market and credit risk are applied, as for the other financial instruments. They are aggregated with the other exposures for the purposes of monitoring the general exposure to a specific counterparty and are managed within the frames of the limits approved for the respective counterparty.

Derivatives are held both for trading and as hedging instruments used for the management of the interest and currency risk. Derivatives held for trading are measured at fair value and profits and losses are stated in the consolidated statement of profit or loss as a result of trade operations.

Derivatives used as hedging instruments are recognised in accordance with the accounting treatment of the hedged item.
Criteria for recognition of a derivative as a hedging instrument is the existence of documented evidence for the intention to hedge a specific instrument and such hedging instrument should ensure reliable basis for elimination of the risk.

When a hedged exposure is closed, the hedging instrument is recognised as held for trading at fair value. The profit and loss are recognised in the consolidated statement of profit or loss, analogically to the hedged instrument.

Hedging transactions that are terminated before the hedged exposure are measured at fair value and the profit or loss are stated for the period of existence of the hedged exposure.

2.11 Taxes

Income tax

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

Current income taxes of the Bulgarian Group companies are defined in compliance with the requirements of the Bulgarian tax legislation – the Corporate Income Tax Act. The nominal tax rate in Bulgaria for 2018 is 10 % (2017: 10%).

The foreign subsidiaries are subject to taxation in accordance with the requirements of the respective tax legislations of the countries, with the following tax rates:

Country	Tax rate	
	2018	2017
Romania	16%	16%
Macedonia	10%	10%
Ukraine	18%	18%

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

The deferred tax is calculated on the basis of the tax rate that is expected to be effective upon the realization of the asset or the settlement of the liability. The effect from changes in the tax rates on the deferred tax is reported in the consolidated statement of profit or loss, except in cases when it concerns amounts, which are earlier accrued or reported directly in equity.

Deferred tax asset is recognised only to the amount to which it is expected to gain future profits against which unused tax losses or tax credit can be used. Deferred tax assets are decreased in accordance with the decrease of the probability for realisation of tax benefits.

As at 31.3.2018, the deferred income taxes of the Group companies are measured at a tax rate valid for 2018, which is in the amount of 10% for the Bulgarian companies, and for the foreign companies it is as follows:

Country	Tax rate for 2018
Romania	16%
Macedonia	10%
Ukraine	18%

2.12. Non-current assets

2.12.1 Property, plant, machinery and equipment

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

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

Initial acquisition
Fixed tangible assets are initially measured:

At acquisition cost, which includes: purchase price (including duties and non-refundable taxes), all direct costs for bringing the asset into working condition according to its purpose – for assets acquired from external sources;

At fair value: for assets obtained as a result of a charitable transaction;

At evaluation: approved by the court and all direct costs for bringing the asset into working condition according to its purpose – for assets acquired as a contribution of physical assets.

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

Subsequent measurement
The Group has chosen the cost model under IAS 16 – historic price of acquisition, less accrued amortisation and accumulated impairment losses, as an approach for subsequent book value of property, plant and equipment.

Subsequent expenses
Subsequent expenses for repairs and maintenance are stated in the consolidated statement of profit or loss at the time of incurrence thereof, unless there is clear evidence that their incurrence will result in increased economic benefits from the use of the asset. In this case, these expenses are capitalized in the carrying amount of the asset.

Sales profits and losses
Upon sales of fixed assets, the difference between the book value and the sales price of the asset is reported as profit or loss in the consolidated statement of profit or loss.

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

Amortisation methods
The Group applies the straight-line method of amortization. Amortization of assets begins from the month following the month of acquisition thereof. Land and assets in process of construction are not depreciated. The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

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

Group of assets	Useful life in years
Buildings	25-46
Plant and equipment	3-10
Vehicles	4-6
Fixtures and fittings	3-19
Computers	2-5

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

Impairment losses are recognised as an expense in the consolidated statement of profit or loss during the year of occurrence thereof.

2.12.2 Fixed intangible assets

Intangible assets are stated in the consolidated financial statements at cost, less accrued amortisation and possible impairment losses.

The Group applies the straight-linear method for amortisation of intangible assets with fixed useful life of 5-7 years.

The book value of intangible assets is subject to review for impairment when there are events or changes in circumstances that identify that the book value could exceed their recoverable value.

2.12.3 Investment property

Investment property is a property that is held for the purposes generating income from rent or capital profit or both, but not for sale in the ordinary course of business of the Group, or for use of services or administrative needs.

Investment properties are measured on the basis of present fair value, whereas each change is stated as profit or loss.

2.13 Pension and other employee benefits under the labour and social legislation

Employment and social insurance relationships with workers and employees in the Group are governed by the provisions of the Labour Code and the provisions of the applicable social insurance legislation for the companies operating in Bulgaria, of the Romanian Code – for the companies in Romania, of the labour legislation for the companies in Ukraine, of the labour legislation for the companies in Macedonia.

Short-term employee benefits

Short-term employee benefits are measured at non-discounted basis and are stated as an expense whent the related services are provided. A liability is recongised for the amount that is expected to be paid under a short-term bonus in cash or profit sharing plans, provided the Group has legal or constructive obligation to pay this amount as a result of previous services provided by an employee, and this obligation may be reliably measured.

The Group recognises as an obligation the non-discounted amount of measured expenses for paid annual leave expected to be paid to the employees in return of their service for the previous reporting period.

Defined contribution plans

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

Retirement benefits

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

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

2.14 Financial assets

2.14.1 Investments in non-current financial assets

Entities in which the Group holds between 20% and 50% of the voting right and have significant influence but is not able to exercise control functions, are considered associates.

Investments in associated companies are reported by using the equity method. By using the equity method, the investment in the associated company is carried in the statement of financial position at acquisition cost, plus the changes in the share in the net assets of the associated entity after the acquisition. The goodwill related to the associated entity is included in the net book value of the investment and is not amortized. The consolidated statement of profit or loss presents the results from the associate's business. The profit share is shown on the face side of the statement.

2.14.2 Investments in Financial Instruments

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

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

Cash
Cash comprise cash on hand, current accounts and short-term deposits in banks with original maturity of up to 3 moths.

Term deposits in banks
Bank deposits are receivables from banks from invested free monetary resources in the form of term deposits with original maturity exceeding 3 months. Deposits are measured and stated in the consolidated statement of financial position at amortised cost.

Financial Assets at Fair Value in Profit or Loss
Financial assets at fair value in profit or loss include financial assets held for trading and those designated at fair value at inception.

Financial assets, which are usually acquired for the purposes of selling in the near term, are classified as held for trading.

Investments Held-to-Maturity
Investments held-to-maturity are financial assets, which are non-derivative and have fixed or determinable payments and fixed maturity, that the Group has the positive intention and ability to hold to maturity.

Initially, these investments are recognized at acquisition cost, which includes the amount of consideration paid for acquisition of the investment. All transaction costs directly related to the acquisition are also included in the acquisition cost. After the initial measurement, held-to-maturity investments are carried at amortized cost by using the method of the effective interest rate. Gains and losses from held-to-maturity investments are recognized in the statement of profit or lost and other comprehensive income when the investment is derecognized or impaired.

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

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

Financial Assets Available for Sale
Financial assets available for sale are non-derivative financial assets that are so classified and are not classified in any of the three categories listed above.

Initially, these investments are presented at fair value. Subsequent to initial recognition, financial assets available for sale are measured at fair value. Unrealized gains and losses from fair value are carried in separate item of the other comprehensive income until the financial assets are not derecognized or are not defined as impaired. Upon derecognition or impairment, cumulative gains and losses previously recognized in equity, are recognized in the consolidated statement of profit or loss.

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

2.15 Inventories

Supplies and goods are measured at delivery value. Their value is equal to the sum of all purchase costs as well as any other costs incurred in relation to the delivery thereof at their current location and condition.

Supplies and goods are derecognised at their consumption at specifically defined or mean weighted value, depending on the segments.

The net realisable value of inventories is stated at sales price, less the completion costs and the expenses incurred for the realisation of the sale and is defined with view of the marketing, moral aging and development of expected sales prices.

When the carrying amount of inventories is higher than their net realisable value, it is reduced to the amount of the net realisable value. The decrease is stated as other current expenses.

2.16 Short-term receivables

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

2.17 Liability provisions

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

2.18 Equity

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

Equity that is not held by the economic group /non-controlled participation/ is part of the net assets, including of the net result of the subsidiaries for the year, which may be attributed to participations that are not directly or indirectly held by the parent company.

2.19 Earning per share

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

The mean weighted number of shares is the number of ordinary shares held at the beginning of the period adjusted with the number of redeemed ordinary shares and the number of newly issued shares multiplied by the average time factor. Such factor expresses the number of days in which the respective shares have been held towards the total number of days during the period.

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

2.20 Liabilities

Financial liabilities are recognized during the loan period with the amount of gained proceeds, principal, less the transaction expenses. During subsequent periods financial liabilities are measured at amortized cost, equal to the capitalized value, when applying the effective interest rate method. In the consolidated statement of profit or loss, loan expenses are recognized during the loan term period.

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

Deferred income recognised as liabilities comprise received payments in terms of income for subsequent years.

2.21 Financial Risk Management

Factors Determining Financial Risk

While operating, the Group companies are exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instrument fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from change of future cash flows due to a change in market interest rates.

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

Currency risk
The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities, which are denominated in foreign currency. As a result of exposures in foreign currency, profits and losses are generated which are stated in the consolidated statement of profit or loss. These exposures are the monetary assets of the Group which are not denominated in the currency used in the financial statements of the local companies.

In case the local currency is exposed to a significant currency risk, its management is achieved through investments in assets denominated in euro.

Interest risk
The Group is exposed to interest risk in relation to the used trade loans, as some of the received borrowings have floating interest rate agreed as a base interest (EURIBOR/LIBOR) increased with a specific margin. Borrowings with floating interest rates are denominated in euro. The amount of interest rates is described in the respective notes.

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

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

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

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

2.22 Measuring Fair Values

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- on the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities the entity may have access to as at the date of measurement;
- Ниво 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of the fair value of significant assets, such as goodwill and investment property.

2.23 Cash flows

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

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

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

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

3. Revenue from insurance business	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Gross premiums written from insurance	149 560	170 843
Received recoveries from reinsurers	39 601	33 660
Positive change in the gross provision for unearned premiums and unexpired risk reserve	6 576	5
Positive change in reinsurers' share in unearned premium reserve	6 419	18 491
Change in the reinsurers' share in other reserves	7 918	-
Positive change in other technical reserves	1 369	2 085
Recourse income	1 813	1 369
Fees and commissions income	12 177	13 605
Investment income	8 856	8 257
Other revenue	2 781	1 581
	237 070	**249 896**

4. Expenses of insurance business

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Current year paid claims, claims handling and prevention expenses	(101 405)	(84 028)
Change in the gross provision for unearned premiums and unexpired risk reserve	(4 187)	(29 116)
Share of reinsurers in the change of the unearned premium reserve	-	-
Change in other reserves	(16 305)	(1 321)
Change in the reinsurers' share in the other reserves	-	(2 282)
Premiums ceded to reinsurers	(53 975)	(70 815)
Acquisition expenses	(33 571)	(32 946)
Investment expenses	(4 524)	(3 530)
Other expenses	(5 323)	(10 028)
	(219 290)	**(234 066)**

5. Revenues from car sales and after sales

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Revenue from sale of cars and spare parts	56 007	35 391
Revenue from after sales and rent-a-car services	1 837	1 946
	57 844	**37 337**

6. Revenue from Leasing business

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Revenue from services	4 351	5 233
Interest income	1 053	1 111
Foreign exchange gains	2	2
Other financial revenue	14	-
	5 420	**6 346**

7. Expenses of Leasing business

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Interest expenses	(843)	(901)
Foreign exchange losses	(4)	(7)
Other expenses	(87)	(28)
	(934)	**(936)**

8. Revenue from asset management and brokerage

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Interest income	174	98
Gains from sale of financial instruments	525	584
Other revenue	93	137
	792	**819**

9. Expenses of asset management and brokerage

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Interest expenses	(8)	(11)
Negative result from sales of financial instruments	(777)	(586)
Foreign exchange losses,net	(478)	13
Other expenses	(26)	(23)
	(1 289)	**(607)**

10. Revenue from the activities of the parent company

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Gains from sale of financial instruments	449	307
Interest revenue	350	303
	799	**610**

11. Expenses of the activities of the parent company

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Negative result from sales of financial instruments	(51)	(788)
	(51)	**(788)**

12. Other revenue/(expenses), net

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Other income/(expenses), net	(1 481)	(2 529)
	(1 481)	**(2 529)**

12.1. Other expenses

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Leasing business	(1 481)	(2 529)
	(1 481)	**(2 529)**

12.2. Other revenue

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Automotive business	-	-
Asset management and brokerage	-	-
	-	**-**

13. Other operating expenses

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Expenses on materials	(761)	(701)
Expenses on hired services	(6 667)	(5 691)
Employee benefits expense	(8 846)	(7 173)
Other expenses	(2 349)	(1 269)
	(18 623)	**(14 834)**

13.1 Expenses on materials by segments

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Insurance business	(189)	(128)
Automotive business	(528)	(477)
Leasing business	(35)	(84)
Asset management and brokerage	(8)	(10)
Parent company	(1)	(2)
	(761)	**(701)**

13.2 Expenses on hired services by segments

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Insurance business	(2 997)	(2 226)
Automotive business	(2 342)	(2 074)
Leasing business	(856)	(828)
Asset management and brokerage	(157)	(113)
Parent company	(315)	(450)
	(6 667)	**(5 691)**

13.3 Employee benefits expense by segments

	31.3.2018 *BGN '000*	31.3.2017 *BGN '000*
Insurance business	(4 325)	(3 387)
Automotive business	(3 648)	(2 940)
Leasing business	(594)	(554)
Asset management and brokerage	(173)	(201)
Parent company	(106)	(91)
	(8 846)	**(7 173)**

13.4 Other expenses by segments

	31.3.2018 *BGN '000*	31.3.2017 *BGN '000*
Insurance business	(1 648)	(902)
Automotive business	(529)	(230)
Leasing business	(106)	(48)
Asset management and brokerage	(43)	(48)
Parent company	(23)	(41)
	(2 349)	**(1 269)**

14. Financial expenses

	31.3.2018 *BGN '000*	31.3.2017 *BGN '000*
Interest expenses	(5 587)	(5 339)
Other financial expenses	(163)	(139)
	(5 750)	**(5 478)**

14.1 Financial expenses by segments

	31.3.2018 *BGN '000*	31.3.2017 *BGN '000*
Insurance business	(510)	(490)
Automotive business	(356)	(366)
Parent company	(4 721)	(4 483)
	(5 587)	**(5 339)**

14.2 Other financial expenses by segments

	31.3.2018 *BGN '000*	31.3.2017 *BGN '000*
Automotive business	(148)	(134)
Parent company	(15)	(5)
	(163)	**(139)**

15. Financial income

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Interest revenue	12	242
	12	**242**

15.1 Financial income by segments

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Automotive business	12	242
	12	**242**

16. Depreciation by segments

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Insurance business	(435)	(329)
Automotive business	(658)	(628)
Leasing business	(1 300)	(1 028)
Asset management and brokerage	(17)	(14)
Parent company	(4)	(2)
	(2 414)	**(2 001)**

17. Tax

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Income tax expense	-	(90)
	-	**(90)**

17.1 Tax by segments

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Insurance business	-	(90)
	-	**(90)**

18. Foreign exchange gains/losses, net

	31.3.2018	31.3.2017
	BGN '000	*BGN '000*
Automotive business	156	-
Parent company	-	(3)
	156	**(3)**

19. Cash and cash equivalents

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Cash on hand	1 873	1 637
Cash at bank	46 812	43 511
Restricted cash	77	490
Cash equivalents	250	307
	49 012	**45 945**

20. Deposits at banks with maturity 3 to 12 months, by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	12 935	11 171
	12 935	**11 171**

21.1 Reinsurers' share in technical reserves

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Unearned premium reserve	123 846	117 578
Unexpired risk reserve	-	-
Claims reserves, incl.:	251 750	240 509
Reserves for incurred, but not reported claims	*102 584*	*102 594*
Reserves for reported, but not settled claims	*149 166*	*137 915*
Other technical reserves	-	3 160
	375 596	**361 247**

21.2 Receivables from insurance business

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Receivables from direct insurance	75 151	77 265
Receivables from recourse/subrogation	10 113	10 676
	85 264	**87 941**

22. Trade receivables

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Trade receivables	27 908	26 576
Advances paid	1 443	614
Other	-	284
	29 351	**27 474**

22.1. Trade receivables by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 523	1 905
Automotive business	16 745	13 500
Leasing services	8 460	11 164
Asset management and brokerage	-	2
Parent company	180	5
	27 908	**26 576**

23. Other receivables

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	24 013	16 547
Automotive business	3 885	3 688
Leasing services	730	758
Parent company	14 326	1 637
Prepaid expenses	6 636	2 868
Receivables under court procedures	1 716	3 311
Tax receivables	825	2 013
	52 131	**30 822**

23.1. Tax receivables by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	145	137
Automotive business	195	223
Leasing services	452	1 643
Parent company	33	10
	825	**2 013**

24. 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 2017	**5 486**	**13 470**	**7 926**	**43 744**	**5 805**	**4 717**	**1 713**	**82 861**
Additions	37	4 297	1 255	28 056	1 441	490	2 188	**37 764**
Disposals	(33)	(95)	(123)	(15 922)	(63)	(4 178)	(2 147)	**(22 561)**
At 31 December 2017	**5 490**	**17 672**	**9 058**	**55 878**	**7 183**	**1 029**	**1 754**	**98 064**
At 1 January 2018	**5 490**	**17 672**	**9 058**	**55 878**	**7 183**	**1 029**	**1 754**	**98 064**
Additions	-	12	299	7 924	148	186	1 319	**9 888**
Disposals	(206)	(617)	(23)	(4 246)	(75)	(253)	(1 273)	**(6 693)**
At 31 March 2018	**5 284**	**17 067**	**9 334**	**59 556**	**7 256**	**962**	**1 800**	**101 259**
Depreciation								
At 1 January 2017	**-**	**2 749**	**6 401**	**17 768**	**4 147**	**5**	**1 069**	**32 139**
Depreciation for the period	-	335	672	6 134	365	-	100	**7 606**
Disposals	-	(12)	(77)	(6 265)	(45)	-	(2)	**(6 401)**
At 31 December 2017	**-**	**3 072**	**6 996**	**17 637**	**4 467**	**5**	**1 167**	**33 344**
At 1 January 2018	**-**	**3 072**	**6 996**	**17 637**	**4 467**	**5**	**1 167**	**33 344**
Depreciation for the period	-	103	183	1 842	126	-	26	**2 280**
Disposals	-	(60)	(26)	(782)	(75)	-	-	**(943)**
At 31 March 2018	**-**	**3 115**	**7 153**	**18 697**	**4 518**	**5**	**1 193**	**34 681**
Net book value:								
At 1 January 2017	**5 486**	**10 721**	**1 525**	**25 976**	**1 658**	**4 712**	**644**	**50 722**
At 1 January 2018	**5 490**	**14 600**	**2 062**	**38 241**	**2 716**	**1 024**	**587**	**64 720**
At 31 March 2018	**5 284**	**13 952**	**2 181**	**40 859**	**2 738**	**957**	**607**	**66 578**

24.1. Land and buildings by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	9 139	9 918
Automotive business	10 097	10 172
	19 236	**20 090**

24.2. Machinery and equipment by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	528	385
Automotive business	1 606	1 632
Leasing business	47	45
	2 181	**2 062**

24.3. Vehicles by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	4 623	2 199
Automotive business	10 554	10 692
Leasing services	25 530	25 281
Asset management and brokerage	51	55
Parent company	101	14
	40 859	**38 241**

24.4. Furniture and fittings and other assets by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	244	214
Automotive business	3 031	3 033
Leasing services	53	38
Asset management and brokerage	15	16
Parent company	2	2
	3 345	**3 303**

24.5. Assets under construction by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	152	224
Automotive business	805	800
	957	**1 024**

25. Investment property

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Net book value at 1 January	**12 698**	**13 215**
Additions	-	68
Revaluation	575	(130)
Other changes	-	(455)
Depreciation	-	-
Net book value as at the period end	**13 273**	**12 698**

26. Intangible assets

	Software	Licenses	Other	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*
Cost				
At 1 January 2017	**6 095**	**155**	**1 483**	**7 733**
Additions	1 037	-	150	**1 187**
Disposals	(388)	(40)	(21)	**(449)**
At 31 December 2017	**6 744**	**115**	**1 612**	**8 471**
At 1 January 2018	**6 744**	**115**	**1 612**	**8 471**
Additions	83	-	27	**110**
Disposals	(112)	(1)	(36)	**(149)**
At 31 March 2018	**6 715**	**114**	**1 603**	**8 432**
Depreciation				
At 1 January 2017	**5 076**	**154**	**764**	**5 994**
Depreciation for the year	412	-	92	**504**
Disposals	(184)	(40)	(1)	**(225)**
At 31 December 2017	**5 304**	**114**	**855**	**6 273**
At 1 January 2018	**5 304**	**114**	**855**	**6 273**
Depreciation for the period	106	-	28	**134**
Disposals	(1)	-	-	**(1)**
At 31 March 31	**5 409**	**114**	**883**	**6 406**
Net book value:				
At 1 January 2017	**1 019**	**1**	**719**	**1 739**
At 1 January 2018	**1 440**	**1**	**757**	**2 198**
At 31 March 2018	**1 306**	**-**	**720**	**2 026**

27. Inventories by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	364	248
Automotive business	53 687	53 249
Leasing business	3 128	5 628
	57 179	**59 125**

28. Financial assets

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Financial assets held for trading	292 246	305 715
Available for sale financial assets	15 527	15 638
Other financial assets	2 813	5 700
	310 586	**327 053**

28.1. Financial assets held for trading by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business, incl.:	281 111	294 500
Government bonds	*129 661*	*133 742*
Asset management and brokerage	11 135	11 215
	292 246	**305 715**

28.2. Available for sale financial assets by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business, incl.:	15 527	15 638
Government bonds	*4 611*	*4 680*
	15 527	**15 638**

28.3. Other financial assets by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 813	5 700
	2 813	**5 700**

29. Deferred tax asset

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	12 624	12 618
Automotive business	467	469
Leasing business	97	97
	13 188	**13 184**

30. Investments in subsidiaries and associates

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Investments of the parent company	-	-
Investments of the subsidiaries	4 492	4 724
	4 492	**4 724**

31. Other financial investments by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 385	2 382
Parent company	9	9
	2 394	**2 391**

32. Non-current receivables

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Finance lease receivables	44 999	45 414
Parent company	9 779	9 779
Subsidiaries	48 204	30 715
	102 982	**85 908**

33. Goodwill

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Euroins Insurance Group AD	164 478	164 478
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
	189 813	**189 813**

34. Subordinated debts by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance and health insurance - issued	19 558	19 558
Insurance and health insurance - other	8 500	6 500
	28 058	**26 058**

35. Bank and non-bank loans by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Automotive business	17 227	17 382
Leasing business	48 835	47 768
Parent company	34 058	34 095
	100 120	**99 245**

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

	31.3.2018 *BGN '000*	31.12.2017 *BGN '000*
Automotive business, incl.:	5 057	4 918
Bank loans	*5 057*	*4 918*
Leasing business, incl.:	47 579	46 404
Bank loans	*47 579*	*46 404*
Parent company, incl.:	21 123	21 123
Bank loans	*21 123*	*21 123*
	73 759	**72 445**

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

	31.3.2018 *BGN '000*	31.12.2017 *BGN '000*
Automotive business, incl.:	12 170	12 464
Bank loans	*11 926*	*12 222*
Loans from non-bank financial institutions	*244*	*242*
Leasing business, incl.:	1 256	1 364
Bank loans	*1 256*	*1 364*
Parent company, incl.:	12 935	12 972
Bank loans	*5 921*	*5 940*
Loans from non-bank financial institutions	*7 014*	*7 032*
	26 361	**26 800**

36. Bond obligations by segments

	31.3.2018 *BGN '000*	31.12.2017 *BGN '000*
Automotive business	4 855	4 769
Leasing business	20 457	20 863
Parent company	136 611	125 125
	161 923	**150 757**

36.1 Bond obligations – long term, by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Automotive business	4 790	4 769
Leasing business	20 457	20 863
Parent company	134 289	124 178
	159 536	**149 810**

36.2 Bond obligations – short term, by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Automotive business	65	-
Parent company	2 322	947
	2 387	**947**

37. Non-current liabilities

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Other non-current liabilities	11 849	10 198
Finance lease liabilities	22 728	19 885
Deferred revenue	-	4
	34 577	**30 087**

37.1. Other non-current liabilities by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	5 220	11
Automotive business	5 748	9 336
Leasing business	831	811
Parent company	50	40
	11 849	**10 198**

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

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Automotive business	10 818	7 166
Leasing business	11 910	12 719
	22 728	**19 885**

38. Current liabilities

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Payables to employees	3 653	3 304
Social-security liabilities	2 082	1 619
Tax liabilities	4 831	5 707
Other current liabilities	12 377	9 792
Finance lease liabilities	496	4 449
Deferred revenue	380	270
Provisions	504	446
	24 323	**25 587**

38.1. Payables to employees by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 483	2 357
Automotive business	919	721
Leasing business	211	187
Parent company	40	39
	3 653	**3 304**

38.2. Social-security liabilities bys segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	1 581	1 325
Automotive business	405	209
Leasing business	84	75
Parent company	12	10
	2 082	**1 619**

38.3. Tax liabilities by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 017	2 644
Automotive business	1 913	2 351
Leasing business	620	394
Asset management and brokerage	7	46
Parent company	274	272
	4 831	**5 707**

38.4. Other current liabilities

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	8 363	6 322
Automotive business	2 062	2 084
Leasing business	785	795
Asset management and brokerage	898	293
Parent company	269	298
	12 377	**9 792**

38.5. Finance lease liabilities – current, by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Automotive business	496	4 449
	496	**4 449**

38.6. Deferred revenue – current, by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	144	-
Automotive business	236	270
	380	**270**

39. Trade and other payables by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	2 778	7 380
Automotive business	57 294	51 080
Leasing business	3 013	3 852
Asset management and brokerage	18	6
Parent company	48 203	39 874
	111 306	**102 192**

40. Payables to reinsurers

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	82 205	81 863
	82 205	**81 863**

41. Deferred tax liabilities

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	64	104
Automotive business	122	120
Leasing business	60	60
	246	**284**

42. Insurance reserves

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Unearned premium reserve, gross amount	192 188	187 985
Reinsurers' share in unearned premium reserve	*(123 846)*	*(117 578)*
Unexpired risks reserve, gross amount	716	7 288
Reinsurers' share in unexpired risks reserve	-	-
Reserve for incurred but not reported claims, gross amount	164 880	165 038
Reinsurers' share in reserve for incurred but not reported claims	*(102 584)*	*(102 594)*
Reserve for reported but not settled claims, gross amount	246 641	231 443
Reinsurers' share in reserve for reported but unsettled claims	*(149 166)*	*(137 915)*
Other technical reserve	4 177	4 081
	608 602	**595 835**

43. Share capital and share premium

43.1 Issued capital

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Issued shares	197 526	197 526
Treasury shares (Shares held from subsidiaries)	(77)	(77)
Share capital	**197 449**	**197 449**
Number of shares	**197 525 600**	**197 525 600**

As at 31.3.2018 - 77 387 shares of Eurohold Bulgaria AD are held by the Eurohold Group companies (as at 31.12.2017 – 77 387 shares).

The share capital is distributed as follows:

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

43.2 Share premium	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Share premium	49 568	49 568
	49 568	**49 568**

44. Net income for the year

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Current result attributable to the shareholders	(243)	18 174
Current result attributable to the non-controlling interest	1 047	6 241
Net income for the year	**804**	**24 415**

44.1. Net income for the year by segments

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Insurance business	5 793	41 681
Automotive business	(177)	258
Leasing business	19	112
Asset management and brokerage	(718)	209
Parent company	(4 113)	(17 306)
Income attributable to the non-controlling interest	(1 047)	(6 241)
Intercompany eliminations of dividends and other	-	(539)
	(243)	**18 174**

45. Non-controlling interests

	31.3.2018	31.12.2017
	BGN '000	*BGN '000*
Non-controlling interest attributable to current result	1 047	6 241
Non-controlling interest attributable to equity	43 910	37 461
	44 957	**43 702**

46. Events after the end of the reporting period

At the end of 2017, the companies in the Eurohold Group carried out an assessment of the effects of the three aspects of IFRS9, based on information available on 31.12.2017. On the basis of this assessment and in order to minimize the effect of the entry into force of the new standard, receivables totaling BGN 4,888 thousand were sold at the beginning of 2018.

An agreement with an external consultant has been signed to investigate and confirm the effects of the valuations at 31.12.2017 and there is no indication of significant impact on the consolidated statement of financial position and equity as of the date of this report.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or material events that have occurred after the end of 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 – Chief Accountant of Eurohold Bulgaria AD (complier of the financial statements)

hereby DECLARE that to our best knowledge:

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

2. The consolidated interim management report of Eurohold Bulgaria AD for Q1'2018 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov

2. Asen Minchev

3. Ivan Hristov