

“AGRO FINANCE ” REIT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

TOGETHER WITH
THE REPORT OF REGISTERED AUDITOR
AGEIN – TAKT OOD



AUDITOR'S REPORT

**TO THE SHAREHOLDERS
OF "AGRO FINANCE" REIT
SOFIA**

Responsibilities of the Management and of the Auditors

We have audited the balance sheet of Agro Finance REIT as of 31 December, 2008 as well as the related income statement, cash flow statement and changes in equity statement for the year then ended. The responsibility for the preparation of the financial statement is bared by the Company's management. Our responsibility is to express an auditor's opinion based on our audit.

Basis of Opinion

Our audit was conducted in accordance with the professional requirements of the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of inaccuracies, deficiencies and inconsistencies. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Auditor's Opinion

As a result of this we certify that the financial statement of Agro Finance REIT presents fairly, in all material respects, the property and financial position of the Company as of 31 December, 2008, and the results of its operations, changes in cash flows and in equity for the year then ended in accordance with the International Financial Reporting Standards.

March 9, 2009
Sofia, Bulgaria

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

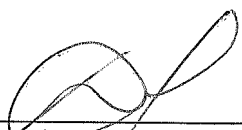


**Stefana Stoitseva
Registered Auditor, Diploma № 0154**

AGRO FINANCE REIT

BALANCE SHEET for the year ended 31 December, 2008

ASSETS	Notes	31.12.2008 BGN '000	31.12.2007 BGN '000
Investment properties	4	40 678	19 079
Tangible fixed assets	5	50	25
Intangible fixed assets	6	6	9
Receivables from counterparties and other receivables	7	1 034	293
Cash and cash equivalents	8	9 080	2 279
Other current assets	9	6	2
TOTAL ASSETS		50 854	21 687
LIABILITIES			
Long-term liabilities – bond issue	10	4 890	-
Current liabilities	11	767	498
Deferred revenues	12	447	-
TOTAL LIABILITIES		6 104	498
EQUITY			
	13		
Share capital		32 220	16 138
Capital Reserves		4 765	1 549
Retained earnings		3 502	129
Current Profit (Loss)		4 263	3 373
TOTAL EQUITY		44 750	21 189
TOTAL EQUITY AND LIABILITIES		50 854	21 687

These financial statements are signed on behalf of the Board of Directors on February 26, 2009

 Dessislava Yordanova Executive Director		 Emiliya Velinova Chief Accountant
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Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
 09.03.2009 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

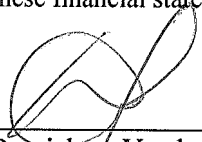


The accompanying notes form an integral part of these financial statements.

AGRO FINANCE REIT

INCOME STATEMENT for the year ended 31 December, 2008

	<u>31.12.2008</u>	<u>31.12.2007</u>
	BGN ' 000	BGN '000
Income from investment properties	617	30
Income from revaluation of investment properties	4 854	3 958
Financial income	576	271
TOTAL INCOME	6 047	4 259
Administrative expenses	(255)	(192)
Operating expenses	(1 243)	(626)
Financial expenses	(286)	(68)
TOTAL EXPENSES	(1 784)	(886)
Net profit (loss) for the period	4 263	3 373

These financial statements are signed on behalf of the Board of Directors on February 26, 2009

		
Dessislava Yordanova Executive Director	AGRO FINANCE REIT	Emiliya Velinova Chief Accountant

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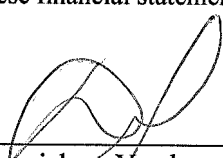
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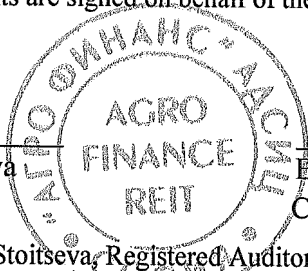
AGRO FINANCE REIT


CASH FLOW STATEMENT for the year ended 31 December, 2008

	31.12.2008	31.12.2007
	BGN ' 000	BGN '000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from counterparties	4	42
Other cash receipts	7	5
Cash payments to counterparties	(1 307)	(753)
Cash payments related to employees	(88)	(50)
Paid interests and other	(2)	(1)
Other payments	(5)	
NET CASH FLOW FROM OPERATING ACTIVITIES	(1 391)	(757)
CASH FLOW FROM INVESTING ACTIVITIES		
Other cash receipts	454	27
Purchase of investment properties	(16 727)	(13 040)
Other payments	(24)	(21)
NET CASH FLOW FROM INVESTING ACTIVITIES	(16 297)	(13 034)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash receipts related to share capital	19 298	17 037
Cash receipts related to received loans	4 890	1 933
Cash receipts from interests and other	488	271
Payments related to received loans	-	(3 133)
Paid interests and other	(185)	(70)
Other payments	(2)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	24 489	16 038
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6 801	2 247
Cash and cash equivalents at the beginning of the period	2 279	32
Cash and cash equivalents at the end of the period	9 080	2 279

These financial statements are signed on behalf of the Board of Directors on February 26, 2009


Dessislava Yordanova
Executive Director




Emiliya Velinova
Chief Accountant

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AGRO FINANCE REIT

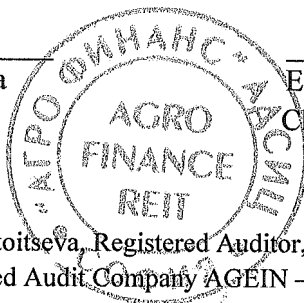
STATEMENT OF CHANGES IN EQUITY for the year ended 31 December, 2008

	Share capital	Capital Reserves	Retained Earnings	Total
	BGN ' 000	BGN ' 000	BGN ' 000	BGN ' 000
Balance at January 1, 2007	650	-	129	779
Issue of share capital	15 488	1 549	-	17 037
Net profit (loss) for the period	-	-	3 373	3 373
Balance at December 31, 2007	16 138	1 549	3 502	21 189
Issue of share capital	16 082	3 216	-	19 298
Net profit (loss) for the period	-	-	4 263	4 263
Balance at December 31, 2008	32 220	4 765	7 765	44 750

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Dessislava Yordanova
Executive Director


Emiliya Velinova
Chief Accountant



Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
09.03.2009 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

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

NOTES TO THE FINANCIAL STATEMENTS AS OF December 31, 2008

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.

As of May 23, 2008 the Executive Director of Agro Finance REIT is Mrs. Dessislava Yordanova.

The Annual General Meeting of the Shareholders of Agro Finance REIT was held on June 30, 2008. According to the previously announced agenda the Annual General Meeting of the Shareholders took the following decisions:

1. Accepted the Annual Management Report for year 2007
2. Accepted the Investor Relations Director's Report for year 2007
3. Accepted the Auditor's Report on the Company's Financial Statements for 2007
4. Approved the Company's Annual Financial Statements for year 2007
5. Relieved of responsibility the members of the Board of Directors for their activity for year 2007
6. Appointed specialized audit company AGEIN – TAKT OOD for an auditor of the Company for 2008
7. Accepted the amendments in the Company statutes
8. Relieved all the members of the Board of Directors
9. Appointed new members of the Board of Directors as follows: Mrs. Dessislava Ivanova Yordanova, Mrs. Valentina Nikolova Tzoneva, Mr. Sava Vasilev Savov.
10. Determined the remuneration of the members of the Board of Directors as well as a guarantee for their management of the affairs of the Company.
11. General Meeting of the Shareholders accepted the suggestion of the Board of Directors for a delegation of an authority to a person to conclude the contracts for assigning the management to the non-executive members of the Board of Directors.

On July 22, 2008 the Commercial Register entered the 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, 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 1st, 2006 with a servicing company within the meaning of Art. 18, para 2 of the LSPV: T B I 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 18th, 2006 with a depository bank within the meaning of Art. 9 of LSPV: UNITED BULGARIAN BANK AD;
- On April 5th, 2006 with a company – valuator of the acquired properties, in relation to Art. 19 of the LSPV: BRIGHT CONSULT OOD;
- on April 18th, 2006 with an investment intermediary servicing the initial increase of the Company's capital: T B I INVEST EAD;
- On October 26th, 2007 with a second servicing company – AGRO FINANCE CONSULT EOOD (PROFINET EOOD).
- On March 25th, 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 2008.

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 entrusted these activities to the servicing company.

2. Information on the servicing companies

T B I CONSULTING EOOD is entered in the commercial register of the Sofia City Court under company case-file № 2175/2004 as a single member limited liability company with seat and registered office at № 5, Dunav Str., Sofia.

T B I CONSULTING EOOD is represented and managed by the managers Marussia Toneva Russeva and Ralitsa Jovkova Peeva, jointly and severally.

The contract with the servicing company TBI Consulting EOOD is terminated on 01.09.2008

AGRO FINANCE CONSULT EOOD (PROFINET 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.

As of December 31st, 2008 the Company reported investment properties at the amount of BGN 40 678 thousand, or 79,99 % of the assets value. The acquired properties are agricultural lands allocated in different regions of the country.

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 Операции в чуждестранна валута

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 2008 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 2008 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

Content and allocation:	Area <i>(decares)</i>	Acquisition value <i>(BGN'000)</i>	Revaluation <i>(BGN'000)</i>	Net book value <i>(BGN'000)</i>
As of 31.12.2007	66 074	14 859	4 220	19 079
Acquired in 2008	48 190	16 770		16 770
Disposals (subject-matter of litigations)	(83)	(20)	(5)	(25)
Revaluation in 2008			4 854	4 854
As of 31.12.2008	114 181	31 609	9 069	40 678

5. Properties, plants and equipment

The long-term tangible assets as of December 31st, 2008 amount to BGN 50 thousand.

	Vehicles <i>(BGN'000)</i>	Other Tangible fixed assets <i>(BGN'000)</i>	Total Tangible fixed assets <i>(BGN'000)</i>
Balance at 31.12.2007	25	17	42
Additions	36	10	46
Disposals		6	6
Balance at 31.12.2008	61	21	82
Accumulated depreciation			
Balance at 31.12.2007	11	5	16
Additions	13	9	22
Disposals		6	6
Balance at 31.12.2008	24	8	32
Net book value at 31.12.2008	37	13	50
Net book value at 31. 12. 2007	14	11	25

6. Intangible fixed assets

The intangible fixed assets as of December 31st, 2008 amount to BGN 6 thousand.

	Software (BGN'000)	Other Intangible fixed assets (BGN'000)	Total Intangible fixed assets (BGN'000)
Balance at 31.12.2007	9	3	12
Additions	3	1	4
Disposals	4	-	4
Balance at 31.12.2008	<u>8</u>	<u>4</u>	<u>12</u>
Accumulated depreciation			
Balance at 31.12.2007	4	-	4
Additions	5	1	6
Disposals	4	-	4
Balance at 31.12.2008	<u>5</u>	<u>1</u>	<u>6</u>
Net book value at 31.12.2008	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>6</u></u>
Net book value at 31. 12. 2007	<u><u>6</u></u>	<u><u>3</u></u>	<u><u>9</u></u>

7. Trade and other receivables

As of December 31st, 2008 the receivables of the Company amount to BGN 1 034 thousand, as follows:

	<u>31.12.2008</u> (BGN'000)	<u>31.12.2007</u> (BGN'000)
Receivables from counterparties	669	24
Pre-payments	258	263
Receivables (judgment debt)	88	-
Receivables on court cases	16	-
Other receivables	3	6
Total	<u><u>1 034</u></u>	<u><u>293</u></u>

Receivables from counterparties represent receivables under lease contracts for the agricultural seasons 2008/2009 (BGN 576 thousand) and 2007/2008 (BGN 93 thousand).

As of December 31st, 2008 the Company has accrued receivables from interests at the amount of BGN 88 thousand which proceeding from bank deposits with date of payment later than December 31st 2008.

8. Cash and Cash Equivalents

The cash as of December 31st, 2008 was allocated as follows:

	<u>31.12.2008</u>	<u>31.12.2007</u>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Cash in Bank Accounts	134	266
Bank deposits	8 923	2 000
Other cash equivalents	23	13
Total Cash and Cash Equivalents	<u><u>9 080</u></u>	<u><u>2 279</u></u>

9. Other current assets

As of December 31st, 2008 the Company reported as other current assets amounting to BGN 6 thousand (31.12.2007 BGN 2 thousand) the part of paid expenses related to the next reporting period.

10. Long-term liabilities – bond issue

As of December 31st, 2008 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

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 31st, 2008 the current liabilities of the Company amounted at BGN 767 205, allocated as follows:

	<u>31.12.2008</u>	<u>31.12.2007</u>
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Liabilities to the servicing company	182	29
Liabilities to counterparties	462	447
Interest liabilities	97	-
Other current liabilities	26	22
Total Current Liabilities	<u><u>767</u></u>	<u><u>498</u></u>

The liabilities to counterparties include accrued commissions under concluded intermediation contracts for purchasing of agricultural land amounting to BGN 435 thousand (31.12.2007: BGN 361 thousand).

Interest liabilities include accrued interest according to the contract for issuing corporate bonds. The interest is accrued for the period 26.09.2008 – 31.12.2008, relating to the second interest payment. Date of the contract for issuing corporate bonds: 25 March, 2008. Interest is payable every 6 (six) months.

12. Deferred revenues

As of December 31st, 2008 the Company reported deferred revenues at the amount of BGN 447 thousand as a result of the accrued receivables under lease contracts for the agricultural seasons 2008/2009. 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 31st, 2008 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 31st, 2007 the authorized capital of the company was BGN 16 138 thousand.

Capital Reserves

As of December 31st, 2008 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, 2007 the capital reserves amounted to BGN 1 549 thousand.

Current Profit (loss)

The financial result for the reporting period 01.01.2008 – 31.12.2008 is a profit at the amount of *BGN 4 263 thousand*. As of September 30th, 2008 the Company made a revaluation of the acquired agricultural land at the amount of BGN 4 854 thousand and formed a profit from the change in its fair value. For 2007 the Company reported net profit at the amount of BGN 3 373 thousand.

As of December 31st, 2008 the equity structure was as follows:

Equity:	31.12.2008r.	31.12.2007r.
	(BGN'000)	(BGN'000)
Share Capital	32 220	16 138
Capital Reserves	4 765	1 549
Retained earnings	3 502	129
Current Profit (loss)	4 263	3 373
Total equity:	44 750	21 189

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 01.01.2008	16 137 954
Number of shares as of 31.12.2008	32 219 708
Weighted average number of shares during the period 01.01.2008 -31.12.2008	23 256 107
Net profit for the period 01.01.2008 -31.12.2008 (BGN thousand)	4 263
Earning per share (BGN)	0,18

15. Incomes

The Company reports the following incomes:

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

Recognition of revenues from lease contracts:

The agricultural season begins at October 1st and end at the September 30th 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 31st, 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 1st, 2008 and December 31st, 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 31st, 2008 the full amount of the income will be recognized in 2009.

15.2. Agricultural season 2008/2009

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

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

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

As of December 31st, 2008 the Company reports income at the amount of *BGN 6 047 thousand* allocated as follows:


Income:	01.01.2008- 31.12.2008	01.01.2007- 31.12.2007
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Income from investment properties	617	30
Income from revaluation of investment properties	4 854	3 958
Interest Income	576	271
Total Income	6 047	4 259

16. Expenses


The expenses related to the operation of Agro Finance REIT as of December 31st, 2008 amount to *BGN 1 784 thousand* (3.51% of the total assets as per the balance sheet), structured as follows:

Expenses:	01.01.2008- 31.12.2008	01.01.2007- 31.12.2007
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Administrative expenses	255	192
Office rent and overheads	33	23
Telecommunication expenses	7	1
Expenses for advertisement and publishing of materials	17	16
Professional and audit fees	46	26
Expenses for remunerations and social security contributions (labor and civil contracts)	23	12
Expenses for remuneration and social security contributions of the Board of Directors	75	52
Depreciation expenses	28	13
Other administrative expenses	26	49
Operating expenses	1 243	626
State fees	-	1
Expenses for the Financial Supervision Commission; the Bulgarian Stock Exchange and the Central Depository	21	19
Expenses for bank depository	1	1
Expenses for servicing companies	897	285
Remunerations to the Investment Intermediaries	314	320
Other operating expenses	10	
Financial expenses	286	68
Interest expenses	282	67
Foreign exchange rate losses	2	-
Other Financial expenses	2	1
Total expenses:	1 784	886

These financial statements are signed on behalf of the Board of Directors on February 26, 2009


Dessislava Yordanova
Executive Director




Emiliya Velinova
Chief Accountant