Interim Consolidated Financial Statements

ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT

31 March 2010

Contents

Interim Consolidated Statement of Financial Position

ASSETS	**Note**	**31.03.2010 BGN '000**	**31.12.2009 BGN '000**
Non-current			
Investment property	*4*	64,249	64,249
Intangible assets	*5*	63	66
Plant and equipment	*6*	81	82
Non-current assets		**64,393**	**64,397**
Current			
Inventories	*8*	1,011	970
Trade receivables	*9*	3,035	2,461
Advance payments	*10*	168	31
Tax receivables	*11*	256	255
Other receivables	*12*	444	458
Cash and cash equivalents	*13*	2,145	3,372
Current assets		**7,059**	**7,547**
Assets and disposal groups, classified as held for sale	*14*	17,593	17,593
TOTAL ASSETS		**89,045**	**89,537**

Prepared by: ____________________
/ATA Consult OOD/

Executive Director: __________________
/"ELARG Agricultural Land Opportunity Fund" REIT/

Date: 27.05.2010

The accompanying notes from page 7 to page 36 are an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Financial Position (continued)

EQUITY AND LIABILITIES	**Note**	**31.03.2010 BGN '000**	**31.12.2009 BGN '000**
Equity			
Share capital	*15.1*	59,716	59,716
Share premium	*15.2*	13,453	13,453
Accumulated loss		(5,109)	(5,352)
Total equity		**68,060**	**67,817**
Liabilities			
Non-current			
Finance lease liabilities	*7.1*	18	19
Non-current liabilities		**18**	**19**
Current			
Employee obligations	*16.2*	27	27
Debenture loans	*17*	19,558	19,558
Interest on debenture loans	*17*	210	561
Finance lease liabilities	*7.1*	7	9
Trade liabilities	*18*	1,079	1,439
Tax liabilities	*19*	2	2
Other Liabilities		12	13
Advance payments received under rental contracts	*20*	72	92
Current liabilities		**20,967**	**21,701**
Total liabilities		**20,985**	**21,720**
Total equity and liabilities		**89,045**	**89,537**

Prepared by: ___________________
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Interim Consolidated Statement of Comprehensive Income

	Note	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Rental revenue from investment property	*21*	1,184	852
Other income		1	-
Cost of materials	*23*	(4)	-
Hired services expenses	*24*	(459)	(303)
Employee benefits expenses	*16.1*	(75)	(42)
Depreciation and amortization of non-financial assets	*5,6*	(13)	(4)
Gains from sale of non-current assets	*22*	-	6
Other expenses, net	*25*	(97)	(6)
Changes in inventories and unfinished production		24	-
Operating profit		**561**	**503**
Finance costs	*17,26*	(341)	(342)
Finance income	*26*	23	88
Profit / (loss) before tax		**243**	**249**
Income tax expense	*27*	-	-
Profit /(loss) for the year		**243**	**249**
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year		**243**	**249**
Earnings / (loss) per share:		**BGN**	**BGN**
Basic earnings per share:			
Profit / (loss)	*28*	**0.004**	**0.004**

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Interim Consolidated Statement of Changes in Equity

All amounts are presented in BGN '000	Share capital	Share premium	Accumulated losses	Total equity
Balance at 1 January 2010	**59,716**	**13,453**	**(5,352)**	**67,817**
Profit for the year	-	-	243	243
Other comprehensive income for the year, net of taxes	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**243**	**243**
Balance at 31 March 2010	**59,716**	**13,453**	**(5,109)**	**68,060**

All amounts are presented in BGN '000	Share capital	Share premium	Accumulated losses	Total equity
Balance at 1 January 2009	**59,716**	**13,453**	**(2,193)**	**70,976**
Loss for the year	-	-	(3,159)	(3,159)
Other comprehensive income for the year, net of taxes	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(3,159)**	**(3,159)**
Balance at 31 December 2009	**59,716**	**13,453**	**(5,352)**	**67,817**

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Interim Consolidated Statement of Cash Flows

	Note	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Operating activities			
Cash flows from customers - property leases		601	163
Cash paid to suppliers		(1,109)	(100)
Cash paid to employees and social security institutions		(70)	(50)
Taxes paid/remitted		(55)	(1)
Interest received		54	33
Other proceeds/(payments) for operating activities		(1)	13
Net cash flow from operating activities		**(580)**	**58**
Investing activities			
Proceeds from sale of investments	*22*	-	8
Purchase of property, plant and equipment	*6*	(4)	-
Net cash flows from investing activities		(4)	(8)
Financing activities			
Proceeds from loans	*17*	665	-
Repayment of loans	*17*	(665)	-
Finance lease interest paid		(1)	(1)
Interest paid		(642)	(641)
Net cash flows from financing activities		**(643)**	**(642)**
Net change in cash and cash equivalents		**(1,227)**	**(576)**
Cash and cash equivalents, beginning of year		3,372	5,456
Cash and cash equivalents, end of year	*13*	**2,145**	**4,880**

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Notes to the Interim consolidated financial statements

1. General information about the economic group ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT

1.1. Parent-Company

1.1.1. Principal activity

The principal activity of the companies in the Group includes investment of cash funds raised through public offering of shares; acquisition and investments in real estate through purchase of right of property and other real estates rights; constructions and ameliorations of properties for the purpose of their management, lease or sale.

The Parent-Company in the Group is Elarg Agricultural Land Opportunity Fund REIT.

Elarg Agricultural Land Opportunity Fund REIT (the Parent-Company) is a public joint-stock company established on 14 March 2005 with the name Elana Agricultural Land Opportunity Fund REIT. On 25 May 2008, the General shareholders' meeting decided to change the Fund's name to "ELARG AGRICULTURAL LAND OPPORTUNITY FUND" REIT.

The Parent-Company was registered in Sofia City Court on 7 April 2005 and has been entered into the Court's Commercial Register under company case No 3781/2005, batch No 92550, volume 1208, register I, page 116. The Parent-Company has been entered into the Commercial Register with UIN 131404159.

The Parent-Company's registered office and principal place of activity is Sofia, bul. James Baucher 95-97, fl.1 and its mailing address is Sofia 1407, bul. Nikola Vaptsarov 16.

Special purpose legislation governing the Parent-Company's activity includes the Special Investment Purpose Companies Act and the Public Offering of Securities Act. The Company is subject to regulation from the Financial Supervision Commission (FSC) on the basis of these acts. The Parent-Company has received license No 370 for performance of activity following a FSC decision dated 1 June 2005.

The Parent-Company has been established for a 13-year term, starting from the date of the initial registration in the Commercial Register.

The Parent-Company has one-tier system of management.

A change was made in the composition of the Board of Directors at the General shareholders' meeting held on 22 May 2009 and now consists of the following members:
Ivo Stanev Gudev, Member of the Board of Directors
Andrey Valerievich Kruglykhin, Member of the Board of Directors and Executive Director;
Stefan Georgiev Stefanov, Chairman of the Board of Directors;
Vasil Ivanov Vasilev, Member of the Board of Directors;
Stoyan Liubomirov Malkochev, Member of the Board of Directors

As of 31 March 2010 the Parent-Company is represented by the Executive Director Andrei Valerievich Kruglihin.

As of 31 March 2010 the Parent-Company has issued 59,715,885 shares with a value of 1 BGN each.

1.1.2. Parent-Company's investment strategy, goals and restrictions

Scope of business
Elarg Agricultural Land Opportunity Fund REIT's scope of business is investment of cash funds raised through securities issues in agricultural land. The Fund's main activities include the organization of the land purchase, its lease, the gradual concentration and consolidation of the agricultural land portfolio.

Main goals
In accordance with the Statute of Elarg Agricultural Land Opportunity Fund REIT the main goal of the Parent-Company's investment activities is directed towards appreciation of the Parent-Company's shares and dividend payments to the shareholders while maintaining and increasing the amount of equity.

Investment restrictions
Elarg Agricultural Land Opportunity Fund REIT acquires solely agricultural land and does not securitize other types of real estate. In compliance with the provisions of the Special Investment Purpose Companies Act the Parent-Company may not acquire rights of property and other (restricted) real rights over real estate located outside the territory of the Republic of Bulgaria. The Parent-Company also may not acquire real rights over real estate that is subject to legal disputes.

In compliance with the Special Investment Purpose Companies Act the temporarily available cash funds may be invested only in:

- securities issued or guaranteed by the Bulgarian state and bank deposits;
- mortgage bonds issued in compliance with and under the conditions of the Mortgage Bonds Act but amounting to no more than 10% of the Company's assets.

In compliance with the Special Investment Purpose Companies Act the Parent-Company may also invest up to 10% of its capital in one or more servicing companies. At the General shareholders' meeting held on 30 June 2008 the Parent-Company's shareholders accepted an amendment in the Company's Statute in accordance with which the amount of the investments in agricultural land purchased for the purpose of change of designation is limited.

The Parent-Company's shares are listed on the Bulgarian Stock Exchange.

1.2. Subsidiaries included in the Consolidation of ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT are as follows:

ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT has direct control over two subsidiaries.

Subsidiaries	Country	Registered capital	Owned by ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT
ELARG AGRO EOOD	Bulgaria	50,000	100%
ELARG WIND EOOD	Bulgaria	5,000	100%

Subsidiaries are established in June 2009.

The representation of the information for the period ending on 31March 2009 in the Comprehensive income statement and in the Statement of cash flows includes only data for the Parent-Company.

1.2.1. ELARG AGRO EOOD

The main activity of ELARG AGRO EOOD is related to cultivation, storage and transport of agricultural produce, purchasing of goods and other material rights with the intention of resale in a initial, processed, and cultivated form, commercial representation and mediation, commissions, forwarding and transport arrangements, warehouse arrangements, license arrangements, advertising, communication, and program services and all other services unprohibited by law, with respect to the respective registration, license, and other requirements.

The Company is registered as a sole-owned limited liability company in the Commercial Register of the Registry Agency with UIN 200741485.

The Company's registered office and principal place of business is Sofia, Lozenets District, bul. Nikola Vaptsarov 16.

The Company has a share capital of BGN 50,000 distributed in 1000 shares of BGN 50 each.

1.2.2. ELARG WIND EOOD

ELARG WIND EOOD is registered with the following subject of activity: activity is as a servicing company by means of the Special Investment Companies Act, management of real estate properties owned by a special investment purpose companies, completion of improvements on them and completion of related research and analysis, performing consultations on projects, related to the acquired from the special investment purpose companies real estate properties with the intention of increasing their value, research, design and development of complex sites in the field of power production, consulting activity in the field of power energetics, development and financing of energy projects, purchasing of goods and other material rights with the intention of resale in a initial, processed, and cultivated form, commercial representation and mediation, commissions, shipping arrangements, warehouse arrangements, license arrangements, advertising, communication, and program services.

The Company is registered as a sole-owned limited liability company in the Commercial Register of the Registry Agency with UIN 200742256.

The Company's registered office and principal place of business is Sofia, Lozenets District, 95-97 James Baucher str, fl.1.

The Company works on a project of developing wind-powered parks. As of the preparation date of the Consolidated financial statements, there is an assembled equipment on agricultural land owned by Elarg Agricultural Land Opportunity Fund REIT in relation with researches and analysis on the above mentioned project.

2. Basis for the preparation of the financial statements

The Group's Consolidated financial statements are prepared and presented in compliance with the International Financial Reporting Standards (IFRS), as issued and published by the International Accounting Standards Board (IASB) and approved by the EU Commission.

The Consolidated Financial Statements are presented in Bulgarian Leva (BGN) which is the functional currency of the Company.

The Group's Consolidated financial statements are prepared and presented in compliance with the International Financial Reporting Standards (IFRS), as issued and published by the International Accounting Standards Board (IASB) and approved by the EU Commission. The investments in subsidiaries are presended in accordance with IAS 27 "Consolidated and Separate Financial Statements"

The Consolidated financial statements as of 31 March 2010 was approved and accepted by the Board of Directors on 27 May 2010.

3. Accounting policy

3.1. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

The Consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below. The Consolidated financial statements are prepared under the going concern principle.

The preparation of the Consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions as of the preparation date of the Consolidated financial statements, actual results may ultimately differ from those estimates.

3.2. Presentation of the Consolidated financial statements

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements" (revised 2007).

The Group accepted to present the Statement of Comprehensive Income in a single statement.

3.3. Bases for consolidation

In the financial statements of the Group are consolidated the financial statements of the Parent-Company and all subsidiaries as of 31 March 2010. Subsidiaries are companies under the control of the Group. Control of a subsidiary is the right to manage financial and operating policies of an entity in order to obtain benefits from its activities. The Parent-Company acquires and controls as it owns more than half of the total number of voting rights. All subsidiaries have a interim reporting period, ending on 31 March 2010.

Unrealized profit and loss from transactions between companies within the Group are eliminated. When the unrealized losses from sales of assets within the Group are eliminated, the respective amounts are tested for impairment as from the Group's point of view. The amounts presented in the financial statements of the subsidiaries are adjusted as necessary in order to provide compliance with the accounting policy, applied by the Group.

Profit and loss and all other comprehensive income of subsidiaries, which are acquired or sold during the year, are recognized from the date of acquisition, or respectively to the date of sale.

3.4. Foreign currency transactions

The Consolidated financial statements are presented in Bulgarian Leva (BGN), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the profit or loss.

Non-cash positions, measured by their historic price in foreign currency, are reported by the exchange rate at the date of the transaction (they are not revalued). Non-cash positions, measured by their fair value in foreign currency, are reported by the exchange rate at the date of the fair value estimation.

3.5. Revenues

Revenue comprises revenue from the sale of goods and the rendering of services. Revenues from main services are presented in Notes 22 and 23.

Revenues are measured at the fair value of the consideration received or receivable excluding VAT, the amount of any trade discounts and rebates, provided by the Company.

Revenue is recognized when all of the following conditions are met:

- The amount of the revenues can be reliably measured
- It is probable that the economic benefits from the transaction can be received
- The incurred costs or those that will be incurred can be reliably measured
- The recognition criteria which are specific for each separate activity of the Company are met. They are determined according to the goods and services offered to the client and to the contract terms which are shown below:

3.5.1. Rendering of services

The services offered by the Group include: renting out of investment property – agricultural land.

The revenues from renting out of investment property of the Parent-Company under contracts are recognized on a straight-line method for the period of the contract.

3.5.2. Interest revenues

The interest revenues and expenses are reported using the effective interest rate method. Revenues from dividends are recognized at the moment of arising the right to receive payments.

3.6. Operating expenses

The operating expenses are recognized in the profit or loss at the use of the service or at the date they are inccured.

3.7. Interest and loan expenses

The interest revenues and expenses are reported using the effective interest rate method.
Borrowing costs consist of interest on loans of the Group. All loan costs, which directly can be related to the acquisition, construction, or development of a qualifying asset, are capitalized during the period in which the asset is expected to be completed and prepare the asset to use or sale. The rest of the loan expenses have to be recognized as an expense for the period in which they are incurred and reported as Finance costs in the Statement of comprehensive income.

3.8. Intangible assets

Intangible fixed assets include software products and acquisition costs of intangible assets. They are reported on their purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use where the capitalized expenses are amortized by the straight-line method during the measured period of useful life of the assets, because it is considered to be limited. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the current period statement of comprehensive income.

Subsequent expenditure on an intangible asset after its purchase or its completion is recognized as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard performance; and this expenditure can be measured and attributed to the asset reliably. If these two conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

The residual value and useful life of intangible assets are estimated by the management at the end of every reporting period.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 2 years

Amortization has been included within "Depreciation and amortization of non-financial assets" in the Interim consolidated comprehensive income statement.

The recognition threshold, adopted by the Group for intangible assets amounts to BGN 500.

3.9. Plant and equipment

Plant and equipment are initially carried at cost, including the price of acquisition and any costs directly attributable to the conversion of assets into working condition.

Following the initial recognition, the investment property is reported at cost less accumulated depreciation and any impairment losses. Impairment losses are recorded as an expense and recognized in the income statement in the period to which they relate.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset. All other subsequent expenditures are recognized as an expense in the period in which it is incurred.

The residual value and useful life of intangible assets are estimated by the management at the end of every reporting period.

Plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation is calculated using the straight-line method and based upon the following estimated useful lives of the assets:

Category of asset	Estimated useful life
Plant and equipment	3.33 years
Vehicles	4 years
Agriculture equipment	6.67 years
Computer equipment	2 years
Others	6.67 years

The profit or loss from the sale of plant and equipment is determined as a difference between the sale proceeds and the carrying amount of the asset and is recognized as “Profit/Loss from sale of non-current assets” in the Interim consolidated statement of comprehensive income.

Depreciation costs are included in the Interim consolidated statement of comprehensive income on the “Depreciation of non-financial assets”.

The recognition threshold for plant and equipment of the Group amounts to BGN 500.

3.10. Reporting of lease contracts

In accordance with IAS 17 “Leases”, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset.

When signing a lease contract, the related asset is recognized at the lower of the fair value of the leased property and the present value of the minimum lease payments plus unexpected payments, if there are any. In the Consolidated statement of financial position a corresponding amount is recognized as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequently the corresponding finance lease liability is reduced by lease payments, which consist of repayment of principal and finance costs.

Assets acquired in a finance lease terms are depreciated in accordance with IAS 16 "Property, plant, and equipment" or IAS 32 "Intangible assets".

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.11. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows – cash-generating units. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at least once a year. All other separate assets or units, generating cash flow, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, Group's management estimates expected future cash flows from each cash-generating unit and determines a discount factor in order to calculate the present value of those cash flows. The data used for the Group's impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Group's management.

Impairment losses for cash-generating units reduce the carrying amount of assets comprising the cash-generating unit in proportion to their carrying amounts. Group's management subsequently reassesses assets for indications that an impairment loss previously recognized may no longer exist or be reduced. An impairment charge that has been recognized is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.12. Investment property

Investment properties in which the Group invests consist of agricultural land, which is held for rental income by the acquisition cost model.

Investment property is initially carried at cost, including the price of acquisition and any costs directly attributable to the acquisition of the investment property, for example legal fees, taxes on the transfer of the property and other transaction costs.

After their initial recognition the investment properties are recorded by their cost of acquisition decreased with all accumulated depreciation and impairment losses.

Subsequent costs related to investment property already recognized in the Company's Consolidated financial statements, are recorded within the carrying amount of the investment property if it is considered probable that the entity shall gain future economic benefits that exceed the initially estimated rate of efficiency of the existing investment property. All other subsequent costs are recognized as an expense for the period in which they are incurred.

Derecognition of investment property is performed upon its sale or disposal in case no economic benefits is expected. Gains or losses arising from the retirement or disposal of investment property are recognized in the Income statement and represent the difference between the net disposal proceeds and the carrying amount of the investment property.

Rental income and operating expenses from investment property are reported in the Income statement within "Revenue" and "Hired services expenses" respectively and are recognized as it is described in Notes 3.5 and 3.6.

3.13. Financial instruments

All financial assets and liabilities are recognized when the Group becomes a party in a contract settlements, including financial instruments.

Financial asset is derecognized when the control over the settled rights which represent the financial asset is lost, in other words, when the rights for receiving cash flows are expired or the significant part of the risks and rewards from the property is transferred.

Financial liability is derecognized when it is paid-off, the settlement is annulled or the term has expired.

After the initial recognition of financial assets and liabilities, they are estimated by their fair value plus all transaction costs with the exception of these instruments, measured by their fair value in the profit or loss, which are initially recognized by their fair value.

Financial assets are recognized on the date of the settlement.

Financial assets and liabilities are recognized subsequently, as it is shown below.

3.13.1. Financial assets

With the intention of subsequent estimation, financial assets other than hedging instruments are classified into the following categories:

- loans and receivables;

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses are recognized in the Income

Statement or in the other comprehensive income of the Group. All financial assets with the exception of those estimated by their fair value in the Income statement are a subject of an impairment test as of the date of the financial statements. The financial assets are discounted when there is an objective evidence for this. Different criteria are applied in the estimation of the impairment loss depending on the category of financial assets as it is shown below.

All revenues and expenses related to the possession of financial instruments are shown in the profit or loss upon receipt regardless of the estimation of the corresponding financial asset's carrying amount, and are presented in "Finance income", "Finance costs" rows in the Interim consolidated comprehensive income statement with the exception of impairment loss of trade receivables, which is represented as "Other expenses".

Loans and receivables

Loans and receivables that arise initially in the Group are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is shown in the profit or loss for the current period. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Discounting is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the Consolidated financial statements date or when there is an objective evidence that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other credit risks, if any. In this case, the percentage of the write down is based on recent historical counterparty default rates for each identified group. Any impairment loss of trade receivables is presented in the Interim consolidated comprehensive income statement as "Other expenses".

3.13.2. Financial liabilities

The Company's financial liabilities include bond issue bank borrowings, trade and other payables, and finance lease payables

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest related charges and changes in fair value of financial instruments, if any, are recognized in the profit or loss as "Finance income" or "Finance costs".

Financial liabilities are subsequently estimated by their amortized value using the effective interest rate method, with the intention of financial instruments held for sale or appointed for estimation by their fair value in the profit or loss, which are estimated by their fair value with presentation of the changes in the profit or loss.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to shareholders are recognized when the dividends are approved at the General shareholders' meeting.

3.14. Income tax

The payable income taxes are estimated in accordance with the Bulgarian legislation. According to the Corporate Income Taxation Act, companies licensed to operate under the Special Investment Purpose Companies Act are not required to pay income profit tax. As a result, as of the date of the financial statements, the Company has not accrued any current and deferred taxes.

3.15. Cash and cash equivalents

The Company recognizes as cash and cash equivalents all cash in hand, current bank accounts and termless deposits and deposits up to 3 months.

3.16. Inventories

Inventories include raw materials, unfinished production and products. The inventory cost comprises of the direct expenses for their purchase or production, processing or other direct expenses related to their delivery, as well as a part of the total production expenses, estimated on the base of the normal production capacity. The finance costs are not included in the inventory cost. At the end of every reporting period the inventories are estimated by the lower price from their cost or their net realizable value. Every amount of impairment loss up to their net realizable value is recognized as an expense for the period of impairment.

The net realizable value is the expected sales price of inventories less the expected sale expenses. In a case when the inventories are already impaired to their net realizable value and in the following reporting period turns out that the conditions lead to the imapairment no longer exist, then the new net realizable value is perceived. The recovery amount can be increased up to the carrying amount of the inventories before the impairment. The recovery in the amount of the inventory is accounted as a decrease in the inventory expenses for the period in which the recovery arises.

The Group determines inventory costs by the weighted-average cost.

When there is a sale of inventories, their carrying amount is recognized as an expense in the period in which the corresponding revenue is recognized.

3.17. Non-current assets classified as held for sale

When the company plans to sale a non-current asset or a group of assets (group for release) and if the sale is most likely to occur in a 12-month period, the asset or the group for release, are presented separately in the Interim conslidated statement of financial position.

Assets classified as held for sale are valued by the lower from their carrying amount right after they are qualified as held for sale and their fair value less costs for sale. The assets classified as held for sale are not depreciated after they are classified as held for sale.

3.18. Equity, reserves, and dividend payments

Share capital of the Group is determined using the nominal value of shares that have been issued.

Share premium includes premiums received with the initial or subsequent issue of share capital. All transaction costs related to the issue of shares are deducted, net from tax reliefs.

The accumulated loss includes the current financial result and the accumulated profits or uncovered losses from previous years.

3.19. Pension and other short-term employee obligations

The short term payables to personnel include wages, salaries and related social security payments.

According to the Labour code requirements, with the termination of the labor relations, after the employee has earned pension rights for assured length of service and age, the Company is obliged to pay compensation for the amount of six gross wages.

The Group has not developed and does not apply plans for employee benefits after leaving.

The short-term incomes of employees, including unutilized paid leaves, are included in the current liabilities as “Employee obligations” by their undiscounted value, which the Company expects to pay.

3.20. Provisions, contingent liabilities, and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. When a number of such liabilities exist, the probable necessity of outcoming cash flow for the payment of the obligation is estimated by estimation of the group of liabilities as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognized. Contingent liabilities have to be subsequently valued by the higher value between the previously described comparable provision and the initially recognized amount, decreased with the accumulated depreciation.

Probable incoming cash flows of economic benefits, which still do not meet the asset recognition criteria, are considered as contingent assets.

3.21. Significant management judgment in applying accounting policies

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the Consolidated financial statements. Critical estimation uncertainties are described in note 3.22.

3.21.1. Revenues

Rental income is accrued after the receipt of a signed rental agreement in the servicing company's office and is recognized on a pro rata basis over the quarters of the respective agricultural year regardless of the dates of the actual receipt of the payments under these agreements. For agreements concluded by the end of the year during which the agricultural year commences, one quarter of the rental income is recognized in the last quarter of the current year and the remainder of the rental income is recognized on a pro rata basis until the third quarter of the following year.

Invoices under rental agreements are issued on the date defined in the contract and are for the payable amount under the agreement and its accompanying annexes.

3.21.2. Leases

In accordance with IAS 17 "Leases", the management classifies the lease contracts as a finance lease. In some cases the lease transaction is not simple and the management decides weather the contract is a finance lease, in which all significant risks and rewards from the possession of the asset are transferred to the leaseholder.

3.22. Estimation uncertainty

In the preparation of the Consolidated financial statements, the management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

3.22.1. Impairment

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher from fair value decreased by the cost of sale of a given asset and the its value in use. To determine the amount in use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount factor in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

3.22.2. Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At the end of every reporting period management assesses the useful lives of the Group's assets which represent the expected utility. The carrying amounts are analyzed in notes 5 and 6. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

3.22.3. Inventories

The inventories are estimated by the lesser value between the purchase price and the net realizable value. In determining the net realizable value, the management takes into account the most reliable existing data as of the date of the approximate valuation.

3.22.4. Provisions

The company is currently a defendant on a few court proceedings that may lead to liabilities for amount different than the amount of the recognized in the Consolidated financial statements provisions. The provisions will not be considered further here in order to prevent prejudice related to the Company's position on the mentioned disputes.

4. Investment property

Investment properties in which the Group invests consist of agricultural land on the Republic of Bulgaria's territory, which is held for rental income, as well as increasing their value through their gradual concentration, and also agricultural land bought with the intention of consolidation and regrouping by territory and regions.

The changes in their carrying amounts presented in the Consolidated financial statements can be analyzed as follows:

	BGN '000
Gross carrying amount	
Balance at 1 January 2010	64,249
Additions in 2010:	-
Disposals in 2010:	-
Balance at 31 March 2010	64,249
Carrying amount at 31 March 2010	**64,249**
Gross carrying amount	
Balance at 1 January 2009	62,842
Additions in 2009:	14
- by exchanges	14
Investment properties reclassified in 2009 (Wind park Vetrino) from Assets held for sale	1,438
Disposals in 2009	(45)
Balance at 31 December 2009	64,249
Carrying amount at 31 December 2009	**64,249**

As of 31 March 2010, the properties owned by the Group amount to 64,249 thousand BGN.

Total investment property	**Area in decares**	**Acquisition amount BGN '000**	**Carrying amount BGN '000**
Balance at 31 December 2009	**293,034**	**64,249**	**64,249**
Additions in 2010	-	-	-
Disposals in 2010	-	-	-
Balance at 31 March 2010	**293,034**	**64,249**	**64,249**

Investment properties are not pledged as a collateral on loans.

The rent revenues for the period ending on 31 March 2010 amount to 1,184 thousand BGN (2009: 852 thousand BGN) and are included in the Interim comsolidated comprehensive income statement as "Rental revenue from investment property".

The direct operating expenses for the amount of 19 thousand BGN are shown as "Hired services expenses" (2009: 18 thousand BGN) which comprice fees and commissions on rent arrangements.

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5. Intangible assets

Intangible assets of the Group include program products and intangible assets in the process of acquisition. The carrying amounts for the presented reporting periods can be analysed as follows:

	Software	**Purchasing cost of intangible assets**	**Total**
	BGN '000	**BGN '000**	**BGN '000**
Gross carrying amount			
Balance at 1 January 2010	69	19	88
Additions, purchased		4	4
Balance at 31 March 2010	**69**	**23**	**92**
Amortization and impairment			
Balance at 1 January 2010	(22)	-	(22)
Amortization	(7)	-	(7)
Balance at 31 March 2010	(29)	-	(29)
Carrying amount at 31 March 2010	**40**	**23**	**63**

	Software	Purchasing cost of intangible assets	Total
	BGN ’000	BGN ’000	BGN ’000
Gross carrying amount			
Balance at 1 January 2009	10	-	10
Additions, purchased	13	65	78
Transferred from expenses for purchasing of intangible assets	46	(46)	-
Balance at 31 December 2009	**69**	**19**	**88**
Amortization and impairment			
Balance at 1 January 2009	(8)	-	(8)
Amortization	(14)	-	(14)
Balance at 31 December 2009	**(22)**	**-**	**(22)**
Carrying amount at 31 December 2009	**47**	**19**	**66**

All amortization costs are included in the Interim consolidated comprehensive income statement as “Depresiation and amortization of non-financial assets”.

6. Plant and equipment

Plant and equipment of the Group includes office equipment, inventory, vehicles and expenditures for acquisitions of non-current assets.

The carrying amount can be analyzed as follows:

	Office Equipment	Other equipment	Expenditures for acquisition of assets	Vehicles	Total
	BGN ’000	BGN ’000	BGN ’000	BGN ’000	BGN ’000
Gross carrying amount					
Balance at 1 January 2010	32	14	17	70	133
Additions	-	-	5	-	5
Disposals	-	-	-	-	-
Balance at 31 March 2010	32	14	22	70	138
Depreciation and impairment					
Balance at 1 January 2010	(25)	(4)	-	(22)	(51)
Depreciation	(2)	-	-	(4)	(6)
Balance at 31 March 2010	(27)	(4)	-	(26)	(57)
Carrying amount at 31 March 2010	**5**	**10**	**22**	**44**	**81**

	Office Equipment	Other equipment	Expenditures for acquisition of assets	Vehicles	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Gross carrying amount					
Balance at 1 January 2009	51	5	-	24	80
Additions	9	9	17	46	81
Disposals	(28)	-	-	-	(28)
Balance at 31 December 2009	32	14	17	70	133
Depreciation and impairment					
Balance at 1 January 2009	(47)	(2)	-	(13)	(62)
Disposals	27	-	-	-	27
Accumulated depreciation	(5)	(2)	-	(9)	(16)
Balance at 31 December 2009	(25)	(4)	-	(22)	(51)
Carrying amount at 31 December 2009	**7**	**10**	**17**	**48**	**82**

All depreciation expenses are included in the Interim consolidated comprehensive income statement as "Depreciation of non-financial assets".

The group has not offered properties, plant, and equipment as a collateral on loans.

7. Lease
Finance lease

The Group has acquired under a finance lease agreement an automobile Skoda Fabia and Toyota Avensis. Their net carrying amount is 44 thousand BGN (2009: 48 thousand BGN. The assets are included under "vehicles" (see note 6).

Future minimum finance lease payments at the end of the current and prior periods under review were as follows:

	Minimum lease payments due		
	Within 1 year BGN '000	1 to 5 years BGN '000	Total BGN '000
31 March 2010			
Lease payments	9	20	29
Finance charges	(2)	(2)	(4)
Net present value	**7**	**18**	**25**
31 December 2009			
Lease payments	11	21	32
Finance charges	(2)	(2)	(4)
Net present value	**9**	**19**	**28**

The lease agreement includes fixed lease payments and a purchase option at the end of the fourth year of the lease term. The agreement is non-cancellable but does not contain any further restrictions.

8. Inventories

The inventories of the Group are recognized in the Interime consolidated statement of financial position and can be analyzed as follows:

	31.03.2010 BGN '000	31.12.2009 BGN '000
Raw materials	95	78
Unfinished production	916	892
Inventories	**1,011**	**970**

In the composition of the unfinished production are included as follows:
Cost of materials – 511 thousand BGN
Hired services expenses – 379 thousand BGN
Employee benefits expenses – 26 thousand BGN
Acquisition of agricultural production expenses refer to the agricultural year 2009/2010. Sowed are 14,810 decares with wheat and are incurred costs related to the sowing of spring-wheat.

None of the inventories are pledged as securities for liabilities.

9. Trade receivables

	31.03.2010 BGN '000	31.12.2009 BGN '000
Gross receivables under rental agreements, including:	3,343	2,785
Receivables under rental agreements for 2009/2010	2,082	942
Receivables under rental agreements for 2008/2009	950	1,519
Receivables under rental agreements for 2007/2008	311	324
Receivables from clients and suppliers	3	-
Impairment of receivables 2007/2008	(311)	(324)
Trade receivables	**3,035**	**2,461**

All trade receivables are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. As of 31 December 2009 the receivables from tenants refer to the agricultural 2008/2009 and 2009/2010 year.

The most significant trade receivables are presented below:

	31.03.2010 BGN '000	31.12.2009 BGN '000
Hera Agro OOD	-	151
Mega Group EOOD	147	147
Agro Terra North AD	-	78
ZP Nenko Ivanov Nenkov	39	39
Kristera Agro EOOD	-	37
Ekaterina Iordanova Matger ET	31	31
Agroles Dimov EOOD	10	29
ZP Dimitar Ivanov Dimitrov	27	27
Dekadans Dimitar Shishkov ET	-	25
Standart Agro AM EOOD	15	15
Margarita EOOD	15	15

10. Advance payments

The most significant advance payments as of 31 March 2010 are presented below:

	31.03.2010 BGN '000	31.12.2009 BGN '000
Agroexperts OOD	136	-
Dimitar Ivanov	9	9
Aleksandar Elenkov	6	6
Pepa Arsenova	5	5
Others	12	11
	168	**31**

11. Tax receivables

	31.03.2010 BGN '000	31.12.2009 BGN '000
VAT receivables	256	255
	256	**255**

12. Other receivables

	31.03.2010 BGN '000	31.12.2009 BGN '000
Awarded receivables	544	544
Impairment of the awarded receivables	(199)	(199)
Carrying amount of the awarded receivables	**345**	**345**
Advance payments in relation to rent contracts:	41	54
Prepaid insurance	36	-
Interest receivables	11	42
Other receivables	11	17
Trade receivables	**444**	**458**

In relation to the fulfilment of the comparison method between revenues and expenses, the expenses that relate to the following agricultural years are accrued as advance payments under rent contracts and can be presented in the following way:

	2012/2013 BGN '000	2011/2012 BGN '000	2010/2011 BGN '000	2009/2010 BGN '000	2008/2009 BGN '000
Carrying amount at 1 January 2010	(1)	(3)	(24)	(19)	-
Accrued in 2010	-	-	-	(1)	-
Recognized in 2010	-	-	-	7	-
Carrying amount at 31 March 2010	**(1)**	**(3)**	**(24)**	**(13)**	**-**
Carrying amount at 1 January 2009	-	-	(21)	(21)	(16)
Accrued in 2009	(1)	(3)	(3)	(4)	-
Recognized in 2009	-	-	-	6	16
Carrying amount at 31 December 2009	**(1)**	**(3)**	**(24)**	**(19)**	**-**

13. Cash and cash equivalents

Cash and cash equivalents of the Group include the following elements:

	31.03.2010 BGN '000	31.12.2009 BGN '000
Cash resources at banks in:		
- BGN	130	279
- Euro	59	29
Short-term deposits	1,956	3,064
Total	**2,145**	**3,372**

The group has no blocked cash or cash equivalents.
At the date of the statement the Group has open deposits in Bulgarian banks:

- Term deposit with balance of 460 thousand Euro with 5% annual interest rate
- Term deposit with balance of 508 thousand BGN with 5% annual interest rate
- Call deposit with balance of 548 thousand BGN.

14. Assets and groups for disposal, classified as held for sale

Kambanite project

In February 2008 the Fund concluded an agreement with a counterparty for the preparation of a detailed site development plan and change of statute of agricultural land for the Project Kambanite. As of 31 December 2008, the statute of the land remains unchanged, but in the proposed amendment of the Sofia General Urban Development Plan the real estate properties have a statute of zoned properties. As a consequence, in September 2008 the Board of directors took a decision to empower the Fund's Executive Director to conclude an intermediation agreement for the sale of Project Kambanite.

The change in the Sofia General Urban Development Plan, which changed the statute of the Kambanite area from agricultural land to land for resident use was approved by the Sofia City Council and the Ministry Counsil of Republic of Bulgaria at the end of 2009.

In the beginning of 2010 the Group has signed contracts for market research, mediation in the sale of the mentioned property with potential clients, participation in conducting negotiations and preparation of contracts for the sale of the project and the owned property.

	Area (decares)	Average price	Carrying amount (T BGN) 31.03.2010	Carrying amount (T BGN) 31.12.2009
Kambanite project	183	96.14 BGN/ sq.m.	17,593	17,593

15. Equity

15.1. Share capital

The registered share capital of the Parent-Company consists of 59,715,885 ordinary shares with par value of BGN 1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	31.03.2010 BGN '000	31.12.2009 BGN '000
Issued and fully paid shares:		
Beginning of the year	59,716	59,716
Issued and fully paid shares	59,716	59,716
Total shares	**59,716**	**59,716**

15.2. Premium reserve

Receipts received in addition to the nominal value of the issued in 2005 and 2006 shares, are included in the premium reserve, decreased with registration and other regulatory fees and the respective tax benefits.

Total value of 13,453 thousand BGN, 2006 – 9,946 thousand BGN, 2005 – 3,507 thousand BGN.

16. Employee remuneration

16.1. Employee benefits expenses

Employee benefits expenses of the Group include:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Wages	(26)	(7)
Management contracts	(40)	(33)
Freelance contracts	(2)	-
Social security expenses	(7)	(2)
Employee benefits expenses	**(75)**	**(42)**

16.2. Employee obligations

Employee obligations of the Group recognized in the Interin consolidated statement of financial position consist of the following amounts:

	31.03.2010 BGN '000	31.12.2009 BGN '000
Current:		
Employee obligations, including:		
- Current wages on labour contracts	7	7
- Current wages on management contracts	12	12
- Freelance contracts	2	2
- Unused vacations	2	2
Social security obligations	4	4
Current employee obligations	**27**	**27**

17. Loans

In 2007 the Parent-Company issued three-year unsecured bonds amounting to EUR 10,000,000 at fixed annual interest of 7% with interest payments twice a year and one-time repayment of principal upon maturity. The maturity of the principal and the last interest payment is on 03 August 2010.

During the period the Parent-Company has accrued 339 thousand BGN of interest expenses on the bond issue. The outstanding interest due to bond holders is 210 thousand BGN.

In February 2010 under a bank loan arrangement the Parent-Company has used overdraft in the amount of EUR 340 thousand, which has been paid off. The accrued and paid off interest on the extended overdraft amount to BGN 2 thousand.

18. Trade liabilities

Trade liabilities are reflected in the Interim consolidated statement of financial position and include:

	31.03.2010 BGN ’000	31.12.2009 BGN ’000
Current:		
Servicing companies considerations	956	1,230
Payables to regional representatives	68	68
Payables to suppliers	45	131
Other liabilities	10	10
	1,079	**1,439**

19. Tax liabilities

Tax liabilities include:

	31.03.2010 BGN ’000	31.12.2009 BGN ’000
Personal income tax	2	2
	2	**2**

20. Advance payments under rental arrangements

Advance payments can be represented in the following way:

	31.03.2010 BGN ’000	31.12.2009 BGN ’000
Rental income under contracts	72	92
	72	**92**

The advances are in relation to advance payment receipts from tenants for future agricultural years. The recognition of the deferred revenues as current is completed on every quarter by ¼ of the total advance amount.

21. Rental revenue from investment property

Rental revenue from investment property of the Group can be analyzed as follows:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Rental income for 2008/2009	13	852
Rental income for 2009/2010	1,171	-
Total	**1,184**	**852**

22. Gains from sale of non-currrent assets

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Proceeds from sales	3	8
Carrying amount of sold non-current assets	(3)	(2)
Gains from sale of non-current assets	**-**	**6**

23. Cost of materials

Cost of materials include:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Fuel for cultivation of agricultural land	(2)	-
Fuel and parts for vehicles	(1)	-
Office stationeries	(1)	-
	(4)	**-**

24. Hired services expenses

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Servicing company consideration	(329)	(253)
Advisory services	(5)	-
Legal fees	(4)	(14)
Charges for the conclusion of rental agreements	(19)	(18)
Notary fees	(2)	-
Licenced valuers remuneration	(18)	(5)
Fees (Central Depository, Financial Supervision Commission, Bulgarian Stock Exchange, etc.)	(4)	(7)
Membership fee for the Bulgarian Association of Agricultural Land Owners	(5)	(5)
Hosting server	(4)	-
Insurance costs	(18)	-

Cultivation of agricucultural land services	(10)	-
Rent and maintenance	(12)	-
Accounting fees	(4)	-
Postal services expenses	(2)	(1)
Court charges	(1)	-
Other hired services expenses	(22)	-
Total	**(459)**	**(303)**

25. Other expenses

Other expenses of the Group include:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Unrecognized partial tax credit	(78)	-
Business trips	(28)	(4)
Impairment of receivables from clients-tenants	13	-
Representative expenses	(2)	-
Taxes and fees	(1)	-
Others	(1)	(2)
Total	**(97)**	**(6)**

26. Finance income and finance costs

Finance costs of the Group for the represented periods can be analyzed as follows:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Debenture loan interest	(337)	(342)
Bank loan interest	(2)	-
Bank fees	(2)	-
Total	**(341)**	**(342)**

Finance income of the Group for the represented periods consists of:

	3 months to 31.03.2010 BGN '000	3 months to 31.03.2009 BGN '000
Interest income from bank deposits	23	88
Total	**23**	**88**

At the date of the statement the Group has open deposits in Bulgarian banks:

- Term deposit with balance of 460 thousand EUR with 5% annual interest rate
- Term deposit with balance of 508 thousand BGN with 5% annual interest rate
- Call deposit with balance of 548 thousand BGN

27. Corporate income tax expenses

The Group accrues the payable current taxes in accordance with the Bulgarian legislature.

According to the Corporate Income Taxation Act, companies licensed to operate under the Special Investment Purpose Companies Act are not required to pay income profit tax. As a result, as of the date of the financial statements, the Parent-Company has not accrued any current and deferred taxes.

28. Earnings / (loss) per share

The earnings / (loss) per share and the earnings / (loss) per reduced value share have been calculated using the net profit / (loss) as a numerator, a subject of distribution between the shareholders of the Parent-company.

The weighted-average number of shares, used for the estimation of the earnings / (loss) per share, as well as the net profit / (loss), a subject of distribution between the ordinary shareholders, is presented as follows:

	3 months to 31.03.2010	**3 months to 31.03.2009**
Profit / (Loss) subject of distribution (thousand BGN)	243	249
Weighted average number of shares	59,715,885	59,715,885
Earnings / (Loss) per share (BGN)	**0.0041**	**0.0042**

Correction of the financial result of ELARG AGRICULTURAL LAND OPPORTUNITY FUND REIT for the period ended 31 March 2010 in accordance with Art. 10, p. 1 from the Special Investment Purpose Companies Act

	Amount **000 BGN**
Profit for distribution /accounting profit / (loss)	243
1.Increased/decreased with the expenses/revenues of following valuations of real estate property	-
2. Increased/decreased with loss / profit from transfer of property arrangements	-
3. Increased/decreased in the year of transfer of ownership of the property with the positive / negative difference between:	-
a) the sale price of the property	-
b) the historic price amount of the real property and the following expenses, leading to the increase in its carrying amount	-
4. Increased/decreased with the loss/profit from sales, reported for the year of the signing of the finance lease contract	-
5. Increased / decreased in the year of the expiration of the finance lease contract with the positive/negative difference between:	-

a) the profit from the sale of the property, reported in the beginning of the finance lease contract	-
b) the sum of the historic price of the property and the following costs, leading to the increase in its carrying amount	-
Corrected profit	**243**

29. Related party transactions

The related parties of the company include key management personnel described below:

If it is not specifically mentioned, the transactions with related parties are not completed in special terms and there are not granted or received any guarantees. Balance amounts are usually paid by bank account.

29.1. Transactions with key management personnel

The key management personnel of the Group includes the members of the Board of Directors of the Parent-Company and the Managers of the Subsidiaries. The considerations of the key management personnel include the following:

	3 months to 31.03.2010 000 BGN	**3 months to 31.03.2009 000 BGN**
Short term considerations:		
Considerations on management contracts	(40)	(33)
Social security expenses	(2)	(1)
Total considerations	**(42)**	**(34)**

29.2. Related party balances as of the end of year

	31.03.2010 BGN '000	**31.12.2009 BGN '000**
Current		
Receivables from:		
- key management personnel	3	2
Total current receivables from related parties	**3**	**2**
Total receivables from related parties	**3**	**2**
Current		
Payables to:		
- key management personnel	22	22
Total current payables to related parties	**22**	**22**
Total payables to related parties	**22**	**22**

30. Non-cash transactions

During the presented reporting periods, the Group has not entered into non-cash investing and financing activities, which are not reflected in the Interim consolidated statement of cash flows.

31. Risk associated with financial instruments

Strategy of the management in relation to financial risk management

The Group is exposed to different types of risk in relation to its financial instruments.
For additional information about financial assets and liabilities by categories see note 31.4. The most significant financial risks are: market risk, credit risk and liquidity risk.

The risk management of the Group is done by the management.

The management's priority is to secure short-term and mid-term cash flow as it decreases the exposure on the financial markets.

31.1. Market risk analysis

Currency risk

Most of the Group's transactions are carried out in Bulgarian Leva (BGN). Foreign transactions, denominated mainly in Euro, expose the Group to currency risk.

To decrease the currency risk, the Group watches closely cash flows which are not in BGN. In general there are separate procedures for risk management of the short-term (up to 6 months) and long-term cash flows in foreign currency. In the cases where amounts for payment or receipt in a particular currency are expected to be compensated mutually, then additional hedging is not necessary.

Financial assets and liabilities denominated in foreign currency and revaluated in BGN at the end of the reporting period are presented as follows:

	Exposure of short-term risk	Exposure of long-term risk
	EUR '000	**EUR '000**
31 March 2010		
Financial assets	-	-
Financial liabilities	(19,775)	(18)
Total risk exposure	**(19,775)**	**(18)**

31.2. Interest rate risk

The Group's policy is aiming for minimization of interest rate risk in long-term financing. As of 31 March 2010 the Group is not exposed to a change in interest rate risk, because the financial assets and liabilities are with fixed interest rates.

31.3. Credit risk

Credit risk arises when the Group's counterparties are unable to pay their liabilities when they become due. The Company is exposed to this risk in relation to different financial instruments, for example when there are client receivables, deposit of resources, investments in bonds, etc. The Company's exposure to credit risk is limited to the carrying amount of the financial assets, recognized at the end of the reporting period, as it is shown below:

	31.03.2010 BGN ’000	31.12.2009 BGN ’000
Groups financial assets – carrying amounts		
Cash and cash equivalent	2,145	3,372
Trade and other receivables	3,035	2,461
Carrying amount	**5,180**	**5,833**

The Group regularly monitors the non-performance of the client obligations and other counterparties, separately or in groups, an uses this information for credit risk control. A policy of the Group is to complete transactions only with clients with good credit rating. The management considers that all mentioned financial assets that are not being impaired or are matured during the presented reporting periods, are financial assets with high credit value.

Financial assets are not pledged by the Group as a collateral on other transactions.

In relation to trade and other receivables, the Group is not exposed to significant credit risk to separate counterparties or to a group of counterparties that have similar characteristics. On the base of historical indicators, the management believes that the credit valuation of trade receivables that are not expired is good.

Credit risk in relation to cash and cash equivalents is believed to be insignificant, because the counterparties are banks with good reputation and high credit rating.

The carrying amounts described below represent the maximum possible credit risk exposure of the Group in relation to these financial instruments.

31.4. Liquidity risk analysis

The Company monitors its cash flows, the maturity of its debt obligations and its liquidity in order to assess its exposure to liquidity risk. The need for liquidity resources are monitored in different time periods – daily and weekly, as on the base of 30 day forecasts. The needs of liquidity resources in a long-term plan– for periods of 180 and 360 days are determined monthly. The needs of cash resources are compared to the available loans in order to be established surplus and deficits. This analysis determines weather the available loans will be enough to cover the needs of the Group for the period.

As of 31 March 2010 the maturities of the contractual obligations of the Group (including interest payments as necessary) are generalized as follows:

	Current		**Non-current**	
31 March 2010	**Up to 6 months BGN ’000**	**Between 6 and 12 months BGN ’000**	**From 1 to 5 years BGN ’000**	**Over 5 years BGN ’000**
Debenture loans	19,768	-	-	-
Finance lease payables	6	3	20	-
Trade and other payables	1,093	-	-	-
Total	**20,867**	**3**	**20**	**-**

31 December 2009	Current: Up to 6 months BGN '000	Current: Between 6 and 12 months BGN '000	Non-current: From 1 to 5 years BGN '000	Non-current: Over 5 years BGN '000
Debenture loans	682	20,235	-	-
Finance lease payables	6	5	21	-
Trade and other payables	1,465	-	-	-
Total	**2,153**	**20,240**	**21**	**-**

The amounts reported in this analysis of the maturities of the liabilities, represent the undiscounted cash flows on contracts, which can be different than the carrying amounts of the liabilities at the date of the statement.

31.5. Categories financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Company can be presented in the following categories:

Financial assets	**Notes**	**31.03.2010 BGN '000**	**31.12.2009 BGN '000**
Loans and receivables:			
Trade and other receivables	*9*	3,035	2,461
Cash and cash equivalents	*13*	2,145	3,372
		5,180	**5,833**

Financial liabilities	**Notes**	**31.03.2010 BGN '000**	**31.12.2009 BGN '000**
Financial liabilities measured at amortized cost			
Non-current liabilities:			
Finance lease payables	*7*	18	19
Current liabilities:			
Payables on debenture loans, including interests	*17*	19,768	20,119
Finance lease payables	*7*	7	9
Trade and other liabilities	*18,19*	1,093	1,454
		20,886	**21,601**

32. Policy and procedures for capital management

The Group's goals in relation to capital management are:

- to provide capability of the Companies to keep acting as a going concern and
- to provide adequate profitability for the owners, as it determines the price of products and services in relation to the level of risk.

The Company manages its capital in order to maximize return for shareholders through optimization of its capital structure.

The Debt/Equity ratio is as follows:

	31.03.2010 BGN ’000	31.12.2009 BGN ’000
Debt	20 985	21,720
Cash and cash equivalents	(2 145)	(3,372)
Net debt	18 840	18,348
Equity	68 060	67,817
Net debt / Equity	0.28	0.27

33. Authorization of Consolidated financial statements

The Interim consolidated financial statement as of 31 March 2010 (including the comparative information) was approved by the Board of Directors on 27 May 2010.