



AGRIA GROUP HOLDING JSC

Explanatory notes to the interim financial statement of AGRIA GROUP HOLDING AD as at 31.03.2020

1. General Provisions

AGRIA GROUP HOLDING AD is registered with decision 7350/73520/28.08.2007 of the Varna District Court under lot No. 3 vol. 833 p. 10 under company case 3875/2007 with registered office and business address 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, BULSTAT 148135254. As at September 2010, after publishing amended circumstances to the Registry Agency, the Company has its registered office and business address at 111 Knyaz Boris I Blvd, Primorski District, Varna, Business Center, 9th floor. The registered capital of AGRIA GROUP HOLDING AD as at 31.12.2019 stands unchanged at BGN 6,800,000. It consists of 6,800,000 shares with nominal value of BGN 1.00 each.

The main object of the Company consists in managing its subsidiaries.

The Company is an investment company and holds 99.26% of the shares in Kristera AD, as well as 100% of the shares in Korn Security EOOD, Kristera-Agro EOOD, Agro EOOD, Bora Invest EOOD, Korn Trade EOOD, Toni-M EOOD, Aris-Agro EOOD, Bora Energy EOOD, Elit-86 EOOD, Gruver EOOD, Terra Protect EOOD, Diasvet EOOD, BD Farm EOOD, BD Agri EOOD, Agra EAD, Kehlibar EOOD, 55% of the shares in Silk Gas BG OOD and 50% of the shares in Agro Oil Konsult OOD.

The main object of the Group consists in agricultural production, trade of goods, production of flours and their derivatives, and services.

2. Basis for the preparation of the financial statements

This summary interim financial statement of the Company has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting. It does not contain the full information required for the preparation of complete annual financial statements and should be read together with the annual financial statements of the Company as at 31 December 2019.

The main accounting policies of the Company comply with those stated in the annual financial statements of the Company as at 31 December 2019.

The interim non-consolidated financial statement has been prepared in thousands of Bulgarian leva (BGN).

The Company also prepares consolidated financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS), adopted by the European Commission pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The investments made in the subsidiary companies are announced in accordance to the IAS 27 Consolidated and individual financial statements.

3. Property, plant, and equipment

Property, plant, and equipment are valued initially at cost, which includes the acquisition price, as well as all direct expenses for rendering the asset functional.



AGRIA GROUP HOLDING JSC

4. Investment in subsidiary companies

Agria Group Holding AD has the following investments in subsidiaries:

<i>Name of subsidiary</i>	<i>31.03.2020 – BGN thousands</i>	<i>Participation in % by 31.03.2020</i>	<i>31.12.2019 – BGN thousands</i>	<i>Participation in % by 31.12.2019</i>
Kristera AD	5776	99,26	5776	99,26
Korn Trade EOOD	6800	100	6800	100
Korn Security EOOD	5	100	5	100
Bora Invest EOOD	1100	100	1100	100
Agro EOOD	5	100	5	100
Kristera-Agro EOOD	7600	100	7600	100
Toni-M EOOD	4829	100	4829	100
Aris-Agro EOOD	2408	100	2408	100
Bora Energy EOOD	6000	100	6000	100
Elit-86 EOOD	3081	100	3081	100
Gruver EOOD	2627	100	2627	100
Terra Protect EOOD	300	100	300	100
Diasvet EOOD	840	100	840	100
BD Agri EOOD	2159	100	2159	100
BD Farm EOOD	9686	100	9686	100
Agra EAD	13695	100	13695	100
Kehlibar EOOD	14795	100	14795	100
Silk Gas BG OOD	400	55	400	55
Agro Oil Konsult OOD - associate	505	50	505	50
IN TOTAL:	82611		82611	

The companies are registered in the Republic of Bulgaria.

The method used in the financial statements of the Company is the Cost Method.

The shares and interests of the subsidiaries are not listed on a public stock market and for this reason their fair value cannot be established.

5. Equity



AGRIA GROUP HOLDING JSC

5.1. Share Capital

The registered equity of the Company is paid-in and consists of 6,800,000 ordinary, freely transferable, registered shares with a nominal value of 1 lev each. All shares hold the right for receiving dividends and share in the surplus upon liquidation and represent one vote on the General meeting of shareholders. As at 31.03.2020 the main shareholders, equity and number and type of shares of Agria Group Holding AD have not changed.

5.2. Reserves

The total reserves of the Company form a Reserve Fund under the power of Statutes and Article 246 of the Commerce Law in the amount of 1/10 of the profit.

5.3. Bank loans

1. In June 2012, the Company concluded a Contract for a long-term investment loan for purchasing agricultural lands amounting to EUR 2,000,000 (BGN 3,912,000) with a commercial bank. The disbursement period of the loan is until May 2013. A grace period is negotiated until 30 September 2013 during which the Company owes only interest on the disbursed amount from the principal for the described period. The period for repayment is until February 2020.

As at the date of the Interim report on the operations – 31.03.2020 - the outstanding principal under the contract amounts to EUR 95,000 (BGN 186,000), EUR 95,000 (BGN 186,000) of which are current debt. (31 December 2019 – EUR 95,000 (BGN 186,000)).

The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance.

The obligation under the loan is met through mortgages on agricultural lands owned by the Company or by related parties.

2. As a main borrower under a Contract for operating loan concluded in 2010 amounting to EUR 500,000 as at 31.03.2020, the Company has payables to the amount of EUR 330,000 (BGN 646,000). (31 December 2019 – EUR 330,000 (BGN 646,000)). The Contract includes an option for extending the period for benefiting by a year in case both parties do not claim an early payment of the loan.

The interest under the loan is paid per month and the negotiated interest rate amounts to a base interest index plus a negotiated allowance.

3. In January 2014 the Company concluded a Contract for a revolving working capital loan amounting to EUR 8,500,000 (BGN 16,625,000). In January 2016, the loan is renegotiated to a new amount – EUR 11,000,000 (BGN 21,514,000), but in September 2017 the limit is decreased to EUR 10,000,000 (BGN 19,558,000). As at 31.03.2020, the disbursed part of the loan amounts to EUR 10,000,000 (BGN 19,558,000). The interest under the loan is paid per month and the negotiated interest rate amounts to a base interest index plus a negotiated allowance.



AGRIA GROUP HOLDING JSC

4. In February 2014, the Company concluded a Contract for financing investment amounting to EUR 2,000,000 (BGN 3,912,000). The period for repayment is until December 2021. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020, the disbursed part of the loan amounts to EUR 476,000 (BGN 931,000), EUR 285,000 (BGN 559,000) of which are current debt.
5. In July 2014 the Company concluded a Contract for investment loan amounting to BGN 5,867,490 with a negotiated annual interest rate and a base interest index. The repayment of the loan is made by equal monthly installments for a certain period of the year and a last installment due in March 2024. As at 31.03.2020, after paid installments under repayment schedule, the loan amounts to BGN 2,608,000, BGN 652,000 of which are current debt.
6. In February 2015, the Company concluded a Contract for investment loan amounting to EUR 2,000,000 (BGN 3,912,000). The period for repayment is until December 2022. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020, the disbursed part of the loan amounts to EUR 762,000 (BGN 1,490,000), EUR 285,000 (BGN 559,000) of which are current debt.
7. In June 2015 the Company concluded a Contract for investment loan amounting to BGN 5,867,490 with a negotiated annual interest rate and a base interest index. The repayment of the loan is made by equal monthly installments for a certain period of the year and a last installment due in February 2025. As at 31.03.2020 the disbursed part of the loan amounts to BGN 3,211,000; BGN 664,000 of which are current debt.
8. In March 2016 the Company concluded a fifth in a row Contract for an investment loan amounting to EUR 2,000,000 (BGN 3,912,000) with a commercial bank. The period for repayment is until February 2024. The repayment of the loan is made by equal monthly installments, first of which is due in March 2017. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020 the disbursed part of the loan amounts to EUR 1,119,000 (BGN 2,189,000).
9. In September 2016 the Company concluded a sixth in a row Contract for an investment loan amounting to EUR 2,000,000 (BGN 3,912,000) with a commercial bank. The period for repayment is until January 2024. The repayment of the loan is made by equal monthly installments, first of which is due in February 2017. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020 the disbursed part of the loan amounts to EUR 1,095,000 (BGN 2,142,000).
10. In September 2016 the Company concluded a Contract for investment loan amounting to BGN 3,911,660 with a negotiated annual interest rate and a base interest index. The repayment of the loan is made by equal monthly installments for a certain period of the



AGRIA GROUP HOLDING JSC

year and a last installment due in September 2026. As at 31.03.2020 the disbursed part of the loan amounts to BGN 2,631,000; BGN 427,000 of which are current debt.

11. In November 2017 the Company concluded seventh in a row Contract for an investment loan amounting to BGN 6,000,000 with a commercial bank. The period for repayment is until August 30.08.2027. The repayment of the loan is made by equal monthly installments, the first of which is due in September 2018. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020 the disbursed part of the loan amounts to BGN 4,944,000, BGN 667,000 of which are current debt.
12. In May 2019, the Company concluded a contract for a working capital loan against future claims from State Fund Agriculture amounting to BGN 6,000,000 As at 31.03.2020 the current debt amounts to BGN 3,400,000.
13. In September 2019 the Company concluded a fourth in a row contract for an investment loan amounting to EUR 8,200,000 (BGN 16,038,000) with a commercial bank. The period for repayment is until August 2028. The repayment of the loan is made by equal monthly installments, the first of which is due in October 2019. The interest under the loan is paid monthly and the negotiated interest rate amounts to a base interest index plus a negotiated allowance on an annual basis. As at 31.03.2020 the disbursed part of the loan amounts to EUR 7,746,000 (BGN 15,149,000), BGN 1,778,000 of which are current debt.

6. Tax expenses

Corporate tax expenses are not reported in the interim non-consolidated financial statement. As at 31.03.2020 the company owe no corporate tax.

7. Income

Income from sales comprise sale of services.

8. Transactions with related parties

The balance sheet of the Company as at 31.03.2020 presents receivables and payables from subsidiaries.

In thousand lv.

ASSET	By invoices	Loans and participations	In total
Receivables, incl:	9	16088	16097
Bora Invest EOOD	2	2781	2783
Kristera-Agro EOOD	3	6737	6740
Agro EOOD	3	0	3
Korn Security EOOD		277	277
Korn Trade EOOD			
Bora Energy EOOD		6293	6293



AGRIA GROUP HOLDING JSC

Terra Protect EOOD	1	1
Elit-86 EOOD	0	0
BD Agri EOOD	0	0
Diasvet EOOD		
Kristera AD		
BD Farm EOOD	0	0
Agra EAD	0	0
Gruver EOOD	0	0
Toni-M EOOD	0	0
Aris-Agro EOOD	0	0

In thousand lv.

LIABILITY	By invoices	Loan	In total
Payables, incl:	12	15846	15858
BD Agri EOOD		336	336
Kristera-Agro EOOD		0	0
Toni-M EOOD		1747	1747
Korn Trade EOOD		5256	5256
Tera Protect EOOD	12	1	13
Kristera AD		8506	8506

9. Conditional assets and conditional liabilities

As at 31.03.2020 the Company is not a party in court or arbitration disputes. Facts and circumstances requiring reporting them as conditional assets and conditional liabilities are not present.

10. Events after the balance sheet date

No important or significant adjusting events for the activity of the Company, which, if not announced would affect the true and fair presentation of the financial statements, have occurred between the date of preparation of this financial report and the date of its publishing.

Prepared by: 
Asya Yordanova

Executive Director: 
Emil Raykov

18.04.2020

