Interim Condensed Financial Statement

ELANA Agrocredit AD

30 September 2016

Contents

Interim condensed statement of financial position

	Note	30.09.2016 BGN'000	2015 BGN'000
Non-current assets			
Intangible assets	5	3	4
Finance lease receivables	6.1.	25 495	14 419
Non-current assets		**25 498**	**14 423**
Current assets		4 479	2 467
Finance lease receivables	6.1.	2 798	119
Credit claims	7	194	6 021
Financial assets	8	-	8
Other receivables	9	3 269	1 754
Cash and cash equivalents	10	**10 740**	**10 369**
Current assets			
Total assets		**36 238**	**24 792**

Prepared by: ____________________
(Elena Pavlova)

Procurator: ____________________
(Georgi Georgiev)

Date: 26 October 2016

Interim condensed statement of financial position (continued)

	Note	30.09.2016 BGN'000	2015 BGN'000
Equity			
Share capital	11.1	18 902	18 902
Share premium reserves	11.3	208	228
Legal reserves	11.2	143	39
Financial result		1 365	641
Total equity		**20 618**	**19 810**
Liabilities			
Non-current liabilities			
Obtain loans	12	11 958	3 801
Non-current liabilities		**11 958**	**3 801**
Current liabilities			
Obtain loans	12	**3 587**	**703**
Tax liabilities	13	52	49
Trade payables	14	12	50
Advances received	15	7	372
Other payables	16	-	3
Payables to employees and social security institutions	17.2	4	4
Total current liabilities		**3 662**	**1 181**
Total liabilities		**3 587**	**703**
Total equity and liabilities		**52**	**49**

ЕЛАНА АГРОКРЕДИТ" АД
СОФИЯ
SOFIA
ELANA AGROCREDIT AD

Prepared by: ____________
(Elena Pavlova)

Procurator: ____________
(Georgi Georgiev)

Date: 26 October 2016

Interim condensed statement of profit or loss and other comprehensive income

	Note	30.09.2016 BGN'000	30.09.2015 BGN'000
Interest income	22	**205**	**121**
Revenue from rendering of services	23	**1 871**	**1 008**
Cost of materials		(1)	-
Hired services expenses	18	(64)	(46)
Expenses for remuneration of managing company	19	(166)	(119)
Depreciation of financial assets		-	(2)
Employee benefits expense	17.1	(38)	(37)
Profit/loss from operating activity		**1 807**	**925**
Financial incomes		-	21
Financial costs	20	(289)	(234)
Profit before taxes		**1516**	**712**
Tax expense,net	21	(151)	(71)
Profit/Loss for the period		**1 365**	**641**
Total comprehensive income for the year		**1365**	**641**

Prepared by: ____________ **Procurator:** ____________
(Elena Pavlova) **(Georgi Georgiev)**

"ЕЛАНА АГРОКРЕДИТ" АД СОФИЯ SOFIA ELANA AGROCREDIT AD

Date: 26 October 2016

Interim condensed statement of changes in equity

All amounts are presented in BGN '000	Share capital	Legal reserves	Share premium reserves	Retained earnings	Total equity
Balance at 1 January 2016	**18 902**	**38**	**208**	**1 034**	**20 182**
Formation of reserves	-	105	-	-	(12)
Dividents	-	-	-	-	(917)
Profit for the period	-	-	-	1365	1365
Total comprehensive income	-	**143**	-	**1365**	**436**
Balance at 30 September 2016	**18 902**	**143**	**208**	**1365**	**20 618**

Balance at 1 January 2015	**5 115**	**4**	**(47)**	**353**	**5 425**
Issue of share capital	13 787	-	255	-	14 042
Transactions with owners	13 787	-	255	(319)	13 723
Profit for the year	-	-	-	1 034	1 034
Total comprehensive income	-	-	-	**340**	**340**
Formation of reserves	-	**34**	-	**(34)**	
Balance at 31 December 2015	**18 902**	**38**	**208**	**1 034**	**20 182**

Prepared by: ______________
(Elena Pavlova)

"ЕЛАНА АГРОКРЕДИТ" АД
СОФИЯ
SOFIA
ELANA AGROCREDIT AD

Procurator: ______________
(Georgi Georgiev)

Date: 26 October 2016

Interim condensed statement of cash flows

	Note	30.09.2016 BGN'000	30.09.2015 BGN'000
Operating activities			
Cash receipts from customers		3 732	3 727
Cash paid to suppliers		(15 861)	(10 794)
Cash paid to employees and social security institutions		(35)	(33)
Dividend payments		(917)	(314)
Interest received		1 758	1 237
Taxes paid (with. Profit tax)		(178)	(38)
Profit taxes paid		(19)	(8)
Loans		(2 054)	(111)
Other cash flows from operating activities		35	1
Net cash flow from/ (used in) operating activities		**(13 539)**	**(6333)**
Investing activities			
Short-term financial assets		**1 534**	**(6 000)**
Net cash flow from investing activities		**1 534**	**(6 000)**
Financing activities			
Issuance of capital		-	14 063
Received Bank and other loans		12 890	3 500
Payments on bank loans		(2 370)	(4 657)
Interest payments		(289)	(223)
Interest received		-	14
Other cash flows from financing activities		(8)	(7)
Net cash flow from financing activities		**10 223**	**12 690**
Net change in cash and cash equivalents		**(1 782)**	**357**
Cash and cash equivalents, beginning of year		5 051	1 397
Cash and cash equivalents, end of period	10	**3 269**	**1 754**

Prepared by: ______________ **Procurator:** ______________
(Elena Pavlova) **(Georgi Georgiev)**

ЕЛАНА АГРОКРЕДИТ" АД СОФИЯ SOFIA ELANA AGROCREDIT AD

Date: 26 October 2016

Notes to the financial statements

1. Nature of operations

"ELANA Agrocredit" AD (the Company) is scope of activity: granting loans with funds that are not raised through public attraction of deposits or other repayable funds and at your own risk, financial leasing, and other similar activities not prohibited by law.

"ELANA Agrocredit" AD fund the purchase only of agricultural land in the execution of finance leases contracts, concluded in advance. At a later stage is planned to be allocated and short-term loans, but only on lessees who already signed lease agreements and under the condition that loans are secured by real estate, which are leases acquired.

The Company is registered as a financial institution in the Register of Bulgarian National Bank under Article 3, paragraph 2 of the Law on Credit Institutions. The Company is registered under number BGR 00299 by Order № RD22-2677/03.12.2012 of the Deputy Governor of Bulgarian National Bank managing "Bank Supervision".

The Company's registered office, which is also its principal place of business, is Bulgaria, Sofia, 4 Kuzman Shapkarev Str.
Company's address for correspondence is 1756 Sofia, 5 Lachezar Stanchev Str., Sofarma Business Towers, tower B, fl. 12.

As at 30 September 2016 "Elana Agrocredit" AD has a capital of 18 902 402 BGN distributed into 18 902 402 shares with a par value of 1 BGN each.

The shares of "Elana Agrocredit" AD are listed on BSE, sector – "Financial and insurance activities", subsector – "Providing financial services, except insurance and pension funding". ISIN code of the emission: BG1100040101.

The Company's management system is one-tier management system. As at 30 June 2016 the Board of Directors of the Company comprises of three members as follow: Gergana Venchova Kostadinova , ID: 7902022874 – Executive director, Petar Stoyanov Bojkov, ID: 5508146940 - member, Vladimir Borisov Velev, ID: 7909036904 – Chairmen.

The Company has established an Audit Committee, the functions of which are performed by the Board of Directors. Chairman of the Committee shall be elected attorney. Petar Stoyanov Bozhkov

As at 30 September 2016 the Company is represented by Executive director Gergana Venchova Kostadinova and Procurator Georgi Stoyanov Georgiev.

The number of employees of "Elana Agrocredit" AD as at 30 September 2016 is 1.

2. Basis for the preparation of the financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

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

The financial statements are under the going concern principle.

3. Changes in accounting policies

3.1. Overall considerations and new standards, amendments and interpretations to existing standards which are relevant to and effective for the annual period beginning 1 January 2014

The Company has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company`s financial statements for the annual period beginning 1 January 2014.

IAS 32 "Financial Instruments: Presentation" (amended) effective from 1 January 2014, adopted by the EU on 13 December 2012

The amendment clarifies that the right of set-off must be available today- that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following new standards, amendments and interpretations have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

IFRS 9 "Financial Instruments" effective from 1 January 2018, not yet adopted by the EU

The IASB recently released IFRS 9 "Financial Instruments" (2014), representing the completion of its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company's management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standards are required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 "Revenue from Contracts with Customers" effective from 1 January 2017, not yet adopted by the EU

IFRS 15 replaces IAS 18 "Revenue", IAS 11 'Construction Contracts" and some revenue-related Interpretations and establishes a new control – based revenue recognition model. It changes the basis for deciding whether revenue is recognised at a point in time or over time and expands and improves disclosures about revenue. IFRS 15 is based on a core principle that requires an entity to recognise revenue in a manner that depicts the transfer of goods or services to customers and at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Early Adoption is permitted. Entities are required to apply the new revenue standard either retrospectively to each prior period presented, subject to some practical expedients or retrospectively, with the cumulative effect of initial application recognized in the current period.

IFRS 9 "Financial Instruments" (amended) - Hedge accounting, effective from 1 January 2018, not yet adopted by the EU

IFRS 10 "Consolidated financial statements" and IAS 28 „Investments in associates and joint ventures" (amended), effective from 1 January 2016, not yet adopted by the EU

IFRS 11 "Joint Arrangements" (amended) - Acquisition of an Interest in a Joint Operation, effective from 1 January 2016, not yet adopted by the EU

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

IFRS 14 "Regulatory deferral accounts" effective from 1 January 2016, not yet adopted by the EU

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible Assets" (amended), effective from 1 January 2016, not yet adopted by the EU

IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" (amended) - Bearer Plants, effective from 1 January 2016, not yet adopted by the EU

IAS 19 "Employee Benefits" (amended) - Employee Contributions, effective from 1 July 2014, not yet adopted by the EU

IAS 27 "Separate financial statements" (amended), effective from 1 January 2016, not yet adopted by the EU

Annual Improvements to IFRSs 2012 effective from 1 July 2014, not yet adopted by the EU

These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

- IFRS 2, 'Share-based payment[5]
- IFRS 3, 'Business Combinations'
- IFRS 8, 'Operating segments'
- IFRS 13, 'Fair value measurement'
- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets'
- Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
- IAS 39, Financial instruments - Recognition and measurement'.

Annual Improvements to IFRSs 2013 effective from 1 July 2014, not yet adopted by the EU

The amendments include changes from the 2011-2-13 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, 'First time adoption'
- IFRS 3, 'Business combinations'
- IFRS 13, 'Fair value measurement' and
- IAS 40, 'Investment property[7]'.

Annual Improvements to IFRSs 2014 effective from 1 January 2016, not yet adopted by the EU

These set of amendments impacts 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
- IAS 19, 'Employee benefits' regarding discount rates.
- IAS 34, 'Interim financial reporting' regarding disclosure of information.

4. Summary of accounting policies

4.1. Overall considerations

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

The 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 financial statements are prepared under the going concern principle.

4.2. Presentation of financial statements

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements" (revised 2007). The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

4.3.Foreign currency translation

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 re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

N on-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.4.Revenue

Revenue arises from interest income under finance lease contracts of agricultural land and under granted loans as well as from the rendering of services.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT.

Revenue is recognized, provided all of the following conditions are satisfied:

- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred can be measured reliably;

In case of exchange of similar assets with similar price, the exchange is not regarded as a transaction which generates revenue. If exchange dissimilar assets, revenue is recognized at the fair value of the goods or services received. When the fair value of the goods or sendees received can not be measured reliably, the revenue is measured at the fair value of the goods or sendees delivered, adjusted by the amount of any cash or cash equivalents transfered.

Gams or losses arising on the disposal of certain asset are determined as the difference between the disposal proceeds and the earning amount of the assets and are recognized in profit or loss within 'Gain/(Loss) on sale of non-current assets'.

4.4.1. Interest income

Interest income is reported on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

4.4.2.Rendering of services

Company's revenues from services rendered comprise the annual fee for management of finance lease agreements. Revenue from the annual management fee is recognized at the beginning of each new year started from the term of the lease.

4.5. Leases

Lessor

Assets subject to operating lease agreements are presented in the statement of financial positon and are depreciated and amortized in accordance with the depreciation and amortization policy of the Company for similar assets and with the requirements of IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". Income from operating lease contracts is recognized direct as revenue in the statement of profit or loss and other comprehensive income for the reporting period.

Assets held under a finance lease agreement are presented in the statement of financial position as a receivable at amount equal to the net lease investment. The sales revenue from assets is recognized in the statement of profit or loss and other comprehensive income for the reporting period. The recognition of the finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding.

4.6.Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

4.7.Interest expenses and borrowing costs

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Finance costs'.

4.8.Intangible assets

Intangible assets include software licenses and improvements of leased office spaces. They are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use, whereby capitalized costs are amortized on a straight line basis over their estimated useful lives, as these assets are considered finite. Upon acquisition of an intangible asset in a business combination, the cost is equal to the fair value at the acquisition date.

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 statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic

benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the earning amount of the intangible asset.

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

- software 2 years
- others 5 years

Amortization has been included within 'Depreciation and amortization of non-financial assets'.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the earn ing amount of the asset, and is recognized in profit or loss within 'Gain/

(Loss) on sale of non-current assets'.
The recognition threshold adopted by the Company for the intangible assets amounts to BGN 700.

4.9.Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party[7] to the contractual provisions of the financial instrument.
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fan- value.

All financial assets are recognized on their settlement date.

Financial assets and financial liabilities are subsequently measured as described below.

4.9.1.Financial assets

Financial assets are classified into the following categories financial instruments:

- loans and receivables;

Financial assets are assigned to the different categories, depending on the purpose for which the investments were acquired. The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within 'Finance costs', 'Finance income' or 'Other financial items', except for impairment of trade receivables which is presented within 'Other expenses'.

Loans and receivables

Loans and receivables 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 recognized in profit or loss. The Company'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.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available feature of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables are presented within 'Other expenses'.

4.9.2. Financial liabilities

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, if applicable, changes in an instrument's fair value that are reported in profit or loss are

included within 'Finance costs' or 'Finance income'.
Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in 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 meeting of the shareholders.

4.10.Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current bank accounts.

4.11.Inventories

Inventories include agricultural land acquired and intended for finance leasing. Cost of inventories includes all expenses directly attributable to the purchase. Purchase costs comprise the purchase price, import duties and non-refundable taxes, transportation and other costs that can be directly attributed to the acquisition of inventories. Trade discounts and rebates are deducted in determining the costs of purchase. Financing costs are not included in the cost of the inventories.

The Company determines the cost of inventories by using the specific identification of the value of inventories method, namely that specific costs are attributed to identified items of inventory.

When inventories are sold, the carrying amount of those inventories is expensed in the period in which the related revenue is recognized.

4.12. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability' method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

4.13. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on the initial issuance of equity. Any transaction costs associated with the issuing of shares are deducted from equity, net of tax exemptions.

Statutory reserves have been formed in accordance with the requirements of the Commerce Act in a deduction of 10% of profit after tax.

Retained earnings/ Accumulated losses include all current and prior period retained profits and uncovered losses.
All transactions with owners of the Company are recorded separately within equity.

4.14 .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 Company and amounts can be estimated reliably. 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, granted product warranties, 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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.
The Company does not recognize provisions, contingent liabilities and contingent assets.

5. Intangible assets

The Company's intangible assets comprise acquired software licenses and improvements to office space. The carrying amounts for the reporting periods under review can be analyzed as follows:

	Software licenses BGN'000	Other intangible assets BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2016	6	-	6
Additions, separately acquired	-	-	-
Disposals	-	-	-
Balance at 30 September 2016	6	-	6
Depreciation and impairment			
Balance at 1 January 2016	(3)	-	(3)
Depreciation	-	-	-
Balance at 30 September 2016	(3)	-	(3)
Carrying amount at 30 September 2016	**3**	**-**	**3**

	Software licenses BGN'000	Other intangible assets BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2015	6	-	6

Additions, separately acquired	-	-	-
Disposals	-	-	-
Balance at 31 December 2015	6	-	6
Depreciation and impairment			
Balance at 1 January 2015	(2)	-	(2)
Depreciation	(1)	-	(1)
Balance at 31 December 2015	(3)	-	(3)
Carrying amount at 31 December 2015	**3**	**-**	**3**

6. Leases

6.1 .Finance leases as lessor

The main activity of the Company is to lease agricultural land under finance leases, which provide for a commitment to purchase land's ownership after the expiration of the lease.

	Current		**Non-current**	
	30.09.16	**2015**	**30.09.16**	**2015**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Gross investment in leases	**6 460**	**4 319**	**34 554**	**24 974**
Unearned finance income	**(1 981)**	**(1 673)**	**(9 059)**	**(7 565)**
Total carrying amount	**7 479**	**2 646**	**25 495**	**17 409**

Mostly leases are for a period of 10 years at a fixed interest rate (8.5% since the beginning of March 2016) and repayment is by equal annual annuity. Treaties prohibit the transfer of rights, prohibitions on hypothecation, obligations to use the leased land according to their purpose and more.

Following discussions with farmers from across the country and on the basis of the analysis on the optimum period for payment of agreed contributions, it was decided regardless of the date of conclusion of the contract payments to be made at 15.09. of the year, while contracts after 01.09. - at 15.09 the next business year.

7. Credit claims

In the last quarter of the 2015 financial year the Company has developed and launched a new product - loans for working capital to finance agricultural activities of lessees in finance leases of agricultural land. Contracts are annuals / their maximum term is for one year business / fixed interest rate /9.5% / as a one-off repayment at maturity=

	30.09.2016 BGN'000	2015 BGN'000
Loans for working capital	2 798	2 263
	2 798	**2 263**

8. Short-term financial assets

Short-term financial assets include holding of „Elana Agrocredit"AD shares in collective investment schemes, which are classified as assets held for trading. As of 30.06.2016 they are measured at fair value, which is their quotation on the BSE (for those who have a published price). Gains and losses arising from changes in fair value are included in the interim condensed statement of income.

	30.09.2016 BGN'000	2015 BGN'000
Financial assets held for trading	194	1 729
	194	**1 729**

The fair value of investments of the Company in money market funds is determined by their quotation on the stock exchange on the date of the financial statements.Gains and losses are recognized as "profit / (loss) from financial assets held for trading.

9. Other receivables

	30.09.2016 BGN'000	2015 BGN'000
Accountable individuals	-	9
Other receivables	**-**	**9**

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	30.09.2016 BGN'000	2015 BGN'000
Cash at bank and in hand:		
1. BGN	3 254	479
2. EUR	15	11
	3 269	**490**

The Company has no blocked cash.

11. Equity

11.1. Share capital

As of 30.06.2016 the registered capital of the Company consists of 18 902 402 ordinary shares with a nominal value of EUR 1.00 BGN per share. All shares are entitled to receive dividends and the repayment of capital and represent one vote at the General Meeting of Shareholders.

	30.09.2016 BGN'000	2015 BGN'000
Shares issued and fully paid:		
Beginning of the year	18 902	5 115
Shares issued and fully paid	-	13 787
Total shares authorized as at 30 September	**18 902**	**18 902**

The shares of "Elana Agrocredit" are traded on a regulated market - Bulgarian stock exchange, sector – "Financial and insurance activities", subsector – "Providing financial services, except insurance and pension funding".

11.2. Legal reserves

	Legal reserves BGN'000	Total BGN'000
Balance at 1 January 2015	4	4
Formation of the Reserve Fund	**34**	**34**
Balance at 31 December 2015	**38**	**38**
Balance at 1 January 2016	38	38
Formation of the Reserve Fund	**105**	**105**
Balance at 30 September 2016	**143**	**143**

11.3. Share premium reserves

	Share premium reserves BGN'000	Total BGN'000
Balance at 1 January 2015	(47)	(47)
Formed a positive premium reserve	255	255
Balance at 31 December 2015	**208**	**208**
Balance at 1 January 2016	208	208
Balance at 31 September 2016	**208**	**208**

12.Loans

Borrowings include the following financial liabilities:

	Current		Non-current	
	30.09.2016	2015	30.09.2016	2015
	BGN'000	BGN'000	BGN'000	BGN'000
Bank loans	3 587	688	11 958	3 306
Total carrying amount	**3 587**	**688**	**11 958**	**3 306**

12.1 Loans at amortized cost

Bank loans - as of 30 September 2016 duties on bank loans of „ELANA Agrocredit"AD are as follows:

- "European Bank for Reconstruction and Development" amounted to 4 902 thousand euro. The agreed amount of borrowing up to 5 million euro, with a eight years term, as the interest terms are month EURIBOR plus 5% on the date of payment. After one year, if the company achieved good results is possible reduction in terms of month EURIBOR plus 3.75%. The new rate shall apply with effect from 15.07.2015. Repayment plan: 30 (thirty) contributions with maturities: January 15, April 15th, July 15th and October 15th, until the final repayment of the loan, principal repayments are as follows: of 15.01., 15.04. and 15.07 - 1% (one percent);of 15.10. - By 9.8% (nine percent and eight tenths);

Collateral for the loan is a pledge of receivables under financial leasing of agricultural land of "ELANA Agrocredit" AD.

EBRD loans are fully invested in finance leases for land purchases.

At current period Elana Agrocredit AD on 18 September signed an Ammendment Agreement to Loan Agreement with EBRD and another 2 tranches (C1 and C2 each of them up to EUR 2.5 million) were approved. At the end of September 2016 stil new loans were not disbursed.

➢ Societe Generale Expressbank AD:

- Revolving credit line at amount of BGN 2 000 000 with interest equal to 1M SOFIBOR + 2,50% on annual basis.
- Loan Agreement for Financing of Investment Progect, at amount of BGN 10 000 000 with interest equal to 1M SOFIBOR + 2,75% on annual basis (BGN 4 million were disbursed at the end of the current period).

Maximum amount of both loans should not exceed BGN 10 000 000 at any time.
Collateral for the loans is a pledge of receivables under financial leasing of agricultural land of "ELANA Agrocredit" AD.

13.Tax liabilities

	30.09.2016 BGN'000	2015 BGN'000
Income tax	52	80
	52	**80**

14. Trade payables

Trade payables recognized in the statement of financial position can be analyzed as follows:

	30.09.2016 BGN'000	2015 BGN'000
Agromanagement OOD	24	75
Admiral Grup-1 EOOD	-	7
Beni Agro EOOD	4	2
Bul Realtor EOOD	-	10
Dunavska zemq EOOD	-	3
Adina Astreq	-	7
Idea 09 EOOD	-	-
Mirland OOD	-	-
Zemia-09 OOD	-	3
Level 05 EOOD	-	3
Others	-	5
	28	**115**

The carrying values of current trade and other payables is not presented as due to their short term nature the management of the Company considered the values they are presented in the financial statements to be a reasonable approximation of fair value.

15. Advances received

	30.09.2016 BGN'000	2015 BGN'000
Advances received under finance leases	7	166
	7	**166**

16. Other obligations

	30.09.16 BGN'000	2015 BGN'000
Other obligataions	-	5
Other obligataions	**-**	**5**

17. Employee remuneration

17.1 Employee benefits expense

Expenses recognized for employee benefits include:

	30.09.2016 BGN'000	2015 BGN'000
Salaries	(38)	(37)
	(38)	**(37)**

17.2 Payables to employees and social security institutions

Payables to employees and social security institutions recognized in the statement of financial position consist of the following amounts:

	30.09.2016 BGN'000	2015 BGN'000
Obligations for salaries	4	4
Payables to employees and social security institutions	**4**	**4**

18. Other liabilities

	30.09.2016 BGN'000	2015 BGN'000
Audit fee	(5)	(4)
Taxes	(11)	(9)
Rental expences	(8)	(4)
Translation services	(1)	(1)
Courier costs	(8)	(1)
Consulting services (see p.19 bellow)	(166)	(74)
Advertising costs	(8)	(2)
Other Liabilities	(23)	(20)
Other Liabilities	**(230)**	**(115)**

19. Expenses for remuneration of managing company

According to a decision taken at the General Meeting of Shareholders of ELANA Agrocredit AD the entire business management of the company is entrusted to Agromanagement OOD /management company/. For this purpose an agreement dated 22 March 2013 is signed between ELANA Agrocredit AD and Agromanagement OOD. The management Company provides a wide range of management and administrative services in the ordinary course of business, namely:

- Building a structure of regional representatives in relation to implementation of the investment activities of the Company;
- Organization of the activity of conclusion of contracts for financial leasing for purchase of agricultural land on behalf of and on account of ELANA Agrocredit AD purchased by the owners of agricultural
- land for which there is a contract for financial leasing and granting credit to farmers - lessees;
- Sale of assets of the assignor, in case of default by the lessee;
- Assistance in keeping the accounting and other reporting and correspondence;
- Consultadon and preparation of documents related to financing activities of ELANA Agrocredit AD;
- Perform other activities necessary for the normal operation of ELANA Agreodredit AD as part

of its investment activities.

At the extraordinary general meeting of shareholders fated 14.01.2014, it was decided to empower the Board of Directors to sign an addendum to the agreement with "Agromanagement" OOD, which in turn is a transaction within the meaning of art. 114 POSA.

Performed with abovementioned agreement change affects the remuneration of "Agromanagement" OOD on the contract, as it began to be formed in addition to the solid component (amount of money invested) and the outcome (profitability) on implementing the activity of the company.Initially fixed remuneration is reduced to half, as the decrease was offset by the introduced variable component.

On 11 July 2016 Board of Directors empowered by General Meeting of Shareholders held on 30 June 2016, signed an Annex to Agreement with Agromanagement Ltd. with which were made some changes in remuneration of Agromanagement:

1. New criteria for calculating of Success fee - It is owed only when the profit realized by "ELANA Agrocredit" AD during the relevant financial year before taxes is over Bulgarian government bonds with 10 years maturity +1 %, but not less than 3% in relation to the base capital of the company.
In this case, the amount of Agromanagement's remuneration is equal to 20% of the achieved profit before taxes over the above mentioned criteria.
2. Part of the management fee – it is equal to BGN 5 per decar and is paid by the lessee each year for managing of lease contracts. General meeting of shareholders voted that half of this fee should be paid to Agromanagement which actually does all the paper work, but after discussions with institutional shareholders it was decided that BGN 1.50 per decar should be paid to Agromanagement for 2016. Valuation and payment of this fee will happen in 4Q, because at that period annual instalments under lease contracts should be paid by lessees.
The remuneration of the Management Company up to 30.09.2016 amounted to BGN 166 thousands (including VAT,Elana Agrocredit AD has not right to deduct tax credit).

20. Finance costs

Finance costs and finance income may be analyzed as follows for the presented reporting periods

	30.09.2016 BGN'000	30.09.2015 BGN'000
Interest expense on bank loans	(289)	(234)
	(289)	**(234)**

21. Income tax expense

The relationship between the expected tax expense based on the applicable tax rate in Bulgaria of 10% and the reported tax expense actually in profit or loss can be reconciled as follows:

	30.09.16 BGN'000	30.09.15 BGN'000
Profit/ (Loss) before tax	1 516	712
Tax rate	10%	10%
Expected tax expense	(151)	(71)
Adjustments for tax-exempt income:	-	-
Adjustments for non-deductible expenses	-	-
Utilization of unused tax losses	-	-
Current tax (expense) / income	(1 365)	(641)
Income tax expense	**(151)**	**(71)**

22. Revenue from rendering of services

	30.09.16 BGN'000	30.09.15 BGN'000
Revenue from taxes	196	121
Others	9	-
	205	**121**

23. Interest income

	30.09.16 BGN'000	30.09.15 BGN'000
Interest income from bank deposits and current account	33	9
Interest income on loans granted	106	-
Interest income on finance leases	1732	999
Interest income	**1871**	**1008**

24. Post-reporting date events

Not adjusting events have occurred or significant non-adjusting events between the date of the financial statements and the date of its approval for publication.

25. Approval of financial statements

The interim condensed financial statements as of 30.09.2016 (including comparatives) were approved by the Board of Directors on 26.10.2016.