

“AGRO FINANCE ” REIT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING  
STANDARDS

AUDITED

# AGRO FINANCE REIT

BALANCE SHEET /audited/ for the year ended 31 December, 2009

<b>ASSETS</b>	<b>Notes</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
		BGN '000	BGN '000
Investment properties	4	44 544	40 678
Tangible fixed assets	5	30	50
Intangible fixed assets	6	2	3
Receivables from counterparties and other receivables	7	2 331	1 034
Cash and cash equivalents	8	4 816	9 080
Other current assets	9	25	6
<b>TOTAL ASSETS</b>		<b>51 748</b>	<b>50 854</b>
<b>LIABILITIES</b>			
Long-term liabilities – bond issue	10	4 890	4 890
Current liabilities	11	726	767
Deferred revenues	12	1 271	447
<b>TOTAL LIABILITIES</b>		<b>6 887</b>	<b>6 104</b>
<b>EQUITY</b>			
	13		
Share capital		32 220	32 220
Capital Reserves		4 765	4 765
Retained earnings		7 765	3 502
Current Profit (Loss)		111	4 263
<b>TOTAL EQUITY</b>		<b>44 861</b>	<b>44 750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51 748</b>	<b>50 854</b>

These financial statements are signed on behalf of the Board of Directors on February 26, 2010

\_\_\_\_\_  
Dessislava Yordanova  
Executive Director

\_\_\_\_\_  
Emiliya Velinova  
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154  
05.03.2010 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

The accompanying notes form an integral part of these financial statements.

# AGRO FINANCE REIT

INCOME STATEMENT /audited/ for the year ended 31 December, 2009

	<u>31.12.2009</u>	<u>31.12.2008</u>
	BGN ' 000	BGN '000
Income from investment properties	1 768	617
Income from revaluation of investment properties	-	4 854
Income from sale of investment properties	9	-
Other Income	9	-
Financial income	391	576
<b>TOTAL INCOME</b>	<b>2 173</b>	<b>6 047</b>
Expenses from revaluation of investment properties	(155)	-
Administrative expenses	(219)	(255)
Operating expenses	(1 312)	(1 243)
Financial expenses	(371)	(286)
Cost of sales	(5)	-
<b>TOTAL EXPENSES</b>	<b>(2 062)</b>	<b>(1 784)</b>
<b>Net profit (loss) for the period</b>	<b>111</b>	<b>4 263</b>

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# AGRO FINANCE REIT

CASH FLOW STATEMENT /audited/ for the year ended 31 December, 2009

	<u>31.12.2009</u>	<u>31.12.2008</u>
	BGN ' 000	BGN '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from counterparties	36	4
Other cash receipts	15	7
Cash payments to counterparties	(1 127)	(1 307)
Cash payments related to employees	(134)	(88)
Paid interests and other	(2)	(2)
Other payments	(15)	(5)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(1 227)</b>	<b>(1 391)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of investment properties	9	-
Other cash receipts	1 142	454
Purchase of investment properties	(4 210)	(16 727)
Other payments	-	(24)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(3 059)</b>	<b>(16 297)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash receipts related to share capital	-	19 298
Cash receipts related to received loans	-	4 890
Cash receipts from interests and other	391	488
Paid interests and other	(367)	(185)
Other payments	(2)	(2)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>22</b>	<b>24 489</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4 264)</b>	<b>6 801</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9 080</b>	<b>2 279</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4 816</b>	<b>9 080</b>

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# AGRO FINANCE REIT

## STATEMENT OF CHANGES IN EQUITY /audited/ for the year ended 31 December, 2009

	Share capital	Capital Reserves	Retained Earnings	Total
	BGN ' 000	BGN ' 000	BGN ' 000	BGN ' 000
<b>Balance at January 1, 2008</b>	<b>16 138</b>	<b>1 549</b>	<b>3 502</b>	<b>21 189</b>
Issue of share capital	16 082	3 216	-	19 298
Net profit (loss) for the period	-	-	4 263	4 263
<b>Balance at December 31, 2008</b>	<b>32 220</b>	<b>4 765</b>	<b>7 765</b>	<b>44 750</b>
Net profit (loss) for the period	-	-	111	111
<b>Balance at December 31, 2009</b>	<b>32 220</b>	<b>4 765</b>	<b>7 876</b>	<b>44 861</b>

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05.03.2010 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

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## NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2009

### 1. Company Information

#### 1.1. Trade Registration

Agro Finance REIT (the Company) is entered in the commercial register of the Sofia City Court by resolution № 1 from 23.02.2006 under company case-file № 2125/2006, batch № 101897, volume 1365, page 50 as a special investment purpose joint-stock company with seat and registered office in city of Sofia at 71, Vladaiska Str., fl. 1, Krasno selo Region.

The subject of activity is investment of cash, raised through the issue of securities in real estate /real estate securitization/ by means of purchase of title and other real rights over properties, completion of constructions and improvements therein, with the purpose of their provision for administration, granting on hire, leasing, rent and/or their sale. The Company may not carry out any trade transactions, other than those indicated in the preceding sentence and such related to their performance, unless allowed under the Special Purpose Vehicle Act (SPVA).

Upon the Company's incorporation, according Art.5, para 3 from the Public Offering of Securities Act (POSA), a decision was taken for initial increase of the capital with the same class of shares as those subscribed at the constituent assembly, since the time when the Company will be granted a license. On 19 July, 2006 the Financial Supervision Commission approved the prospectus for public offering of 150 000 ordinary, registered, dematerialized, negotiable voting shares, with a par value of BGN 1 each, as a result of initial increase in the capital of the Company. The above mentioned issue of shares issued by Agro Finance REIT was entered in the register of public companies and other issuers of securities according Art. 30, par 1, item 3 of the Financial Supervision Commission Act. As a result of the successfully completed subscription, on 27.09.2006 and increase of the capital from BGN 500 000 to BGN 650 000 was entered in the commercial register, as evident from court decision №3/27.09.2006 of the SCC on company case № 2125/year 2006.

With Decision № 4 from 09.05.2007 of the Sofia City Court an increase in the Company's capital was registered from BGN 650 000 to BGN 16 137 954 through the issue of 15 487 954 ordinary, dematerialized voting shares with par value of BGN 1 each.

IRC Bulstrad PLC, ZAD Bulstrad Life AD, CSIF AD and Persimon EOOD were written from the Board of Directors off with Decision №5 from 08.08.2007. Dessislava Yordanova and Sava Savov were entered as members of the Board of Directors. At 31.12.2007 the Company was managed by the Board of Directors with members as follows: Dessislava Ivanova Yordanova – Chairman of the Board of Directors, Sava Vassilev Savov – Deputy Chairman of the Board of Directors and Ognyan Jordanov Kalev.

The Executive Director of Agro Finance REIT has been Mrs. Dessislava Yordanova since May 23, 2008.

On July 22, 2008 the Commercial Register entered the third capital increase of Agro Finance REIT from BGN 16 137 954 to BGN 32 219 708 through the issue of 16

081 754 new ordinary dematerialized voting shares, with an issue value of BGN 1.20 and par value of BGN 1.

On August 11, 2008 the Commercial Register entered the appointment of the new members of the Board of Directors as follows: Mrs. Dessislava Ivanova Yordanova, Mrs. Valentina Nikolova Tzoneva, and Mr. Sava Vasilev Savov.

On August 11, 2008 the Commercial Register entered the amendments in the Company statutes as follows: The seat and the registered office of the Company are in city of Sofia at 71, Vladaiska Str., fl. 1, Krasno selo Region.

The Company is represented by the Executive Director Dessislava Yordanova.

The Company is established for a period of 7 years.

The address for correspondence of the Company is 71, Vladaiska Str., fl.1, city of Sofia.

## **1.2. License**

The Financial Supervision Commission has issued license № 28-DSIC from 24 July, 2006 to the Company to perform the following transactions under Art. 4, para 1, item 1 and 2 of the SPV as a special purpose vehicle: investment of cash raised through the issue of securities in real estate (real estate securitization).

## **1.3. Special statutory acts regulating the operating activity**

The operation of the Company is performed in compliance with the Special Purpose Vehicles Act (SPVA), Commercial Law (CL), Public Offering of Securities Act (POSA), the instruments of its application and all other legal requirements.

## **1.4. Main Agreements**

The Company concluded the following main agreements:

- On April 1<sup>st</sup>, 2006 with a servicing company within the meaning of Art. 18, para 2 of the LSPV: TBI CONSULTING EOOD - Sofia. The contract is signed for indefinite period of time; With Decision No.: 1082-DSIC from 18.08.2008 the Financial Supervision Commission approved the replacement of TBI Consulting EOOD with Profinet EOOD as a servicing company of Agro Finance REIT. The contract with the servicing company TBI Consulting EOOD is terminated on 01.09.2008
- On April 18<sup>th</sup>, 2006 with a depository bank within the meaning of Art. 9 of LSPV: UNITED BULGARIAN BANK AD;
- On April 5<sup>th</sup>, 2006 with a company – valuator of the acquired properties, in relation to Art. 19 of the LSPV: BRIGHT CONSULT OOD;
- on April 18<sup>th</sup>, 2006 with an investment intermediary servicing the initial increase of the Company's capital: TBI INVEST EAD;
- On October 26<sup>th</sup>, 2007 with a second servicing company – AGRO FINANCE CONSULT EOOD (previous name PROFINET EOOD).
- On March 25<sup>th</sup>, 2008 for issuing corporate bonds with total nominal value of EUR 2 500 000.
- Contract with Specialized Audit Company “AGAIN TAKT” OOD for independent financial audit for 2006, 2007, 2008 and 2009.

The Company has no right to carry out directly the activities concerning the use and maintenance of the acquired real estates, due to which it has assigned these activities to the servicing company.

## **2. Information on the servicing companies**

AGRO FINANCE CONSULT EOOD is entered in the commercial register of the Sofia City Court under company case-file № 12082/2006 as a single limited liability company with seat and registered office at №16, 16 Manastirska str., fl.1, ap.3., Slatina Region, city of Sofia.

On December 9, 2008 the Commercial register entered change of the name and the address of the Servicing Company. The name has changed from "Profinet" Ltd. to "Agro Finance Consult" Ltd. The address of the Servicing Company is: Sofia 1606, 71 Vladayska str.

AGRO FINANCE CONSULT EOOD is represented and managed by the managers Petar Ivanov Hristov and Konstantin Jonkov Gemov, jointly and severally.

The servicing company has been assigned to carry out the servicing and maintenance of the acquired properties, the completion of constructions and improvements, the keeping and storage of the accounting and other reporting and correspondence, preparation of the annual financial statement and securing its certification as well as the preparation of half-yearly, quarterly and monthly accounts, respectively their publication, respectively their submission at the FSC, and the completion of other required activities. The performance of these activities is carried out in compliance with the law and the articles of association of the special purpose vehicle.

## **3. Fundamental Accounting Principals**

### ***3.1. Basis for presentation***

The financial statements have been prepared in accordance with the Bulgarian Accounting Act, Public Offering of Securities Act, Special Purpose Vehicles Act and the International Financial Reporting Standards (IFRS).

The main accounting principles are observed:

- a) Accrual basis of accounting – the revenues and expenses on the transactions and events are reported when they are earned or incurred, regardless of the time of receiving or payment of the cash or its equivalent;
- b) Going concern principle;
- c) Prudent principle – obligatory assessment and accounting for presumable risks and expected losses;
- d) Matching of revenues and expenses – recognition of the expenses made in relation to an individual transaction or event in the financial result for the period in which the company reports the effect from them. The recognition of the revenues is reflected for the period in which the expenses for their receiving are reported;
- e) Priority of content over the form – the transactions and events are reported in accordance with their economic content, essence and financial reality irrespective of their relevant legal form.



### **3.2. Reporting unit**

The financial statements are presented in Bulgarian Lev (BGN).

### **3.3. Investment Property (IFRS 40)**

Investment properties of the Company are agricultural land acquired in order to achieve current income from rent / lease contracts and capital profit in long run, and not intended for administrative or manufacturing needs.

The initial valuation of the acquired investment properties includes the acquisition cost as well as all expenses related to the purchase in accordance with IFRS 40 – Investment property. The Company applies the model of fair value. The alteration in the fair value of the investment properties is recorded in the profit (loss) for the period in which it appears.

According to the Special Purpose Vehicles Act (SPVA) the Company is obligated to assign to external independent experts (appraisers) the appraisal of the securitized real properties prior to their acquisition, as well as at the end of each fiscal year or upon change with more than 5% in the inflation index in the country or the index of real estate prices.

### **3.4. Property, Plant and Equipment (IFRS 16)**

The properties, plant and equipment include computers and software, motor vehicles and office furniture and equipment. They are reported at acquisition cost, less the accrued depreciation. The acquisition cost includes the purchase price and all direct expenses required to bring the asset into operating condition. The Company applies the linear method of depreciation according the useful life of the assets determined by the management which also coincides with that for tax purposes. The annual percentages of depreciation which are used are:

Computers and software	50%
Vehicles	25%
Office furniture and equipment	15%

The minimum materiality threshold adopted for the purposes of capitalization of property, plant and equipment is BGN 700.

### **3.5. Intangible Assets (IFRS 38)**

The initial valuation of intangible assets was at acquisition cost. The linear method was applied in their depreciation.

### **3.6. Receivables and liabilities**

The receivables are reported at initial value, less the amount of the uncollected sum. An estimate is made of suspicious and uncollectible receivables where there is high uncertainty for the collectability of the whole amount. The uncollectible receivables

are written off in whole where such circumstance is established. The liabilities are reported at the expected agreed value.

### **3.7. Employee benefits**

The Company has not developed and does not apply any programs for employee resignation benefits or for compensating employees by way of shares.

### **3.8. Foreign currency transactions**

Foreign currency transactions are initially accounted for by applying the central exchange rate of the Bulgarian National Bank (BNB) to the foreign currency amount as of the date of the transaction. Assets and liabilities denominated in foreign currency are reported in BGN using the BNB exchange rate at the balance sheet date.

Any gain or loss resulting from the exchange rates is included in the income statement at the period of origin.

In 2009 the Company has no transactions in currencies other than BGN and Euro and is not exposed to foreign currency risk.

### **3.9. Related parties transactions**

In 2009 the Company has not entered into deals with related parties as per the definition of item 12 of par.1 of the Supplementary Provisions of Public Offering of Securities Act.

### **3.10. Taxation**

Taxation currently payable is calculated in compliance with the Bulgarian tax legislation. According to article 175 from the Corporate Income Tax Act, special investment purpose companies are exempt from corporate income taxation. Therefore, the Company does not accrue any income taxes on its profit from investment activity.

## **4. Investment properties**

As of December 31<sup>st</sup>, 2009 the Company reported 12 644 ha investment properties at the amount of BGN 44 544 thousand, or 86.08 % of the assets value. The acquired properties are agricultural lands allocated in different regions of the country.

	<u>Area</u> <i>(ha)</i>	<u>Carrying value</u> <i>(BGN'000)</i>
<b>As of 31.12.2008</b>	<b>11 418</b>	<b>40 678</b>
Acquired	1 256	4 074
Received from exchanges	660	2 570
Given in exchanges	(669)	(2 538)
Disposals (subject-matter of litigations)	(19)	(80)
Sold	(2)	(5)
Revaluation at the end of 2009		(155)
<b>As of 31.12.2009</b>	<b>12 644</b>	<b>44 544</b>

## 5. Properties, plants and equipment

The long-term tangible assets as of December 31<sup>st</sup>, 2009 amount to BGN 30 thousand.

	<b>Vehicles</b>	<b>Other Tangible fixed assets</b>	<b>Total Tangible fixed assets</b>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at 31.12.2008	61	21	82
Additions		4	4
Disposals		11	11
Balance at 31.12.2009	61	14	75
<b>Accumulated depreciation</b>			
Balance at 31.12.2008	24	8	32
Additions	15	9	24
Disposals		11	11
Balance at 31.12.2009	39	6	45
<b>Net book value at 31.12.2009</b>	<b>22</b>	<b>8</b>	<b>30</b>
<b>Net book value at 31. 12. 2008</b>	<b>37</b>	<b>13</b>	<b>50</b>

## 6. Intangible fixed assets

The intangible fixed assets as of December 31<sup>st</sup>, 2009 amount to BGN 2 thousand.

	<b>Software</b>	<b>Other Intangible fixed assets</b>	<b>Total Intangible fixed assets</b>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at 31.12.2008	8	4	12
Additions			
Disposals	5		5
Balance at 31.12.2009	3	4	7
<b>Accumulated depreciation</b>			
Balance at 31.12.2008	5	1	6
Additions	3	1	4
Disposals	5	-	5
Balance at 31.12.2009	3	2	5
<b>Net book value at 31.12.2009</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Net book value at 31. 12. 2008</b>	<b>3</b>	<b>3</b>	<b>6</b>

## 7. Trade and other receivables

As of December 31<sup>st</sup>, 2009 the receivables of the Company amount to BGN 2 331 thousand, as follows:

	<u>31.12.2009</u> (BGN'000)	<u>31.12.2008</u> (BGN'000)
Receivables from counterparties	2 102	669
Pre-payments	28	258
Receivables from interests (bank deposits)	88	88
Receivables (judgment debt)	105	16
Other receivables	8	3
<b>Total</b>	<b><u>2 331</u></b>	<b><u>1 034</u></b>

Receivables from counterparties represent receivables under lease contracts for the agricultural seasons 2009/2010 (BGN 1 617 thousand), 2008/2009 (BGN 479 thousand) and 2007/2008 (BGN 6 thousand).

As of December 31<sup>st</sup>, 2009 the Company has accrued receivables from interests at the amount of BGN 88 thousand on bank deposits with date of payment later than December 31<sup>st</sup> 2009

## 8. Cash and Cash Equivalents

The cash as of December 31<sup>st</sup>, 2009 was allocated as follows:

	<u>31.12.2009</u> (BGN'000)	<u>31.12.2008</u> (BGN'000)
Cash in Bank Accounts	317	134
Bank deposits	4 485	8 923
Other cash equivalents	14	23
<b>Total Cash and Cash Equivalents</b>	<b><u>4 816</u></b>	<b><u>9 080</u></b>

## 9. Other current assets

As of December 31<sup>st</sup>, 2009 the Company reported as other current assets amounting to BGN 25 thousand (31.12.2008 BGN 6 thousand) the part of paid expenses related to next reporting period for insurance of receivables under lease contracts.

## 10. Long-term liabilities – bond issue

As of December 31<sup>st</sup>, 2009 the Company has long-term liabilities for issued corporate bonds with a nominal value EUR 2 500 000 (BGN 4 889 575) and the following characteristics:

Type of the bonds: ordinary, registered and book - entry securities, interest-bearing, freely transferable, unsecured

Number of bonds: 2 500 (two thousand five hundred)

Par value of one bond: EUR 1 000 (a thousand)  
 Term and maturity of the bonds: 36 months (thirty six months)  
 Interest – fixed coupon in the amount of 7.5 % annually, payable every 6 (six) months  
 Method and date of the principal payment - bullet, i.e. at the maturity of the bonds  
 Issue Date: 25 March, 2008

First Interest Payment:  
 Total amount of payment: EUR 94 262.30  
 Payment Date: 25.09.2008

Second Interest Payment:  
 Total amount of payment: EUR 92 979.45  
 Payment Date: 25.03.2009

Third Interest Payment:  
 Total amount of payment: EUR 94 520.55  
 Payment Date: 25.09.2009

### ***11. Current Liabilities***

As current liabilities the Company reports these with term of settlement less than 12 months. The liabilities are evaluated at their nominal value.

At December 31<sup>st</sup>, 2009 the current liabilities of the Company amounted at BGN 726 thousand, allocated as follows:

	<b>31.12.2009</b>	<b>31.12.2008</b>
	(BGN'000)	(BGN'000)
Liabilities to the servicing company	438	182
Liabilities to counterparties	143	462
Interest Liabilities	97	97
Other current liabilities	48	26
<b>Total Current Liabilities</b>	<b>726</b>	<b>767</b>

The liabilities to counterparties include accrued commissions under concluded intermediation contracts for purchasing of agricultural land amounting to BGN 130 thousand (31.12.2008: BGN 435 thousand).

Interest liabilities present the accrued interest according to the contract for issuing corporate bonds for the period 26.09.2009 – 31.12.2009. Payment date of the forth interest payment is March 25<sup>th</sup>, 2010.

### ***12. Deferred revenues***

As of December 31<sup>st</sup>, 2009 the Company reported deferred revenues at the amount of BGN 1 271 thousand as a result of the accrued receivables under lease contracts for the agricultural seasons 2009/2010. A quarter of the amount of the deferred revenues is recognized as current income on a quarterly basis.

### 13. Equity

#### Share Capital

As of December 31<sup>st</sup>, 2009 the authorized capital of the Company amount to BGN 32 220 thousand divided into 32 219 708 ordinary dematerialized shares with a par value of BGN 1 each.

On December 31<sup>st</sup>, 2008 the authorized capital of the company was BGN 32 220 thousand.

#### Capital Reserves

As of December 31<sup>st</sup>, 2009 the capital reserves amount to BGN 4 765 thousand formed from the difference between the nominal and issue value of the shares.

On December 31<sup>st</sup>, 2008 the capital reserves amounted to BGN 4 765 thousand.

#### Current Profit (loss)

The financial result for the reporting period 01.01.2009 – 31.12.2009 is a profit at the amount of BGN 111 thousand. As of December 31<sup>st</sup>, 2009 the Company made a revaluation of the acquired agricultural land and formed a loss at the amount of BGN 155 thousand from the change in its fair value. For 2008 the Company reported net profit at the amount of BGN 4 263 thousand as a result of the revaluation done on September 30<sup>th</sup>, 2008 and formed profit at the amount of BGN 4 854 thousand.

According to art.10, paragraph 1 of the Act on the Special Investment Purpose Companies, the special investment purpose companies shall distribute as dividends no less than 90 per cent of the profit for the financial year, determined in accordance with the procedure under art. 10, paragraph 3 of the same Act. The amount for distribution of dividends is calculated as follows:

	Description	Amount(BGN)
	Financial result for the year 2009 according to the Income statement: Profit	111 433
Art.10, para.3, point 1	Increase of the financial result with expenses from revaluation of investment properties	154 833
Art.10, para.3, point 2	Decrease of the financial result with gains from sale of investment properties	3 507
Art.10, para.3, point 3	Increase of the financial result with the positive difference between a) real estate sold price & b) the amount of the real estate historical value	6 020
	Amount for distribution of dividends	268 779

### 14. Earning per share

Earning per share is calculated based upon the net profit and the weighted average number of shares during the reported period.

Number of shares as of 01.01.2009	32 219 708
Number of shares as of 31.12.2009	32 219 708
Weighted average number of shares during the period 01.01.2009 -31.12.2009	32 219 708
Net profit for the period 01.01.2009 -31.12.2009 (BGN)	111

thousand)	
Earning per share (BGN)	0,0035

## 15. Income

The Company reports the following income:

- income from lease contracts
- income from revaluation of investment properties
- income from interest
- other

Recognition of revenue from lease contracts:

The agricultural season begins at October 1<sup>st</sup> and end at the September 30<sup>th</sup> of the following calendar year.

### 15.1. Agricultural season 2007/2008

15.1.1. For Lease contracts concerning 2007/2008 agricultural season and received until December 31<sup>st</sup>, 2007 one quarter of the revenue was recognized as income in 2007 and three quarters – as income in 2008.

15.1.2. For Lease contracts concerning 2007/2008 agricultural season and received between January 1<sup>st</sup>, 2008 and December 31<sup>st</sup>, 2008 the full amount of the income was recognized in 2008.

15.1.3. For Lease contracts concerning 2007/2008 agricultural season and received after December 31<sup>st</sup>, 2008 the full amount of the income was recognized in 2009.

### 15.2. Agricultural season 2008/2009

15.2.1. For Lease contracts concerning 2008/2009 agricultural season and received until December 31<sup>st</sup>, 2008 one quarter of the revenue was recognized as income in 2008 and three quarters were recognized as income in 2009.

15.2.2. For Lease contracts concerning 2008/2009 agricultural season and received between January 1<sup>st</sup>, 2009 and December 31<sup>st</sup>, 2009 the full amount of the income was recognized in 2009.

115.2.3. For Lease contracts concerning 2008/2009 agricultural season and received after December 31<sup>st</sup>, 2009 the full amount of the income will be recognized in 2010.

### 15.3. Agricultural season 2009/2010

15.2.1. For Lease contracts concerning 2009/2010 agricultural season and received until December 31<sup>st</sup>, 2009 one quarter of the revenue was recognized as income in 2009 and three quarters will be recognized as income in 2010.

15.2.2. For Lease contracts concerning 2009/2010 agricultural season and received between January 1<sup>st</sup>, 2010 and December 31<sup>st</sup>, 2010 the full amount of the income will be recognized as income in 2010.

As of December 31<sup>st</sup>, 2009 the Company reports income at the amount of *BGN 2 173 thousand* allocated as follows:

<b>Income:</b>	<b>01.01.2009- 31.12.2009</b>	<b>01.01.2008- 31.12.2008</b>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Income from revaluation of investment properties	-	4 854

Income from investment properties	1 768	617
Income from sale of investment properties	9	-
Interest Income	391	576
Other Income	5	-
<b>Total Income</b>	<b>2 173</b>	<b>6 047</b>

### **16. Expenses**

The expenses related to the operation of Agro Finance REIT as of December 31<sup>st</sup>, 2009 amount to *BGN 2 062 thousand*, structured as follows:

<b>Expenses:</b>	<b>01.01.2009- 31.12.2009</b>	<b>01.01.2008- 31.12.2008</b>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
<b>Expenses from revaluation of investment properties</b>	<b>155</b>	<b>-</b>
<b>Administrative expenses</b>	<b>219</b>	<b>255</b>
Office rent and overheads	30	33
Telecommunication expenses	4	7
Expenses for advertisement and publishing of materials	2	17
Professional and audit fees	18	46
Expenses for remunerations and social security contributions (labor and civil contracts)	36	23
Expenses for remuneration and social security contributions of the Board of Directors	74	75
Depreciation expenses	28	28
Other administrative expenses	27	26
<b>Operating expenses</b>	<b>1 312</b>	<b>1 243</b>
Expenses for the Financial Supervision Commission; the Bulgarian Stock Exchange and the Central Depository	7	21
Expenses for bank depository	1	1
Expenses for servicing companies	1 229	897
Remunerations to the Investment Intermediaries	-	314
Other operating expenses	75	10
<b>Financial expenses</b>	<b>371</b>	<b>286</b>
Interest expenses	367	282
Foreign exchange rate losses	2	2
Other Financial expenses	2	2
<b>Cost of sales</b>	<b>5</b>	<b>-</b>
<b>Total expenses:</b>	<b>2 062</b>	<b>1 784</b>

These financial statements are signed on behalf of the Board of Directors on February 26, 2010

\_\_\_\_\_  
Dessislava Yordanova  
Executive Director

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Emiliya Velinova  
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154  
05.03.2010 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002