Eurohold Bulgaria AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January - 30 June 2013

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CONSOLIDATED INTERIM MANAGEMENT REPORT

containing information on important events occurred in first half of 2013

in accordance with Art. 100o, para. 4, item 2 of the POSA

EUROHOLD BULGARIA

(Financial results on consolidated base)

According to the consolidated financial statements for the first half of 2013 the consolidated income from operating activities of Eurohold Bulgaria AD registered a 22.5 per cent growth with BGN 272.9 million compared to BGN 222.8 million for the comparable period in 2012. The revenues from sales for 2013, which include insurance premium income, sale of vehicles and real estate, increased by BGN 41 million as per the current period amounted to BGN 249.6 million compared to BGN 208.8 million for the comparable period in 2012, where the insurance premium income registered a growth with 16.2 per cent, while the income from automotive activities – a growth by 31.9 per cent. The financial revenues, including revenues from leasing operations, investment brokerage and the activities of the parent company, increased to BGN 23.3 million compared to BGN 13.9 million as of the end of the second quarter in 2012. The most significant change registered the revenues from investment brokerage, realized an increase of 84.6 per cent, while revenue from leasing operations decreased by 11.9%. For the first six months the parent company realized revenues in amount of BGN 7.5 million, of which BGN 5.7 million was due to the positive result from a sale of investments, realized on consolidated base.

As of 30.06.2013 the net financial result was a profit in amount of BGN 2.5 million, distributed as follows: for the Group was reported a profit amounted to BGN 2.9 million and for minority interest – a loss in amount of BGN 0.4 million. For the same period of last year the net financial result was a profit amounted to BGN 1.2 million, included a loss for the Group in amount of BGN 0.1 million and for minority interest – a profit amounted to BGN 1.3 million.

For the first half of 2013 the consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to BGN 11.4 million compared to the reported for the comparable period result on this indicator amounted to BGN 10.6 million.

The net result from discontinued operations for the period was a loss of BGN 2.7 million. At the end of June Eurohold Bulgaria sold their investments in the subsidiary Eurohold Imoti, operating in the real estate sector.

The table below represents the information regarding the revenues of the subsidiaries as of 30.06.2013 compared to the same period in 2012. It also gives a comparison of financial results, realized by the subsidiaries of Eurohold for the current and for the previous period. The results are on a stand alone base without taking into consideration any intercompany elimination.

As of 30 June 2013 the net result from the operations was a loss amounted to BGN 2.4 million compared to a profit in amount of BGN 10 million as of 30.06.2012. As a result of the sale of investments in its subsidiary Eurohold Bulgaria registered a positive result on consolidated base in amount of BGN 5.69 million, apart from that were reported other consolidation eliminations in amount of BGN 421 thousand.

Financial result by segments

	Q2.2013 *'000 BGN*	Q2.2012 *'000 BGN*
Parent company	(448)	(2,397)
Insurance and health assurance	(1,446)	4,466
Asset management and brokerage services	290	(94)
Leasing services	(502)	92
Automotive business	286	(1,184)
Real estate (discontinued operations)	(564)	(873)
Total financial result by segments	**(2,384)**	**10**
Intragroup eliminations of dividends, effects from the sale of subsidiaries and others	*5,269*	*(107)*
Consolidated financial result for the group after eliminations and consolidation effects	**2,885**	**(97)**

Total revenue by segments

	Q2.2013 *'000 BGN*	Q2.2012 *'000 BGN*
Parent company	2,372	529
Insurance and health assurance	192,273	165,345
Asset management and brokerage services	7,013	3,773
Leasing services	10,128	11,039
Automotive business	61,130	47,193
Real estate (discontinued operations)	2,847	2,701
Total revenue by segments	**275,763**	**230,580**
Intragroup eliminations of dividends, effects from the sale of subsidiaries and others	*(2,168)*	*(7,261)*
Consolidated revenue after eliminations	**273,595**	**223,319**

The consolidated expenses from operating activities of the Eurohold Group as of 30 June 2013 amounted to BGN 240.8 million compared to BGN 191.6 million for the same period in 2012. The operating expenses, including insurance activity expenses and expenses related with automotive activities, amounted to BGN 231.7 million while for the same period in 2012 amounted to BGN 185.2 million. The expenses related to the leasing activity, the investment brokerage and the activities of the parent company amounted to BGN 9.1 million compared to BGN 6.4 million as of the end of June, 2012.

The financial expenses of the companies from the group of Eurohold and the expenses for depreciations kept the level from the comparable period in 2012, amounted respectively to BGN 2.8 million and BGN 3.5 million.

The consolidated assets as of the end of the reporting period amounted to BGN 680.6 million compared to BGN 675.4 million as of 31st December 2012.

The consolidated equity of the Group Eurohold amounted to BGN 187.9 million, while the minority interest amounted to BGN 49.6 million, respectively as of the end of 2012 the equity amounted to BGN 181.6 million for the Group and BGN 50.1 million for the minority interest.

The non-current consolidated liabilities decreased with BGN 3.1 million from BGN 177.4 million as of the end of 2012 to BGN 146.2 million as of 30 June 2013. A major part of non-current liabilities are liabilities to banks and other financial institutions, issued bonds, which as of the end of 2012 amounted to BGN 145.4 million, while at 30 June 2013 their size is BGN 121.7 million or it's less with BGN 23.7 million. The decrease in consolidated liabilities to banks, issued bonds and other financial institutions was due to the corporate policy of Eurohold taken to reduce the indebtedness of the Group companies to external sources of funding, with priority repayment of high interest loans or refinancing loans to reduce loan's interests.

The current liabilities of the Group increased by BGN 30.4 million amounted to BGN 296.7 million for the current period compared to BGN 266.3 million as of the end of 2012.

The company registered a positive cash flow from operating activities on consolidated base amounted to BGN 14.8 million.

EUROINS INSURANCE GROUP

For the first half of 2013 Euroins Insurance Group (EIG) reported consolidated gross written premiums in amount of BGN 165.1 million compared to BGN 146.1 million for the same period last year. The consolidated net loss of the group for the period amounted to BGN 1.6 million. Below is an overview of the major aspects related to the half-year financial figures of the subsidiaries of EIG:

- **Euroins Bulgaria**

For the first six months of 2013, Euroins Bulgaria recorded gross written premiums at the level of BGN 38.2 million, compared to BGN 38.6 million written for the same period of 2012. The decrease was due to a decrease in the motor insurance (mostly MTPL) and liability insurance. The MTPL business dropped by 18.2%, which however, is expected to yield positive technical results as at the end of the year, considering the growing number of claims reported and paid on the Bulgarian market in general.

The Casco business of the Company shrank by 3 per cent, following yet another year of declining new car sales in Bulgaria and overall tendency of the population not to insure older vehicles.

The loss ratio of the entity increased to 70.3 per cent, due to the faster procedures for liquidation and payment of claims and a slight growth in the average claim paid for the Property, Cargo and MTPL business.

The acquisition ratio remained stable at 22.4 per cent with 0.2 per cent higher than for the same period of 2012. The Company continued to maintain its corporate cost reduction policy.

The administration cost ratio decreased from 9.8 per cent to 9.5 per cent.

The net profit of the company for the period amounts to BGN 0.8 million due to increased reported claims and by keeping the provision for uncollected premium in line with the regulatory requirements and corporate policies under the accounting standards.

- **Euroins Romania**

In the first half of 2013, Euroins Romania had gross written premium of BGN 122.3 mln, compared to 99.7 million, for the first half of 2012. The market share of the entity on the Romanian market, especially in the motor segments, continues to grow and Euroins remains one of the few market players with steady growth in the last periods.

The major increase in the sales was accounted for in the following lines of business – MTPL (27.4 per cent), Cargo (4.9 per cent), Liability (8.9 per cent).

The claims ratio of the Company increased to 66 per cent, compared to 62.2 per cent for 2012, mostly due to the increased claims frequency in MTPL, Cargo, Property and Accident lines of business, a country-wide trend. The paid claims also increased, an inevitable step in line also with the increased gross written period, with the results of the in-depth segmentation process, which is continuously being improved, expected to be seen in the last two quarters of the year. Unfortunately, no sustainable positive trend has been observed in the work of the Romanian judiciary, which continues to be hostile towards the insurance business in case of legal cases. The efforts of Euroins in this aspect also resulted in increased legal expenses. The Company, however, is putting a lot of efforts in the overall work of its Claims and Underwriting departments in an attempt to curb predictable and preventable losses and especially frauds, not a rare phenomenon for the insurance business in the country.

Decreased acquisition and head-office costs ratios also contributed to the favourable technical result of the company. The administrative expense ratio decreased in yet another period from 3.8 per cent in 2012 to 3.1 per cent in 2013, mostly due to lower expenses for rent, external services etc.

The Company has a net profit of BGN 0.2 million for the period, and a technical profit of BGN 0.03 million.

- **Euroins Macedonia**

Euroins Macedonia reported gross written premium of BGN 7.0 million in the first half of 2013, a decrease of 2 per cent compared to the same period of 2012.

Due to the shrinking insurance market in the country, saturated with players and with decreasing consumer potential, the sales in almost all of the lines of business, apart from Cargo have decreased in comparison to 2012.

The claims ratio of the company positively decreased from 57 per cent to 55.2 per cent, as there was a decrease of the amount of paid claims by 6.9 per cent compared to 2012.

The expense ratio of the company decreased to 12.8 per cent, following a decrease of the expenses for rent, real estate maintenance and repairs, vehicles etc.

The net loss of Euroins Macedonia for the first half of 2013 was BGN 179 thousand, which represents slight improvement compared to the same period of 2012, and considering the meticulous regulatory compliance of the entity with the local liquidity, solvency and reserve-setting rules, we believe that there is significant leeway for improvement of the result until the end of 2013, provided that the sales increase.

- **Euroins Health Assurance**

Euroins Health Assurance reported gross written premium of BGN 2.4 million for the first half of 2013, remaining unchanged in comparison with 2012.

The Health Prevention line of business is experiencing steady growth, and in general the number of written policies has grown by 35 per cent for all lines of business. The Company is gradually establishing as one of the most reliable entities on the market and the customer base will hopefully continue to expand.

Important events for Euroins Health Assurance occurring after the reporting period:

At the end of July 2013 the Commercial Register entered the merger of United Health Insurance in Euroins Health Assurance EAD.

After the capital increase of the company by Euroins Insurance Group, in its capacity as sole shareholder of Euroins Health Assurance EAD, and the accomplished merger, capital of the company increased to BGN 4.653 million.

In the beginning of August 2013 in relation to changes in the Health Assurance Act, adopted in 2012 by the National Assembly, which obliged health assurance companies to bring their activities in accordance with the Insurance Code and apply to the regulator for a license for general insurance, Euroins - Health Insurance receives a license as an insurance company by the Financial supervision Commission. The name of the company was changed to Euroins - Health Insurance ZEAD registered in the Commercial Register on 20 August, 2013.

Important events for Euroins Insurance Group occurring after the reporting period:

On 21 August, 2013, Achmea and Euroins Insurance Group signed a transaction agreement concerning Achmea's Bulgarian insurance companies InterAmerican Non Life and InterAmerican Life. The agreement refers to the transfer of the non-life insurance portfolio of Inter American into Euroins Bulgaria, as well as the acquisition of InterAmerican Life by Euroins Insurance Group. Finalisation of the transaction is subject to approval by the regulatory authorities.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2013 to 30.06.2013 was a profit in amount of BGN 286 thousand compared to a loss amounted to BGN 1.184 million for the same period last year.

The car sales, spare parts and oils for the first half of 2013 increased by 19 per cent versus the comparable period of 2012.

The operating expenses for the first half of 2013 have increased by 2.6 per cent versus the comparable period of previous year due to the increase by 11 per cent expenses for materials, mainly related to the opening of new locations of Star Motors and Auto Italia.

Star Motors (the exclusive representative of Mazda in Bulgaria) opened two new showrooms respectively in Stara Zagora in September 2012 and in January 2013 in Plovdiv, as on both places are available aftersales service; Auto Italia opened a showroom in Varna in February 2012 and in June 2013 opened a new facility in the Veliko Tarnovo. During the reporting period in Auto Italia and Star Motors in connection with newly opened locations reported an increase in advertising expenses and the cost of rent. The advertising expenses have increased and therefore the introduction of new models of the brands on Bulgarian market and the opening of a new company, importer of Mazda in Macedonia - Star Motors DOOEL, Skopje.

In the first half of 2013 the sales of new vehicles realized from the automotive holding in the Group of Eurohold – Avto Union, amounted to 1,096 units compared to 1,187 units realized in the same period of 2012. The registered decrease in sales by 8 per cent was mainly due to a the less number of fleet contracts amounted to BGN 9.5 million compared to BGN 14 million for the same period of previous year.

At the beginning of the year in order to optimize the operating expenses and to improve the company's structure, Avto Union AD sold its subsidiary Autoplaza EAD to the leasing sub-holding of Eurohold Bulgaria AD.

At the beginning of January, Nissan Sofia EAD, a subsidiary of Avto Union AD pay in addition BGN 262 thousand into the capital of Espace Auto OOD, with which the capital of the company amounted to BGN 1.735 million, was fully paid. Nissan Sofia EAD holds a 51% stake in Espace Auto OOD.

In February, 2013, Star Motors EOOD registered a company in Macedonia - Star Motors DOOEL Skopje, with share capital of EUR 50 thousand. Star Motors EOOD, which is the exclusive Mazda dealer for Bulgaria, is in Top 5 European Mazda sellers for 2011 and 2012. After couples of successful years with Mazda in Bulgaria, the company got the Japanese cars dealership rights also for the Macedonian market. In Skopje was opened the new showroom and service station, where the complete range of new models and services is offering. Star Motors Skopje has a 500 sq. m. showroom and a workshop with the same area at the most popular location for automotive business in Skopje – Skupi Street. The goal of Star Motors Skopje is to achieve more than 3 per cent market share on Macedonian market, which registered totally around 5 000 sales per year.

At the end of the first quarter Avto Union AD reduced its credit exposure (a limit for issuance of bank guarantees) to the First Investment Bank from EUR 6 million to EUR 4 million.

At the beginning of July Motobul EOOD repaid the loan of EUR 200 thousand to Raiffeisenbank (Bulgaria) EAD and renewed a credit to the same bank with a limit of EUR 400 thousand to 30.06.2014.

Nissan Sofia renewed its credit exposure to Raiffeisenbank (Bulgaria) EAD with a limit of EUR 2.5 million for one more year from up to 30.06.2014, when the amount of the loan has to be reduced to EUR 908 thousand.

During the reporting period, the automotive group achieved sales of property worth around BGN 13 million as the profit from the transactions amounted to EUR 1.8 million.

As far as product presentation is concerned, Avto Union AD traditionally continues to offer fully-integrated and well-combined products to its customers, which is possible due to the synergy created between the main holdings of Eurohold Bulgaria AD. Through the reporting period a common campaign between ZD Euroins AD and Auto Italia EAD has been started for FIAT and Alfa Romeo vehicles.

EUROLEASE GROUP

In order to optimize the operating expenses and structure, Eurohold has taken the decision of merger between BG Autolease Holding and BG Autolease Group. As of 28.12.2012 BG Autolease Group merged into BG Autolease Holding B.V. The plan is at the next steps BG Autolease Holding B.V. to merge with Eurolease Group EAD – a Bulgarian entity that is 100% owned by Eurohold Bulgaria. According to initial expectations, the merger had to be implemented by the end of the second quarter, but the divergence in the procedures between the two legislations and the longer time required to make the entries, the planned merger will happen by the end of the third quarter of 2013.

The effects of the reorganization are mostly related to closer integration and decrease of the operating expenses as the expected effects at first estimation are decrease of the expenses with BGN 200 thousand per year. The effects will be seen in 2013 partially and fully in 2014.

As of the beginning of January 2013, Eurolease Group acquired Auto Plaza AD from Avto Union AD. The reason for the deal is to improve the control over the sales of cars, as well as for a better integration between the companies. The change of ownership was entered to the Commercial Register on 28.01.2013. For the reporting period Eurolease Group EAD realized a loss amounted to BGN 179 thousand.

➢ BG Autolease Holding B.V.

For the reporting period, BG Autolease Holding B.V. reported a consolidated loss in amount of BGN 323 thousand compared to a profit amounted to BGN 92 thousand as of 30 June 2012. The consolidated interest income decreased by 23 per cent to BGN 3.1 million, mainly due to the reduction in receivables on finance lease agreements as well as consolidating effects connected to the acquired Eurolease Rent A Car. The interest expenses decreased by 18 per cent to BGN 2.7 million compared to the same period in 2012. The consolidated net investment in financial leases decreased by 12 per cent to BGN 46 million in comparison to the end of 2012.

As of 30June 2013, the company's assets amounted to BGN 104.8 million.

The stand alone result of BG Autolease Holding is a loss amounted to BGN 342 thousand. The negative result was due to the interest expenses related to a loan for the acquisition of Eurolease Rent A Car.

➢ Eurolease Auto Bulgaria

For the first half of 2013 the financial result of Eurolease Auto EAD was a profit in amount of BGN 96 thousand compared to a profit amounted to BGN 127 thousand for the same period in 2012.

For the reporting period the interest income decreased with 18.16 per cent, however the interest expenses decreased by 21.05 per cent versus the comparable period in 2012.

In the first quarter of 2013 Eurolease Auto depreciated receivables in litigation amounted to BGN 195 thousand and accrued depreciation of goods amounted to BGN 51 thousand.

At the end of June, the company's assets amounted to BGN 92.733 million.

As of 30.06.2013, the net receivables under finance leases decreased to BGN 52.813 million, which represented a decline with 13.86 per cent versus 2012.

In the first quarter the company decreased its share in the capital of Delta Credit ADSIC from 5.35 per cent to 1.48 per cent.

As of the end of June the equity amounted to BGN 19.615 million compared to BGN 19.519 million as of the end of 2012.

As of the end of reporting period the company's liabilities amounted to BGN 73.118 million vs. BGN 80.924 million as of 31 December, 2012.

- **Eurolease Auto Romania**

The financial result of Eurolease Auto Romania for the period was negative amounted to BGN 108 thousand. The most of these losses are coming from disposal of repossessed assets at price lower than the book value, but in line with the market, realized in the first quarter. In view of the continuing negative performance of the company and still difficult situation on the leasing market in the country, by the end of the year will be decided on the future development of Eurolease Romania.

- **Eurolease Auto Macedonia**

As a result of good contacts with most of the dealers, the company managed to take the leading presence in newly generated business. As a result of which the company's portfolio reached BGN 3.68 million as the net investment by financial lease increased with 4 per cent vs. the comparable period.

For the reporting period, Eurolease Auto Macedonia realized a profit amounted to BGN 1 thousand. The company managed to achieve the positive financial result as for the first quarter as well as for the second quarter. The management expected to keep the trend and to speed up along with the portfolio growth.

As of 30 June 2013, the assets of the company amounted to BGN 4.37 million.

During the period the capital of Eurolease Auto Macedonia has been increased by EUR 30 thousand.

- **Eurolease Rent A Car**

The financial result of the company for the accountable period was a profit amounted to BGN 3 thousand. The company managed to cover the loss from the previous quarter by entry into season. The negative financial result was due to the seasonality of the rent-a-car business that generates traditionally weaker sales at the beginning of the calendar year.

The amount of the company's assets was BGN 19.7 million.

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

The fleet of Eurolease Rent A Car is of more than 1,000 units CV and LCV. Being a part by the leasingsub-holding Eurolease Group, the company expects to realize significant effects from the synergy between financial and operating lease.

The company managed to secure sufficient financing at reasonable price for 2013 from local banks and leasing companies and it is expected to use this new financing for fleet deals with the corporate clients mostly.

EURO-FINANCE

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

The company realized revenues of BGN 7 thousand for the first six months.

The expenses for the reported period amounted to BGN 7 million, of which BGN 0.7 million was related to the day-to-day operations of the company.

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 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.

EUROHOLD BULGARIA

(Stand alone base)

As of 30 June 2013 the financial result of Eurohold Bulgaria AD on stand alone base is a loss in amount of BGN 448 thousand compared to a loss in amount of BGN 2,397 thousand for the same period last year.

The total revenues of the company over the reporting period amounted to BGN 2,335 thousand, of which gains from financial operations – BGN 1,982 thousand and interest income in amount of BGN 353 thousand. For comparison, as of 30 June 2012 the total revenues amounted to BGN 493 thousand. Despite of realized gains from financial operations, the efforts of Eurohold Bulgaria over the current period have been mainly focused on making investments in the subsidiaries to strengthen their market position, improved their liquidity and cash flow and optimize costs by increasing their capital, as well as by following the policy for reduction the exposure to financial institutions.

The company slightly decreased the operating expenses – from BGN 2,926 thousand as of 30.06.2012 to BGN 1,444 thousand for the current period. The expenses of different headings retained their size from the comparable period, thus the change was due to the reported lower expenses for external services, decreasing by BGN 153 thousand, as well as due to the slightly increase of the interest expenses by BGN 46 thousand. The slight increase of interest expenses was based on the growth in borrowings from related parties as at the same time there was observed a significant decrease in the borrowings from financial and non-financial institutions. As of 30.06.2012 the interest expenses amounted to BGN 2,114 thousand compared to BGN 2,160 thousand for the current period, of which the interest expenses to the banks decreased with BGN 319 thousand – from BGN 1,879 thousand to BGN 1,560 thousand. On account of the reduction in interest payments to banks as of 30.06.2013 there was an increase in the interest expenses to subsidiaries and other companies with BGN 365 thousand – from BGN 235 thousand in first half of 2012 to BGN 600 thousand currently. The increase in interest expenses to subsidiaries was due to the accumulation of a large part of the free cash flow of subsidiaries in the parent company.

At the end of first half of 2013 the company's assets amounted to BGN 331,669 thousand compared to BGN 334,311 thousand as of the end of 2012. As of 30 June 2013 the equity amounted to BGN 274,029 thousand while as of 31 December 2012 the equity amounted to BGN 274,477 thousand.

During the reporting period the company's liabilities decreased by BGN 2,194 thousand compared to the end of 2012 and amounted to BGN 57,640 thousand compared to BGN 59,834 thousand at 31 December 2012. As of the end of the reported period the non-current liabilities amounted to BGN 47,708 thousand compared to BGN 45,869 thousand at the end of 2012 as the growth of non-current liabilities are due to the increased long-term related parties liabilities with BGN 2,108 thousand, as well as due to the decreased liabilities to the financial and non-financial institutions with BGN 269 thousand (Accession Mezzanine loan). The amount of current liabilities is BGN 9,932 thousand compared to the end of 2012 when amounted to BGN 13,965 thousand or a decrease in current indebtedness with BGN 4,033 thousand. The decrease in current liabilities was due to the repaid current portion of loans to Accession Mezzanine and UniCredit Bulbank AD, used by Eurolease Auto EAD to fund its main business. The loans from financial and non-financial institutions was distributed accordingly depending on the term of repayment as current and non-current. As of 30 June 2013 the total remaining debt amounted to BGN 30,821 thousand compared to BGN 35,011 thousand at the end of 2012 as during the reported period has been repaid BGN 2,195 thousand to Accession Mezanin and BGN 1,995 thousand to Unicredit Bulbank AD, maturing on 1 August 2013, when it will be fully repaid.

The repayment of the loan granted by UniCredit Bulbank AD maturing in August 2013, as well as the commenced partial repayment of the mezzanine loan, will lead to a substantial reduction in interest expenses and improve the financial performance of the company.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN THE FIRST QUARTER OF 2013 ON FINANCIAL STATEMENTS AS OF 30 JUNE 2013

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

DESCRIBTION OF THE KEY RISK FACTORS

1. Systematic risks

Influence of the global economic and financial crisis

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

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

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

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

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

Consequently, gross premiums written may decrease and clients may tend to resign from contracts already executed, as well as postpone new car purchases and correspondingly new car leases. Any deterioration of the region's macroeconomic ratios may also adversely affect insurance products, car sales and lease contract origination. Therefore, there is a risk that if the business environment broadly deteriorates Group overall sales may be lower than originally planned. Also, general changes in government policy and regulatory systems may lead to an increase in the Group's operating expenses and capital requirements. If the above factors occur, fully or partially, they could have a significant adverse impact on the Group's outlook, results and financial situation.

Political risk

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

Long-term political environment in the Balkans (Bulgaria, Macedonia, Romania and Serbia) is stable and does not imply greater risks for future economic policies. The integration of the countries in the Balkans with the EU, along with their consistent domestic and foreign policies, ensure the absence of shocks and significant changes in policies in the future

Sovereign credit risk

Credit risk represents the likelihood of worsening of the international credit rating of Bulgaria, Romania, Macedonia and Serbia. Low credit ratings could lead to higher interest rates, more restrictive financing terms for business enterprises, including the Company.

The credit rating agencies are giving positive assessments of the region during the ongoing crisis, thanks to sound fiscal policies and effective structural reforms. The best example of disciplined fiscal policy is the increased credit rating of Bulgaria to Baa by Moody's at the end of July 2011 – indeed, the highest credit rating in the Balkans. The policies which in the long-run shall preserve the current fiscal stability are:

Controlling the size, dynamics and servicing of all financial commitments and debts, both domestic and external;

- Development and implementation of a uniform policy on public debt management, whose fundamental essence is aimed at ensuring a smooth budget funding and refinancing of maturing debt at minimum mid and long-term rates and at an optimal level of risk;
- Development and implement of a funding policy, while also exercising control over open-market transactions with government securities, the issuance of permits for prime brokerage, along with the implementation of policies aimed at the development of an efficient, transparent and liquid secondary market for government securities;
- Monitoring the proper servicing of all financial liabilities which a guarantee has been issued for and on behalf of the state, as well as providing complete and accurate data on consolidated public indebtedness, including government debt, municipal debt and well-fare and pension liabilities;
- Identifying and monitoring possible risks that may arise during the implementation of the strategic goals set forward;
- Taking appropriate and timely actions to minimize or avoid the impact of identified risks and their potential negative effects.

Inflation risk

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

Currency risk

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

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

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

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

Interest rate risk

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

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

2. Unsystematic risks

Risk relating to the business operations of the Company

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

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

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

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

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

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

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

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

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

Strategic development risks

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

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

Risks related to the management of the company

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

- Poor investment management and liquidity management decisions by either top management or other senior employees;

- Inability to launch and execute new projects under development;
- Possible information system errors;
- Possible external control failures;
- Departure of key employees and inability to retain and hire qualified personnel;
- Possible jump in SG&A expense, leading to shrinkage in overall margins and profitability levels.

Financial risk

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

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

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

Currency risk

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

Liquidity Risk

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

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

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

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

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

Risk management in the Group aims to:

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

INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST HALF OF 2013

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

28 August 2013

Asen Minchev,

Executive Member of the Management Board

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Corporate Management
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Communications and Media
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www.eurohold.bg

Eurohold Bulgaria AD
Interim Consolidated Income Statement
For the period ended June 30, 2013

	Notes	30.06.2013 000'BGN	30.06.2012 000'BGN
CONTINUING OPERATIONS			
Revenues from operating activities			
Insurance revenue	3	191,480	164,759
Car sales revenue	5	58,140	44,060
Leasing revenue	6	8,982	10,199
Revenue from asset management and brokerage	8	6,873	3,722
Revenue from the activities of the parent company	10	7,471	49
		272,946	**222,789**
Expenses for operating activities			
Insurance expenses	4	(180,970)	(146,703)
Cost of cars and spare parts sold		(50,753)	(38,451)
Leasing financial expenses	7	(3,100)	(3,387)
Financial expenses for asset management and brokerage	9	(6,019)	(3,043)
Financial expenses for the activities of the parent company	11	(3)	(4)
		(240,845)	**(191,588)**
Gross Profit		**32,101**	**31,201**
Other income/expenses	12	(1,328)	(969)
Other operating expenses	13	(19,321)	(19,641)
Share of the net income of associate companies	19	-	-
EBITDA		**11,452**	**10,591**
Financial expenses	14	(2,811)	(2,877)
Financial revenue	15	43	70
Foreign exchange gains/losses	20	(2)	(9)
EBTDA		**8,682**	**7,775**
Depreciation and amortization	16	(3,489)	(3,596)
EBT		**5,193**	**4,179**
Taxes	17	(2)	10
Net income/loss for the period from continuing operations		**5,191**	**4,189**
DISCONTINUED OPERATIONS			
Net income/loss for the period from discontinued operations	21.1	**(2,688)**	(2,988)
Net income/loss for the period		**2,503**	**1,201**
Attributable to:			
Equity holders of the parent		2,885	(97)
Non-controlling interests		(382)	1,298

Prepared by: Signed on behalf of the MB:

/I. Hristov/ /As. Minchev/

Date: 26.08.2013

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

Eurohold Bulgaria AD
Interim Consolidated Statement of Comprehensive Income
For the period ended June 30, 2013

	Notes	30.06.2013 000'BGN	30.06.2012 000'BGN
Net income/loss for the period	*45*	**2,503**	**1,201**
Other comprehensive income			
Gain on revaluation of properties		-	-
Income tax effect		-	-
		-	-
Net (loss)/gain on financial assets available for sale		(11)	(145)
Income tax effect		-	-
		(11)	**(145)**
Exchange differences on translating foreign operations		(174)	(635)
Other comprehensive income for the period, after tax		**(185)**	**(780)**
Total comprehensive income for the period, after tax		**2,318**	**421**
Total comprehensive income attributable to:			
Equity holders of the parent		2,744	(681)
Non-controlling interests		(426)	1,102
		2,318	**421**

Prepared by: Signed on behalf of the MB:

/I. Hristov/ /As. Minchev/

Date: 26.08.2013

Eurohold Bulgaria AD
Interim Consolidated Statement of Financial Position
As at June 30, 2013

	Note	30.06.2013 000'BGN	2012 000'BGN
ASSETS			
Cash and cash equivalents	*22*	**23,067**	**24,835**
Receivables			
Insurance receivables	*23*	93,399	91,958
Trade and other receivables	*24*	36,879	28,121
Other receivables	*25*	75,625	61,459
		205,903	**181,538**
Other assets			
Property, plant and equipment	*26, 26.2-5*	28,003	30,853
Intangible assets	*28*	2,056	3,211
Inventory	*29*	24,011	25,898
Financial assets	*30*	91,357	76,859
Other assets	*31*	5,527	5,480
		150,954	**142,301**
Investments			
Land and buildings	*26, 26.1*	6,091	21,430
Investment property	*27*	27,438	28,931
Investments in subsidiaries and associates	*32*	9,099	9,101
Other financial investments	*33*	1,415	2,983
Non-current receivables	*34*	65,804	73,488
		109,847	**135,933**
Goodwill	*35*	**190,791**	**190,791**
TOTAL ASSETS		**680,562**	**675,398**

Eurohold Bulgaria AD
Interim Consolidated Statement of Financial Position (continued)
As at June 30, 2013

	Notes	30.06.2013 000'BGN	2012 000'BGN
Equity and liabilities			
Equity			
Issued capital	*43*	121,017	118,312
Premium reserves from the issue of securities		37,008	37,008
General reserves		8,640	8,640
Revaluation reserves		2,872	2,944
Special reserves		(54,795)	(55,820)
Retained earnings		70,237	79,757
Current period result	*44*	2,885	(9,212)
Total equity		**187,864**	**181,629**
Non-controlling interests	*44, 45*	**49,649**	**50,072**
LIABILITIES			
Bank and non- bank loans	*36*	105,765	129,511
Obligations on bond issues	*37*	15,939	15,886
Non-current liabilities	*38*	24,064	31,410
Current liabilities	*39*	34,691	19,886
Trade and other payables	*40*	33,676	28,316
Payables to reinsurers	*40.1*	22,582	18,456
Deferred tax liabilities	*41*	586	597
		237,303	**244,062**
Insurance reserves	*42*	205,746	199,635
		205,746	**199,635**
Total liabilities		**443,049**	**443,697**
TOTAL EQUITY AND LIABILITIES		**680,562**	**675,398**

Prepared by: Signed on behalf of the MB:

/I. Hristov/ /As. Minchev/

Date: 26.08.2013

Eurohold Bulgaria AD
Interim Consolidated Cash Flow Statement
For the period ended June 30, 2013

	Notes	30.06.2013 000'BGN	30.06.2012 000'BGN
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		**2,505**	**1,191**
Adjustments for:			
Depreciation		3,489	3,668
Net foreign exchange (gain)/loss		(7,179)	(1,315)
Impairment loss recognized on assets		246	-
Interest expense		5,691	6,031
Share of profit from associate		-	-
Interest revenue		(4,373)	(5,702)
Dividend income		-	(367)
Operating profit before change in working capital		**379**	**3,506**
Change in trade and other receivables		(31,179)	5,084
Change in inventory		1,887	1,625
Change in trade and other payables and other adjustments		43,278	(7,233)
Cash generated from operations		**14,365**	**2,989**
Interest paid/received		494	1,415
Income taxes paid		(65)	(224)
Net cash flow from operating activities		**14,794**	**4,173**
Investing activities			
Purchase of property, plant and equipment		(526)	(227)
Proceeds from the disposal of property, plant and equipment		23	343
Loans granted		(129)	(2,345)
Repayment of loans, including financial leases		776	2,241
Interest received on loans granted		20	22
Purchase of investments		(25,955)	(32,741)
Sale of investments		17,307	37,322
Dividends received		1	46
Effect of exchange rate changes		(90)	742
Net cash inflow on disposal of subsidiaries	*21.2*	(147)	-
Other proceeds/ payments from investing activities		5,962	1,078
Net cash flow from investing activities		**(2,758)**	**6,481**

Eurohold Bulgaria AD
Interim Consolidated Cash Flow Statement (continued)
For the period ended June 30, 2013

	Note	30.06.2013 000'BGN	30.06.2012 000'BGN
Cash flow from financing activities			
Proceeds from issuance of securities		-	832
Proceeds from loans		19,170	13,543
Repayment of loans		(33,464)	(27,588)
Repayment of financial leases		(399)	(2,325)
Payment of interest and commissions on loans		(1,131)	(705)
Other proceeds/ payments from financing activities		(24)	1,378
		2,044	
Net cash flow from financing activities		**(13,804)**	**(14,865)**
Net cash flows		**(1,768)**	**(4,211)**
Cash and cash equivalents at the beginning of the period	*22*	24,835	27,468
Cash and cash equivalents at the end of the period	*22*	**23,067**	**23,257**

Prepared by: Signed on behalf of the MB:

/I. Hristov/ /As. Minchev/

Date: 26.08.2013

Eurohold Bulgaria AD
Interim Consolidated Statement of Changes in Equity
For the period ended June 30, 2013

	Share capital	Share premium	Reserves General	Reserves Other	Financial result	Share-holders' equity	Non-controlling interests	Total equity
	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN	000'BGN
Balance as at 1 January 2012	**123,234**	**37,008**	**7,250**	**(52,119)**	**81,897**	**197,270**	**48,845**	**246,115**
Revaluation of assets and liabilities	-	-	-	-	-	**-**	-	**-**
Consolidation procedures effect	-	-	1,390	-	(1,390)	**-**	-	**-**
Forming a reserve fund	(4,922)	-	-	-	-	**(4,922)**	-	**(4,922)**
Other changes	-	-	-	(396)	(750)	**(1,146)**	930	**(216)**
Net income for the period	-	-	-	-	(9,212)	**(9 212)**	379	**(8,833)**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(298)	-	**(298)**	(55)	**(353)**
Change in the fair value of financial assets	-	-	-	(63)	-	**(63)**	(27)	**(90)**
Total other comprehensive income	**-**	**-**	**-**	**(361)**	**-**	**(361)**	**(82)**	**(443)**
Total comprehensive income	**-**	**-**	**-**	**(361)**	**(9,212)**	**(9,573)**	**297**	**(9,276)**
Balance as at 31 December 2012	**118,312**	**37,008**	**8,640**	**(52,876)**	**70,545**	**181,629**	**50,072**	**231,701**
Balance as at 1 January 2013	**118,312**	**37,008**	**8,640**	**(52,876)**	**70,545**	**181,629**	**50,072**	**231,701**
Revaluation of assets and liabilities	-	-	-	(72)	-	**(72)**	-	**(72)**
Consolidation procedures effects	2,705	-	-	-	-	**2,705**	-	**2,705**
Disposal of discontinued operations	-	-	-	865	-	**865**	-	**865**
Other changes	-	-	-	301	(308)	**(7)**	3	**(4)**
Net income for the period	-	-	-	-	2,885	**2,885**	(382)	**2,503**
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(134)	-	**(134)**	(40)	**(174)**
Change in the fair value of financial instruments	-	-	-	(7)	-	**(7)**	(4)	**(11)**
Total other comprehensive income	**-**	**-**	**-**	**(141)**	**-**	**(141)**	**(44)**	**(185)**
Total comprehensive income	**-**	**-**	**-**	**(141)**	**2,885**	**2,744**	**(426)**	**2,318**
Balance as of 30 June 2013	**121,017**	**37,008**	**8,640**	**(51,923)**	**73,122**	**187,864**	**49,649**	**237,513**

Prepared by: Signed on behalf of the MB:

/I. Hristov/ /As. Minchev/

Date: 26.08.2013

Notes to the Interim Consolidated Financial Statement for the six months ended 30 June 2013

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

1. INFORMATION ABOUT THE ECONOMIC GROUP

Eurohold Bulgaria AD is a public joint stock company established pursuant to the provisions of article 122 of the Law for Public Offering of Securities and article 261 of the Commerce Law.
The company is registered in Sofia City Court under corporate file 14436/2006 and is formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the inventory of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the inventory of Sofia City Court.
Eurohold Bulgaria has its seat and registered address in the city of Sofia, 43 Hristofor Kolumb Blvd.
The managing bodies of the company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the managing board.

1.1 Scope of Business

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

1.2 Structure of the Economic Group

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

Companies Participating in the Consolidation and Percent of Participation in the Share Capital

Insurance and Health Insurance Sector

Company	% of participation in the share capital
Euroins Insurance Group AD*	**80.82%**
Indirect participation through EIG AD:	
Insurance Company Euroins AD	78.13%
Euroins Romania Insurance AD	93.27%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance AD	100%
United Health Insurance EAD	100%
Inter Sigorta AD, Turkey	90.75%

*direct participation

Finance Sector

Company	% of participation in the share capital
Euro Finance AD*	**100.00%**
Eurolease Group EAD*	**100.00%**
Indirect participation through Eurolease Group EAD:	
Auto Plaza EAD	100.00%
BG Autolease Holding B.V. the Netherlands*	**100.00%**
Indirect participation through BG AH B.V.:	
Eurolease Auto EAD	100.00%
Eurolease Auto Romania AD	74.93%
Eurolease Auto Skopje AD	100.00%
Eurolease Rent a Car EOOD	100.00%

*direct participation

Automobile Sector

Company	% of participation in the share capital
Avto Union AD*	**99.98%**
Indirect participation through AU AD:	
Bulvaria Varna EOOD	100.00%
Cargoexpress Real Estates AD	100.00%
Nissan Sofia AD	100.00%
Espas Auto OOD	51.00%
Daru Car AD	99.84%
Auto Italia EAD	100.00%
Ita Leasing EOOD	100.00%
Bulvaria Holding EAD	100.00%
Star Motors EOOD	100.00%
Star Motors DOOEL	100.00%
Auto 1 OOD	51.00%
Auto Union Service EOOD	100.00%
Motobul EOOD	100.00%
Motobul Express EOOD	100.00%
Eurotruck EOOD	100.00%
Avto Union Properties OOD	100.00%

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

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

The 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.

2.2 Comparative Data

The Group presents comparative information for one previous period, which is reclassified in compliance with the above.

2.3 Consolidation

The Consolidated Financial Statements contain consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity as at 30.06.2013. These statements comprise of the parent-company and all subsidiaries. A subsidiary is a company, which is consolidated by the parent company by holding, directly or indirectly, of more than 50% of the shares with

voting rights in the capital or through the possibility for management of its financial and operating policy for the purposes of obtaining economic benefits from its operations.
The full consolidation method is applied. The statements are consolidated line by line, whereas the items such as assets, liabilities, property, incomes and costs, are summed. All internal transactions and balances between the companies within the group are eliminated. Counter elements: equity, financial, business, calculation of goodwill as at the date of acquisition, are eliminated.

Non-controlled participation in the net assets of subsidiaries is defined depending on the shareholder structure of the subsidiaries as at the date of the statement of financial position.

2.4 Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the group. Data presented in the statement and the attachments thereto are in thousand BGN (000'BGN). Since 1 January 2009, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1,95583 for EUR 1.
Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the year.

2.5 Accounting Assumptions and Approximate Estimates

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

2.6 Income

The Group's income is recognized on the accrual basis and to the extent economic benefits are obtained by the Group and as far as the incomes may be reliably measured.
Upon sales of goods incomes are recognized when all material risks and benefits from the title of goods are transferred to the buyer.

Upon provision of services, incomes are recognized considering the stage of completion of the transaction as at the date of the balance sheet, if such stage may be reliably measured, as well as the costs incurred for the transaction.
Dividend incomes are recognized upon certifying the right to obtain them.
Dividends declared for the financial year are recognized in the consolidated financial statement of comprehensive income as an internal accounts and thus they are not being considered for the formation of the financial result.

The Eurohold Group generates financial incomes mainly from the following operations:
- Income from operations with investments
- Income from dividends
- Income from interest on loans granted to subsidiaries
- Income from services

2.7 Costs

Costs within the group are recognized at the time of occurrence thereof and on the accruals and comparability basis.
Costs that might directly be related to the respective operating activity, are presented by their functional purpose. All other costs are presented as follows.

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

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

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

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

2.8 Interest

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

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

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

The interest incomes and costs stated in the Statement of Comprehensive Income include: Interests recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value;

The unearned financial income (interest) represents the difference between the gross and net investment in leasing contract, whereas the gross investment in the leasing contract is the amount of the minimum leasing payments and non-guaranteed remaining value charged for the leaser. The interest incomes under leasing operations (financial income) are allocated for the term of the leasing contract and are recognized on the basis of constant periodic rate of return from the leaser's net investment.

2.9 Fees and Commissions

Fees and commissions costs, which are integral part of the effective interest rate for a financial asset or liability are included in the calculation of the effective interest rate.
Other fees and commissions incomes, including logistic services fees, insurance and other intermediation fees, are recognized upon providing the respective services.
The other fees and commissions costs relevant mainly to banking services, are recognized upon receipt of the respective services.

2.10 Segment Reporting

The operating segment is a component of the Group, which deals with activities, from which incomes may be generated and costs may be sustained, including incomes and costs pertaining to transactions with each of the other Group's components. For the purposes of management, the Group is organized in business units on the basis of products and services they render and includes the following segments subject to reporting:

Insurance and Health Insurance:
- Insurance Services
- Health Insurance Services

Financial Services:
- Leasing Services
- Investment Intermediation

Automobiles:
- Sales of New Cars
- Car Repairs Services
- Rent-a-Car Services

In 2013, the Company sold its real estates segment companies. These are presented in compliance with IFRS requirements for terminated activities.

2.10.1 Insurance and Health Insurance Activity

Recognition and Measurement of Insurance Contracts

General Insurance Premiums

General insurance premiums are accounted on annual basis.
Gross written premiums under general insurance are the premiums under general insurance or co-insurance contracts, which are concluded during the year, regardless premiums may fully or partially related to a later accounting period. Premiums are disclosed gross of paid commissions to intermediaries. The earned part of written insurance premiums, including for unexpired insurance contracts, is recognized as an income. Written insurance premiums are recognized as at the date of conclusion of the insurance contracts. Premiums paid to reinsurers are recognized as cost in compliance with the received reinsurance services.

Health Insurance Premiums

The written health insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year. The gross written health insurance premiums are not recognized when the future cash receipts thereof are not sure. Written health insurance premiums are stated gross of commissions due to agents.

Unearned Premium Reserve

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

Unexpired Risks Reserve

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

Claims due to General Insurance and Health Insurance and Outstanding Claims Reserves

Claims occurred due to general insurance and health insurance include claims and claim handling costs payable during the financial year, together with the change in the outstanding claim reserve.
The outstanding claim reserve includes reserves formed as a result of the Company's estimate of the final cost for settling the occurred claims, which are not paid as at the date of the Statement of Financial Position, whether announced or not, the relevant internal and external claim handling costs and the respective statutory reserve. Outstanding claims are measured by reviewing the individual claims and by charging occurred but not announced claims reserve, as well as the effect of internal and external foreseeable events such as change in the claim handling policy, inflation, legal amendments, regulatory amendments, previous experience and trends. Refunded claims under reinsurance contracts and saved property receivables and recourse recoveries are stated separately as assets. Reinsurance, legislation amendments and other recoverable receivables are measured in a way similar to the outstanding claims measurement.
The management believes that the gross outstanding claims reserve and the respective share of the reinsurers' reserve are fairly presented on the basis of the information available at that time, that the final obligations will change depending on further information and events, and significant adjustments of the

initially charged amount may be needed. The outstanding claims reserve adjustments found in previous years are stated in the financial statements for the period adjustments are made in, and are disclosed separately, if material. Methods used and estimates made for the calculation of the reserve, are reviewed on regular basis.

Reinsurance

In the normal course of business, the insurance companies within the Group cede risk to reinsurers for the purpose of limiting their net loss potential through risk diversification. Reinsurance activity does not relieve the respective company from its direct obligations to its policyholders. Reinsurance assets include the balance due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserves or settled claims associated with reinsured policies.

Premiums and claims associated with these reinsurance contracts are considered income and cost in the way they would be considered if reinsurance was direct activity, whereas taking into account the classification of reinsurance business products.

Ceded (or accepted) premiums and benefits reimbursed (or paid claims) are presented in the statement of comprehensive income and the statement of financial position of the respective company on gross basis.

Contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognized in the same year as the related claim.

Premiums under long-term reinsurance contracts are accounted together with the term of validity of related insurance policies, by using assumptions similar to those for accounting of respective policies.
Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence as a result of an event that has occurred after its initial recognition.

Deferred Acquisition Costs

Deferred acquisition costs represent the amount of acquisition costs deducted while calculating the unearned premium reserve. They are defined as that part of the acquisition costs under contracts applicable at the end of the period set as percentage in the insurance-technical scheme and associated to the time between the end of the reporting period and the date of expiration of the insurance/ health insurance contract. Current acquisition costs are recognized in full as a cost during the reporting period.

Acquisition Costs

Commission expenses consist of accrued commissions to intermediaries and profit participation, which is paid to the policyholders/ health insured individuals in case of low claims ratio as pay back. Indirect acquisition expenses include advertising expenses and costs arising from the writing or renewing insurance/ health insurance contracts.

2.10.2 Leasing Activity

The leasing activity of the Group involves rent of vehicles, industrial equipment, real estate and others, mainly on finance lease contracts. The finance lease contract is an agreement under which the lessor gives to the lessee the right of use of a particular asset for an agreed term against reward. Lease contract is recorded as finance when the contract transfers to the lessee all substantial risks and benefits associated with the ownership of the asset.

Typical indicators considered by the Group for determining if all significant risks and benefits have been transferred include: present value of minimum lease payments in comparison with the beginning of the lease contract; the term of the lease contract in comparison with the economic life of the hired asset and also whether the lessee will acquire ownership over the leased asset at the end of the term of finance lease contract. All other leasing contracts, which do not transfer substantially all risks and benefits of ownership of the asset, are classified as operating leases.

Minimum Lease Payments
Minimum lease payments are the payments that the lessee will or may be required to make during the term of the leasing contract. From the Group's point of view, minimum lease payments also include the residual value of the asset guaranteed by a third party, not related to the Group, provided that such party is financially able to fulfill its commitments to the guarantee or to the contract for redemption. In the minimum lease payments, the Group also includes the cost of exercising possible option, which the lessee has for the purchase of the asset, and at the beginning of the lease contract it is to a large extent certain that the option will be exercised. Minimum lease payments do not include conditional rents, as well as costs of services and taxes to be paid by the Group and subsequently re-invoiced to the lessee.

Beginning of the lease contract and beginning of the term of the lease contract
A distinction is made between the beginning of the lease contract and the beginning of the term of the lease contract. Beginning of the lease contract is the earlier of the two dates – of the lease agreement or of the commitment of the parties to the main conditions of the lease contract. To this date: the lease contract is classified as finance or operating lease, and in the case of finance lease, the amounts to be recognized at the beginning of the term of the lease contract are determined. The beginning of the term of the lease contract is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognizes the claim on the lease.

Initial and Subsequent Evaluation
Initially, the Group recognizes a claim under finance lease, equal to its net investment, which includes the present value of minimum lease payments and any unsecured residual value for the Group. The present value is calculated by discounting minimum lease payments due by the inherent to the lease contract interest rate. Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease contract the Group accrues financial income (income from interest on financial lease) on the net investment.

Claims under Financial Lease
Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease contracts is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.10.3 Activity Related to Financial Intermediation

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

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

Financial instruments are further measured at fair value, which is the sale, stock exchange or market price.
The Group accounts its financial assets as follows:

- Securities of Bulgarian issuers traded on Bulgarian Stock Exchange – Sofia AD – weighted average cost of transactions entered into on regulated market for the closes day of the last 30 days period in which these securities have been traded in amounts not less than the amount of securities held by the subsidiary Euro-Finance AD. If no transactions are concluded, the market price of securities is defined on the "buy" price announced on

the regulated market for the respective session on the closest day of the last 30 days period;
- Currency shares of foreign issuers – by market prices at foreign stock exchanges: FRANKFURT, XETRA, NASDAQ;
- Government securities issued by the Bulgarian government – market price is the price quoted by the Bulgarian National Bank or the primary government securities dealers within the meaning of Regulation № 5/ 1998;
- Securities issued by Bulgarian non-governmental issuers – market price from REUTERS;
- Securities that are issued and secured by foreign governments and securities issued by foreign non-governmental issuers – market price from REUTERS;

Derivatives

Derivatives are off-balance sheet instruments whose value is defined on the basis of interest rates, exchange rates or other market prices. Derivatives are effective means to manage market risk and restricting the exposure to specific contractor.

Derivatives most commonly used are:
- Foreign exchange swap;
- Interest swap;
- Bottoms and ceilings;
- Foreign exchange forward and interest contracts;
- Futures;
- Options.

Contractual terms and conditions are fixed through standard documents.

The same market and credit risk control procedures as for the other financial instruments also apply for the derivatives. They are aggregated with the other exposures for the purposes of monitoring the common exposure to specific contractor and are managed within the frames of the limits approved for this contractor.

Derivatives are held both for trading and as hedging instruments used for interest and currency risk management.

Derivatives held for trading are measured at fair value and profits and losses are carried in the cost and income statement as a result from business operations.

Derivatives used as hedging instrument are recognized in compliance with the accounting treatment of hedged item.

Criteria to recognize a derivative as hedging derivative are: availability of documented evidence for the intent to hedge specific instrument and such hedging instrument should ensure reliable basis for risk elimination.

When a hedged exposure is closed, the hedging instrument is recognized as held for trading at fair value. Profit and loss are recognized immediately in the cost and income statement in analogy to the hedged instrument.
Hedging transactions that are terminated prior the hedged exposure are measured at fair value in the profit or loss and are carried for the period of existence of the hedged exposure.

2.11 Business Combinations and Goodwill

Business combinations are accounted by using the purchase method. This method requires the assignee to recognize, on the date of acquisition, the acquired differentiated assets, undertaken liabilities and participation, which is not controlling the acquired entity, separately from the goodwill. Any costs directly pertaining to the acquisition are carried in the statement of comprehensive income for the period.
Differentiated acquired assets and undertaken liabilities and contingent obligations within a business combination are measured at fair value on the date of acquisition, regardless of the extent of non-controlled participation. The Group is able to measure participations, which are not controlling for the acquired entity, either at fair value, or as proportional share in the differentiated net assets of the acquired entity.
The acquisition cost excess above the share of assignee in the net fair value of differentiated assets, liabilities and contingent obligations of acquisitions, is carried as goodwill. In case the acquisition cost is less than the share of investor in the fair values of the company's net assets, the difference is recognized directly in the statement of comprehensive income.

2.12 Taxes

Income Tax

The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of effective preparation of the balance sheet and all adjustments of due tax for previous years. The group calculates the income tax in compliance with the applicable legislation. The income tax is calculated on the bases of taxable profit after adjustments of the financial result in accordance with the Law for Corporate Income Tax.

Deferred Tax

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

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

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

Pursuant to the Bulgarian tax legislation, income tax is binding for the companies. The income tax rate for 2009 is 10% of the taxable profit.

VAT

All Group companies, excluding the health insurance company, the insurance company in Romania and the insurance company in Macedonia, have VAT registration and accrue 20% upon carrying taxable transactions.

Withholding Tax

Pursuant to the Law for Corporate Income Tax, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria. Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before tax rate or applicable tax rate on the day of expiration of the tax payment term.

2.13. Fixed Assets

2.13.1 Fixed Tangible Assets

Fixed tangible assets are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses. The group has fixed the 2009 value materiality threshold to BGN 700, under which acquired assets, regardless they have the characteristics of fixed assets, are accounted as current expense at the time of acquisition thereof.

Initial Acquisition

Fixed tangible assets are initially measured:

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

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

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

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

Further Measurement

Further costs for repairs and maintenance are accounted in the income statement at the time of incurrence thereof, unless there are clear evidences that their incurrence will result in increased economic benefits from the use of this asset. In such case, these costs are capitalized to the carrying amount of the asset.

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

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

2.13.2 Amortization Methods

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

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

Group of Assets	Useful life in years
Buildings	25
Plant and equipment	3-10
Vehicles	4-6
Fixtures and fittings	3-8
Computers	2-3

2.13.3 Impairment

Net book values of fixed tangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets.
Impairment losses are recognized as expense in the statement of comprehensive income during the year of occurrence thereof.

2.13.4 Fixed Intangible Assets

Intangible assets are presented in the financial statement at cost, less the accumulated amortization and possible impairment losses. The Group applies straight-line method of amortization of intangible assets at expected useful lives of 5-7 years.
Net book value of intangible assets is subject to review for impairment, when events or changes in circumstances have occurred, which evidence that their net book value might exceed their recoverable value.

2.13.5 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or use in supply of services or for administrative purposes. Investment property is measured on the basis of present fair value with any change therein recognized in profit or loss.

2.13.6 Positive Goodwill

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

The positive goodwill upon acquisition of associated company is accounted in the balance sheet as part of the value of investment in the associated company. The positive goodwill is reviewed for impairment on annual basis and is carried at carrying amount less the respective accumulated impairment losses. The net book value of positive goodwill pertaining to the sold company is included in the profits and losses from sale of subsidiary/ associated company.

2.14 Employee Benefits

Annual Paid Leave

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

Other Long-Term Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions under a defined contribution pension plan. The Group's contributions to the defined contribution pension plan are recognized as an employee benefit expense in profit or loss on current basis.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.
The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The Group has obligation to pay amounts to employees who retire in compliance with the requirements of article 222, § 3 of the Labor Code (LC) in

Bulgaria. Pursuant to these provisions of LC, upon termination of employment agreement with an employee who is entitled to pension, the employer pays a compensation within the amount of two monthly gross salaries. In case the worker or employee has 10 or more years service as at the date of retirement, the compensations amounts to six monthly gross salaries. As at the balance sheet date the management measures the approximate amount of possible benefits for all employees using the method of estimate credit units.

Termination Benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

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

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.
The Group does not recognize as a liability the undiscounted amount of annual leave costs expected to be paid in exchange for the employee’s service for the period completed.

2.15 Financial Assets

2.15.1 Investments in Non-Current Financial Assets

Investments in subsidiaries are measured at costs in the separate statement of the parent-company.
The companies in which the parent-company holds between 20% and 50% of the voting rights and may significantly affect, but not to perform control functions, are considered associated companies.

Investments in associated companies are accounted by using the equity method. By using the equity method, the investment in associated company is carried in the statement of financial position at acquisition cost, plus the changes in the Group’s share in the net assets of the associated entity after the acquisition. The goodwill related to the associated entity is included in the net book value of the investment and is not amortized. The statement of comprehensive income represents the share from the associated entity’s operating results. The profit share is presented at the face side of the statement.

2.15.2 Investments in Financial Instruments

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

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

Financial Assets at Fair Value in Profit or Loss

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

Investments Held-to-Maturity

Investments held-to-maturity are financial assets, which are non-derivative and has fixed or determinable payments and fixed maturity, that the Group has the positive intention and ability to hold to maturity. Initially, these investments are recognized at acquisition cost,which includes the amount of consideration paid for acquisition of the investment. All transaction costs directly related to the acquisition are also included in the acquisition cost. After the initial measurement, held-to-maturity investments are carried at amortized cost by using the method of the effective interest rate. Gains and losses from held-to-maturity investments are recognized in the statement of comprehensive income when the investment is derecognized or impaired.

Loans and Other Receivables

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

Such financial assets are initially recognized at acquisition cost, which is the fair value paid for acquisition of financial assets. All directly attributable acquisition transaction costs, are also included in the acquisition cost.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method. Gains and losses from loans and receivables are recognized in the statement of comprehensive income when derecognized or impaired, as well as through the amortization process.

Financial Assets Available for Sale

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

Derivative Financial Instruments

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

2.16 Inventory

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

Derecognition of materials and goods upon their consumption is at specifically determined or weighted average value depending on segments.

Unfinished products is carried in the same was as the finished products.

Net realizable value of inventory is carried at sales price less the costs for finishing and the costs incurred for the realization of sale, and it is defined with view of marketing, moral aging and development of expected sales prices.

When carrying amount of inventory exceeds the net realizable value, it is reduced to the extent of the net realizable value. Such reduction is carried as other current expenses. Inventory related to the production segment are presented in compliance with the IFRS requirements on terminated activities.

2.17 Short-Term Receivables

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

2.18 Liability Provisions

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

2.19 Deferred Tax Payables

Current tax payables and current tax receivables are recognized in the balance sheet as tax calculated on taxable income for the year adjusted for the tax on taxable income for previous years and paid taxes.

2.20 Equity

The share capital is presented at its nominal value pursuant to the court decisions for registration.
Equity that does not belong to the economic group /uncontrolled participation/ is part of the net assets, including from the net result of the subsidiaries for the year, which may be attributed to participations, which are not directly or indirectly held by the parent-company.

2.21 Liabilities

Financial liabilities are recognized during the period of loan with the amount of gained proceeds, principal, less the transaction expenses. During subsequent periods financial liabilities are measured at amortized cost, equal to the capitalized value, when applying the effective interest rate method. In the income statement, loan expenses are recognized during the period of loan term.
Current liabilities, such as payables to suppliers, group and associated companies and other payables, are measured at amortized cost, which is usually equal to the nominal value.

Accruals recognized as liabilities includes payments received in relation to subsequent years income.

2.21 Financial Risk Management

2.21.1 Factors Determining Financial Risk

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

Currency Risk

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

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

Interest Risk

The group is exposed to interest risk in relation to the used bank and trade loans as part of the

loans obtained have floating interest rate agreed as basis interest (EURIBOR/LIBOR) increased with the respective allowance. In 2010, the floating interest rate loans are denominated in euro.
The interest rates are specified in the respective appendixes.

Credit Risk

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

Liquidity Risk

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

2.23 Defining Fair Values

Fair value of financial instruments traded on active market (for example securities held for trading and held to maturity) is based on the market quotes as at the balance sheet date. The market quote used to define the values of financial assets and financial liabilities held by the Companies, is the price at the Bulgarian Stock Exchange.

2.24 Cash Flows

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

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

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

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

3. Revenue from insurance business

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Gross premiums written from insurance	162,412	143,514
Gross premiums written from health insurance	2,430	2,390
Received recoveries from reinsurers	910	5,402
Positive change in the gross provision for unearned premiums and unexpired risk reserve	3,066	44
Positive change in reinsurers' share in unearned premium reserve	1,856	-
Reinsurers' share in the change in the other reserves	13,142	-
Positive change in other technical reserves	-	1,778
Recourse income	4,011	5,319
Fees and commissions income	321	184
Investment income	2,858	5,584
Other revenue	474	544
	191,480	**164,759**

4. Expenses from insurance business

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Current year paid claims, claims handling and prevention expenses	(108,420)	(88,391)
Change in the outstanding claims provision	-	(436)
Change in the reinsurers' share in the outstanding claims provision	-	(113)
Change in other reserves	(10,182)	(3,918)
Change in the reinsurers' share in the other reserves	-	(602)
Premiums ceded to reinsurers	(6,138)	(5,834)
Acquisition expenses	(44,220)	(38,159)
Investment expenses	(2,651)	(1,332)
Other expenses	(9,359)	(7,918)
	(180,970)	**(146,703)**

5. Revenues from car sales and after sales

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Revenue from sale of cars and spare parts	55,821	40,785
Revenue from after sales and rent-a-car services	2,319	3,275
	58,140	**44,060**

6. Revenue from financial and operating leases

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Revenue from services	6,046	6,223
Interest income	2,856	3,879
Gains from sale of financial instruments	11	11
Foreign exchange gains	69	85
Other revenue	-	1
	8,982	**10,199**

7. Financial expenses from leasing services

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Interest expenses	(2,663)	(3,194)
Losses from sales of financial instruments	(4)	-
Foreign exchange losses	(18)	(53)
Other expenses	(415)	(140)
	(3,100)	**(3,387)**

8. Revenue from asset management and brokerage

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Interest income	365	426
Dividend income	-	263
Gains from sale of financial instruments	4,090	1,387
Foreign exchange gains	2,070	1,298
Other revenue	348	348
	6,873	**3,722**

9. Finance expenses from asset management and brokerage

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Negative result from sales of financial instruments	(3,921)	(1,539)
Foreign exchange losses	(2,058)	(1,308)
Other expenses	(40)	(196)
	(6,019)	**(3,043)**

10. Revenue of the parent company

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Gains from sale of financial instruments	1,429	21
Gains from sale of investments	5,690	-
Interest revenue	352	28
	7,471	**49**

10.1. Gains from sale of investments

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Consideration	2,000	-
Net value of the assets sold	4,500	-
Goodwill / Reserve on consolidation procedures	(865)	-
Gains / (losses) recognized in other comprehensive income	55	-
Gains from sale of investments	**5,690**	**-**

11. Financial expenses of the parent company

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Negative result from sales of financial instruments	(3)	(4)
	(3)	**(4)**

12. Other revenue/expenses

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Other income/expenses	(1,328)	969
	(1,328)	**969**

12.1. Other expenses

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Leasing services	(1,337)	(1,079)
	(1,337)	**(1,079)**

12.2. Other revenue

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Asset management and brokerage services	9	110
	9	**110**

13. Other operating expenses

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Expenses on materials	(1,123)	(1,186)
Expenses on hired services	(8,049)	(6,988)
Employee benefits expense	(8,135)	(9,137)
Other expenses	(2,014)	(2,330)
	(19,321)	**(19,641)**

13.1 Expenses on materials

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Parent company	(4)	(7)
Insurance business	(223)	(335)
Leasing services	(177)	(196)
Asset management and brokerage services	(23)	(18)
Automotive business	(696)	(630)
	(1,123)	**(1,186)**

13.2 Expenses on hired services

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(245)	(257)
Insurance business	(3,291)	(2,788)
Leasing services	(1,942)	(1,934)
Asset management and brokerage services	(158)	(202)
Automotive business	(2,413)	(1,807)
	(8,049)	**(6,988)**

13.3 Employee benefits expense

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(144)	(141)
Insurance business	(3,134)	(3,403)
Leasing services	(1,146)	(1,143)
Asset management and brokerage services	(294)	(485)
Automotive business	(3,417)	(3,965)
	(8,135)	**(9,137)**

13.4 Other expenses

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(28)	(166)
Insurance business	(1,297)	(1,306)
Leasing services	(180)	(563)
Asset management and brokerage services	(75)	(86)
Automotive business	(434)	(209)
	(2,014)	**(2,330)**

14. Financial expenses

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Interest expenses	(2,496)	(2,628)
Other financial expenses	(315)	(249)
	(2,811)	**(2,877)**

14.1 Financial expenses by segments

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(1,760)	(1,933)
Leasing services	-	-
Asset management and brokerage services	(39)	(13)
Automotive business	(1,012)	(931)
	(2,811)	**(2,877)**

15. Financial revenue

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Interest income	43	70
	43	**70**

15.1 Financial revenue by segments

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Automotive business	43	70
	43	**70**

16. Depreciation

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(6)	(5)
Insurance business	(683)	(663)
Leasing services	(1,774)	(1,878)
Asset management and brokerage services	(32)	(38)
Automotive business	(994)	(1,012)
	(3,489)	**(3,596)**

17. Tax

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Income tax expense	(1)	-
Deferred tax	-	11
Other	(1)	(1)
	(2)	**10**

18. Expenses from operating activities presented by nature

18.1 Expenses from operating activities presented by nature for continuing operations:

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
1. Expenses on materials	(1,331)	(1,557)
2. Expenses on hired services	(47,857)	(39,944)
3. Depreciation	(3,489)	(3,596)
4. Employee benefits expense	(16,356)	(15,610)
5. Cost of goods sold	(52,090)	(39,530)
6. Other expenses	(132,342)	(107,978)
	(253,465)	**(208,215)**

18.2 Expenses from operating activities presented by nature for discontinued operations:

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
1. Expenses on materials	(6)	(49)
2. Expenses on hired services	(2,868)	(3,072)
3. Depreciation	(47)	(72)
4. Employee benefits expense	(13)	(62)
5. Cost of goods sold	-	-
6. Other expenses	(14)	(25)
	(2,948)	**(3,280)**

19. Share of net result in associate

	30.06.2013	30.06.2012
	BGN '000	*BGN '000*
Share of net profit in associate	-	-
Share of net loss in associate	-	-
	-	**-**

19.1. Share of net loss in associate by segments

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Automotive business	-	-
	-	**-**

20. Foreign exchange gains/losses

20.1. Foreign exchange losses

	30.06.2013 *BGN '000*	30.06.2012 *BGN '000*
Parent company	(2)	(6)
Automotive business	-	(3)
	(2)	**(9)**

21. Discontinued operations

On June 21, 2013 Eurohold Bulgaria AD signed an agreement for sale of 5,000 shares, representing 100 % of the share capital of Eurohold Imoti EOOD. The sale price is BGN 2,000 thousand. The results of the operations of Eurohold Imoti EOOD for 2012 are reclassified in discontinued operations in accordance with the requirements of IFRS 5.

21.1. Net income/loss for the period from discontinued operations

	30.06.2013 *хил. лв.*	30.06.2012 *хил. лв.*
Revenue	649	530
Expenses	-	-
	649	**530**
Other operating expenses	(2,901)	(3,208)
Financial expenses	(387)	(238)
Financial revenue	-	-
Foreign exchange gains/losses	(2)	-
	(2,641)	**(2,916)**
Depreciation and amortization	(47)	(72)
	(2,688)	**(2,988)**
Taxes	-	-
Net income/loss for the period from discontinued operations	**(2,688)**	**(2,988)**

21.2. Net cash flow on disposal of subsidiaries

	30.06.2013	30.06.2012
	хил. лв.	*хил. лв.*
Proceeds from sale of investments	-	-
Decreased by cash of the disposed subsidiaries	(147)	-
Net cash flow on disposal of subsidiaries	**(147)**	**-**

21.3. Presentation of cash flows from discontinued operations

	30.06.2013	30.06.2012
	хил. лв.	*хил. лв.*
Cash flows from operating activities	(536)	(3,570)
Cash flows from investing activities	-	-
Cash flows from financing activities	(285)	(476)
Net cash flows from discontinued operations	**(821)**	**(4,046)**

22. Cash and cash equivalents

	30.06.2013	2012
	BGN '000	*BGN '000*
Cash on hand	2,949	2,917
Cash at bank	19,843	21,719
Restricted cash	114	118
Cash equivalents	161	81
	23,067	**24,835**

23. Receivables from insurance and health insurance business

	30.06.2013	2012
	BGN '000	*BGN '000*
Receivables from direct insurance	61,922	61,686
Receivables from recourse/subrogation	31,477	30,272
	93,399	**91,958**

24. Trade and other receivables

	30.06.2013	2012
	BGN '000	*BGN '000*
Trade receivables	36,552	27,590
Advances received	253	523
Other	74	8
	36,879	**28,121**

24.1. Trade receivables

	30.06.2013 *BGN '000*	2012 *BGN '000*
Parent company	25	17
Insurance business	2,852	4,920
Leasing services	13,574	14,608
Asset management and brokerage services	31	38
Automotive business	20,070	4,927
Real estate	-	3,080
	36,552	**27,590**

25. Other receivables

	30.06.2013 *BGN '000*	2012 *BGN '000*
Parent company	639	844
Insurance business	70,677	56,113
Leasing services	202	311
Asset management and brokerage services	-	-
Automotive business	456	626
Real estate	-	7
Receivables under court procedures	2,979	2,736
Tax receivables	672	822
	75,625	**61,459**

25.1. Tax receivables

	30.06.2013 *BGN '000*	2012 *BGN '000*
Parent company	-	94
Insurance business	84	49
Leasing services	167	226
Automotive business	421	436
Real estate	-	17
	672	**822**

26. 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 2013	**5,922**	**17,330**	**6,541**	**41,890**	**4,571**	**3,535**	**947**	**80,736**
Additions	-	27	540	6,305	79	256	24	**7 231**
Disposals	(2,715)	(6,970)	(222)	(6,951)	(29)	(2,493)	(169)	**(19,549)**
Other changes	-	-	-	-	-	-	-	**-**
Disposals on sale of subsidiaries	-	(6,319)	(13)	-	(276)	(567)	-	**(7,175)**
At 30 June 2013	**3,207**	**4,068**	**6,846**	**41,244**	**4,345**	**731**	**802**	**61,243**
Depreciation								
At 1 January 2013	**-**	**1,822**	**4,857**	**17,778**	**3,416**	**5**	**575**	**28,453**
Additions	-	222	352	2,409	203	-	33	**3,219**
Disposals	-	(860)	(100)	(3,345)	(22)	-	(62)	**(4,389)**
Disposals on sale of subsidiaries	-	-	-	-	(134)	-	-	**(134)**
At 30 June 2013	-	**1,184**	**5,109**	**16,842**	**3,463**	**5**	**546**	**27,149**
Net book value:								
At 1 January 2013	**5,922**	**15,508**	**1,684**	**24,112**	**1,155**	**3,530**	**372**	**52,283**
At 30 June 2013	**3,207**	**2,884**	**1,737**	**24,402**	**882**	**726**	**256**	**34,094**

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

26.1. Land and buildings

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	1,307	1,315
Automotive business	4,784	13,796
Real estate	-	6,319
	6,091	**21,430**

26.2. Machinery and equipment

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	269	347
Leasing services	34	35
Automotive business	1,434	1,298
Real estate	-	4
	1,737	**1,684**

26.3. Vehicles

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	2,091	2,287
Asset management and brokerage	50	38
Leasing services	18,092	18,725
Automotive business	4,157	3,048
Parent company	12	14
	24,402	**24,112**

26.4. Furniture and fittings and Other assets

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	147	213
Asset management and brokerage	22	34
Leasing services	45	37
Automotive business	902	1,064
Real estate	-	154
Parent company	22	25
	1,138	**1,527**

26.5. Assets under construction

	30.06.2013	2012
	BGN '000	*BGN '000*
Automotive business	726	2,936
Real estate	-	594
	726	**3,530**

27. Investment property

	30.06.2013	2012
	BGN '000	*BGN '000*
Net book value at 1 January	**28,931**	**24,408**
Additions	3	302
Revaluation	-	4,241
Depreciation	(47)	(20)
Disposals on sale of subsidiaries	(1,449)	-
Net book value as at the period end	**27,438**	**28,931**

28. Intangible assets

	Software	Licenses	Other	Total
	BGN '000	*BGN '000*	*BGN '000*	*BGN '000*
Cost				
At 1 January 2013	**3,652**	**154**	**2,708**	**6,514**
Acquisition of subsidiaries	-	-	-	**-**
Additions	225	1	138	**364**
Disposals	(129)	-	(197)	**(326)**
Disposals on sale of subsidiaries	-	-	(1,236)	**(1,236)**
At 30 June 2013	**3,748**	**155**	**1,413**	**5,316**
Depreciation				
At 1 January 2013	**2,521**	**154**	**628**	**3,303**
Acquisition of subsidiaries	-	-	-	**-**
Additions	181	-	89	**270**
Disposals	-	-	(3)	**(3)**
Disposals on sale of subsidiaries	-	-	(310)	**(310)**
At 30 June 2013	**2,702**	**154**	**404**	**3,260**
Net book value:				
At 1 January 2013	**1,131**	**-**	**2,080**	**3,211**
At 30 June 2013	**1,046**	**1**	**1,009**	**2,056**

29. Inventories

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	1,141	1,745
Leasing services	3,568	3,545
Automotive business	19,302	20,608
	24,011	**25,898**

30. Financial assets

	30.06.2013	2012
	BGN '000	*BGN '000*
Financial assets held for trading	75,332	63,028
Available for sale financial assets	3,438	4,455
Other financial assets	12,587	9,376
	91,357	**76,859**

30.1. Financial assets held for trading

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	62,090	50,481
Asset management and brokerage services	12,569	10,076
Leasing services	673	2,471
	75,332	**63,028**

30.2. Available for sale financial assets

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	3,438	4,105
Real estate	-	350
	3,438	**4,455**

30.3. Other financial assets

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	24	24
Insurance business	12,563	9,350
Automotive business	-	2
Real estate	-	-
	12,587	**9,376**

31. Other assets

	30.06.2013	2012
	BGN '000	*BGN '000*
Prepaid expenses	1,699	1,395
Deferred tax asset	3,828	4,085
	5,527	**5,480**

32. Investments in subsidiaries and associates

	30.06.2013	2012
	BGN '000	*BGN '000*
Investments of the parent company	1	1
Investments of the subsidiaries	9,098	9,100
	9,099	**9,101**

33. Other financial investments

	30.06.2013 *BGN '000*	2012 *BGN '000*
Held to maturity financial assets	837	2,249
Other	578	734
	1,415	**2,983**

33.1. Held to maturity financial assets

	30.06.2013 *BGN '000*	2012 *BGN '000*
Asset management and brokerage services	837	2,249
	837	**2,249**

33.2. Other

	30.06.2013 *BGN '000*	2012 *BGN '000*
Parent company	10	10
Insurance business	568	570
Real estate	-	154
	578	**734**

34. Non-current receivables

	30.06.2013 *BGN '000*	2012 *BGN '000*
Finance lease receivables	43,600	49,809
Parent company	9,801	10,086
Subsidiaries	12,403	13,593
	65,804	**73,488**

35. Goodwill

	30.06.2013 *BGN '000*	2012 *BGN '000*
BG Autolease Holding – the Netherlands	1,803	1,803
Euro-Finance AD	2,620	2,620
Avto Union AD	6,903	6,903
Motobul EOOD	12,538	12,538
Daru Car OOD	1,461	1,461
Euroins Inshurance Group AD	165,466	165,466
	190,791	**190,791**

36. Borrowings

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	30,821	35,011
Insurance business	996	7,142
Leasing services	57,881	66,051
Automotive business	16,067	16,603
Real estate	-	4,704
	105,765	**129,511**

37. Bond obligations

	30.06.2013	2012
	BGN '000	*BGN '000*
Eurolease Auto EAD – for the purpose of leasing services	10,875	13,875
Auto Union AD for the purpose of automotive business	5,064	2,011
	15,939	**15,886**

38. Non-current liabilities

	30.06.2013	2012
	BGN '000	*BGN '000*
Other non-current liabilities	19,499	29,735
Finance lease liabilities	4,538	1,644
Deferred revenue	27	31
	24,064	**31,410**

38.1. Other non-current liabilities

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	4,589	3,256
Insurance business	125	126
Asset management and brokerage services	-	3
Automotive business	14,785	14,715
Real estate	-	11,635
	19,499	**29,735**

38.2. Deferred revenue

	30.06.2013	2012
	BGN '000	*BGN '000*
Automotive business	-	3
Leasing services	27	28
	27	**31**

39. Current liabilities

	30.06.2013 BGN '000	2012 BGN '000
Payables to employees	2,297	2,290
Social-security liabilities	900	808
Tax liabilities	8,288	5,906
Other current liabilities	22,755	10,545
Deferred revenue	121	111
Provisions	330	226
	34,691	**19,886**

39.1. Payables to employees

	30.06.2013 BGN '000	2012 BGN '000
Parent company	27	20
Insurance business	1,450	1,368
Asset management and brokerage services	33	-
Leasing services	155	159
Automotive business	632	736
Real estate	-	7
	2,297	**2,290**

39.2. Social-security liabilities

	30.06.2013 BGN '000	2012 BGN '000
Parent company	3	2
Insurance business	453	568
Asset management and brokerage services	9	-
Leasing services	54	52
Automotive business	381	186
Real estate	-	-
	900	**808**

39.3. Tax liabilities

	30.06.2013 BGN '000	2012 BGN '000
Parent company	332	332
Insurance business	980	1,218
Asset management and brokerage services	7	5
Leasing services	2,650	2,594
Automotive business	4,319	1,297
Real estate	-	460
	8,288	**5,906**

39.4. Other current liabilities

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	842	801
Insurance business	12,238	1,700
Asset management and brokerage services	3,935	2,040
Leasing services	1,150	798
Automotive business	4,590	4,880
Real estate	-	326
	22,755	**10,545**

39.5. Deferred revenue

	30.06.2013	2012
	BGN '000	*BGN '000*
Leasing services	7	-
Automotive business	114	111
	121	**111**

40. Trade and other payables

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	7,405	5,190
Asset management and brokerage services	13	-
Leasing services	7,381	3,072
Automotive business	18,877	19,308
Real estate	-	746
	33,676	**28,316**

40.1. Payables to reinsurers

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	22,582	18,456
	22,582	**18,456**

41. Deferred tax liabilities

	30.06.2013	2012
	BGN '000	*BGN '000*
Insurance business	108	108
Leasing services	92	59
Automotive business	386	430
	586	**597**

42. Reserves for insurance contracts

	30.06.2013	2012
	BGN '000	*BGN '000*
Unearned premium reserve, gross amount	83,108	86,563
Share of reinsurers in unearned premium reserve	*(13,088)*	*(11,201)*
Unexpired risks reserve, gross amount	902	1,073
Share of reinsurers in outstanding claims reserve	*(173)*	-
Reserve for incurred but not reported claims, gross amount	61,721	61,281
Share of reinsurers in reserve for incurred but not reported claims	*(29,003)*	*(28,569)*
Reserve for reported but not settled claims, gross amount	59,517	50,448
Share of reinsurers in reserve for reported but unsettled claims	*(17,271)*	*(4,864)*
Other technical reserve	498	270
	205,746	**199,635**

43. Share capital

	30.06.2013	2012
	BGN '000	*BGN '000*
Issued shares	127,345	127,345
Shares held from subsidiaries	(6,328)	(9,033)
Share capital	**121,017**	**118,312**
Number of shares	**127,345,000**	**127,345,000**

44. Retained earnings

	30.06.2013	2012
	BGN '000	*BGN '000*
Current result attributable to the shareholders	2,885	(9,212)
Current result attributable to the minority interests	(382)	379
	2,503	**(8,833)**

44.1. Retained earnings by segments

	30.06.2013	2012
	BGN '000	*BGN '000*
Parent company	(448)	(5,119)
Insurance business	(1,446)	1,462
Asset management and brokerage services	290	5
Leasing services	(502)	(3,387)
Automotive business	286	(1,584)
Real estate	(564)	(1,441)
Intercompany eliminations of dividends and other	5,269	852
	2,885	**(9,212)**

45. Non-controlling interests

	30.06.2013	2012
	BGN '000	*BGN '000*
Non-controlling interest related to current result	(382)	379
Non-controlling interest related to equity	50,031	49,693
	49,649	**50,072**

46. Events after the reporting period.

The Management Board of EuroHold Bulgaria AD is not aware of any important or significant events that have occurred after the reported financial period.

Asen Minchev

Executive member of the Management Board
Eurohold Bulgaria AD,

26 August 2013

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

hereby DECLARE that to our best knowledge:

1. The set of consolidated financial statements for the first half of 2013, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The consolidated interim management report of Eurohold Bulgaria AD for the first half of 2013 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

28.08.2013,
Sofia, Bulgaria

Declarers:

1. Kiril Boshov

2. Assen Minchev

3. Ivan Hristov