



ACCOUNTING POLICY AND EXPLANATORY NOTES

To the Interim Consolidated Financial Statements as at 30.06.2017

General information

STARA PLANINA HOLD Plc was formed in Bulgaria on 27.09.1996 for an unlimited duration. The Holding is a successor of Central Privatization Fund AD. On 19.12.1997 Central Privatization Fund AD was renamed to Central Fund Hold Plc, and since 30.04.1999 the company has been existed under its current name.

Stara Planina Hold Plc is registered in the Commercial Register at the Registry Agency. UI Code 121227995.

The company is not registered under the VAT Act.

Stara Planina Hold Plc is a public company as stipulated in Art. 110 of the Law on Public Offering of Securities.

The seat and the registered address are in the city of Sofia, Izgrev district, 20 Frederic Joliot-Curie, 9th floor; telephone/fax: 02/9634159; 9630577; 9633754; e-mail office@sphold.com, website www.sphold.com.

The scope of business activity of the holding shall be as follows: acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, management and sale of bonds, evaluation and sale of patents, transfer of licenses for use of patents, belonging to companies, in which the holding public limited company has participation; financing of companies, in which the holding public limited company has

participation; other commercial transactions, except those prohibited by law.

The capital of Stara Planina Hold Plc is 21,000,000 (twenty-one million) leva divided into 21,000,000 (twenty-one million) common registered shares of one lev face value each.

The management body of the company is the Board of Directors with the following composition:

- Evgeniy Vasilev Uzunov – Chairman of the Board of Directors and representative of the company;
- Vasil Georgiev Velev – executive member of the Board of Directors and representative of the company;
- Finance Invest OOD, town of Plovdiv, UIC 115016144, represented for the purpose of performing its obligations as a member of the Board of Directors by the legal representative Spas Borisov Videv;
- Stefan Atanasov Nikolov – member of the Board of Directors.

Shareholders with more than 5% stake to 30.06.2017 r:

Potbul Invest Foundation, 4655400, 22.17%
Garant 5 Ltd, 2595972, 12.36%
ZUPF Allianz Bulgaria AD 1444174, 6.88%.

The listed company staff includes 4 employees.

LIST

Of subsidiaries included in the consolidated financial statements

<i>Enterprise</i>	<i>Location</i>	<i>Share capital and voting rights</i>
Hydraulic elements and systems Plc	Yambol	64.53%
Elhim - Iskra Plc	Pazardzhik	51.40%
Fazan Plc	Ruse	91.75%
Slavyana Jsc	Slavyanovo	98.74%
Vinprom Jsc	Veliko Tarnovo	95.69%
Ustrem Ltd	Svishtov	80.00%
Dionisii Jsc	Nikopol	68.99%

LIST

Of associated companies included in the consolidated financial statements

<i>Enterprise</i>	<i>Location</i>	<i>Share capital and voting rights</i>
M+C Hydraulic Plc	Kazanluk	30.91%
Bulgarska Rosa Plc	Karlovo	49.99%
Boryana Jsc.	Ch. Briag	50.00%

Explanatory information

1. Taking into account the influence of the holding on the decision-making process with regard to the associates and the need to provide more comprehensive and correct information to the shareholders, investors and all interested parties, as of 01.01.2011 Stara Planina Hold Plc applies accounting policy aimed to further assist investors in making a well-founded investment decision.

2. The Financial Statements of the enterprise group for the current period are consolidated with the Financial Statement of the parent for the same period.

3. The Cost method of accounting has been applied for the investments in enterprise group in the Separate Financial Statements of the Stara Planina hold Plc.

4. Data in the consolidated statement of financial position for the previous reporting period are stated based on the data presented in the consolidated statement of financial position as of 31.12.2016 prepared on the

basis of the financial statements of the group entities at the same date.

5. Consolidation of Separate Financial Statements of enterprise group and Separate Financial Statements of the parent has been made successively for the assets, liabilities, equity, incomes and expenses.

6. In the procedure of consolidation the value of shares of the parent in the subsidiaries has been eliminated successively for:

- Issued capital;
- Capital reserves;
- Retained earnings/losses.

7. The consolidated profit for equity holders of the parent company is BGN 5 372 thousand.

8. Non-controlling interest in the Consolidated statement of financial position is BGN 74 809 thousand.

9. Profit attributable for non-controlling interest in the Consolidated Statement of

comprehensive income is BGN 6 764 thousand.

10. Between Stara Planina Hold Plc and Asset Insurance Jsc has been contracted to take subject to a contingent liability. Under this contract Stara Planina Hold Plc undertakes to provide Asset Insurance Jsc upon request and upon the occurrence of an activating event amount to BGN 294 thousand. Between Hydraulic elements and systems Plc and

Asset Insurance Jsc has been contracted to take subject to a contingent liability. Under this contract Hydraulic elements and systems Plc undertakes to provide Asset Insurance Jsc upon request and upon the occurrence of an activating event amount to BGN 294 thousand.

Chief Accountant: Kremena Dulgerova

Executive Director: Vasil Velev