

“AGRO FINANCE ” REIT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2011

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

AUDITED

This document is an unofficial translation of the original in Bulgarian. In case of divergence the Bulgarian original shall prevail.

AGRO FINANCE REIT

STATEMENT OF FINANCIAL POSITION /audited/ for the year ended December 31st, 2011

ASSETS	Notes	31.12.2011	31.12.2010
		BGN '000	BGN '000
Investment properties	4	54 578	45 895
Tangible fixed assets	5	30	18
Receivables from counterparties and other receivables	6	4 334	3 454
Cash and cash equivalents	7	2 807	3 758
Other current assets	8	2	55
TOTAL ASSETS		61 751	53 180
 LIABILITIES			
Long-term liabilities – bond issue	9	9 779	-
Current part of long-term liabilities /bond issue/	9	-	4 890
Current liabilities	10	1 061	687
Other current liabilities	11	2 529	1 971
TOTAL LIABILITIES		13 369	7 548
 EQUITY	12		
Share capital		32 220	32 220
Capital Reserves		4 765	4 765
Retained earnings		7 681	7 618
Current Profit (Loss)		3 716	1 029
TOTAL EQUITY		48 382	45 632
 TOTAL EQUITY AND LIABILITIES		61 751	53 180

These financial statements are signed on behalf of the Board of Directors on March 15th, 2012

Vasil Petkov
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Nikolay Oresharov, Registered Auditor, Diploma № 0494
27.03.2012

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

AGRO FINANCE REIT

STATEMENT OF COMPREHENSIVE INCOME /audited/ for the year ended December 31st, 2011

		<u>31.12.2011</u>	<u>31.12.2010</u>
		BGN ' 000	BGN ' 000
Income from rent of investment properties	14	3 015	2 673
Income from revaluation of investment properties		2 460	59
Income from sale of investment properties		-	343
Other Income		91	-
Financial income		<u>206</u>	<u>206</u>
TOTAL INCOME	14	5 772	3 281
Administrative expenses	15	(226)	(185)
Operating expenses	15	(1 305)	(1 329)
Financial expenses		(525)	(369)
Book value of the sold investment properties		-	(271)
Expenses from impairment of receivables		<u>-</u>	<u>(98)</u>
TOTAL EXPENSES	15	(2 056)	(2 252)
Net profit (loss) before taxation		3 716	1 029
Income tax expense		-	-
Net profit (loss) for the year		3 716	1 029
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		3 716	1 029
Earning per share (BGN)	13	0.12	0.03

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AGRO FINANCE REIT

CASH FLOWS STATEMENT /audited/ for the year ended December 31st, 2011

	31.12.2011	31.12.2010
	BGN ' 000	BGN '000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from counterparties	2 876	2 261
Cash payments to counterparties	(1 220)	(1 456)
Cash payments related to employees	(100)	(84)
Paid taxes	(4)	(4)
Paid interests and other	(9)	(1)
Other cash receipts / payments	7	3
NET CASH FLOW FROM OPERATING ACTIVITIES	1 550	719
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(31)	-
Purchase of investment properties	(6 202)	(1 732)
Sale of investment properties	-	343
Other cash receipts / payments	-	(1)
NET CASH FLOW FROM INVESTING ACTIVITIES	(6 233)	(1 390)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash receipts related to issuing of bonds	9 779	-
Cash receipts related to received loans	3 000	-
Cash receipts from interests and other	100	205
Payments related to received loans	(7 890)	-
Paid interests and other	(292)	(337)
Paid dividends	(965)	(254)
Other payments	-	(1)
NET CASH FLOW FROM FINANCING ACTIVITIES	3 732	(387)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(951)	(1 058)
Cash and cash equivalents at the beginning of the period	3 758	4 816
Cash and cash equivalents at the end of the period	2 807	3 758

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Executive Director

Zorka Paskaleva
Chief Accountant

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27.03.2012

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AGRO FINANCE REIT

STATEMENT OF CHANGES IN EQUITY /audited/ for the year ended December 31st, 2011

	Share capital	Capital Reserves	Retained Earnings	Total
	BGN ' 000	BGN ' 000	BGN ' 000	BGN ' 000
Balance at January 1, 2010	32 220	4 765	7 876	44 861
Net profit (loss) for the period	-	-	1 029	1 029
Distribution of profit for dividend			(258)	(258)
Balance at December 31, 2010	32 220	4 765	8 647	45 632
Net profit (loss) for the period	-	-	3 716	3 716
Distribution of profit for dividend			(966)	(966)
Balance at December 31, 2011	32 220	4 765	11 397	48 382

These financial statements are signed on behalf of the Board of Directors on March 15th, 2012

 Vasil Petkov
 Executive Director

 Zorka Paskaleva
 Chief Accountant

Certified: Nikolay Oresharov, Registered Auditor, Diploma № 0494
 27.03.2012

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

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31st, 2011

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 February 23rd, 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 71st 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 Investment Purpose Companies Act (SIPCA).

Upon the Company's incorporation, according Art.5, par. 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 July 19th, 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 September 27th, 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 a Decision № 4 from May 9th, 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 a Decision №5 from August 8th, 2007. Dessislava Yordanova and Sava Savov were entered as members of the Board of Directors.

On July 22nd, 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 11th, 2008 the Commercial Register entered the appointment of the new members of the Board of Directors as follows: Dessislava Ivanova Yordanova, Valentina Nikolova Tzoneva and Sava Vasilev Savov.

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

On the extraordinary Shareholders' General Meeting, held on November 2nd, 2010 were taken decisions for amendments in the Articles of Association for increasing the term of activity of the Company to permanent, for updating the value of the capital, written in it, also for synchronization of the Articles of Association with the amendments in the legislation. By decision № 759-DSIC from November 25th, 2010, the Financial Supervision Commission approved the presented amendments and they are announced by the Commercial Register.

On the extraordinary Shareholders' General Meeting, held on March 14th, 2011 was taken a decision to discharge the Chairperson of the Board of Directors Ms. Valentina Tzoneva as a member of the Board of Directors and to elect Mr. Vasil Petkov as a new member of the Board. Mr. Vasil Petkov was also elected as a Chairman of the Audit committee. On March 24th, 2011 the Commercial Register entered the change in members of the Board of Directors.

The Annual General Meeting of the Shareholders of Agro Finance REIT was held on June 9th, 2011. The AGM took decisions regarding amendments to the Company by-laws, replacement of the auditor, distribution of gross dividend for the year 2010 and issuing of corporate bonds with total nominal value up to BGN 10 000 000 (ten million), or their equivalence in Euro, by the end of year 2011.

On June 27th 2011 the Commercial Register entered the amendments to the Company by-laws, adopted from the General Meeting held on June 9th, 2011 and approved by the Financial Supervision Commission.

On June 28th, 2011 the Commercial Register entered the replacement of the Executive Director. Based on resolution of Agro Finance REIT Board of Directors from a meeting held on June 23rd 2011, Ms. Desislava Tosheva was elected for Chairperson of the Board of Directors of Agro Finance REIT and Mr. Vasil Petkov was elected for Executive Director of Agro Finance REIT. The Board of Directors empowered the Executive Director Mr. Vasil Petkov to represent the Company.

The present Board of Directors consists:

Mr. Vasil Stefanov Petkov - Executive member of the Board of Directors of Agro Finance REIT

Ms. Dessislava Ivanova Tosheva – Chairperson of the Board of Directors of Agro Finance REIT

Mr. Sava Vassilev Savov – Deputy Chairman of the Board of Directors of Agro Finance REIT

The Company is represented by the Executive Director Mr. Vasil Petkov.

The activity of the Company is not limited by time.

1.2. License

The Financial Supervision Commission has issued license № 28-DSIC from July 24th, 2006 to the Company to perform the following transactions under Art. 4, par. 1, item 1

and 2 of the SIPCA as a special investment purpose company: 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 Investment Purpose Companies Act (SIPCA), 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:

- With a depository bank within the meaning of Art. 9 of SIPCA: UNITED BULGARIAN BANK AD;
- With a company – valuator of the acquired properties, in relation to Art. 19 of the SIPCA: BRIGHT CONSULT OOD;
- With a servicing company – AGRO FINANCE CONSULT EOOD.
- On August 4th, 2011 for issuing of corporate bonds with total nominal value of EUR 5 000 000.
- Contract for independent financial audit for 2011 with the registered auditor Nikolay Nikolov Oresharov, Diploma N: 0494

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 company

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: Sofia 1606, 71st Vladayska Str.

AGRO FINANCE CONSULT EOOD is represented and managed by the manager Petar Ivanov Hristov.

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.

On July 30th, 2010 Agro Finance REIT and the servicing company Agro Finance Consult EOOD signed an Annex to Contract from October 26th, 2007 that approved the annual remuneration of the servicing company of 1.5% of the total assets value to be changed to 1.5% of the value of the investment properties at acquisition cost. The remuneration is calculated and paid four times by the end of each calendar quarter as 0.375 % from the value of acquisition of the investment properties, possessed by the

Company at the end of the relevant quarter. The change in the remuneration entered into force on July 1st, 2010.

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 Investment Purpose Companies 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 in long term, 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 Investment Purpose Companies Act (SIPCA) 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 to 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 is at acquisition cost. The linear method is applied in their depreciation.

3.6. Receivables and liabilities

The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The receivables are carried at initial value less any impairment. An estimate is made of suspicious and uncollectible receivables where there is high uncertainty for the collectability of the whole amount. Significant receivables are tested for impairment separately when they are past due date of the financial statements or when there are objective evidences that a counterparty will not fulfill its obligations. All other receivables are tested for impairment by groups. The impairment is reported as a current expense. 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

Transactions denominated in foreign currency 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 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 2011 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 2011 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 31st, 2011 the Company reports 14 084 ha investment properties at the amount of BGN 54 578 thousand, or 88 % of the assets value. The acquired properties are agricultural land allocated in different regions of the country.

As of January 1st, 2011 the Company owns an investment portfolio of agricultural land of 13 068 ha with balance value of BGN 45 895 thousand.

During the period January 1st, 2011 – December 31st, 2011 the Company has acquired by purchases 1 014 ha agricultural land with balance value of BGN 6 197 thousand.

During the same period the Company has acquired by exchanges 493 ha agricultural land as it gave by exchange 493 ha agricultural land. The balance value of acquired properties by exchange is BGN 1 636 thousand, equal to the balance value of the given properties of BGN 1 619 thousand and the exchange expenses of BGN 17 thousand.

During the period January 1st, 2011 – December 31st, 2011, 12 ha agricultural land with balance value BGN 39 thousand are deducted from the investment properties because of litigations that are in process of judgment.

During the same period in result of several successfully closed litigations 14 ha agricultural land with balance value of BGN 48 thousand are restored back as investment properties in the Company Balance sheet.

As of December 31st, 2011 the Company has made revaluation of the investment portfolio. The profit is BGN 2 460 thousand in result of the change in their fair value.

5. Properties, plants and equipment

The long-term tangible assets as of December 31st, 2011 amount to BGN 30 thousand.

	Vehicles	Other Tangible fixed assets	Total Tangible fixed assets
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at 31.12.2010	61	16	77
Additions	30	1	31
Disposals			
Balance at 31.12.2011	91	17	108
Accumulated depreciation			
Balance at 31.12.2010	50	9	59
Additions	16	3	19
Disposals			
Balance at 31.12.2011	66	12	78
Net book value at 31.12.2011	25	5	30
Net book value at 31. 12. 2010	11	7	18

6. Trade and other receivables

As of December 31st, 2011 the receivables of the Company amount to BGN 4 334 thousand, as follows:

	<u>31.12.2011</u> (BGN'000)	<u>31.12.2010</u> (BGN'000)
Receivables from counterparties, net of impairment	3 884	3 041
Receivables from litigations	251	284
Receivables from interests (bank deposits)	153	58
Pre-payments	13	68
Other receivables	33	3
Total	<u>4 334</u>	<u>3 454</u>

Receivables from counterparties represent receivables under lease / rent contracts for the agricultural seasons 2011/2012 (BGN 3 188 thousand), 2010/2011 (BGN 680 thousand) and 2009/2010 (BGN 26 thousand). As of December 31st 2011 the total value of the impaired receivables is BGN 10 thousand (December 31st 2010 BGN 98 thousand).

As of December 31st, 2011 the Company reports receivables from litigations at the amount of BGN 251 thousand. One part of them, total BGN 118 thousand, is from brought 13 civil cases for outstanding payments under lease / rent contracts for passed agricultural seasons, of which BGN 13 thousand are already found in favor of Agro Finance REIT, and the rest are in process of judgment. The other part of the receivables from litigations at the amount of BGN 133 thousand is related to lawsuits on deeds for land purchase, which have not closed by the end of the year. The sum includes the balance value of the properties and all state fees and expenses for litigations.

As of December 31st, 2011 the Company has accrued receivables from interests at the amount of BGN 153 thousand on bank deposits with date of payment later than December 31st 2011.

7. Cash and Cash Equivalents

The cash as of December 31st, 2011 is allocated as follows:

	<u>31.12.2011</u> (BGN'000)	<u>31.12.2010</u> (BGN'000)
Cash	-	1
Bank accounts	42	37
Bank deposits	2 744	3 706
Other cash equivalents	21	14
Total Cash and Cash Equivalents	<u>2 807</u>	<u>3 758</u>

8. Other current assets

As of December 31st, 2011 the Company reports as other current assets amounting to BGN 2 thousand the part of pre-paid expenses related to next reporting period for insurance of receivables under lease / rent contracts, subscriptions, annual and membership fees (December 31st 2010 BGN 55 thousand).

9. Long-term liabilities – bond issue

On August 4th 2011 Agro Finance REIT issued secured corporate bonds (concluded a debenture loan) with nominal value EUR 5 000 000 and the following general parameters: fixed interest percentage rate at the amount of 8% annually, payable at six (6) monthly coupon payments, for the period of 5 years.

On March 25th 2011 the Company paid in full its obligations on interest payment and principal repayment according to issued 3-years corporate bonds with a nominal value EUR 2 500 000 (BGN 4 889 575) and fixed interest 7.5% annually, payable at six (6) monthly payments.

10. 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 31st, 2011 the current liabilities of the Company amount at BGN 1 061 thousand, allocated as follows:

	<u>31.12.2011</u>	<u>31.12.2010</u>
	(BGN'000)	(BGN'000)
Liabilities to the servicing company	563	440
Interest Liabilities	321	97
Liabilities to suppliers	94	130
Advance payments received	61	-
Other current liabilities	22	20
Total Current Liabilities	<u>1 061</u>	<u>687</u>

Interest liabilities in amount of BGN 321 thousand present the accrued interest according to the issued corporate bonds for the period August 4th, 2011 – December 31st, 2011 relating to the forthcoming first interest payment due on February 4th, 2012. Date of signing of the bond issue: August 4th, 2011. Period of interest payment: 6 (six) months.

The liabilities to suppliers include accrued commissions under concluded intermediation contracts for purchasing of agricultural land, amounting to BGN 69 thousand (December 31st, 2010: BGN 120 thousand).

11. Other current liabilities

As of December 31st, 2011 the Company reports other current liabilities at the amount of BGN 2 529 thousand, which include part of the amount on the signed contracts for

the current agricultural 2011/2012 season, referring to the next reporting period and not recognized as revenue for the current year according to Note 14.1, as well as amounts received in advance for next agricultural seasons.

12. Equity

Share Capital

As of December 31st, 2011 the authorized capital of the Company amounts to BGN 32 220 thousand divided into 32 219 708 ordinary dematerialized shares with a par value of BGN 1 each. On December 31st, 2010 the authorized capital of the company was BGN 32 220 thousand.

Capital Reserves

As of December 31st, 2011 the capital reserves amount to BGN 4 765 thousand formed from the difference between the nominal and issue value of the shares. On December 31st, 2010 the capital reserves amounted to BGN 4 765 thousand.

Retained earnings

As of January 1st, 2011 the accumulated profit amounts to BGN 8 647 thousand and is formed by BGN 7 618 thousand accumulated profit up to December 31st, 2010 and BGN 1 029 thousand profit in 2010.

According to article 10, paragraph 1 of the SIPCA the special investment purpose companies distribute as dividend no less than 90 percent of the profit for the financial year after transformation in accordance with art. 10, paragraph 3 of the same Act.

At the Annual General Meeting of the Shareholders after the adoption of the audited financial statements for 2010 was taken a decision for distribution of gross dividend for 2010 of BGN 966 591.24 or 91.87 % of the profit for distribution transformed in accordance with art. 10, paragraph 3 of the SIPCA, totally in amount of BGN 1 052 083.53, or gross dividend per share in amount of BGN 0.03. (For 2009: gross dividend of BGN 257 757.66 or 95.90 % of the profit for distribution).

As a result of this decision at December 31st, 2011 the retained earnings amount to BGN 7 681 thousand.

Current Profit (loss)

The financial result for the reporting period January 1st, 2011 – December 31st, 2011 is a profit at the amount of BGN 3 716 thousand. For the same period in 2010 Company reported a profit of BGN 1 029 thousand.

As of December 31st, 2011 the equity structure is as follows:

Equity:	31.12.2011	31.12.2010
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Share Capital	32 220	32 220
Capital Reserves	4 765	4 765
Retained earnings	7 681	7 618
Current Profit (loss)	3 716	1 029
Total Equity:	48 382	45 632

13. 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 January 1 st , 2011	32 219 708	Number of shares as of January 1 st , 2010	32 219 708
Number of shares as of December 31 st , 2011	32 219 708	Number of shares as of December 31 st , 2010	32 219 708
Weighted average number of shares during the period January 1 st , 2011 - December 31 st , 2011	32 219 708	Weighted average number of shares during the period January 1 st , 2010 - December 31 st , 2010	32 219 708
Net profit for the period January 1 st , 2011 - December 31 st , 2011 (BGN thousand)	3 716	Net profit for the period January 1 st , 2010 - December 31 st , 2010 (BGN thousand)	1 029
Earning per share (BGN)	0.12	Earning per share (BGN)	0.03

According to article 10, paragraph 1 of the SIPCA the special investment purpose companies distribute as dividend no less than 90 percent of the profit for the financial year after transformation in accordance with art. 10, paragraph 3 of the same Act:

	Description	Amount(BGN'000)
	Financial result for 2011: Profit	3 716
Art.10, par.3, point 1	Increase of the financial result with expenses from revaluation of investment properties	6
Art.10, par.3, point 1	Decrease of the financial result with income from revaluation of investment properties	2 460
	Amount for distribution of dividends	1 262

After the transformation of the financial result according to article 10, paragraph 3 of the SIPCA the amount for distribution of dividend is BGN 1 262 thousand as a decision for this is taken from the Annual General Meeting of Shareholders following the adoption of this annual audited financial statements for 2011.

14. Income

The Company reports the following income:

- income from rent of investment properties
- income from revaluation of investment properties
- income from sale of investment properties
- financial income
- other income

Recognition of revenues from lease / rent contracts:

The agricultural season begins at October 1st and ends at September 30th on the following calendar year.

14.1. Agricultural season 2011/2012

14.1.1. For lease / rent contracts concerning 2011/2012 agricultural season and received until December 31st, 2011 one quarter of the income was recognized in 2011 and three quarters of the income will be recognized in 2012.

14.1.2 For lease / rent contracts concerning 2011/2012 agricultural season and received after December 31st, 2011 the full amount of the income will be recognized in 2012.

14.2. Agricultural season 2010/2011

14.2.1. For lease / rent contracts concerning 2010/2011 agricultural season and received until December 31st, 2010 one quarter of the income was recognized in 2010 and three quarters – in 2011.

14.2.2. For lease / rent contracts concerning 2010/2011 agricultural season and received after December 31st, 2010 the full amount of the income was recognized in 2011.

14.3. Previous agricultural seasons:

For contracts concerning previous agricultural seasons, received between January 1st, 2011 and December 31st, 2011 the full amount of the income was recognized in 2011.

As of December 31st, 2011 the Company reports income at the amount of BGN 5 772 thousand totally, allocated as follows:

Income:	01.01.2011- 31.12.2011	01.01.2010- 31.12.2010
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Income from lease/rent of investment properties	3 015	2 673
Income from revaluation of investment properties	2 460	59
Income from sale of investment properties	-	343
Other Income	91	-
Financial Income	206	206
Interest Income	194	205
Other Financial Income	12	1
Total Income	5 772	3 281

As of December 31st 2011 part of the impaired receivables at December 31st, 2010 is paid. The amount of their impairment in the previous accounting period amounted to BGN 88 thousand is recognized as Other Income in the current period.

15. Expenses

The expenses related to the operation of Agro Finance REIT as of December 31st, 2011 amount to BGN 2 056 thousand, structured as follows:

Expenses:	01.01.2011 - 31.12.2011	01.01.2010 - 31.12.2010
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Expenses from impairment of receivables	-	98
Administrative expenses	226	185
Office rent and overheads	32	32
Telecommunication expenses	3	3
Expenses for advertisement and publishing of materials	4	3
Professional and audit fees	20	21
Expenses for remunerations and social security contributions (labor and civil contracts)	25	20
Expenses for remuneration and social security contributions of the Board of Directors	69	64
Depreciation expenses	19	16
Other administrative expenses	54	26
Operating expenses	1 305	1 329
Expenses for the Financial Supervision Commission, the Bulgarian Stock Exchange and the Central Depository	13	8
Expenses for a Depository Bank	1	1
Expenses for a Servicing Company	1 097	1 220
Remunerations to the Investment Intermediaries	49	-
Expenses on bond issue - assessments of property and receivables, notary fees, etc.	41	-
Expenses for a Bank - trustee of the bondholders	5	-
Insurance costs	54	56
Other operating expenses	45	44
Financial expenses	525	369
Interest expenses	516	367
Foreign exchange rate losses	-	1
Other Financial expenses	9	1
Book value of the sold investment properties	-	271
Total expenses	2 056	2 252

These financial statements are signed on behalf of the Board of Directors on March 15th, 2012

Vasil Petkov
Executive Director

Zorka Paskaleva
Chief Accountant