



STARA PLANINA HOLD PLC

ACCOUNTING POLICY AND EXPLANATORY NOTES

To the Consolidated Financial notification As at 31.12.2017

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	92.65%
Slavyana Jsc	Slavyanovo	98.74%
Vinprom Jsc	Veliko Tarnovo	95.69%
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%
Ustrem Ltd	Svishtov	45.00%

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 7 836 thousand.

8. Non-controlling interest in the Consolidated statement of financial position is BGN 79 888 thousand.

9. Profit attributable for non-controlling interest in the Consolidated Statement of comprehensive income is BGN 11 786 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.

Executive Director: Vasil Velev