



# AGRIA GROUP HOLDING AD

## REGISTRATION DOCUMENT

PART I OF THE PROSPECTUS FOR PUBLIC OFFERING OF SHARES

UP TO 1,700,000 ORDINARY SHARES



**UNITED  
BULGARIAN  
BANK**

A Member of NBG Group

The Investment Intermediary authorized to prepare the Prospectus is the United Bulgarian Bank AD, with a registered office and business address at 5 Sveta Sofia Str, Vazrazhdane District, Sofia.

The Prospectus contains the entire information about AGRIA GROUP HOLDING AD necessary to make a decision on whether to invest in the Offered Shares, including the main risks related to the Company and its operations. It is to the investors' interest to become carefully acquainted with all the parts of the Prospectus, including the Securities Note and the Registration Document, before making an investment decision.

**The Financial Supervision Commission confirmed the Prospectus for Public Offering of Shares by a decision No...../.....2007, which is not a recommendation to invest in the Offered Shares. The Financial Supervision Commission bears no responsibility for the truthfulness and completeness of the data contained herein.**

The members of the Board of Directors of AGRIA GROUP HOLDING AD are jointly liable for the damage caused by false, misleading, or incomplete data in the Registration Document. United Bulgarian Bank AD, in its capacity of authorized Investment Intermediary who has prepared the Prospectus is jointly liable for the damage caused by false, misleading, or incomplete data in the Registration Document. The persons preparing the annual financial statements of the company are liable jointly with the persons under the previous two sentences for damage caused by false, misleading, or incomplete data in the financial statements of the Company, and the auditors – for the damage caused by the financial statements they have audited.

**29 September 2007**

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Investors can obtain the Registration Document, Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD, as well as additional information, at the office of the Issuer in 29 Atanas Moskov Str, Zapadna Promishlena Zona, Varna., tel.: 052 / 55 40 00, 052 / 55 40 11, contact persons: Emil Raykov, Teodora Ivanova, every business day from 10 to 17 hrs.

The Registration Document, Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD is available to investors also at the office of the Investment Intermediary authorized to prepare the Prospectus – United Bulgarian Bank AD, every business day from 9:00 to 17:00 hrs at: 9 Todor Alexandrov Blvd, Sofia, tel.: 02 / 811 37 55, fax: 02 / 811 37 59, contact person: Vladislav Matev, e-mail: matev\_v@ubb.bg.

The Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD can be obtained also from Bulgarian Stock Exchange – Sofia AD starting from the date of listing of the Company's shares, as well as from the Financial Supervision Commission starting from the date of confirmation of the Prospectus for Public Offering of Shares of the Company.

***Investing in the Offered Shares is related to certain risks. The risk factors specific to the offered securities are set forth on page 6 and the following of the Securities Note, as well as on page 8 and the following of the Registration Document and page 8 and the following of the Summary Note.***

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**Definitions and Abbreviations**

POSA – Public Offering of Securities Act

FSC – Financial Supervision Commission

BSE - Bulgarian Stock Exchange – Sofia AD

Issuer or the Company – AGRIA GROUP HOLDING AD

Investment Intermediary – United Bulgarian Bank AD

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**1. Members of the Management and Supervisory Bodies, Procurators, Consultants and Auditors of the Issuer. Liability for the Preparation of the Registration Document.**

1.1 Names and functions of the members of the management body

AGRIA GROUP HOLDING AD, for the sake of brevity is called the Company or the Issuer throughout the document, is a joint stock company with a single-tier management system.

The members of the Board of Directors of AGRIA GROUP HOLDING AD are:

Emil Veselinov Raykov –EGN (personal identification number) 7207288244	Chairman of the Board of Directors and Executive Director
Kristina Zheleva Bozhkova – EGN 7103265571	Member of the Board of Directors
Krasen Marinov Yorkishev – EGN 7404021668	Member of the Board of Directors
Daniela Dimitrova Taneva – EGN 6311131072	Member of the Board of Directors
Anna Dimitrova Belchinska – EGN 7407011072	Member of the Board of Directors

All members of the Board are physical persons.

The above-mentioned members of the Board of Directors of Agria Group Holding AD, Varna are entered in the register court – Varna District Court under the batch of the Issuer in accordance with Decision №8843 dated 11 October 2007 under company case №3875 under the inventory list of 2007 and are indicated in the certificate of good standing of the Company dated 17 October 2007.

Representation

AGRIA GROUP HOLDING AD is represented before third parties independently by the Executive Director Emil Veselinov Raykov.

As of the date of preparation of the present document the Company has not appointed a procurator.

1.2 Name, registered office and business address of the main banks, investment intermediaries and legal consultants with whom the Issuer has established lasting relations

The main bank with which AGRIA GROUP HOLDING AD has established lasting relations is United Bulgarian Bank AD, a joint stock company, Sofia, 5 Sveta Sofia Str.

The Company has signed a contract, with the United Bulgarian Bank AD with a registered office and business address as follows: Sofia, Vazrazhdane District, 5 Sveta Sofia Str. to prepare a Prospectus for Public Offering of Shares of the Company, for entry of the issue of company shares in the register of public companies and other issuers of securities kept by the Financial Supervision Commission, and for registration of the issue of company shares for trading on the Bulgarian Stock Exchange – Sofia AD.

AGRIA GROUP HOLDING AD has not established lasting relations with other investment intermediaries.

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AGRIA GROUP HOLDING AD has not established lasting relations with external legal consultants. Legal services are provided by a person appointed on a labour contract – Teodora Ivanova.

Legal consultant for the issue is Savin Stefanov, a legal advisor with United Bulgarian Bank AD, in his capacity as an employee of the United Bulgarian Bank AD, with which the Company has concluded the above mentioned contract for registration of the issue of company shares for trading on the Bulgarian Stock Exchange – Sofia AD.

1.3 Name, registered office and business address of the Issuer's auditors for the previous three years

Auditor of the consolidated financial reports for the years 2004, 2005 and 2006 of AGRIA GROUP HOLDING OOD, a limited liability company, in the capacity of a company which is wound up by means of transformation into AGRIA GROUP HOLDING AD, a joint stock company, was Bogomil Krastev Tonchev, address: Varna, 6 Parizhka Komuna Str., with license registration number 0110. AGRIA GROUP HOLDING OOD, in the capacity of a company which is wound up by means of transformation into AGRIA GROUP HOLDING AD, has no obligation for auditing its annual reports for 2004, 2005 and 2006 on an unconsolidated basis.

1.4 Persons liable for preparing the Registration Document, Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD and declaration by these persons

The person liable for preparing the Registration Document is Vladislav Matev, an analyst with the United Bulgarian Bank AD, who by signing the last page of the present document declares that:

(1) when preparing the Registration Document, he has taken due care to ensure its compliance with the legal requirements;

(2) to the best of his knowledge the information in the Registration Document is not false, misleading or incomplete and truly presents the circumstances regarding the Company that are material to the investors.

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**2. Basic Information about the Issuer**

2.1. Summary of financial information

The restructuring of Agria Group Holding AD through changing its legal structure within the meaning of Art. 264 and the following of the Company Act by means of transformation from a limited liability company into a joint stock company took place on 28 August 2007 with its entry in the Company Register at Varna District Court with a decision of the same date. For this reason, the summary of financial information refers to AGRIA GROUP HOLDING OOD, which was wound up by means of transformation into AGRIA GROUP HOLDING AD on the above-mentioned date. The selected financial data presented below is based on the individual financial reports as of 31 December 2004, 31 December 2005 and 31 December 2006, on the consolidated financial reports as of 31 December 2004, 31 December 2005 and 31 December 2006 and on the unaudited financial reports as of the first six months of 2005, 2006 and 2007. The complete financial reports of the Company for the respective periods are also shown below.

**Summary of financial information on a Consolidated basis**

<b>Main indicators (in thousands of BGN)</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2005</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Operating income	26 513	15 421	14 576	32 074	30 161	28 693
Operating profit/loss	893	262	33	849	339	247
Net operating profit/loss	893	262	33	771	288	235
Net profit/loss for the period per share (in BGN)	0.18	52.40	6.60	0.15	57.60	47.00
Total assets	51 675	39 102	19 257	44 694	23 596	15 065
Net assets	20 292	16 297	4 595	18 125	5 198	2 730
Share Capital	5 100	4 005	4 005	5 100	4 005	2 005
Number of shares	51 000	40 050	40 050	51 000	40 050	20 050
Unpaid capital	0	338	338	114	338	705
Dividend per share (in BGN)						

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**Summary of financial information on an unconsolidated basis**

<b>Main indicators in (thousands of BGN)</b>	<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2005</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Operating income	7	0	162	446	178	199
Operating profit/loss	3	0	87	411	40	4
Net operating profit/loss	3	0	87	411	40	3
Net profit/loss for the period per share (in BGN)	0.00	0.00	17.40	0.08	8.00	0.60
Total assets	5 678	4 978	4 511	5 532	4 500	3 755
Net assets	5 572	4 210	1 934	5 455	3 725	1 318
Share Capital	5 100	4 005	4 005	5 100	4 005	2 005
Number of shares	51 000	40 050	40 050	51 000	40 050	20 050
Unpaid capital		338	338	114	338	705
Dividend per share (in BGN)						

On an unconsolidated basis are audited the annual reports for 2005 and 2006, and on a consolidated basis – the annual reports for 2004, 2005 and 2006.

**2.2. Risk factors**

AGRIA GROUP HOLDING AD WOULD LIKE TO INFORM ITS POTENTIAL INVESTORS THAT INVESTING IN SHARES IS RELATED TO CERTAIN RISKS AND UNCERTAINTIES. INVESTORS SHOULD FIRST READ CAREFULLY THE RISKS SPECIFIC TO THE ISSUER'S BUSINESS ACTIVITY BEFORE MAKING AN INVESTMENT DECISION.

Depending on the extent to which they can be managed, monitored or eliminated, the risks that influence the Company's activity can be divided into systematic (market) risks, generated by the economy as a whole as a result of the fluctuation of macroeconomic indicators, and specific (non-systematic) risks, specific to the Company's activity. The factors are listed in an order determined by the characteristics of the Issuer's business activity.

**2.2.1. Company Specific risks**

***General company risks***

**Market risks**

Market risk is related to the changes in market conditions. It includes income risks, profit risks, interest rate, liquidity and currency risks.

***Income risks***

The Company's future sales are subject to normal market risks. The main future income depends on the ability of AGRIA GROUP HOLDING AD to perform its business and investment strategy, as well as on the current market conditions. To reduce these risks considerably, the Company relies on an increased



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intra-company capability of effective forecasting and planning, as well as on maintaining long-term and stable customer relations.

*Profit risks*

The market risk can also influence the Company's expenses, particularly in cases when the rate of growth of expenses is faster than that of revenues..

*Interest rate risk*

The interest rate risk exists in the possibility of a rise in the cost of financing of the Company's activity. Regarding fixed rate loans, in the case of a potential drop in market interest rates, the issuer may not succeed in obtaining capital at the available lower interest rates. If such circumstances arise, the Issuer would be operating under less advantageous conditions than its competitors. Such development would lead to higher interest payments by the Issuer in comparison to other companies which would finance their activities at the current market rates; consequently, this would lead to lower net profit.

Regarding floating rate loans, in the case of a potential drop in market interest levels, the interest rate payable by the Company on its loans will also drop. An interest rate risk for floating rate loans exists in the case of a rise in market levels, when the capital used by the Issuer will become more expensive.

In order to minimise the interest rate risk, the Issuer diversifies the sources through which it ensures the financing of its activity.

*Liquidity risk*

Liquidity risk is a risk related to the possibility for the Issuer to cover its trade liabilities to suppliers and creditors within the negotiated term and amount of payments.

AGRIA GROUP HOLDING AD manages its assets and liabilities in such a way as to guarantee that it will cover its daily payments regularly and without delay. This risk component is minimized by accuracy and commitment in agreements with the trade counterparties with which cash revenue and payments are planned.

*Currency risk*

Currency risk is the risk that the Issuer may suffer losses due to the fluctuations of market prices of the various currencies it uses. AGRIA GROUP HOLDING AD conducts its operations in Bulgarian leva (BGN) and Euro (EUR). The Euro is the main currency in which the Issuer settles its foreign trade relations – sales of produce and purchase of materials necessary for its activity. Under the conditions of a currency board and a fixed rate of the BGN against the EUR, the management considers that the Issuer is not exposed to a significant risk of changes in currency rates.

## **Operational risks**

The chief operational risks and the measures taken to minimize those risks are to be considered in terms of the operations of the Issuer's subsidiaries, because Agria Group Holding AD functions as a legal entity which is a holding company carrying out investment activities, which aims to manage the stake it holds in its subsidiaries, and which, as of the date of preparation of the present Registration Document, does not directly carry out any other production and/or commercial activity of its own.

The operational risk is related to damage or loss suffered by the Company due to human error, technological imprecision, and impossibility for machines and equipment to perform a certain task, or to a mistake in the procedure or organization. The probability that the Issuer may suffer damage or loss due to human error, technological imprecision, and impossibility for machines and equipment to perform a certain task, or to a mistake in the procedure or organization via its Subsidiaries is insignificant. Part of the chief operational risks are related to a potential load on capacities and to providing the necessary raw materials. Potential risks could arise in relation to the provision of workers in the regions where the Subsidiaries of the Issuer perform their commercial activities.

The main risk for the Issuer's Subsidiaries which perform commercial activities related to growing and storing agricultural produce includes severe weather conditions, diseases and other natural risks. In order to minimize those risks and any potential loss, the Subsidiaries obtain insurance policies for all

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areas on the production in progress of all agro technical activities against all main risks, together with storm, fire and hail, including insurance policies against freezing of all crops being grown.

Insurance policies are obtained against all general risks, including earthquake risk for all real estate and production capacities owned by the companies in the group.

Despite the intense competition on the market, the Company considers that it has a competitive edge on the market owing to its experienced management staff and its established reputation. In this respect it should be noted that the management staff and the Company's employees are highly qualified and motivated specialists, organized in relatively independent active structural units which maintain a complete and up-to-date data base on the development and trends of the respective markets in which they are present.

### 2.2.2. General risks

Systematic risk is generated by the general conditions under which economic subjects operate and for this reason it influences every business, institution and financial instrument. This calls for a thorough investigation and analysis of the components of systematic risk – macroeconomic, political, inflation, credit, tax etc. risks, as well as for adjustment of each subject's investment policy to the influence of that risk. The Issuer organizes its activity by taking into account the nature and influence of systematic risks and forecast accounts. The table below summarizes the main macroeconomic indicators of Bulgaria from 2003 to the first half of 2007.

*Table 1: Main macroeconomic indicators*

	2003	2004	2005	2006	June 2007
<b>REAL SECTOR</b>					
Gross domestic product (millions of BGN)	34,628	38,823	42,797	49,091	24,472
Gross domestic product (annual real growth rate, %)	5.0	6.6	6.2	6.1	6.6
GDP per capita	4,426	4,989	5,529	6,376	–
Unemployment(thousands of persons)	501	451	397	338	275
Unemployment (%)	13.5	12.2	10.7	9.1	7.4
Index of consumer prices (change in comparison to the respective period of the previous year, %)	5.6	4.0	6.5	6.5	5.6
Average monthly salary (BGN)	273	292	324	355	406
<b>PUBLIC FINANCES</b>					
<i>CONSOLIDATED FISCAL PROGRAMME (million of BGN)</i>					
Cash deficit (-)/surplus (+)	0.9	834.9	801.5	1,632.7	1,617.4
Government debt and government-guaranteed debt	16,643.7	15,559.0	13,386.5	12,119.9	11,256.8
<b>MONEY AND CREDIT (millions of BGN)</b>					
Monetary Aggregate M3 (Broad money)	16,566.5	20,394.4	25,259.6	32,061.4	35,348.7
Monetary Aggregate M3 (Broad money) as percentage of GDP	47.8	52.5	59.0	65.3	67.6
Base interest rate	2.68	2.61	2.04	2.69	3.78
<b>EXTERNAL SECTOR</b>					
<b>Gross external debt (millions of EUR)</b>	10,640.6	12,658.5	15,089.6	20,110.7	21,689.6
Gross external debt (as percentage of GDP)	60.1	63.8	69.0	80.1	81.2
<b>Balance of payments (millions of EUR)</b>					
Current account	-972.3	-1,306.9	-2,621.9	-3,934.7	-2,909.3
Current account (as percentage of GDP)	5.5	6.6	12.0	15.7	10.9
Trade balance	-2,425.6	-2,953.5	-4,409.7	-5,562.3	-3,285.7
Trade balance as percentage of GDP	13.7	14.9	20.2	22.2	12.3
Foreign Direct investment in Bulgaria	1,850.5	2,735.9	3,103.3	4,364.0	2,366.4
Foreign Direct investment in Bulgaria/current account deficit (%)	190.3	209.3	118.4	110.9	81.3

*Source Bulgarian National Bank*

**Systematic risk includes:**

**Risks related to the influence of the main macroeconomic factors**

The economic policy implemented by the present and previous governments aims to maintain macroeconomic stability as a prerequisite for high economic growth. The macroeconomic stability is based on a fixed exchange rate, reliable bank system, reasonable fiscal policy aiming to achieve a balanced budget, and a restructuring of the key spheres of the economy. The efforts of the executive power to further restructure the country's economy, to increase its competitiveness and attract new investments create additional prerequisites for accelerated economic growth in a midterm perspective. As far as there is a consensus among political powers to adhere to a policy that will sustain the achieved macroeconomic stability and will accelerate economic growth, drastic changes in macroeconomic indicators cannot be expected.

*Growth of the Gross Domestic Product (GDP)*

The Gross Domestic Product (GDP) has registered a stable growth rate for the past few years. After the year 2000, the Bulgarian economy has been realizing rates of growth higher than 4% per year under the conditions of a stable macroeconomic environment. For the past three financial years the growth of GDP has exceeded 6 per cent: 6.6 % for 2004, 6.2% for 2005 and 6.1% for 2006. The expected real growth rate of GDP for 2007 is 6.2%. The forecast growth rate for Bulgaria for the next two years is 6.2% for 2008 and 6.1% for 2009.

*Inflation*

The sustainable curbing of inflation processes in the country over the last years as a result of the stabilization plan, the fixing of the exchange rate of the BGN and the implementation of a restrictive fiscal policy also have a positive influence on generating a real rate of return as a major factor in the investment process. Thus, the relatively low level of inflation risk in the country allows active economic subjects to generate real profit from their operations and significantly facilitates the forecasting of short- and midterm future results.

Expectations for the future include continued minimization of inflation and meeting the Maastricht criterion for long-term price stability. Bulgaria's strategy for joining the European Economic and Monetary Union and adopting the Euro by 2012 at the latest has a disciplinary effect on the government's economic policy, ensures transparency and predictability for citizens and economic subjects, and places our country in a better position to meet the inflation requirements for membership in the Euro zone. The inflation measured in June 2007 was 5.6%.

*External Sector*

During the period of 2000 – 2004 the deficit on the current account did not exceed 6.6% of GDP. In 2005 the deficit doubled, reaching 12% of GDP, and in 2006 it was 15.7% of GDP. In 2007 the deficit is expected to keep its high level with slim chances of decrease. By June 2007 the deficit was 10.9% of GDP and it is expected to reach 20% by the end of 2007. The large deficit on the current account, without a counterbalancing surplus on the financial account, could lead to a rapid depletion of currency reserves. For the past years, however, the positive balance on the financial account is high enough to compensate for the negative balance on the current account. The currency reserves of the Bulgarian National Bank are also increasing. Most of the deficit on the current account is financed by foreign direct investment. The stabilization of the economy and the privatization of some big state monopolies during the past few years has increased the influx of foreign direct investment into the country.

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*Fiscal policy*

The fiscal policy is one of the main instruments for influencing the country's economy. Furthermore, it can be regarded as a long-term strategy for managing public income and expenditure and for achieving stable levels of government debt. For 2006 the level of the budget surplus amounts to 3.6% of GDP. In compliance with the Convergence Program of Bulgaria adopted by the government for the 2007 – 2009 period the budget surplus is planned to be sustained at a level of 1.5 – 2% of GDP.

*Unemployment*

The level of unemployment for 2006 dropped to a 9.12% of the active population, which is twice lower than in 2002 and 2003. In June 2007 the level of unemployment was extremely low – 7.4%. The government expects that during the next two or three years unemployment will drop to 7.5%.

*Government Debt*

Government debt and government-guaranteed debt represented 24.7% of GDP at the end of 2006, against 55.9% for 2002. In nominal value it decreased by one-third for the same period: from 18.0 billion to 12.1 billion, whereby Bulgaria meets the Maastricht criterion requiring the ratio of total government debt to GDP to be below 60%. As of June 2007 government debt amounts to 22%, calculated on a yearly basis.

**Credit risk**

Credit risk is related to the creditworthiness of the debtor state and its ability to regularly repay its credit liabilities. The estimation and measurement of this risk is carried out by specialized international credit agencies. The increased trust in the country was reflected in another increase of Bulgaria's credit rating by the Standard & Poor's rating agency to a rate of BBB+ (in October 2006) and in a change of the expectation for the country's Baa3 rating for long-term bonds in local and foreign currency from stable to positive by Moody's in February 2007.

**Tax policy**

The last three governments have been implementing a consistent tax policy aimed at decreasing direct taxes, increasing indirect taxes and improving the rate of tax collection. A positive change in fiscal policy is the reduction of corporate tax from 15% to 10% since 1 January 2007. As a whole, the changes in tax rates in the future are not expected to influence negatively the investment intent of counterparties in the country and abroad.

**Political risk**

Political risk reflects the influence of the political processes in the country on the economic and investment process as a whole, hence on the return on investment. Presently, there are several factors that predetermine the economic policy:

- Bulgaria's membership in the European Union;
- The treaty of 2004 between the government and the European Central Bank, aiming to preserve the currency board arrangement at the existing level of fixed exchange rate of the BGN in a ratio of BGN 1.95583 for EUR 1.00 until Bulgaria becomes member of the Euro zone;
- The upcoming accession to the European Exchange Rate Mechanism II from the middle of 2007;
- Adopting the common European currency as a legal tender in Bulgaria by 2012 at the latest. The risk of abrupt and unfavourable changes in the economic policy led by the country is unlikely.

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**3. Information about the issuer**

3.1. Information about the issuer, historical overview and development

3.1.1. Name and information about changes in the name

AGRIA GROUP HOLDING AD was established by means of transformation of the legal form of AGRIA GROUP HOLDING, within the meaning of Art. 264 and following of the Company Act, from limited liability company to joint stock company with the same name. The joint stock company was registered and entered into the company register by a decision of 28 August 2007 on company case №3875/2007 under the inventory list of Varna District Court. The winding-up of the transformed limited liability company was entered into the register by force of the same decision. The name of the newly-registered company is AGRIA GROUP HOLDING AD.

No other changes in the legal organizational form of the Company besides the transformation listed above have been made.

The Company was established in 2002 as a limited liability company with the name Agria and was entered in the Company Register of the Varna District Court with decision under company case №1270 under the inventory list for 2002. The name of the company has been changed only once – from Agria to Agria Group Holding, in connection with the court registration of the holding structure, and this circumstance was entered with decision №1546/16.02.2007 of Varna District Court into the batch file of the Company. With the aforementioned decision, the change in the scope of activities of the company was entered as well, by adding the additional activities specific to holding companies that are required by the provisions of the Company Act.

3.1.2. Number and batch under the company register, Company Identification Number (BULSTAT)

AGRIA GROUP HOLDING AD is entered into the company register of the company department of Varna District Court, under company case № 3875/2007, volume 833, page 10, batch. № 3.

Company Identification Number (BULSTAT): 148135254

3.1.3. Date of incorporation and life of the company, if such has been provided for

AGRIA GROUP HOLDING AD is registered and entered into the company register by a decision of 28 August 2007 on company case №3875/2007 under the inventory list of Varna District Court.

The life of the company is not limited to a specified period or by any other resolute clause.

3.1.4. Country of incorporation, registered office, business address, telephone (fax), e-mail, website

The company is incorporated in the Republic of Bulgaria and its registered office and business address are 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, telephone number: 052 / 55 40 00, 052 / 55 40 11, fax 052 / 511 602, e-mail: office\_korn@mbox.contact.bg, web-site: agriabg.com.

3.1.5. Important events in the development of the issuer over the last 5 financial years.

Listed below are important events in the development of the Issuer AGRIA GROUP HOLDING AD /transformed by means of change of the legal form from a limited liability company to a joint stock company/ over the last five financial years:

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➤ Increase of the registered capital of the Issuer from BGN 5,000 /five thousand Bulgarian leva/ to BGN 5,100,000 /five million and one hundred thousand Bulgarian leva/;

➤ Acquisition by the Issuer of shares and stocks in the capital of the following companies /subsidiaries/:

- Kristera AD, Popovo – 21,854 ordinary registered shares, representing 98% of the capital in the company;
- Hlebozavod Korn AD, Shumen – 509,600 ordinary registered shares, representing 98% of the capital in the company;
- Hlebozavod Korn AD, Varna – 7,252 ordinary registered shares, representing 98% of the capital in the company;
- Hlebozavod Korn AD, Targovishte – 196,000 ordinary registered shares, representing 98% of the capital in the company;
- Korn-K AD, Varna – 2,744 ordinary registered shares, representing 98% of the capital in the company;
- Agro EOOD, Varna – 50 shares of BGN 100 each, representing 100% of the capital in the company;
- Kristera-Agro EOOD, Devnya - 100 shares of BGN 100 each, representing 100% of the capital in the company;
- Korn Security EOOD, Sofia - 50 shares of BGN 100 each, representing 100% of the capital in the company.

The shares in the capital of the subsidiaries are acquired under the terms and procedures stipulated by law: by means of endorsement of the temporary certificates representing shares in the capital of the joint stock companies and registration into the Book of Shareholders – for joint stock companies, and by means of agreements for transfer of company shares with the signatures of the parties certified by a notary public and registration of the transfer of shares into the company register at the respective district court and under the batch of the respective company – for limited liability companies.

➤ Establishment of AGRIA GROUP HOLDING AD by means of transformation of the legal form of AGRIA GROUP HOLDING from limited liability company to joint stock company.

### 3.1.6. Information on all tender offers

No tender offers have been made by the company towards other companies, and no third parties have made tender offers to the company during the current financial year.

## 3.2. Overview of investments

3.2.1. Overview of investment made, including their amount, of the main capital expenditure of the issuer and interests acquired in other companies from the beginning of the last 5 years until the date of the registration document.

From the beginning the last 5 financial years until the date of the registration document AGRIA GROUP HOLDING AD has acquired shares in the capital of the following companies /subsidiaries/:

- Kristera AD, Popovo – 21,854 ordinary registered shares, representing 98% of the capital in the company;
- Hlebozavod Korn AD, Shumen – 509,600 ordinary registered shares, representing 98% of the capital in the company;
- Hlebozavod Korn AD, Varna – 7,252 ordinary registered shares, representing 98% of the capital in the company;

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- Hlebozavod Korn AD, Targovishte – 196,000 ordinary registered shares, representing 98% of the capital in the company;
- Korn-K AD, Varna – 2,744 ordinary registered shares, representing 98% of the capital in the company;
- Agro EOOD, Varna – 50 shares of BGN 100 each, representing 100% of the capital in the company;
- Kristera-Agro EOOD, Devnya - 100 shares of BGN 100 each, representing 100% of the capital in the company;
- Korn Security EOOD, Sofia - 50 shares of BGN 100 each, representing 100% of the capital in the company.

The shares in the capital of the subsidiaries are acquired under the terms and procedures stipulated by law: by means of endorsement of the temporary certificates representing shares in the capital of the joint stock companies and registration into the Book of Shareholders – for joint stock companies, and by means of agreements for transfer of company shares with the signatures of the parties certified by a notary public and registration of the transfer of shares into the company register at the respective district court and under the batch of the respective company – for limited liability companies.

3.2.2. Description of the main current capital expenditure of the issuer, including the distribution of these investments in Bulgaria and overseas and the means of financing them

The investments of AGRIA GROUP HOLDING AD were made in Bulgaria and were financed with own funds.

3.3. Business overview

3.3.1. Scope of activities of the issuer and description of the main areas of operations, main categories of products and/or services provided that were sold on the market during each of the last three financial years; information on any important new products and/or services, offered on the market, as well as the stage at which the development of such products and/or services is currently at, in case such development has been disclosed to the public

The scope of activity of the Company is: acquisition, management, assessment, and sale of interest in Bulgarian and foreign companies; acquisition, management, and sale of bonds; acquisition, management, and sale of patents, concession of licenses for patent use to companies that the holding company has a stake in; financing of companies in which the holding company has a stake; commercial intermediation and agency; commission activities, forwarding, warehouse services and leasing; purchase, construction and furnishing of real estate for subsequent sale; architecture, design and construction; engineering, barter, and re-export; trade activities – import and export in Bulgaria and overseas, as well as any other activity not prohibited by law for which no particular permits are required and there is no restrictive treatment of its performance in Bulgaria or overseas.

The object of the Company is to hold interests in any form in other companies or in their management, as well as to engage in manufacturing and commercial activities on its own.

AGRIA GROUP HOLDING AD as a holding company depends on the operations and results of its subsidiaries. The operations of Kristera AD, one of the subsidiaries, commenced in 1998 with the privatization transaction of a warehouse with a capacity for 60,000 ton of grain, purchased from Zarneni Hrani, Sofia – an independent unit in the town of Popovo, and a mill attached to it for the processing of bread wheat into white and dark flours and waste product – bran, at a rate of 120 ton per 24 hours. The management team has built a structure to work aggressively and develop its operations in the agricultural sphere. By building this structure, the main strategic goal is to create functioning companies in the grain –

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flour – bread chain. By developing the operations during several hard economic crises and meeting with the highly aggressive competition in the sector, the management team has acquired significant experience and skills, and as a result has over the last few years created a successful business, currently represented by AGRIA GROUP HOLDING AD.

The operations of the holding are focused in three main directions, and currently a lot of efforts are being invested in a fourth direction, namely:

1. Agricultural business – development of approximately 50,000 decares of agricultural land, on which four main crops are grown: bread wheat, oil-bearing rapeseed, oil-bearing sunflower and forage maize.
2. Processing industry – processing of bread wheat into flours and bran, at a rate of 120 ton per 24 hours
3. Food industry – production of bread and bread products.
4. Currently under development – production of raw vegetable oils from oil-bearing rapeseed, oil-bearing sunflower and soybean, intended for the production, in a second phase /estimated around 2009/ of biofuels – biodiesel.

In connection with these main activities of the holding, there are subordinate activities that function, namely licensed transportation activities, trading in fertilizers for agricultural production, plant protection products, trading in fuels and lubricants, trading in sowing seed by world-renowned companies such as Pioneer, Lembke, Swit Agro, Monsanto, KWC, and others.

3.3.2. Main markets of the issuer, including a listing of all income by category of operations and regional markets

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the main markets of the subsidiaries including a listing of all income by category of operations and regional markets, is presented in item 3.4.2. *Subsidiaries* of the present prospectus.

3.3.3. Information on the competitiveness of the issuer and the grounds for the assumptions made

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the competitiveness of the subsidiaries is presented in item 3.4.2. *Subsidiaries* of the present prospectus.

3.3.4. Extraordinary factors that have influenced the main categories of products, services provided and main markets of the issuer

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the extraordinary factors that have influenced the main categories of products, services provided and main markets of the subsidiaries is presented in item 3.4.2. *Subsidiaries* of the present prospectus..

3.3.5. Description of main seasonal activities

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the main seasonal activities of the subsidiaries is presented in item 3.4.2. *Subsidiaries* of the present prospectus..

3.3.6. Description of raw materials and other materials that are of significant importance to the operations, their availability and whether their price is volatile;

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the raw materials and other materials that are of significant importance to the operations of the subsidiaries is presented in item 3.4.2. *Subsidiaries* of the present prospectus.



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3.3.7. Information on the main ongoing investments of the issuer and the means of financing them, as well as on any future investments of the issuer that its management bodies have committed to

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities related to the activities of its subsidiaries and does not have any direct ongoing investments or future investments that its management body has committed to. The investments of Agria Group Holding for the interests it has acquired – shares in the capital of its subsidiaries, have been made and financed with the Company's own funds. Information on direct ongoing investments or future investments of the subsidiaries from the economic group that the issuer is part of is presented in item 3.4.2. *Subsidiaries* of the present prospectus.

3.3.8. Description of the marketing channels and special sale methods (deferred payment sales)

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the marketing channels and special sale methods of the subsidiaries is presented in item 3.4.2. *Subsidiaries* of the present prospectus..

3.3.9. Information on the degree to which the issuer depends on patents, licenses, contracts (including with suppliers and consumers) or a new production process.

AGRIA GROUP HOLDING AD as a holding company as of the date of issuance of the present prospectus does not engage directly in commercial activities. Information on the degree to which the subsidiaries depend on patents, licenses, contracts (including with suppliers and consumers) or a new production process is presented in item 3.4.2. *Subsidiaries* of the present prospectus.

3.3.10. Information on the existence of circumstances for the issuer and its subsidiaries regarding an executed transfer or pledge of an enterprise, acquisition or disposal of assets of significant value outside the ordinary course of activities, occurrence of material changes in the scope of operations, any claims for initiation of bankruptcy proceedings filed, executed transformation or consolidated, research and development activities performed.

None of the following circumstances exist as of the date of preparation of the present Registration Document:

- transfer or pledge of a commercial enterprise of the issuer;
- acquisition or disposal of assets of significant value outside the ordinary course of activities of the issuer;
- occurrence of material changes in the scope of operations of the issuer, with the exception of the change in its scope of activities upon its court registration as a holding company, which circumstance was entered in the company registers with decision №1546/16.02.2007 of Varna District Court;
- claims for initiation of bankruptcy proceedings against the issuer filed;
- transformation or consolidation of the issuer, with the exception of the transformation of the issuer by means of a change of its legal form from a limited liability company to a joint stock company, which circumstance was entered in the company register of with decision 28.08.2007 of Varna District Court under company case №3875 under the inventory list for 2007;
- research and development activities performed by the issuer.

As of the date of preparation of the present Registration Document there is neither any information on the existence of the aforementioned circumstances with regard to the subsidiaries from the economic group that the issuer is part of.

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3.4. Organizational structure

3.4.1. Description of the economic group that the Issuer is part of, and its position in the group

AGRIA GROUP HOLDING AD is part of an economic group within the meaning of §1, item 7 of the Additional Provisions of Ordinance №2 on Prospectuses.

The registered share capital of Agria Group Holding AD before the capital increase amounts to BGN 5,100,000, distributed in 5,100,000 registered dematerialized voting shares with a par value of BGN 1 each. The document certifying the entry into the company register of the par value of the shares of the issuer at the amount of BGN 1 /one/ each is a court decision of Varna District Court of 11 October 2007, and the change in the type of the shares of Agria Group Holding AD from materialized, registered, voting into dematerialized, registered, voting shares was also entered under the aforementioned court decision. As a result of the entries made into the company register of Varna District Court under the batch file of the issuer, the Company was registered with Central Depository AD as issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered shares, and an Issue Registration Act and depository receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia.

The main shareholders in AGRIA GROUP HOLDING AD before the capital increase are:

name of owner/shareholder (company name of full names of the physical person)	% interest	BULSTAT / EGN	Number of shares
Emra EOOD, Varna	62	125048121	3,162,000
Kristina 92 EOOD, Varna	26	103663076	1,326,000
Geri Trans OOD, Targovishte	12	125516666	612,000
Total shares			<b>5,100,000</b>

1. Emra EOOD has a registered office and business address 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, court registration under company case №880/2006 under the inventory list of Varna District Court, represented by its manager Emil Veselinov Raykov with personal identification number (EGN) 7207288244, who is also sole holder of the capital. The company holds 3,162,000 ordinary registered voting shares of par value of BGN 1 each, representing 62% of the capital of Agria Group Holding AD;

2. Kristina 92 EOOD has a registered office and business address 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, court registration under company case №3145/2001 under the inventory list of Varna District Court, represented by its manager Kristina Zheleva Bozhkova-Natova with personal identification number (EGN) 7103265571, who is also sole holder of the capital of the company. The company holds 1,326,000 ordinary registered voting shares of par value of BGN 1 each, representing 26% of the capital of Agria Group Holding AD;

3. Geri – Trans OOD has a registered office and business address 30 Tsar Osvoboditel Str., apt. 45, Targovishte, court registration under company case №315/2001 under the inventory list of Targovishte District Court, represented by its manager Krasen Marinov Yorkshiev with personal identification number (EGN) 7404021668 who holds 98% of the of the company. The company holds 612,000 ordinary registered voting shares of par value of BGN 1 each, representing 12% of the capital of Agria Group Holding AD.

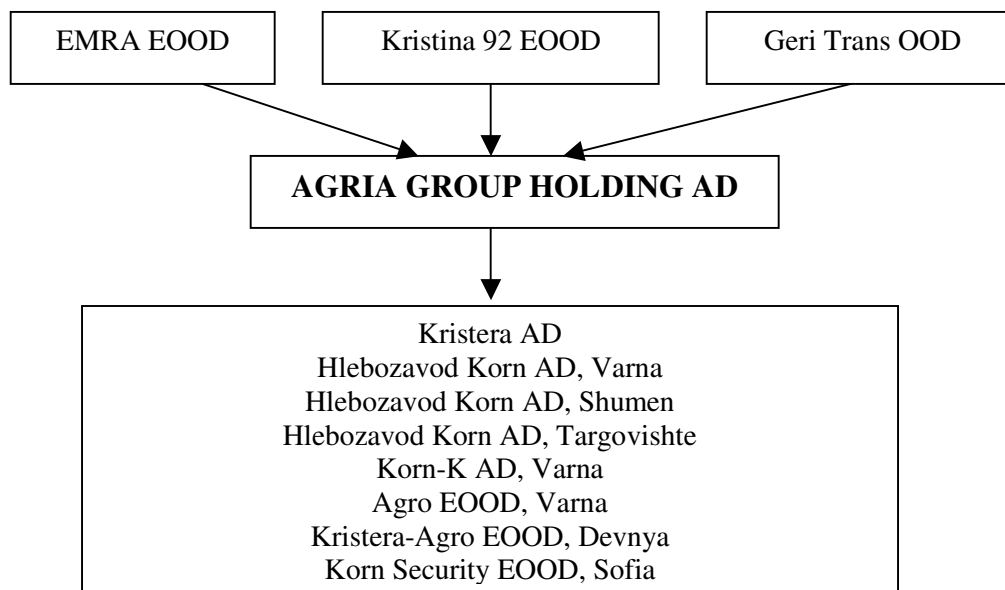
The shareholders in Agria Group Holding AD do not engage directly in manufacturing or trading activities on their own that are similar to the economic activities of the subsidiaries form the economic group that the issuer is part of, and they were established with the object to and function as legal entities engaging in investment activities by means of purchasing and managing securities /shares/. In this case the shareholders in Agria Group Holding AD, in their capacity as owners of the shares in the capital of the issuer specified as percentage above, can exercise indirect control on the subsidiaries from the holding structure.

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3.4.2. Subsidiaries

AGRIA GROUP HOLDING AD holds shares in the capital of the following companies

<b>subsidiary</b>	<b>number of shares</b>	<b>% of the capital</b>
Kristera AD, Popovo	21,854 ordinary registered voting shares, with a par value of BGN 100 each	98% of the capital of the company
Hlebozavod Korn AD, Shumen	509,600 ordinary registered voting shares, with a par value of BGN 100 each	98% of the capital of the company
Hlebozavod Korn AD, Varna	7,252 ordinary registered voting shares, with a par value of BGN 100 each	98% of the capital of the company
Hlebozavod Korn AD, Targovishte	196,000 ordinary registered voting shares, with a par value of BGN 1 each	98% of the capital of the company
Korn-K AD, Varna	2,744 ordinary registered voting shares, with a par value of BGN 100 each	98% of the capital of the company
Agro EOOD, Varna	50 shares of BGN 100 each	100% of the capital of the company
Kristera-Agro EOOD, Devnya	100 shares of BGN 100 each	100% of the capital of the company
Korn Security EOOD, Sofia	50 shares of BGN 100 each	100% of the capital of the company



## **SUBSIDIARIES**

**Kristera Agro EOOD, with a registered office and business address in the city of Devnya, Stopanski Dvor Devnya-2, locality Tsarskoto, and Agro EOOD, with a registered office and business address in the city of Varna, Zapadna Promishlena Zona, 29Atanas Moskov Str.**

### **Activity**

#### **Grain Production.**

At present, Kristera Agro EOOD, city of Devnya, and Agro EOOD, city of Varna, jointly cultivate land of 50,000 decares. The companies cultivate land on the territory of six villages: village of Belogradets, municipality of Vetrino, region of Varna – 12,000 decares; village of Yagnilo, municipality of Vetrino, region of Varna – 4,000 decares; village of Lomtsi, municipality of Popovo, region of Targovishte – 6,000 decares; city of Targovishte – 12,000 decares, village of Osenets, region of Razgrad – 8,000 decares and village of Dobroplodno, municipality of Vetrino, region of Varna – 8,000 decares. Part of the strategy of the agricultural companies is also investment in the purchase of agricultural lands in the areas cultivated by them. At present Kristera Agro EOOD is the owner of 2,500 decares arable agricultural land.

The main agricultural technical activities and processing are carried out by the companies using their own highly-productive equipment, namely two models of combine harvesters John Deere and Massey Ferguson. Through funding under the SAPARD program and other programs of the state agricultural fund DF Zemedelie, the companies purchased highly-productive agricultural equipment of the producer KUHN – France, allowing them to carry out, living up to quality standards and within the deadline, the forthcoming tasks regarding the cultivation and gathering of agricultural crops. The companies employ on the payroll two agronomists possessing a university degree in agricultural and technical studies, whose main task is to manage all agricultural and technical activities related to high quality and efficient cultivation of grain crops.

The companies' professional experience in the field of grain production, proper and accurate use of seeds and compounds for vegetation protection as required, fertilization with phosphate and nitrogen fertilizers, allow them to produce and sell production with high quality characteristics. The process of carrying out the activities involves close relationship with General Toshevo Dobrudzha Agricultural Institute and Sadovo Plant Genetic Resources Institute, using their scientific potential and new developments in the field of cultivation of high-quality wheat varieties and oil-bearing rapeseed (*Brassica napus*). Thus, in the process of procuring bread wheat, Kristera AD secures 30 % of the needed quantity of wheat through its own agro-production. This allows Kristera AD to guarantee the quality of the processed grain and to reduce the influence of outside factors at the grain market.

#### **Production of Fruit-Tree Seedlings.**

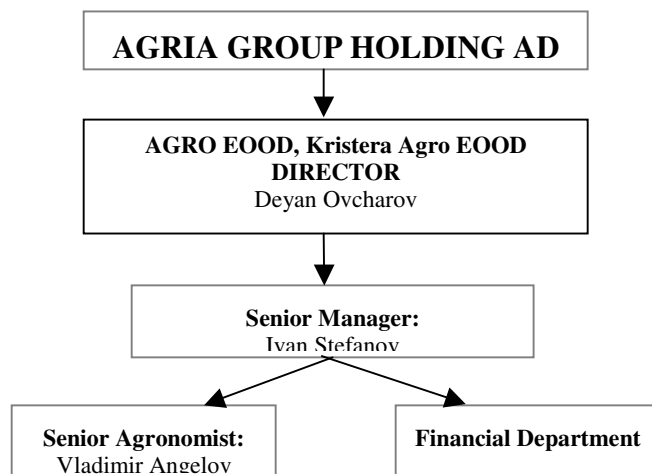
Since 2004 agriculture companies have engaged in new activities, acquiring a nursery facilities for fruit-tree seedlings, located in Targovishte, with a 40-year long tradition in the field of fruit culture. At present, the production facilities are equipped with all auxiliary installations needed for the production of high-quality seedlings, namely:

1. Seed nursery – for the production of stock plants from seed.
2. Vegetative nursery – for the production of stock plants through vegetative propagation.
3. Nursery garden – for the production of grafts needed for the engrafting of 55 varieties of seedlings.

The nursery facilities meet all sanitary and hygienic requirements and achieve variety authenticity of the plants produced.

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## Management



## Projects and Strategies. Investment Program.

It is the basic strategy of companies operating in the field of agricultural production to increase the area of cultivated land and improve the quality of agricultural technical activities, which will lead to higher yields, as well as higher quality produce.

The companies' investment program includes the following:

1. Purchase of processing and harvesting agricultural equipment.

This is an investment of critical importance as regards high-quality and timely land cultivation aimed at high-yield and high-quality production. Agriculture companies intend to invest in agricultural machinery and equipment by way of EU agriculture financing programs, and in particular the rural development financing program. Investments amount to BGN 4,000,000 for the period 2008 – 2010, where the agriculture companies will utilize 50 % of this amount as direct EU grants in aid.

2. Construction and reconstruction of hydro-meliorative facilities for irrigation of the cultivated land.

The facilities will cover an area of about 15,000 decares, which will allow the irrigation of lands where monocultures (fodder corn) will be grown. This, together with the use of special hybrid seeds from PIONEER or KWS (world leaders in the production of hybrids) will lead to 200-300 % rate of return. The investment amounts to BGN 4,000,000, of which the companies will again utilize 50 % as grant under EU financing.

3. Increase of the area of cultivated agricultural land from 50,000 decares to 100,000 decares for the period 2008 – 2012 by means of:

- Taking additional agricultural land on lease in adjacent territories of neighboring cities, cultivated by the holding's agriculture subsidiaries;
- New acquisition of economic entities operating in the field of grain production

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- Purchase of agricultural land.

The companies aim to increase the area of cultivated agricultural land owned by them to 15,000 decares, which will be 15-20 % of the total area of cultivated land, and will lead to significant diversification of risk related to long-term land cultivation (ten or more years).

The process of agricultural land purchasing in the town territories where the companies cultivate such land is supported and guaranteed under the latest amendment of the Agricultural Land Ownership and Use Act, prom SG suppl. to No. 13 of 19 Feb 2007, Art 4 (1): A citizen or a legal entity may sell agricultural land to a third entity only after presenting to the notary public written proof of an offer made to the land tenant with whom the citizen or legal entity has entered into a tenancy or lease contract of five or more years' duration, and who has used the land for one or more years, to purchase agricultural land.

This amendment allows agricultural companies to speed up the process of agricultural land purchasing in order to achieve the investment goals set.

The total investment for the period 2008 – 2012 amounts to BGN 3,200,000.

**Certificates. Regulatory framework.**

Kristera Agro EOOD, Devnya, and Agro EOOD, Varna, are registered agricultural producers with the Agricultural Producers Registry and as such hold agricultural producer registration cards issued by the Ministry of Agriculture and Forestry in compliance with the provisions of Ordinance No. 3 of January 29, 1999 on the establishment and maintenance of Agricultural Producers Registry. The companies cultivate agricultural land while strictly observing the regulation and provisions of the Law on Agricultural Lease and are registered with the Producers, Preparers, and Traders of Seeds and Seedlings Registry pursuant to the Seeds and Seedlings Law.

**Kristera AD, with a registered office and business address in the city of Popovo, Promishlena zona**

**History**

Kristera was registered as a company in 1998 to participate in the privatization procedure and purchase a separate unit of Zarneni Hrani EAD, Sofia, comprised of a mill and a grain base located in Popovo, in the region of Targovishte. On February 15, 1999, Kristera met the requirements to be a buyer and concluded a Sale Contract for the purchase of a mill, city of Popovo, upon the terms of payment in cash, and on April 1, 1999, the company assumed ownership. As of that date, Kristera AD has been carrying out intensive economic activities in the field of agriculture and manufacturing industry.

On October 10 1999, in compliance with the Law for Storage and Trade with Grain, Kristera AD's grain base was licensed as a Public warehouse with a capacity of 11,300 tons. On July 1, 2000, the management made a decision, based on an analysis of the company's economic activity in the field of dealing with storage and issuing of warehouse bills against grain deposited in the public warehouse, to increase the licensed storage capacity with a statute of Public warehouse to 41,930 tons. This is the biggest public warehouse of all licensed public warehouses in Bulgaria. On October 22, 1999, at a founding meeting of Zarno Compensation Fund, Kristera AD, in its capacity as founder of the fund, within the meaning of the Regulation on the terms and procedure for the establishment of compensation funds and their functions, was elected member of the Compensation fund and member of the Board of directors as a representative of public warehouses in the country.

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Kristera AD is the founder of the Association of Public Warehouses in Bulgaria, whose main purpose is to introduce good production practices for grain storage in Bulgaria, as well as to be a mediator between its members and the governmental organizations, aiming at utilization of EU funds.

### **Activity**

#### Grain Manufacturing

Beside the grain base Kristera AD also has an adjoining mill with a capacity of 30,000 tons annually, in operation since 1994. The mill meets all contemporary technological requirements in the mill industry. In connection to this activity Kristera AD is also a member of the Union of Bulgarian millers.

The mill's production range includes six products: Flour type 500, Flour type 700, Flour type 1150, Bran, Semolina, and Hulled wheat.

#### Grain storage

The grain base has a capacity of 60,000 tons. Of the whole capacity 15,000 tons are concrete silos, 20,000 tons are metal warehouses type LIP, and 25,000 tons are flat storehouses. All those capacities meet the necessary technological requirements according to the Law for storage and trade with grain. The licensed capacity of the grain base with a statute of Public warehouse is 41,930 tons.

Between 50,000 and 100,000 tons of grain per year is stored and traded in the grain base of Kristera AD. The warehouse bills system, functioning since 1999, allows grain storage for a longer period of time, during which, upon the presentation of an issued warehouse bill, a grain producer (depositor and holder of a warehouse bill) could be funded and await a better price for the sale of the finished production. It is in the interest of Kristera AD to store grain in its warehouses for longer periods of time, in return for which it receives storage fee, which is a very profitable activity for the company.

#### Transport

The company has a large truck fleet with freight vehicles licensed by the Ministry of Transport and Communications pursuant to Art. 7 of the Motor Transport Act and Art. 79 of Ordinance No. 33 for the Public Transportation of People and Cargo.

#### Grain qualifying

According to the existing legal framework regarding the production of foodstuffs the mill has an established organization providing incoming, operating, and outgoing control over the raw materials and produce. The quality control of the produce is carried out by the Technical Quality Control Department.

Kristera AD has a modernly equipped laboratory in compliance with EU requirements. This investment was made to answer the need for the company to meet in time the challenge of Bulgaria's accession to the EU and the EU-markets, that is, to increase the level of quality control over the incoming raw materials for processing, as well as improve the quality of produced products. With a view to this, detailed quality assurance analyses of all grains brought by customers are carried out in the laboratory.

#### Funding of grain-producers

Kristera AD is one of the first licensed public warehouses in Bulgaria. The management team of the company, since the very beginning of activity in 1999, became one of the champions of the warehouse bills system in Bulgaria. In connection to public warehouse activities, the management and personnel of

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Kristera AD were trained by American specialists in Bulgaria; they have also taken part in specialized trainings about trade and storage of grain in the USA in 2000 and 2001. The National Department for Grain and Fodders described Kristera AD's public warehouse as the most successful in Bulgaria and one that may serve as an example of professionalism and quality of work.

Since July 2006 Kristera AD has developed and started a program for funding the rapeseed production for its partners (grain producers) in the region of North-East Bulgaria. The program consists of three stages, where the periods of time each separate stage covers are applicable to economic year 2006-2007, as well as every successive economic year of the development of the program:

**Stage 1** – Assisting soil preparation for seeds, pre-sowing fertilization, sowing, and pest control, by way of providing diesel fuel, certified seeds, pest control means, and, when necessary, weed control means. This stage covers the period June 15 – October 30;

**Stage 2** – Assisting spring crops fertilizing and pest control, by way of providing nutritive substances, diesel fuel, and pest control means. This stage covers the period February 15 – April 15;

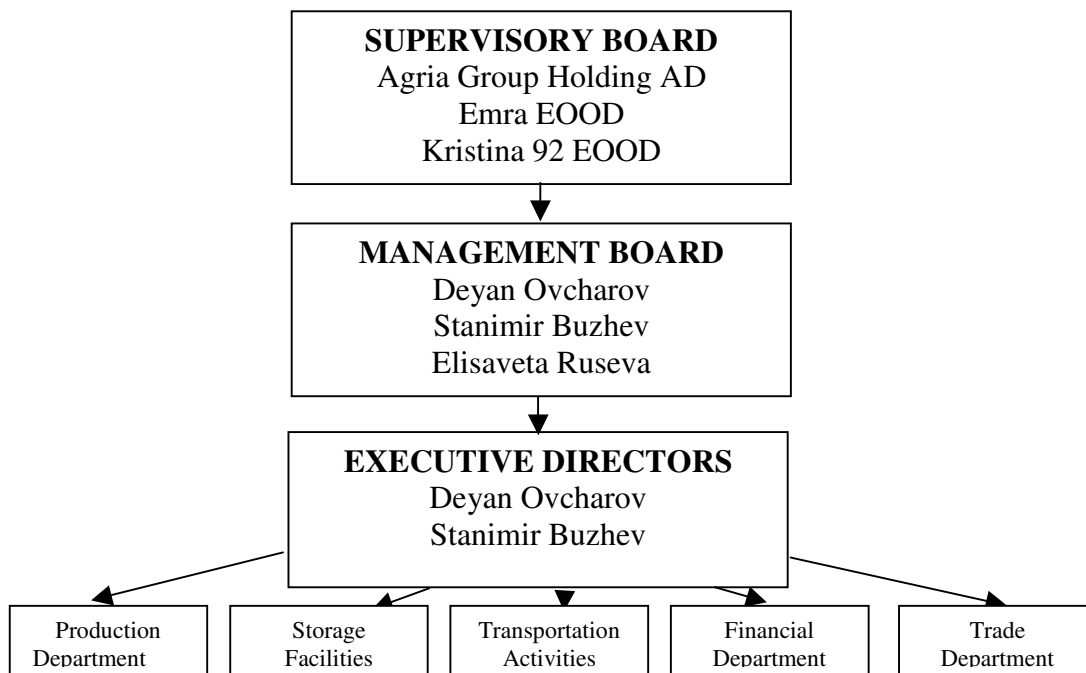
**Stage 2** – Assisting harvesting by way of providing diesel fuel. This stage covers the period June 15 – July 10.

For the economic year 2006 – 2007, Kristera AD funded through its customers the cultivation of 55,000 decares of agricultural land for rapeseed production, which amounts to 10-15 % of the country's rapeseed crops.

The main goal of the development of producers' funding Rapeseed program was to provide for raw materials for the future plant facilities to produce raw vegetable oils and biodiesel.

## Management

The company has a two-tier management system having the following structure:





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**Projects. Investment Program.**

Kristera AD has been developing a project for the setting up of a facility for the production of rapeseed, sunflower, and soybean vegetable oils with a capacity of 100,000 tons of raw materials and, at a later stage, setting up of a biodiesel production installation with a capacity of 30,000 tons.

The investment's location is the city of Devnya – Industrial zone. Strategically, according to the management, the location of the investment is of great importance, considering the proximity of the Devnya and Varna seaports.

The investment proposal envisages the setting up of the following structural elements at separate stages:

1. Storage complex – including the construction of a silo complex, consisting of four metal silos for dry grain, one metal hopper for damp grain, grain drying installation and two mechanized reception shafts for reception, storage, and dispatching of grain. The silo complex is designed for reception and storage of operational quantities of raw material used in the production of vegetable oil.
2. Construction of facilities for vegetable oils which will be the basic raw material for biodiesel production.

2.1 Dehulling department – the equipment in the department is designed to remove a predetermined section of the hull of the sunflower seed as well as any metal objects that have accidentally entered the mixture and could cause significant damage to the raw oil equipment. The husking equipment and transportation machinery are manufactured in Bulgaria and have proven their high quality levels during the years of operation.

2.2. Press department – the sunflower and rapeseed obtained in the husking department and alternatively processed, subjected to milling, humidity-thermal conditioning and pressing. The main product is the obtained raw oil, while the side product is expeller, with a certain oil content. The oil is then filtered with the aim of removing the coarse precipitate, remaining after the pressing process, and is collected in buffer capacity.

The expeller is cooled and collected in buffer storage for further processing.

2.3. Extraction – extraction of the oil in the expeller remaining after pressing (expanding) the kernel (seed), using an organic solvent. After the removal of the solvent and the drying and cooling process, the oil is collected in buffer capacity for further processing, the solvent is regenerated for future use, while the byproduct groats are collected in the warehouse for storage and dispatching, after the removal of the solvent vapors, drying and cooling.

2.4. Refinery – a two stage process will be in operation. The first stage will prepare the oil for requirements of the manufacturer of the biodiesel installation. This preparation includes the removal of phosphatides and rubbers, drying and temperature control.

The obtained precipitate is processed with the aim of stratifying and extracting the remaining oil.

3. Construction of a biodiesel production installation  
The processed oil is subjected to double reesterification through a catalytic process resulting in the formation of biodiesel fuel.  
The proposed investment for the construction of a vegetable oil and biodiesel plant is provided by Kristera AD, Popovo, a subsidiary of Agria Group Holding AD; and amounts to EUR 8 mln.

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**Certificates. Licenses. Regulatory framework. Intellectual property.**

On February 19, 2007 Kristera AD was certified under ISO 9001:2000 by SGS Bulgaria AD. While awaiting completion of the certification procedure, as regards quality control, from October 2006, the HACCP (Hazard Analysis and Critical Control Point) System was developed and implemented. International quality control standardization includes activities such as grain purchase, grain storage, and grain manufacture (mill products production). The company also holds licenses No. 3-2 of May 31, 2006, for a public warehouse with storage capacity of 41,930 tons of grain and under the Law for Storage and Trade of Grain and the Regulation on its Implementation; it is entered by the National Department for Grain and Fodders in the Grain Traders Registry by Order No. 36 of March 30, 2006; with License No. 1487 (July 21, 2004 of the Ministry of Agriculture and Forestry and has permission and is authorized to trade with plant protection products; as of February 23, 2005, Certificate No. 0303 of the Ministry of Agriculture and Forestry certifies that Kristera AD is a wholesale trader of farming material for grain, oil-bearing, fibre-bearing and forage cultures. Last but not least, the company has a big truck fleet licensed for cargo transportation by the Ministry of Transport and Communications wit License No. 03434 of August 11, 2003. The company has registered a trademark with the Patent Office, which provides protection for a period of 10 years according to the Bulgarian legislation (Patens Act).

<p><b>Korn-K AD, with a registered office and business address in the city of Varna, Zapadna Promishlena Zona, 29 Atanas Moskov Str.</b></p>
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**History**

The Korn-K company was established in 1996. Its core business is the delivery and trade of fuel and motor oil, chemicals, fertilizers, seed, and the trade of grain and grain products.

The main objective of Korn-K AD is the strengthening of the company's position as one of the major distributors of fuel and oil in the East-North Bulgaria region, as well as of a reliable partner of world-renowned companies in the grain business.

**Business activity**

The core business of the company is the trade of fuel and motor oil, agricultural chemicals, fertilizers (SAS, TSP) and seed, as well as the trade of grain and grain products – bread wheat, oil sunflower, corn, rapeseed.

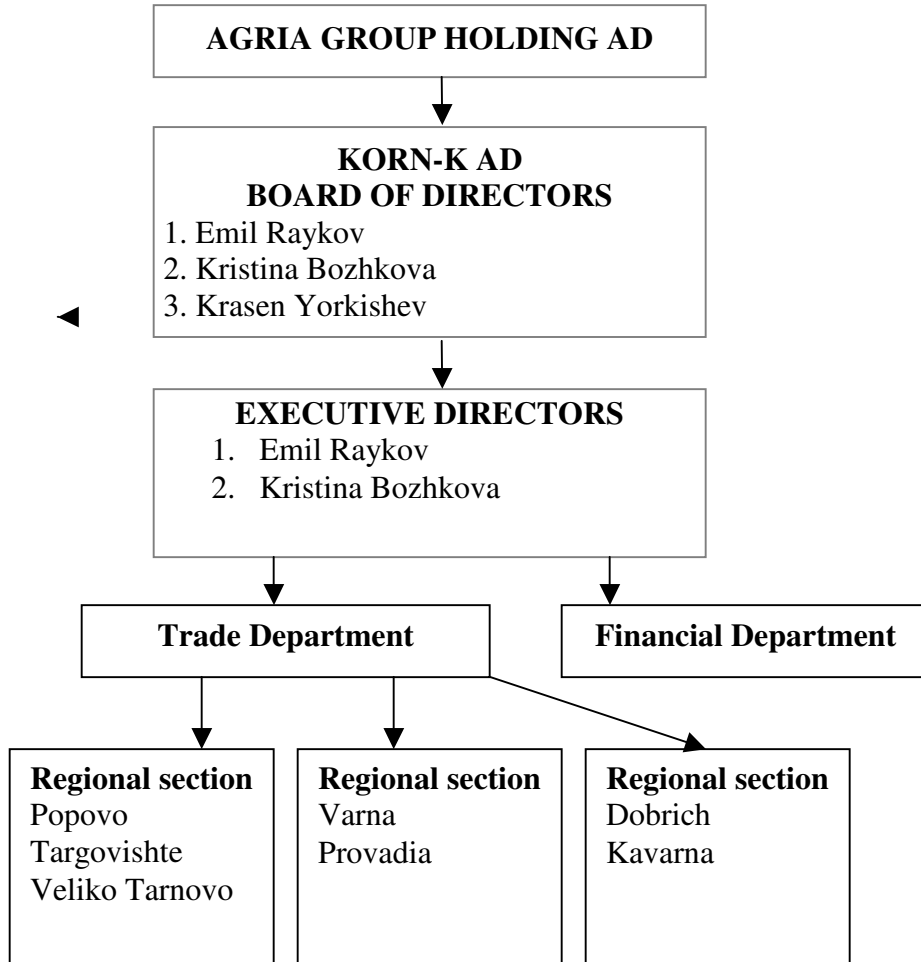
Depending on the global market situation Korn-K AD is also an export-oriented company. Major customers in the export deals of Korn-K AD are the world leaders in the grain business, including World Trade Industries and development S.A, Noreks Commodities S.A., Glencore Grain Rotterdam B.V., Topfer and Louis Dreyfus Bulgaria.

Currently the major local customers of Korn-K AD are agricultural growers, processing companies, transportation enterprises and other end customers – trade facilities.

The safety of deliveries and the high quality of the products are guaranteed by the manufacturers of light fuels and motor and industrial oils: LUKoil – Neftochim –Burgas AD, OMV – Bulgaria OOD, Naftex Petrol AD, Nafta Trading AD – Sofia, Nafta Trading AD – Burgas, Prista Oil AD which have signed direct distribution contracts with Korn-K AD.

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**Management**



**Projects**

The main managerial focus of the company is the development of the trading organization by sections, the expansion of market influence in regions neighboring the regions where Korn-K AD is present, which, as regards the delivery of raw materials, will provide greater independence from other trading structures.

**Certificates. Regulations. Licenses.**

Pursuant to Art.24 of the Law for Storage and Trade of Grain and Art.6 of Ordinance 40 of September 15, 2003 of the Ministry of Agriculture and Forestry, the National Department for Grain and Fodders attests that Korn-K AD, Varna is entered in the Grain Traders Registry by Order No. 121 of July 31, 2006 under the identification number 125006090.

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**Hlebozavod Korn AD with a registered office and business address in the city of Varna, Zapadna Promishlena Zona, 29 Atanas Moskov Str.**  
**Hlebozavod Korn AD with a registered office and business address in the city of Shumen, Industrialen, 13 Industrialna Str.**  
**Hlebozavod Korn with a registered office and business address in the city of Targovishte, 30 Tsar Osvoboditel Str.**

## History

**Hlebozavod Korn AD**, Varna was registered in 2001. The company's registered office and business address by court registration are in the city of Varna, Zapadna Promishlena Zona, Atanas Moskov Str. No.29.

**Hlebozavod Korn AD**, Shumen was registered in 1996. The company's registered office and business address by court registration are in the city of Shumen. Promishlena Zona, 13 Industrialna Str. In 2000 the main portion of the capital of Hleboproizvodstvo i Sladkarstvo EAD is acquired by Hlebozavod Brothers Commerce AD and in June 2001 the capital of the company was bought by Hlebozavod Korn AD.

**Hlebozavod Korn AD**, Targovishte was established in 2002. The company's registered office and business address by court registration are in Targovishte with a trading address in Gorna Oryahovitsa – the location of the head office.

The bread making plant in Varna provides a capacity of 30,000 production-line bread loafs per day. It is situated in the west industrial area of the city and consists of: industrial department for production of bread ; department for production of specialized bread types and an administrative building with a total built-up area of 1,500 sq.m. The plant commenced operation in the autumn of 2005.

The bread making plant in Shumen provides a capacity of 50,000 production-line bread loafs per day. It is built in a plot with an area of 23,560 sq.m., situated in the Shumen, Industrial complex. This plot is a regulated land estate and is coupled with a solid manufacturing facilities, consisting of administrative-manufacturing main building with a total built-up area of 2 388 sq.m., single-storey solid warehouse with a built-up area of 320 sq.m., single-storey solid workshop and garage building with a total built-up area of 68 sq.m., single-storey confectionery department with a total built-up area of 480 sq.m., single-storey solid engine-truck outhouse, single-storey solid checkpoint with a total built-up area of 15 sq.m.

The bread making plant in Gorna Oryahovitsa provides a capacity of 30,000 bread loafs per day. The manufacturing facilities of the company are situated in a plot located in Gorna Oryahovitsa, 94 Sveti Knyaz Boris I Str. The plot is a regulated land estate with an area of 2,540 sq.m., and includes a solid structure – warehouse with a total built-up area of 717 sq.m and a manufacturing and administrative outhouse with a total built-up area of 228.22 sq.m.

## Activity

Hlebozavod Korn AD, Shumen, Hlebozavod Korn AD, Varna and Hlebozavod Korn AD, Targovishte provide a total capacity of 110,000 bread loafs per day, which is distributed in the regions of Varna, Provadiya, Dobrich, Kavarna, Shumen, Novi Pazar, Kaspichan, Popovo, Targovishte, Gorna Oryahovitsa, Veliko Tarnovo, Razgrad and Ruse.

This strategic location of the bread making plants allows the supply of the whole market in three hours after the completion of the baking process. A major advantage of these companies over the rest of the

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major bread producers is the flexibility of the deliveries made possible by the strategic location of the baking facilities.

In the short term – by critical weather conditions, major road repairs etc. the supply of the whole market involves a redistribution of the delivering baking facilities. In these situations the sales increase rapidly due to the fact that every plant becomes the sole source of bread production in the respective region. The sales increase is also partly due to the additional volume of bread products purchased from local distributors of remote competitor bread making plants. The consequences are as follows:

- Firstly: increase in the interest and loyalty to these bread producers on the part of the media, retailers and end consumers;
- The possibility of substantially increased price levels in comparison with the mean prices in the respective regions.

Since the end of 2005 Hlebozavod Korn AD, Varna has also commenced the operation of a department for the production of specialized and luxury breads. The production lines include rotation furnaces, Fritsch line for production of multi-sheet dough products; cutting installations and installations for automated packaging of toaster bread; automated robot machine Pregebauer for the production of semmel, mini-baguette, and bread rolls; automated line for the production of special Gimek breads; shock freeze chambers for the finished products.

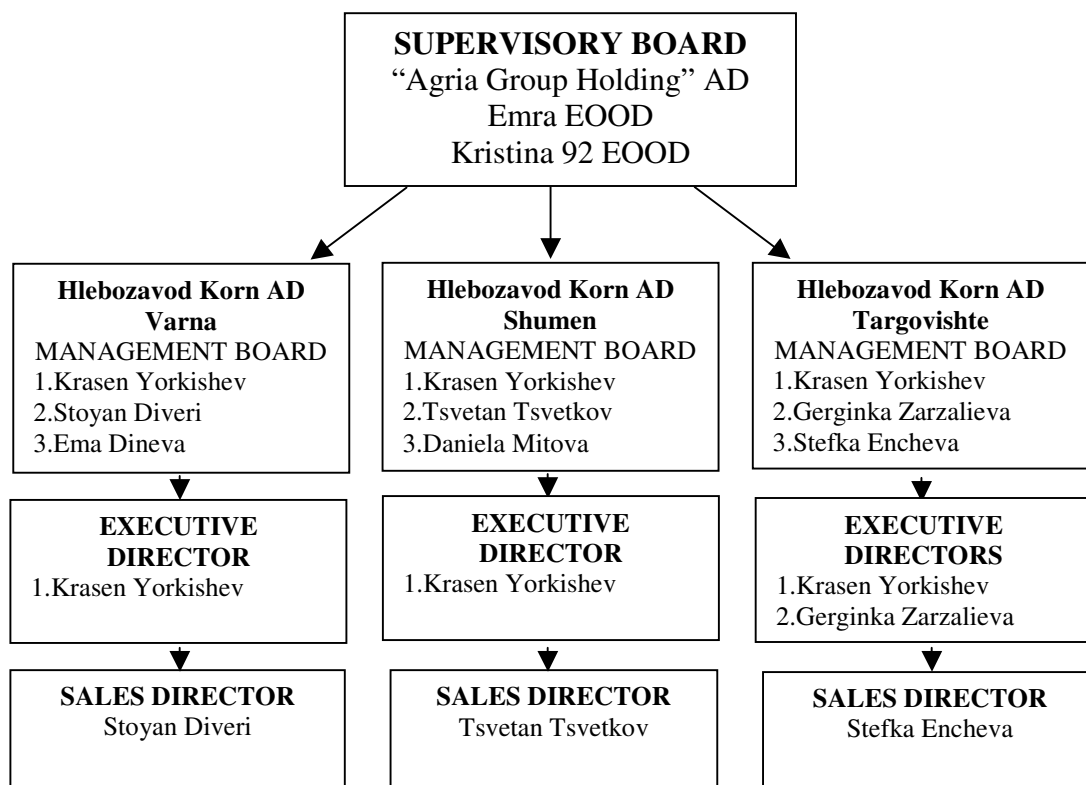
The special production of the company has helped establish contacts with many of the leading producers of a range of bread mixes and additives, bread and confectionery products. Some of the major suppliers in this field are Puratos Bulgari AD, Backaldrin International Ltd, Diamant Ltd, Tehra EOOD, etc.

With respect to the current regulatory requirements for food production (Law on Foodstuffs), the plants of the examined companies provide incoming, operating and outgoing control of the raw materials, the semi-manufactured goods, and the finished products. The quality control over of the finished products is carried out by the Technical Quality Control Department.

Drawing on the experience of its business partners the managing team of Hlebozavod Korn AD has endorsed a strategy of developing hot spots in the major retail centers with the aim of successful distribution of the produced special and luxury breads. One of the main factors determining the quality of service in these centers is the choice and training of the staff employed. Currently Hlebozavod Korn AD operates hot spots in the following retail centers: Piccadilly, Burlex, CBA, Macao, etc. in the regions of Varna, Devnya, Provadiya, Targovishte, Shumen, Veliko Tarnovo, Gorna Oryahovitsa, and Razgrad.

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**Management**



**Projects. Investment Program.**

The following strategic objectives are identified with respect to the development of the bread-making activity:

- Modernization and technological renewal in the existing bread-making plants.
- Elaboration of the production of special types of bread and stimulating consumption with the aim of developing a new segment of the market of special breads (graham bread, wholemeal bread, diet bread, wholegrain bread, etc.). This is a more lucrative market segment which is currently underdeveloped (around 10% of the total bread market).
- Attracting an appropriate partner for cooperation and development of the production of additives, mixes, yeasts, and other ingredients required for the production of special types of breads. This is the direction of development of the world leaders in the field.

**Investments in the food industry of the holding and bread production in particular.** The investments are represented by the acquisition of new machinery – automated production lines, know-how in the production of special bread types (wholemeal and multigrain bread products). The bread-making plant in Shumen plans to invest in the installation of a fully automated cracker production line of the German company Werners & Pfleiderer – Horstmann Group.

The total sum of investments in the food industry – as a department of the holding – amounts to EUR 2,000,000.

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**Certificates. Regulations. Intellectual property.**

**Hlebozavod Korn AD, Shumen:**

According to the EU requirements for quality control on August 11, 2005 Hlebozavod Korn AD, Shumen, was certified under ISO 9001:2000 by SGS Bulgaria AD for the production and retail of bread, bread products and confectionery.

**Hlebozavod Korn AD, Varna and Hlebozavod Korn AD, Targovishte:**

The ISO 9001:2000 certification process of these companies is pending. While awaiting completion of the certification procedure the quality control has been provided by the HACCP (Hazard Analysis and Critical Control Point) system. Installed in March 2006, this system provides control over the critical point in the production. Hlebozavod Korn AD, Targovishte has registered a trademark with the Patent Office, which provides protection for a period of 10 years according to the Bulgarian legislation (Patent Law).

The funding sources for the implementation of the investment programs of the subsidiaries of the economic group, part of which is the Issuer, are as follows:

- Equity investment of the Issuer and its Subsidiaries in the form of undistributed profit from past years.
- Profit from ongoing activities while implementing the investment;
- Accumulated funds in the form of equity capital resulting from the public offering of up to 1,700,000 ordinary registered shares of the capital of Agria Group Holding AD of par value of BGN 1 each.

Considering the above listed investment program funding sources, towards the date of preparation of this document, the Issuer and its Subsidiaries do not need additional loan capital.

BASIC FINANCIAL INFORMATION ABOUT THE SUBSIDIARIES

*Thousands  
of BGN.*

Company / Indicators	Kristera	Hlebozavod Korn Varna	Hlebozavod Korn Shumen	Hlebozavod Korn Targovishte	Kristera Agro	Agro	Korn-K	Korn-Security
<b>Operating income:</b>								
2004	19,722	9,022	4,878	1,410	1,332	561	11,438	
2005	17,718	10,552	3,422	1,957	1,171	1,237	12,157	0
2006	19,465	9,321	4,219	2,139	1,851	1,704	12,610	68
<b>Financial Result (after taxation):</b>								
2004	18	14	3	19	113	7	32	
2005	15	22	0	70	238	427	18	-27
2006	147	22	3	16	161	62	14	-35
<b>Total Assets:</b>								
2004	10,198	4,755	3,619	1,150	2,039	1,165	4,131	
2005	13,239	10,018	4,307	1,132	2,824	2,657	7,072	125
2006	20,096	8,750	6,333	2,152	3,536	3,782	6,393	243
<b>Shareholders' Equity :</b>								
2004	1,539	788	639	183	332	13	340	
2005	1,468	767	639	253	596	485	326	-22
2006	8,383	2,090	4,204	269	1,007	553	322	-57
<b>Debt:</b>								
2004	8,659	3,967	2,980	967	1,707	1,152	3,791	
2005	11,771	9,251	3,668	879	2,228	2,172	6,746	147
2006	11,713	6,660	2,129	1,883	2,529	3,229	6,071	300

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I. For the period covered by historical financial information, years 2004-2006, Agria Group Holding AD accounts for net revenue from sales of production on a consolidated basis under the following categories of activity:

1. Realization of grain within the meaning of the Law for Storage and Trade of Grain on the part of the subsidiaries operating in the agricultural business sphere.
2. Realization of fruit tree seedlings.
3. Realization of mill products derived from bread wheat: flour type 500, flour type 700, flour type 1150, semolina, bran, and wheat siftings.
4. Realization of bread and bread products.

II. The Company accounts for net revenue from sales of merchandise under the following categories of activity:

1. Sales of grain for trading purposes
2. Sales of goods for trading purposes
3. Sales of fertilizers (stabilized ammonium nitrate, triple superphosphate), compounds for vegetation protection, fuel, oil and lubricants, seeds, etc.

III. Net revenue from sales of services on a consolidated basis include:

1. Revenue from sales of agricultural technical services – plowing, disk harrowing, sowing, harvesting
2. Revenue from sales of manufacturing industry services – grain receiving and qualifying, grain drying, grain storage, grain manufacturing with raw materials supplied by client
3. Revenue from sales of transportation services

Revenue of Agria Group Holding AD by category of activity on a consolidated for years 2004, 2005 and 2006

Type of income/ Thousands of BGN	2006	2005	2004
<b>A. . Operating expenses</b>			
<b>I. Net revenue from sales of:</b>			
Finished goods	5,982	5,026	3,104
Merchandise	22,819	22,523	23,914
Services	809	1,953	863
Other	1,793	659	812
<b>Group I total:</b>	<b>31,403</b>	<b>30,161</b>	<b>28,693</b>
II. Income from financing			
including government financing	225	116	69
<b>Group II total:</b>	<b>225</b>	<b>116</b>	<b>69</b>
III. Financial income			
<b>Interest income</b>		3	2
<b>including from related parties</b>			
Income from equity investments	445	127	
including dividends	445	127	
Gains on dealing with financial assets and instruments	1		
Foreign exchange gains			114
Other financial income		16	
<b>Group III total:</b>	<b>446</b>	<b>146</b>	<b>116</b>
<b>B. Total operating income(I+II+III)</b>	<b>32,074</b>	<b>30,423</b>	<b>28,878</b>
C. Operating loss	0		
IV. Extraordinary income	<b>0</b>	<b>1</b>	<b>48</b>



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3.5. Property, production units and equipment

3.5.1. Volume, structure and dynamics of the tangible fixed assets for the last three financial years

The volume, structure, and dynamics of the tangible fixed assets of the companies of the economic association, part of which is the Issuer, for the last three financial years are as follows:

The volume and structure of the tangible fixed assets owned by the Issuer are determined with respect to the acquired shares of capital of the subsidiaries in the holding structure, described in detail in item 3.4.2 on page ..... of this Registration Document, constituting Part I of the Prospectus for Public Offering of Securities

The volume and structure of the tangible fixed assets of the subsidiaries are determined with respect to the fulfillment of the investor's proposals and program of the companies in the economic group, part of which is the Issuer.

**Kristera AD, Popovo, is the owner of the following real estates:**

– LAND PROPERTY with an area of 75,629.95 sq.m. located in the Industrial area of the city of Popovo, Municipality of Popovo, district of Targovishte, for which a REGULATED LAND PROPERTY I is designated in district 5 of the plan of the city of Popovo, Promishlena zona, including the erected buildings on site, presented as independent structures, namely: 1. GRAIN WAREHOUSE No. 1(one) – single-storey solid building with a total built-up area of 1,200 (one thousand two hundred and) square meters, 2. GRAIN WAREHOUSE No. 2 (two) – single-storey solid building with a total built-up area of 1,200 (one thousand two hundred and) square meters, 3. GRAIN WAREHOUSE No. 3 (three) – single-storey solid building with a total built-up area of 1,200 (one thousand two hundred and) square meters, 4. GRAIN WAREHOUSE No. 4 (four) – single-storey solid building with a total built-up area of 1,200 (one thousand two hundred and) square meters, 5. GRAIN WAREHOUSE No. 5 (five) – single-storey reinforced-concrete building with a total built-up area of 1,056 (one thousand fifty-six) square meters, 6. GRAIN WAREHOUSE No. 6 (six) – single-storey reinforced-concrete building with a total built-up area of 720 (seven hundred and twenty) square meters, 7. GRAIN WAREHOUSE No. 7 (seven) – single-storey reinforced-concrete building with a total built-up area of 625 (six hundred and twenty-five) square meters, 8. GRAIN WAREHOUSE No. 8 (eight) – single-storey building of mixed construction with a total built-up area of 720 (seven hundred and twenty) square meters, 9. GRAIN WAREHOUSE No. 9 (nine) – single-storey building of mixed construction with a total built-up area of 576 (five hundred and seventy five) square meters, 10. GRAIN WAREHOUSE No. 10 (ten) – single-storey building of mixed construction with a total built-up area of 1,500 (one thousand five hundred and) square meters, 11. POWER SUBSTATION, single-storey solid building with a total built-up area of 140 (one hundred and forty) square meters, 12. DOUBLE WEIGHBRIDGE, single-storey solid building with a total built-up area of 155 (one hundred and fifty-five) square meters, 13. ADMINISTRATIVE BUILDING – two-storey solid building with a total built-up area of 235 (two hundred and thirty-five) square meters, 14. GATE CHECKPOINT, single-storey solid building with a total built-up area of 12 (twelve) square meters, 15. COVERED PARKING AREA, single-storey metal building with a total built-up area of 231 (two hundred and thirty-one) square meters, 16. BREAD SHOP – single-storey reinforced-concrete building with a total built-up area of 60 (sixty) square meters, 17. LABORATORY AND REPAIRS WORKSHOP – two-storey building of mixed construction with a total built-up area of 493 (four hundred and ninety-three) square meters, 18. GARAGES – single-storey solid building with a total built-up area of 130 (one hundred and thirty) square meters, 19. POWER SUBSTATION – single-storey solid building with a total built-up area of 16 (sixteen) square meters, 20. BOILER ROOM – single-storey solid building

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with a total built-up area of 57 (fifty-seven) square meters, 21. PETROL WAREHOUSE – single-storey solid building with a total built-up area of 120 (one hundred and twenty) square meters, 22. ELECTRIC TRUCK RECHARGING STATION – single-storey solid building with a total built-up area of 100 (one hundred and) square meters, 23. FLOUR MILL 80/24 hours – five-storey solid building with a total built-up area of 472 (four hundred and seventy-two) square meters, 24. COVERED ELECTRIC TRUCK ROAD – single-storey building of mixed construction with a total built-up area of 138 (one hundred and thirty-eight) square meters, 25. ELECTRIC BOARD ROOM – single-storey solid building with a total built-up area of 100 (one hundred and) square meters, 26. COMPRESSOR BUILDING WITH WASTE HOPPERS – two-storey solid building with a total built-up area of 86 (eighty-six) square meters, 27. POISON WAREHOUSE – single-storey solid building with a total built-up area of 78 (seventy-eight) square meters, 28. BOMB SHELTER – single-storey solid building with a total built-up area of 101 (one hundred and one) square meters, 29. BAKERY BUILDING – single-storey metal building of prefabricated construction with a total built-up area of 115 (one hundred and fifteen) square meters, 30. REPAIRS WORKSHOP – single-storey metal building with a total built-up area of 146 (one hundred and forty-six) square meters, 31. SERVICE GARAGE – single-storey reinforced-concrete building with a total built-up area of 28 (twenty-eight) square meters, 32. SILO of C-5 (C-five) type (grain storage) – solid reinforced-concrete building with a total built-up area of 1,230 sq.m. (one thousand two hundred and thirty square meters), 33. SILO of C-5 (C-five) type (grain storage) – solid reinforced-concrete building with a total built-up area of 1,230 sq.m. (one thousand two hundred and thirty square meters) 34. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters), 35. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters), 36. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters) 37. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters) 38. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters) 39. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters) 40. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters) 41. SILO of C-8 (C-eight) type (storage of grain) – solid metal building on a reinforced-concrete base with a total built-up area of 176.62 sq.m. (one hundred and seventy-six square meters and sixty-two thousand square centimeters). There is a Conventional mortgage on the above listed properties to the benefit of United Bulgarian Bank AD to secure the amounts receivable in connection with a bank credit granted to Kristera, city of Popovo, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 56/19.05.2006, which is registered with the Registry Agency, Registry Office with Popovo Regional Court, under Reg. No. 2256, Act No. 64, Volume I, Case No. 1123/2006.

- Warehouse premises, located in the village of Slavyanovo, Popovo Municipality, district of Targovishte, namely: GRAIN WAREHOUSE No. 2, single-storey solid building with a total built-up area of 310 sq.m., erected in regulated land property VI-644a in district 28 of the regulation plan of the village of Slavyanovo, district of Targovishte; 2. GRAIN WAREHOUSE No. 3, single-storey solid building with a total built-up area of 550 sq.m., erected in regulated land property VI-644a in district 28 of the regulation plan of the village of Slavyanovo, district of Targovishte; 3. TRIAD METAL WAREHOUSE, single-storey prefabricated metal structure, consisting of three connected halls, with a total built-up area

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of 1,335 sq.m. erected on state-owned agricultural land located in the territory of the village of Slavyanovo, Popovo Municipality, district of Targovishte; 4. METAL SHELTER AND UNLOADING CENTER, single-storey prefabricated metal structure, consisting of two connected halls, with a total built-up area of 1,980 sq.m. erected on state-owned agricultural land located in the territory of the village of Slavyanovo, Popovo Municipality, district of Targovishte. There is a Conventional mortgage on the above listed properties to the benefit of Allianz Bulgaria AD to secure the amounts receivable in connection with an overdraft bank credit granted to Korn-K AD, city of Varna, for current assets in accordance with and under the terms of Bank credit contract No. 8530/21.01.2005 and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Popovo Regional Court, under Reg. No.204 of 25 January 2005, Act No.3, Volume I, Case No. 113/2005;

**Hlebozavod Korn AD, Varna, owns the following real estates**, land and building, located in the city of Varna, Varna municipality, district of Varna, Zapadna Promishlena Zona namely: REGULATED LAND PROPERTY XVII-1146 in district 34 of the plan of Zapadna Promishlena Zona, Varna, with an area of 2,922 sq.m., including a two-storey building – department of bread production and offices with a total built-up area of 823 sq.m and a spread area of 1,127 sq.m., and a building expansion – single-storey production hall with a total built-up area of 594 sq.m., adding up to a total of 1,417 sq.m. and a spread area of 1,721 sq.m. There is a Conventional mortgage on the above listed properties to the benefit of United Bulgarian Bank AD as debenture-holders’ trustee bank to secure the debenture-holders’ amounts receivable in connection with a debenture loan issued by Kristera AD, city of Popovo, to the amount of EUR4,500,000, which is registered with the Registry Agency, Registry Office with Varna Regional Court, under Reg. No.10135 of 20 April 2007, Act No. 178, Volume VII, Case No. 7361/2007;

**Hlebozavod Korn AD, Shumen, owns the following real estates**, land and building located in the city of Shumen, Promishlena Zona, namely: **LAND** with an area of 23,560 sq.m. forming a REGULATED LAND PROPERTY X in district 267 of the plan of the city of Shumen, including the erected **Hlebozavod (Brad Factory)**, consisting of an Administrative-Manufacturing main building with a total built-up area of 2,388 sq.m. and a spread area of 5 743 sq.m.; single-storey solid Warehouse with a built-up area of 320 sq.m.; single-storey solid Technical Workshop and Garages with a built-up area of 68 sq.m.; single-storey solid Confectionery Department with a built-up area of 480 sq.m.; single-storey solid Motor Truck Outhouse with a built-up area of 15 sq.m.; single-storey solid Checkpoint with a built-up area of 15 sq.m. There is a Conventional mortgage on the above listed properties to the benefit of United Bulgarian Bank AD as debenture-holders’ trustee bank to secure the debenture-holders’ amounts receivable in connection with a debenture loan issued by Kristera AD, city of Popovo, to the amount of EUR4,500,000, which is registered with the Registry Agency, Registry Office with Shumen Regional Court, under Reg. No. 2289 of 19 April 2007, Act No. 122, Volume II, Case No. 1577/2007;

**Hlebozavod Korn AD, Targovishte, owns the following real estates**

– LAND PROPERTY located in the city of Gorna Oryahovitsa, 94 Sveti Knyaz Boris I Str. with a total area of 2,540 sq.m. forming a regulated land property IX for business enterprises, in district 246 of the plan of the city of Gorna Oryahovitsa, including the erected solid building – WAREHOUSE with a built-up area of 717 sq.m. and an OUTHOUSE of manufacture and administration with a built-up area of 228.22 sq.m.; There is a Conventional mortgage on the above listed properties to the benefit of Banka Piraeus Bulgaria AD to secure the amounts receivable in connection with a bank credit granted to Korn-K AD, city of Varna, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 374/13.08.2003, and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Gorna Oryahovitsa Regional Court, under Reg. No. 1553 of 18

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March 2005, Act No. 76, Volume I, Case No. 1070/2005. There is a Conventional mortgage on the above listed properties LAND PROPERTY and OUTHOUSE of manufacture and administration with a built-up area of 228.22 sq.m. to the benefit of Banka Piraeus Bulgaria AD to secure the amounts receivable in connection with a bank credit granted to Hlebozavod Korn AD, city of Targovishte, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 249/09.03.2006, and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Gorna Oryahovitsa Regional Court, under Reg. No. 2024 of 10 May 2006, Act No. 193, Volume I, Case No. 1349/2006.

- REGULATED LAND PROPERTY of manufacturing and storage with an area of 4,988 sq.m. including four remaining buildings in district 140 of the regulation plan of Promishlena Zona of the city of Lyaskovets, Gorna Oryahovitsa Municipality.

**Korn-K AD, Varna, owns the following real estates:**

- REGULATED LAND PROPERTY IV-1146 in district 42 of the plan of Zapadna Promishlena Zona, Varna, with an area of 1 498 sq.m.; There is a Conventional mortgage on the above listed property to the benefit of Banka Piraeus Bulgaria AD to partially secure the amounts receivable in connection with a bank credit granted to Korn-K AD, city of Varna, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 374/13.08.2003, and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Varna Regional Court, under Reg. No. 15664 of 28 June 2006, Act No. 152, Volume X, Case No. 11673.

- Regulated land properties located in the city of Provadiya, district of Varna, namely – regulated land property XI-223 in district 6 of the plan of the city of Provadiya with an area of 1,080 sq.m.; regulated land property XII-223 in district 6 of the plan of the city of Provadiya with an area of 1,090 sq.m.; regulated land property XIII-223 in district 6 of the plan of the city of Provadiya with an area of 1,020 sq.m.; regulated land property XIV-223 in district 6 of the plan of the city of Provadiya with an area of 1,020 sq.m.; regulated land property XVI-223 in district 6 of the plan of the city of Provadiya with an area of 980 sq.m.; regulated land property XVII-223 in district 6 of the plan of the city of Provadiya with an area of 2,700 sq.m. There is a Conventional mortgage on the above listed properties to the benefit of Banka Piraeus Bulgaria AD to partially secure the amounts receivable in connection with a bank credit granted to Korn-K AD, city of Varna, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 374/13.08.2003, and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Provadiya Regional Court, under Reg. No. 2857 of 7 August 2006, Act No. 29, Volume I, Case No. 1105/2003.

**Kristera Agro EOOD, Devnya, owns the following real estates**, located in Stopanski Dvor (Production Facility) of Devnya-2, in the territory of the city of Devnya, locality Tsarskoto, Devnya municipality, district of Varna, namely: LAND with an area of 4 966 sq.m. (four thousand nine hundred and sixty-six square meters), forming a REGULATED LAND PROPERTY I (Roman number one) in the plan of the city of Devnya, Stopanski Dvor Devnya-2, district of Varna; LAND with an area of 11,218 sq.m. (eleven thousand two hundred and eighteen square meters), forming a REGULATED LAND PROPERTY II (Roman number two) in the plan of the city of Devnya, Stopanski Dvor Devnya-2, district of Varna; LAND with an area of 2 037 sq.m. (two thousand and thirty-seven square meters), forming a REGULATED LAND PROPERTY III (Roman number three) in the plan of the city of Devnya, Stopanski Dvor Devnya-2, district of Varna and LAND with an area of 2 638 sq.m. (two thousand six hundred and thirty-eight square meters), forming a REGULATED LAND PROPERTY IV (Roman number four) in the plan of the city of Devnya, Stopanski Dvor Devnya-2, district of Varna, bordering to

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the North with a street, to the East with a street, to the South with non-regulated land properties with Nos. 43001, 43002, 43003, 43004 and 43005 and to the West – with a street and an erected BUILDING – POWER SUBSTATION with a built-up area of 30 sq.m. (thirty square meters). There is a Conventional mortgage on the above listed properties to the benefit of United Bulgarian Bank AD to secure the amounts receivable in connection with a bank credit granted to Kristera Agro EOOD, city of Devnya, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 109/22.08.2005, which is registered with the Registry Agency, Registry Office with Devnya Regional Court, under Reg. No. 2927 of 24 August 2005, Act No. 44, Volume I, Case No. 1757/2005.

A silo complex for grain storage and a vegetable oil plant including an installation for reesterification of raw oils into bio-diesel is under construction in the abovementioned land properties in accordance with the investment program of Kristera AD, described in detail on page 23 of this Registration Document.

**Agro EOOD, Devnya owns the following real estates**, located in the city of Provadiya, district of Varna, namely: regulated land plot VIII-223, in district 6 of the Regulation Plan of the city of Provadiya, with an area of 2,500 sq.m.; regulated land plot IX-223, in district 6 of the Regulation Plan of the city of Provadiya, with an area of 2,600 sq.m.; regulated land plot X-223, in district 6 of the Regulation Plan of the city of Provadiya, with an area of 2,300 sq.m. There is a Conventional mortgage on the above listed properties to the benefit of Banka Piraeus Bulgaria AD to partially secure the amounts receivable in connection with a bank credit granted to Korn-K AD, city of Varna, in the form of a line of credit for current assets in accordance with and under the terms of Bank credit contract No. 374/13.08.2003, and Annexes, integral part thereof, which is registered with the Registry Agency, Registry Office with Provadiya Regional Court, under Reg. No. 2857 of 7 August 2006, Act No. 29, Volume I, Case No. 1105/2003.

#### **Dynamics of the tangible fixed assets of the subsidiaries.**

There are no major changes in the tangible fixed assets of the subsidiaries of the economic group, part of which is the Issuer, is noted in the last three financial years. The companies manage their tangible fixed assets according to their investment plans.

The volume, structure, and dynamics of the tangible fixed assets of the companies in the economic association, part of which is the Issuer, in the section regarding the machines and installations, are described in the Holding's consolidated accounts, enclosed with the Prospectus, part of which is this Registration Document.

#### **3.5.2. Ecological issues which could affect the use of the assets.**

The activity of the Issuing Company, and in particular, the business activity of its subsidiaries in the structure of the Holding, bears no possible harm to the environment and results in no harmful emissions in the atmosphere. Therefore no specific certificates, permits, and licenses from the respective Regional Environmental Inspections are required.

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**4. Operating results, financial standing and prospects**

4.1. Operating results

4.1.1. Information regarding material factors, including extraordinary and rare events or new developments, which have a significant impact on the operating income of the issuer, as well as information on the level of such impact.

No extraordinary and rare events or new developments are known that may have significant impact on the operating income of AGRIA GROUP HOLDING AD. There are no known factors that may negatively influence AGRIA GROUP HOLDING AD.

4.1.2. Significant changes in operating income and information on the degree to which such changes result from changes in prices or volume of goods or services offered by the issuer or by the introduction of new goods or services.

The structure of the revenues of AGRIA GROUP HOLDING OOD, which is wound up by means of transformation into AGRIA GROUP HOLDING AD, on a consolidated basis is shown in the table below:

Indicators	2006 г.	2005 г.	2004 г.
Net sales	32,074	30,161	28,693
Growth of sales on a year-to-year basis - %	6.34%	5.12%	

Indicators	30.06.2007	30.06.2006
Net sales	26,513	15,421
Growth of sales on a year-to-year basis - %	71.92%	0

The change in operating revenues results from the change in the volume of goods and services offered by the Company.

**Consolidated Balance Sheet as of 31 December 2006, 31 December 2005 and 31 December 2004 of AGRIA GROUP HOLDING OOD, transformed into AGRIA GROUP HOLDING AD (BGN in thousands)**

ASSETS			
HEADINGS, GROUPS, ITEMS/Thousands of BGN/	2006	2005	2004
<b>A. Long Term assets</b>			
<b>I. Long Term tangible assets</b>			
Land (terrains)	2 679	262	242
Buildings and structures	12 219	1 546	1 277
Property and plant	2 267	2 292	1 200
Equipment	0	0	561
Vehicles	1 270	645	390
Main herds	0		
Other Long-term intangible assets	520	61	43
Costs of acquisition and liquidation of Long-term intangible assets	16	1 474	125
<b>Group I total:</b>	<b>18 503</b>	<b>6 280</b>	<b>3 838</b>
<b>II. Long Term intangible assets</b>			
Legal title			

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Software	7	16	15
Products of Research and Development			
Total intangible Long-term assets	32	25	0
<b>Group II total:</b>	<b>39</b>	<b>41</b>	<b>15</b>
<b>III. Long Term financial assets</b>			
Shareholdings, including:	6	5	0
subsidiaries;	5	5	
joint ventures;	0	0	0
associates;		0	
other companies;	1		
Investment property			
Other Long-term securities			
Long-term receivables, including:			
from related enterprises;			
trade loans			
other long-term receivables			0
<b>Group III total:</b>	<b>6</b>	<b>5</b>	
<b>IV. Goodwill</b>			
Goodwill	705	1 737	1 109
Negative goodwill			
<b>Group IV total:</b>	<b>705</b>	<b>1737</b>	<b>1 109</b>
<b>V. Deferred expenses</b>			
<b>Heading A total:</b>	<b>19 253</b>	<b>8 063</b>	<b>4 962</b>
<b>B. Current assets</b>			
<b>I. Inventory</b>			
Materials	828	428	436
Production	1 363	387	334
Merchandise	10 201	7 429	6 462
Consumable biological assets			
Bearer biological assets	0		
Work in progress	711	73	63
Other inventory			
<b>Group I total:</b>	<b>13 103</b>	<b>8 317</b>	<b>7 295</b>
<b>II. Current receivables</b>			
Receivables from related enterprises	0		
Receivables from customers and suppliers	8 679	5 422	1 985
Trade loans receivables	886	385	
Court receivables and writs	5		
Reimbursable tax	41	276	35
Other current receivables	1 844	665	580
<b>Group II total:</b>	<b>11 445</b>	<b>6 748</b>	<b>2 600</b>
<b>III. Current financial assets</b>			
Financial assets at related enterprises			
Redeemed own debt securities			
Short-term securities			
Bullion and gems			
Other current financial assets			
<b>Group III total:</b>			
<b>IV. Cash</b>			

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Cash in hand	119	83	51
Cash in current accounts	72	50	74
Restricted amounts			
Cash equivalents			
<b>Group IV total:</b>	<b>191</b>	<b>133</b>	<b>125</b>
<b>V. Deferred expenses</b>	<b>692</b>	<b>335</b>	<b>83</b>
<b>Heading B total:</b>	<b>25 441</b>	<b>15 533</b>	<b>10 103</b>
<b>Total assets (A + B)</b>	<b>44 694</b>	<b>23 596</b>	<b>15 065</b>
<b>C. Contingent assets</b>			



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<b>LIABILITIES</b>			
<b>HEADINGS, GROUPS, ITEMS</b>	2006	2005	2004
<b>A. Equity</b>			
<b>I. Share capital</b>			
including overpaid capital			
Share Capital	5 100	4 005	2 005
Unpaid Capital	- 114	- 338	-705
Own shares redeemed			
<b>Group I total:</b>	<b>4 986</b>	<b>3 667</b>	<b>1 300</b>
<b>II. Reserves</b>			
1. Issue premiums			
2. Reserve from subsequent measurement of assets and liabilities	11 541	112	112
3. Specific purpose reserves	341	906	878
including General reserves;	341	445	417
including Specialized reserves;			
including Other reserves		461	461
<b>Group II total:</b>	<b>11 882</b>	<b>1 018</b>	<b>990</b>
<b>III. Retained Earnings</b>			
Accumulated profit (loss)	486	225	205
including retained earnings	519	231	211
including accumulated loss	-33	-6	-6
Current profit (loss)	771	288	235
<b>Group III total:</b>	<b>1 257</b>	<b>513</b>	<b>440</b>
<b>Heading A total:</b>	<b>18 125</b>	<b>5 198</b>	<b>2 730</b>
<b>Long-term liabilities</b>			
<b>I. Long-term liabilities</b>			
Liabilities to related parties			
Liabilities to financial companies	3 809	7 486	4 882
including to banks	3 809	7 486	4 882
Trade loan liabilities		185	548
Liabilities under loan stock			
Deferred tax			
Other Long-term liabilities	1 314	1 243	189
<b>Group I total:</b>	<b>5 123</b>	<b>8 914</b>	<b>5 619</b>
<b>II. Deferred income and financing</b>	132	143	225
<b>Heading B total:</b>	<b>5 255</b>	<b>9 057</b>	<b>5 844</b>
<b>C. Current liabilities</b>			
<b>I. Current liabilities</b>			
Liabilities to related parties			
Liabilities to financial companies	8 778	1 177	500
including to banks	8 778	1 177	500
Liabilities to suppliers and customers	7 065	3 735	3 393
Trade loan liabilities	808	130	
Liabilities to employees	299	218	144
Liabilities to social insurance companies	269	392	440
Taxation	274	331	250
Other current liabilities	3 792	3 228	1 764
Provisions		107	
<b>Group I total:</b>	<b>21 285</b>	<b>9 318</b>	<b>6 491</b>
<b>II. Deferred income and financing</b>	29	23	
<b>Heading C total:</b>	<b>21 314</b>	<b>9 341</b>	<b>6 491</b>
<b>Total liabilities (A+B+C)</b>	<b>44 694</b>	<b>23 596</b>	<b>15 065</b>

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**Consolidated income statement as of 31 December 2006, 31 December 2005 and 31 December 2004  
of AGRIA GROUP HOLDING OOD, transformed into AGRIA GROUP HOLDING AD**

Type of expense	2006	2005	2004	Type of income	2006	2005	2004
<b>A. Operating expenses</b>				<b>A. Operating income</b>			
<b>I. Expenses by nature</b>				<b>I. Net revenue from sales of:</b>			
Cost of materials	4 793	3 709	4 973	Finished goods	5 982	5 026	3 104
External services	1 255	1 460	1 767	Merchandise	22 819	22 523	23 914
Depreciation charge	1 176	624	348	Services	809	1 953	863
Wages	1 689	1 364	1 216	Other	1 793	659	812
Social insurance expenses	402	409	396	Group I total:	<b>31 403</b>	<b>30 161</b>	<b>28 693</b>
Other expenses	424	196	294	II. Income from financing			
including:				including government financing	225	116	69
impairment of assets				Group II total:	<b>225</b>	<b>116</b>	<b>69</b>
Provisions				III. Financial income			
<b>Group I total:</b>	<b>9 739</b>	<b>7 762</b>	<b>8 994</b>	<b>Interest income</b>		3	2
<b>II. Allowance expenses</b>				<b>including from related parties</b>			
Carrying amount of assets sold (excluding finished goods)	21 469	21 235	18 936	Income from equity investments	445	127	
Cost of acquisition and disposal of self-constructed assets				including dividends	445	127	
Changes in inventory of finished goods and work in progress	-1 284	174	3	Gains on dealing with financial assets and instruments	1		
New-born animals and gains arising from changes in fair value attributable to physical changes				Foreign exchange gains			114
Other allowance expenses				Other financial income		16	
<b>Group II total:</b>	<b>20 185</b>	<b>21 409</b>	<b>18 939</b>	<b>Group III total:</b>	<b>446</b>	<b>146</b>	<b>116</b>
<b>III. Financial expenses</b>				<b>B. Total operating income(I+II+III)</b>	<b>32 074</b>	<b>30 423</b>	<b>28 878</b>
Interest expenses	1 111	654	572	C. Operating loss	0		
including to related parties				IV. Extraordinary income	0	1	48
Losses on dealing with financial assets and instruments							
Foreign exchange losses	3	92	67				
Other financial expenses	187	168	107				
<b>Group III total:</b>	<b>1 301</b>	<b>914</b>	<b>746</b>				
<b>B. Total operating expenses (I+II+III)</b>	<b>31 225</b>	<b>30 085</b>	<b>28 679</b>				
<b>C. Operating profit</b>	<b>849</b>	<b>339</b>	<b>199</b>				
IV. Extraordinary expenses	0			<b>D. Total income (B+IV)</b>	<b>32 074</b>	<b>30 424</b>	<b>28 926</b>
<b>D. Total expenses (B+IV)</b>	<b>31 225</b>	<b>30 085</b>	<b>28 679</b>	<b>E. Accounting loss</b>			
<b>E. Accounting profit</b>	<b>849</b>	<b>339</b>	<b>247</b>				
<b>V. Taxation</b>	<b>78</b>	<b>51</b>	<b>12</b>				
Corporate tax	78	51	12				
Other							
<b>F. Profit (E-V)</b>	<b>771</b>	<b>288</b>	<b>235</b>	<b>F. Loss (E+V)</b>			
<b>Total (D+V+F)</b>	<b>32 074</b>	<b>30 424</b>	<b>28 926</b>	<b>Total (D+F)</b>	<b>32 074</b>	<b>30 424</b>	<b>28 926</b>

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**Consolidated Balance Sheet as of 30 June 2006 and 30 June 2007 of AGRIA GROUP HOLDING OOD, transformed into AGRIA GROUP HOLDING AD (BGN in thousands)**

HEADINGS, GROUPS, ITEMS	30/6/2007	30/6/2006
<b>A. Long Term assets</b>		
<b>I. Long Term tangible assets</b>		
Land (terrains)	3353	2679
Buildings and structures	13017	12412
Property and plant	2747	2301
Equipment		
Vehicles	1753	1255
Main herds		
Other Long-term intangible assets	98	52
Costs of acquisition and liquidation of Long-term intangible assets	1131	16
<b>Group I total:</b>	<b>22099</b>	<b>18715</b>
<b>II Long Term intangible assets</b>		
Legal title		
Software	5	7
Products of Research and Development		
Total intangible Long-term assets	29	32
<b>Group II total:</b>	<b>34</b>	<b>39</b>
<b>III. Long Term financial assets</b>		
Shareholdings, including:	8	6
subsidiaries;	8	5
joint ventures;		
associates;	61	
other companies;		1
Investment property		
Other Long-term securities		
Long-term receivables, including:		
from related enterprises;		
trade loans		
other long-term receivables		
<b>Group III total:</b>	<b>69</b>	<b>6</b>
<b>IV. Goodwill</b>		
Goodwill	381	221
Negative goodwill		
<b>Group IV total:</b>	<b>381</b>	<b>221</b>
<b>V. Deferred expenses</b>		
<b>Heading A total:</b>	<b>22583</b>	<b>18981</b>
<b>B. Current assets</b>		
<b>I. Inventory</b>		
Materials	1508	828
Production	1079	1363
Merchandise	15020	8201
Consumable biological assets		
Bearer biological assets		

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Work in progress	1682	711
Other inventory		
<b>Group I total:</b>	<b>19289</b>	<b>11103</b>
<b>II. Current receivables</b>		
Receivables from related enterprises		
Receivables from customers and suppliers	4786	5579
Trade loans receivables	1447	886
Court receivables and writs	5	5
Reimbursable tax	36	41
Other current receivables	1969	1624
<b>Group II total:</b>	<b>8243</b>	<b>8135</b>
<b>III. Current financial assets</b>		
Financial assets at related enterprises		
Redeemed own debt securities		
Short-term securities		
Bullion and gems		
Other current financial assets		
<b>Group III total:</b>		
<b>IV. Cash</b>		
Cash in hand	666	119
Cash in current accounts	144	72
Restricted amounts		
Cash equivalents		
<b>Group IV total:</b>	<b>810</b>	<b>191</b>
<b>V. Deferred expenses</b>	<b>750</b>	<b>692</b>
<b>Heading B total:</b>	<b>29092</b>	<b>20121</b>
<b>Total assets (A + B)</b>	<b>51675</b>	<b>39102</b>
<b>C. Contingent assets</b>		

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<b>LIABILITIES</b>		
<b>HEADINGS, GROUPS, ITEMS</b>	<b>30/06/2007</b>	<b>30/06/2006</b>
<b>A. Equity</b>		
<b>I. Share capital</b>		
including overpaid capital		
Share Capital	5100	4005
Unpaid Capital		-338
Own shares redeemed		
<b>Group I total:</b>	<b>5100</b>	<b>3667</b>
<b>II. Reserves</b>		
1. Issue premiums		
2. Reserve from subsequent measurement of assets and liabilities	12648	11541
3. Specific purpose reserves	413	341
including General reserves;	413	341
including Specialized reserves;		
including Other reserves		
<b>Group II total:</b>	<b>13061</b>	<b>11882</b>
<b>III. Financial result</b>		
Accumulated profit (loss)	1238	486
including retained earnings	1051	519
including accumulated loss	-44	-33
Current profit (loss)	893	262
<b>Group III total:</b>	<b>2131</b>	<b>748</b>
<b>Heading A total:</b>	<b>20292</b>	<b>16297</b>
<b>Long-term liabilities</b>		
<b>I. Long-term liabilities</b>		
Liabilities to related parties		
Liabilities to financial companies	5405	3809
including to banks	4743	3809
Trade loan liabilities		
Liabilities under loan stock	8801	
Deferred tax		
Other Long-term liabilities	1640	1111
<b>Group I total:</b>	<b>15846</b>	<b>4920</b>
<b>II. Deferred income and financing</b>	153	132
<b>Heading B total:</b>	<b>15999</b>	<b>5052</b>
<b>C. Current liabilities</b>		
<b>I. Current liabilities</b>		
Liabilities to related parties		
Liabilities to financial companies	7264	8502
including to banks	7172	8502
Liabilities to suppliers and customers	3614	5211
Trade loan liabilities	873	650
Liabilities to employees	356	225
Liabilities to social insurance companies	418	212
Taxation	262	74
Other current liabilities	2587	2850
Provisions		
<b>Group I total:</b>	<b>15374</b>	<b>17724</b>
<b>II. Deferred income and financing</b>	10	29
<b>Heading C total:</b>	<b>15384</b>	<b>17753</b>
<b>Total liabilities (A+B+C)</b>	<b>51675</b>	<b>39102</b>

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**Consolidated income statement as 30 June 2006 and 30 June 2007 of AGRIA GROUP HOLDING OOD, transformed into AGRIA GROUP HOLDING AD**

(BGN in thousands)

Type of expense	30/06/07	30/06/06	Type of income	30/06/07	30/06/06
<b>A. Operating expenses</b>			<b>A. Operating income</b>		
<b>I. Expenses by nature</b>			<b>I. Net revenue from sales of:</b>		
Cost of materials	8730	2451	Finished goods	11582	2850
External services	756	621	Merchandise	13588	11203
Depreciation charge	933	512	Services	253	405
Wages	996	812	Other	1045	851
Social insurance expenses	235	200	Group I total:	<b>26468</b>	<b>15309</b>
Other expenses	320	201	II. Income from financing	5	111
including:			including government financing		
impairment of assets			Group II total:	<b>5</b>	<b>111</b>
Provisions			III. Financial income		
<b>Group I total:</b>	<b>11970</b>	<b>4797</b>	<b>Interest income</b>	2	
			including from related parties	2	
<b>II. Allowance expenses</b>			Income from equity investments		
Carrying amount of assets sold (excluding finished goods)	13102	10450	including dividends		
Cost of acquisition and disposal of self-constructed assets			Gains on dealing with financial assets and instruments		1
Changes in inventory of finished goods and work in progress	-418	-700	Foreign exchange gains		
New-born animals and gains arising from changes in fair value attributable to physical changes			Other financial income		
Other allowance expenses			<b>Group III total:</b>	<b>2</b>	<b>1</b>
<b>Group II total:</b>	<b>12684</b>	<b>9750</b>	<b>B. Total operating income (I+II+III)</b>	<b>26475</b>	<b>15421</b>
<b>III. Financial expenses</b>			<b>C. Operating loss</b>	<b>38</b>	
Interest expenses	848	521	IV. Extraordinary income		
including to related parties					
Losses on dealing with financial assets and instruments					
Foreign exchange losses	2				
Other financial expenses	116	91			
<b>Group III total:</b>	<b>966</b>	<b>612</b>			
<b>B. Total operating expenses (I+II+III)</b>	<b>25620</b>	<b>15159</b>			
<b>C. Operating profit</b>	<b>855</b>	<b>262</b>			
<b>IV. Extraordinary expenses</b>			<b>D. Total income (B+IV)</b>	<b>26513</b>	<b>15421</b>
<b>D. Total expenses (B+IV)</b>	<b>25620</b>	<b>15159</b>	<b>E. Accounting loss</b>		
<b>E. Accounting profit</b>	<b>893</b>	<b>262</b>			
<b>V. Taxation</b>					
Corporate tax					
Other					
<b>F. Profit (E-V)</b>	<b>893</b>	<b>262</b>	<b>F. Loss (E+V)</b>		
<b>Total (D+V+F)</b>	<b>26513</b>	<b>15421</b>	<b>Total (D+F)</b>	<b>26513</b>	<b>15421</b>

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4.1.3. Influence of inflation and foreign exchange rates, if such information is material

Since the introduction of a currency board in 1997 inflation has been tamed and in the last three years annual inflation was a single-digit number. The company expects inflation to stay within these limits over the next three years, which will not have a significant impact on its operations. The influence of inflation and changes in foreign exchange rates on the operations of Agria Group Holding AD is insignificant. The company operates entirely in Bulgaria and its transactions are executed predominantly in BGN and EUR. The contracts with customers of the issuer are in BGN and EUR. The Bulgarian lev is pegged to the euro and the company has no transactions in a different currency, so any changes in the foreign exchange rates are insignificant to the operations of the company.

Indicators	2004	2005	2006
Inflation as of the end of the year (change against the respective period in the previous year, in %)	4,0%	6.5%	6.5%
Consumer prices index (average change for the period, in %)	6.1	5.0	7.3
Average exchange rate of the USD for the year	1.57511	1.57415	1.55927
Exchange rate of the USD as of the end of the year	1.43589	1.65790	1.48506
Base interest rate as of the end of the year	2.37%	2.05%	3.26%
Unemployment	12.16%	10.73%	9.12%

Source: Bulgarian National Bank and National Statistical Institute

The risk of an increase in inflation is related to the decrease in the real purchasing power of the economic subjects and the potential devaluation of assets denominated in the local currency. The currency board system controls money supply, but outside factors may exercise pressure towards an increase of price levels (such as an increase in oil prices). Until the introduction of the currency board regime, inflation used to have a substantial impact on the result of the economic subjects. Following the introduction of the stabilization program, the currency board and the pegging of the exchange rate of the Bulgarian lev to the Deutsche mark as a reserve currency, the inflation in Bulgaria saw a significant decrease, which led to a stabilization of the macroeconomic environment as a whole. Consequently the relatively low inflation rate in the country after 1998 allowed businesses to generate non-inflationary income from their operations, and significantly facilitated the forecasting of short-term and long-term future results. Despite the positive picture with regard to the inflation index in the country, it needs to be taken into consideration that the openness of the Bulgarian economy and the fixed BGN/EUR exchange rate can bring forth the risk of an import of inflation. The impact inflation may have on the operations of the Issuer is associated with a change in the real return on its investments, which may decrease its real income.

There is practically no foreign exchange risk against the euro for the Company as due to the existence of the currency board in Bulgaria as the exchange rate of the BGN is fixed against the EUR. Thus the Company is only exposed to foreign exchange risk if and when entering into contracts denominated in a currency different from the BGN or EUR.

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4.1.4. Information on government, economic, tax, monetary or political factors that have had direct or indirect material influence or could have material influence on the operations of the issuer.

The influence of government, economic, tax, monetary or political factors that could have material influence on the operations of the issuer are described in the *Risk Factors* item on page 8 and following of the present document.

4.2. Liquidity and capital resources

4.2.1. Description of the internal and external sources of liquidity for the last 3 financial years and a brief explanation regarding the significant unused sources of liquidity

The sources of liquidity for the last three financial years are shareholders' equity share capital (internal sources). The Issuer does not have external sources of liquidity. External sources of liquidity are available to the subsidiaries from the economic group that the Issuer is a part of.

4.2.2. Valuation of the sources and quantities of cash flows

As of 30 June 2007 the Company's equity on an unconsolidated basis stands at BGN 5,572,000, which is its main source of internal liquidity. Of these, BGN 5,100,000 are subscribed and fully paid-up capital. The table below shows the internal sources of liquidity of the company in accordance with the unconsolidated financial statements.

BGN in thousands – on an unconsolidated basis	30 June 2007	2006	2005	2004
<b>Equity</b>	5,100	4,986	3,667	1,300
Share Capital	5,100	5,100	4,005	2,005
Unpaid Capital		114	-338	-705
Reserves				
Retained Earnings	472	469	58	18
<b>Total Shareholders' equity</b>	<b>5,572</b>	<b>5,455</b>	<b>3,725</b>	<b>1,318</b>

Share capital

The registered share capital of AGRIA GROUP HOLDING AD is BGN 5,100,000, distributed in 5,100,000 registered voting shares with a par value of BGN 1 each. The document certifying the entry into the company register of the par value of the shares of the issuer at the amount of BGN 1 /one/ each is a court decision of Varna District Court of 11 October 2007, and the change in the type of the shares of Agria Group Holding AD from materialized, registered, voting into dematerialized, registered, voting shares was also entered under the aforementioned court decision. As a result of the entries made into the company register of Varna District Court under the batch file of the issuer, the Company was registered with Central Depository AD as issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered shares, and an Issue Registration Act and depository



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receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia.

From a legal standpoint the capital increase of AGRIA GROUP HOLDING OOD becomes effective with entry into the company register. The increases from the capital raised during the respective period are shown in the balance sheets of the company for 2004, 2005 and 2006.

Reserves

Currently there is no reserve as stipulated under the terms and procedures of the Company Act generated by allocating 10 percent of the profit, since until its transformation by means of a change of the legal form into a joint stock company, the company used to function as a limited liability company and had not set up a Reserves Fund.

Revaluation reserve

In 2006 part of the Long-term assets of the subsidiaries form the economic group that the Issuer is a part of were revaluated on a consolidated basis, to the total amount of BGN 11,541,000, with a view to putting the assets in conformity with the current market prices and true and fair presentation of the financial position of the Holding Structure.

Accumulated profit

The financial result of the Company as of 30 June 2007 under the unconsolidated financial statement is BGN 472,000.

External sources

Currently there is no external source of liquidity for the Company Such sources of liquidity /in the form of bank loans/ are available to the subsidiary companies that are part of the holding structure.

The Company has no significant unutilized sources of liquidity.

The liquidity ratios of Agria Group Holding AD, calculated on the basis of the unconsolidated financial statements, are listed in the following table:

<b>Liquidity ratios</b>		<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2004</b>
Current ratio	Current Assets / Current Liabilities	16.40	1.67	0.13
Quick ratio	(Cash + Cash Equivalents + Receivables) / Current Liabilities	14.45	1.41	0.13
Acid test ratio	(Cash + Cash Equivalents) / Current Liabilities	0.01	0.00	0.00

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As of 30 June 2007 the Company's equity on a consolidated basis stands at BGN 20,292,000. The table below shows the internal sources of liquidity of the company in accordance with the consolidated financial statements.

BGN in thousands – on an consolidated basis	30 June 2007	2006	2005	2004
<b>Equity</b>	5 100	4 986	3 667	1 300
Share Capital	5 100	5 100	4 005	2 005
Unpaid Capital		114	-338	-705
Reserves	13061	11882	1018	990
Retained Earnings	2131	1257	513	440
<b>Total Shareholders' equity</b>	<b>20292</b>	<b>18125</b>	<b>5198</b>	<b>2730</b>

Share capital

The registered share capital of AGRIA GROUP HOLDING AD is BGN 5,100,000, distributed in 5,100,000 registered voting shares with a par value of BGN 1 each. The document certifying the entry into the company register of the par value of the shares of the issuer at the amount of BGN 1 /one/ each is a court decision of Varna District Court of 11 October 2007, and the change in the type of the shares of Agria Group Holding AD from materialized, registered, voting into dematerialized, registered, voting shares was also entered under the aforementioned court decision. As a result of the entries made into the company register of Varna District Court under the batch file of the issuer, the Company was registered with Central Depository AD as issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered shares, and an Issue Registration Act and depository receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia.

From a legal standpoint the capital increase of AGRIA GROUP HOLDING OOD becomes effective with entry into the company register. The increases from the capital raised during the respective period are shown in the balance sheets of the company for 2004, 2005 and 2006

Reserves

As of 30 June 2007 the Company reserves on a consolidated basis stand at BGN 13,061 and they are formed entirely by the reserves of the subsidiaries.

Accumulated profit

The financial result of the Company as of 30 June 2007 under the consolidated financial statement is BGN 2,131,000.

External sources

Information on the external sources of financing of the company on a unconsolidated and consolidated basis is presented in the following item in the present Document – 4.3.2. *Sum of loans as of the end of the period reviewed and information on their maturity*. External sources of liquidity /primarily in the form of bank loans/ are available to the subsidiary companies that are part of the holding structure.

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The Company has no significant unutilized sources of liquidity

4.2.3. Sum of loans as of the end of the period reviewed and information on their maturity;

The Company has used no loans as of the date of the present document.

In the table below is shown information on the structure of long term and short term liabilities of the Company on a consolidated basis for the years 2006, 2005 and 2004.

<b>Long-term liabilities</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
I. Long-term liabilities			
Liabilities to related parties			
Liabilities to financial companies	3 809	7 486	4 882
including to banks	3 809	7 486	4 882
Trade loan liabilities		185	548
Liabilities under loan stock			
Deferred tax			
Other Long-term liabilities	1 314	1 243	189
<b>Group I total:</b>	<b>5 123</b>	<b>8 914</b>	<b>5 619</b>
<b>II. Deferred income and financing</b>	132	143	225
<b>Total Long-term assets:</b>	<b>5 255</b>	<b>9 057</b>	<b>5 844</b>
<b>Current liabilities</b>			
I. Current liabilities			
Liabilities to related parties			
Liabilities to financial companies	8 778	1 177	500
including to banks	8 778	1 177	500
Liabilities to suppliers and customers	7 065	3 735	3 393
Trade loan liabilities	808	130	
Liabilities to employees	299	218	144
Liabilities to social insurance companies	269	392	440
Taxation	274	331	250
Other current liabilities	3 792	3 228	1 764
Provisions		107	
<b>Group I total:</b>	<b>21 285</b>	<b>9 318</b>	<b>6 491</b>
<b>II. Deferred income and financing</b>	29	23	
<b>Total for current assets heading:</b>	<b>21 314</b>	<b>9 341</b>	<b>6 491</b>

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Information on current and Long-term liabilities of the subsidiaries of the issuer to financial institutions (banks) – a mount, maturity, interest rate and outstanding part of the liability

Kristera AD, Popovo

Amount agreed and currency /loan limit/	Current debt	Financial institution	Term and means for repayment	Type of loan	Price of the loan	Class. group
EUR 5,300,000	EUR 3,800,000	Commercial Bank UBB AD	deadline for repayment – 25 October 2008 with an option for renegotiating a deadline extension for a further one year	credit line for working capital	annual interest rate at 3-month EURIBOR plus a margin of 4.5 basis points	regular

Korn-K AD, Varna

Amount agreed and currency /loan limit/	Current debt	Financial institution	Term and means for repayment	Type of loan	Price of the loan	Class. group
BGN 280,000	BGN 280,000	Commercial Bank Allianz Bulgaria AD	deadline for repayment – 25 January 2009	overdraft loan for working capital	annual interest rate to the amount of the base interest rate of the Bulgarian National Bank (BNB) plus a margin of 9 points	regular
EUR 1,850,000	EUR 1,850,000	Banka Piraeus Bulgaria AD	deadline for repayment -30 December 2008 г.	credit line for working capital	annual interest rate at 1-month EURIBOR plus a margin of 4.75%	regular
BGN 500,000	BGN 500,000	Commercial Bank MKB Unionbank AD	deadline for repayment – one off payment on 15 April 2008	loan for working capital	annual interest rate at 3-month SOFIBOR plus a margin of 2.6 points, but no less than 7.2%	regular

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Kristera Agro EOOD, Devnya

Amount agreed and currency /loan limit/	Current debt	Financial institution	Term and means for repayment	Type of loan	Price of the loan	Class. group
BGN 471,600	BGN 94,320	Banka Hebros AD	20 November 2008; repayment takes place as follows: one installment of BGN 235,800 by 30 September 2004 and a further 10 equal installments of BGN 23,580 each according to the repayment plan	investment loan for the purchase of agricultural equipment /for financing a project under an agreement with State Fund DF Zemedelie(agriculture) for extending a financial grant under the terms and conditions of the SAPARD program/	annual interest rate of 9%	regular
BGN 1,500,000	BGN 1,500,000	Commercial Bank UBB AD	25 August 2008	credit line for working capital, including also a limit for issuing bank security of up to BGN 500,000	annual interest rate to the amount of the base interest rate of the Bank plus a margin of 4 points annually	regular
BGN 50,000	BGN 50,000	Commercial Bank Allianz Bulgaria AD	in installments according to a repayment plan by 25 November 2026	investment loan for the purchase of agricultural land	annual interest rate to the amount of the base interest rate of BNB plus a margin of 7.06 points, but no less than 10.25%	regular
BGN 80,000	BGN 76,913.95	Commercial Bank Allianz Bulgaria AD	in installments according to a repayment plan by 25 April 2027	investment loan for the purchase of agricultural land	annual interest rate to the amount of the base interest rate of BNB plus a margin of 6.07 points, but no less than 9.75%	regular

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Agro EOOD, Varna

Amount agreed and currency /loan limit/	Current debt	Financial institution	Term and means for repayment	Type of loan	Price of the loan	Class. group
BGN 796,492	BGN 408,464	Commercial Bank UBB AD	deadline for repayment 08 April 2009 according to a repayment plan agreed with the Bank	investment loan for the purchase of agricultural machines and equipment	annual interest rate of 9%	regular

Hlebozavod Korn AD, Targovishte

Amount agreed and currency /loan limit/	Current debt	Financial institution	Term and means for repayment	Type of loan	Price of the loan	Class. group
EUR 50,000	EUR 28,998.11	Commercial Bank Allianz Bulgaria AD	in monthly installments with a deadline for repayment 25 March 2010	investment loan	annual interest rate of 9%	regular
BGN 150,000	BGN 134,375	Banka Piraeus Bulgaria AD	deadline for repayment 09 March 2011	credit line for working capital	annual interest rate of 9%	regular

4.2.4. Information on financial instruments used, maturity of each receivable, structure of available currency and interest rates, if significant for measurement of the liquidity of the issuer;

The Issuer has so far never used the capital markets for procurement of fresh resources. Kristera AD, as member of the economic group, has issued loan stock by means of an issue of secured corporate bonds under the following terms and conditions: amount of the issued loan - EUR 4,500,000; number of bonds and par value per bond - 4,500 bonds with par value of EUR 1,000 each; type of bonds - ordinary, corporate, interest-bearing, dematerialized /registered at Central Depository AD/, registered, freely-transferable, non-convertible, secured; date on which the term to maturity commences 23 April 2007; term to maturity of the bonds - 60 /sixty/ months; date of maturity of the principal - the principal is repaid in three equal six-monthly installments of EUR 1,500,000 each, due respectively on 23 April 2011, 23 October 2011, 23 April 2012; interest payment period – six-monthly; dates of maturity of interest payments – 23 October 2007, 23 April 2008, 23 October 2008, 23 April 2009, 23 October 2009, 23 April 2010, 23 October 2010, 23 April 2011, 23 October 2011, 23 April 2012; should any of these dates be a holiday or a non-working day, the payments of the principal or interest will take place on the first following business day; floating coupon to the amount of 6-month EURIBOR plus 4.25% per annum.

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4.2.5. Information on material commitments of the issuer for incurring capital expenditure.

**Information on material commitments for incurring capital expenditure**

Kristera AD, as member of the economic group that the issuer is part of, is developing a project to build a plant for the production of vegetable oils from rapeseed, sunflower and soybean. The refined oils extracted are a raw material for the production of biodiesel fuel. The investment will be implemented in the town of Devnya on land (22 decares) owned by the company and a production site. The locations has been strategically selected in view of its proximity to a port and regions in which rape is cultivated and sold. A more detailed description of the project is provided on page 23 of the present Registration Document in the section regarding the investment program of Kristera AD.

The advantages of Kristera in the implementation of the biodiesel project are:

- ❖ an agricultural producer with 50,000 decares of rented land and 3,000 decares of own land;
- ❖ traditional contacts with producers in North-East Bulgaria;
- ❖ existence of warehouses allowing purchase and storage of large quantities of seed during the season;
- ❖ part of the rapeseed needed is guaranteed from its own produce;
- ❖ experience in trading in and purchasing of agricultural produce;
- ❖ the project is implemented in two stages, so that that production of biodiesel will start after the necessary raw materials with the required quality are available;
- ❖ the finished product will be sold on the German market – leader in Europe in terms of biodiesel production and consumption.

**Energy Policy of the EU Regarding Biofuels**

With a view to the realization of one of the foremost goals in the area of energy policy of the community the European Parliament adopted Directive 2003/30/EC aiming at promoting the use of biofuels and various renewable fuels that attempt to replace diesel and petrol for the transport needs of the EU. As required by the directive member countries must take the necessary measures to implement the requirements of the directive by 2005, and have biofuels obtain a minimum share in the internal fuel markets. The minimum share of biofuels sold on the markets of a community country must be no less than 2% by 31 December 2005 and 5.75% by December 2010.

In general, biofuels are fuels used in transport and produced from biomass. Biomass is defined as biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste. Biofuels may exist as pure biofuels, liquid derived from biofuels or blends.

The Directive introduces a list of products that are considered biofuels, such as:

1. **Bioethanol** – ethanol produced from biomass and/or the biodegradable fraction of waste, to be used as biofuel;
2. **Biodiesel** – a methyl-ester produced from vegetable or animal oil, of diesel quality, to be used as biofuel;

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3. **Biogas** – a fuel gas produced from biomass and/or from the biodegradable fraction of waste, that can be purified to natural gas quality, to be used as biofuel, or woodgas;
4. **Biomethanol** – methanol produced from biomass, to be used as biofuel;
5. **ETBE** – etherized bioethanol;

The other listed types are: synthetic biofuels, pure vegetable oils. On the markets biofuels may be offered in the following forms:

- As pure biofuels or as a high concentration in petrol derivatives, in accordance with the specific quality standards applicable to the transport industry;
- As biofuels blended with petrol derivatives, in accordance with European regulations regarding the technical specifications of transport fuels;
- As a liquid derived from biofuels, of the ETBE type;

The strategy of the EU regarding biofuels includes market, legislative and research measures to increase the production of fuels from agricultural products. According to it the EU must aim at promoting biofuels not only among member countries, but also outside the Union. Specifically, the developing countries are targeted, for which the production of biofuels is seen as an opportunity for sustainable development. Many of them have natural favorable conditions for the production of biofuels, especially the ones with traditions in sugar production. The expanding EU biofuels market will provide them with new export opportunities. Among the measures planned in the adopted document is the inclusion of the production of sugar for bioethanol in the financing schemes of the Common Agricultural Policy. The strategy also includes preparation for the broad use of biofuels by improving their competitiveness in terms of their price, and an offer for a specific treatment for customs purposes. Plans also include supporting research and development in this area, and the funding for this is laid out as a priority in the Seventh Research Framework Programme of the EC and the Intelligent Energy for Europe framework program, which will support market applications and distribution of proven technologies.

By 2010 the member countries must replace 5.75% of the total volume of fossil fuels used in transport with biofuels. This goal is set in the EC's 2003/30 Directive on biofuels. Some European countries are already actively working in this direction. According to the Frost & Sullivan consulting firm, annual sales of biodiesel in Europe are expected to reach 4.5 billion ton by 2007. The leader in this respect is Germany. Ecofuel sales there are stimulated by decreased taxes and duties, and biodiesel is sold at a lower price than petrol diesel in more than 2,000 gas stations.

Tax relieves are the most common stimulus for the development of biofuel trade in Europe. Under Art. 16 of Directive 2003/96/EC on the taxation of energy products and electricity, member countries may continue or commence the adoption of decreasing taxes on liquid biofuels. Currently nine EU-member countries have a partial or full tax exemption for biofuels: Austria, the Czech Republic, Germany, Italy, Lithuania, Spain, Sweden, the United Kingdom. In the UK there is a special bioenergy fund, which offers funding to aid in harvesting, warehousing, processing and delivery of biomass for energy production. The construction of a plant for processing of biomass and production of electricity derived from this biomass was recently launched there. The project is valued at GBP 90,000,000 (EUR 130,000,000) and will be developed by the UK division of the energy company E.ON near the Scottish village of Lockerby. Plans are for the plant to process forestry waste and produce electricity sufficient for 70,000 households. In Denmark government subsidies for the development of decentralized co-generational installations using biomass fuels was provided for in legislation after 1992, and a Biomass Usage Committee was established as a consultative body with the Minister for Energy.



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4.3. Main tendencies

- 4.3.1. Information regarding the main tendencies in the provision of services and in demand, commitments undertaken and events for the current year, that may have material effect on operating income, the rate of return, liquidity and capital resources, or could render the financial information inaccurate regarding the future operating results of the financial condition of the issuer.

The main tendencies for the Holding Structure from the end of the last financial year to the date of preparation of the present prospectus are in the direction of sustained development. The production operations of the issuer and its subsidiaries for the specified period progress at a moderate and stable pace, as laid out in the program of the management team of the group of companies, in the following directions: increase of the arable agricultural land, increase of the production capacities and of the end selling prices of the finished products of the subsidiaries against preceding years. The continued tendency of growth of the prices on the commodity exchange of crops and their derivatives on a global scale influences the transitional residual amount of inventory in terms of quality and value within the group. The aforementioned tendencies affect the growth of the net amount of sales. By the end of 2007 and for the next few years the expected tendencies of selling prices of finished products are also in the direction of sustained development.

Currently there is no information that would necessitate forecasting negative future results. On the contrary, due to market changes over the last 2 years it is possible to forecast sustained growth of the main operations of the issuer and the operations of the subsidiaries that are part of the economic group.

- 4.3.2. The plans of material significance with regard to building, expanding or improving equipment, including description of the nature and reasons for the planned activities, an assessment of expenditure, including those already incurred, the means of financing, the expected start and completion date of the operations and the expected increase in production capacities after the completions have been described in detail in the investment programs of the subsidiaries.

In view of the scope of activities and objects of the issuer, as well as in view of the fact that it does not engage directly on its own in manufacturing and/or commercial activities similar to the activities of its subsidiaries, the plans of Agria Group Holding AD are associated with and boil down to its direct participation in the subsidiaries it controls for the holding structure, and their investment plans and intentions, as laid out and described in detail in their investment programs.

The plans of material significance for the operations of the subsidiaries and their investment programs have been described in item 3.4.2. *Subsidiaries* of the present prospectus.

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4.4. Forecast financial information – BGN in thousands

**CONSOLIDATED FORECAST BALANCE SHEET of AGRIA GROUP HOLDING OOD**

(includes HLEBOZAVOD KORN AD, Varna, HLEBOZAVOD KORN AD, Shumen, HLEBOZAVOD KORN AD, Targovishte,  
AGRO EOOD, COMMERCE EOOD, and KRISTERA-AGRO EOOD

KORN-K AD, KRISTERA AD)

for the period 01 January 2007 – 31 December 2012

ASSETS							LIABILITIES						
HEADINGS, GROUPS, ITEMS	2007	2008	2009	2010	2011	2012	HEADINGS, GROUPS, ITEMS	2007	2008	2009	2010	2011	2012
<b>A. Long-term (long-term) assets</b>							<b>A. Equity</b>						
<b>I. Long-term tangible assets</b>	0	0	0	0	0	0	<b>I. Share capital</b>	0	0	0	0	0	0
Land (terrains)	3 317	3 770	4 203	6 184	6 543	7 145	including overpaid capital	0	0	0	0	0	0
Buildings and structures	15 862	15 198	14 220	14 243	13 092	12 778	Subscribed capital	6 800	6 800	6 800	6 800	6 800	6 800
Property and plant	8 473	9 266	9 600	12 554	10 760	10 075	Unpaid Capital	0	0	0	0	0	0
Equipment	0	3 000	3 880	3 720	3 560	3 400	Own shares redeemed	0	0	0	0	0	0
Vehicles	1 190	807	600	427	264	123	<b>Group I total:</b>	<b>6 800</b>	<b>6 800</b>	<b>6 800</b>	<b>6 800</b>	<b>6 800</b>	<b>6 800</b>
Main herds	0	0	0	0	0	0	<b>II. Reserves</b>						
Other Long-term intangible assets	99	80	80	80	80	80	1. Issue premiums	0	0	0	0	0	0
Costs of acquisition and liquidation of Long-term intangible assets	215	5 130	9 800	3 500	3 500	3 500	2. Reserve from subsequent measurement of assets and liabilities	12 315	12 102	11 889	11 676	11 463	11 463
<b>Group I total:</b>	<b>29 156</b>	<b>37 251</b>	<b>42 383</b>	<b>40 708</b>	<b>37 799</b>	<b>37 101</b>	3. Specific purpose reserves including General reserves;	13 713	13 713	13 713	13 713	13 713	13 713
<b>II. Long-term intangible assets</b>							including Specialized	0	0	0	0	0	0
Legal title	0	0	0	0	0	0							

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							reserves;								
Software	16	2	0	0	0	0	including Other reserves	0	0	0	0	0	0	0	0
Products of Research and Development	0	0	0	0	0	0	<b>Group II total:</b>	<b>26 028</b>	<b>25 815</b>	<b>25 602</b>	<b>25 389</b>	<b>25 176</b>	<b>25 176</b>		
Total intangible Long-term assets	30	30	0	0	0	0	<b>III. Retained Earnings</b>								
<b>Group II total:</b>	<b>46</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Accumulated profit (loss)	1 256	2 239	4 551	7 196	10 042	14 755		
<b>III. Long-term financial assets</b>							including retained earnings	1 256	2 239	4 551	7 196	10 042	14 755		
Shareholdings, including:	8	8	8	8	8	8	including accumulated loss	0	0	0	0	0	0		
subsidiaries;	8	8	8	8	8	8	Current profit (loss)	1 582	3 198	6 150	6 667	7 313	8 980		
joint ventures;	0	0	0	0	0	0	<b>Group III total:</b>	<b>2 838</b>	<b>5 437</b>	<b>10 701</b>	<b>13 863</b>	<b>17 355</b>	<b>23 735</b>		
associates;	0	0	0	0	0	0	<b>Heading A total:</b>	<b>35 666</b>	<b>38 052</b>	<b>43 103</b>	<b>46 052</b>	<b>49 331</b>	<b>55 711</b>		
other companies;	0	0	0	0	0	0	<b>Long-term liabilities</b>								
Investment property	0	0	0	0	0	0	I. Long-term liabilities	0	0	0	0	0	0		
Other Long-term securities	0	0	0	0	0	0	Liabilities to related parties	0	0	0	0	0	0		
Long-term receivables, including:	0	0	0	0	0	0	Liabilities to financial companies	594	694	494	494	494	294		
from related enterprises;	0	0	0	0	0	0	including to banks	594	694	494	494	494	294		
trade loans	0	0	0	0	0	0	Trade loan liabilities	700	550	400	250	100	0		
other long-term receivables	0	0	0	0	0	0	Liabilities under loan stock	8 800	8 800	8 800	8 800	2 930	0		
<b>Group III total:</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	Deferred tax	0	0	0	0	0	0		

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<b>IV. Goodwill</b>							Other Long-term liabilities	1 740	1 540	1 340	1 140	940	740
Goodwill	0	0					<b>Group I total:</b>	<b>11 834</b>	<b>11 584</b>	<b>11 034</b>	<b>10 684</b>	<b>4 464</b>	<b>1 034</b>
Negative goodwill			0	0	0	0	<b>II. Deferred income and financing</b>	142	2 335	3 431	3 904	3 773	3 586
<b>Group IV total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Heading B total:</b>	<b>11 976</b>	<b>13 919</b>	<b>14 465</b>	<b>14 588</b>	<b>8 237</b>	<b>4 620</b>
<b>V. Deferred expenses</b>							<b>C. Current liabilities</b>						
<b>Heading A total:</b>	<b>29 210</b>	<b>37 291</b>	<b>42 391</b>	<b>40 716</b>	<b>37 807</b>	<b>37 109</b>	<b>I. Current liabilities</b>						
<b>B. Current (short-term) assets</b>							Liabilities to related parties	0	0	0	0	0	0
<b>I. Inventory</b>							Liabilities to financial companies	15 494	6 470	5 970	5 970	5 970	1 830
Materials	1 703	1 603	1 379	1 125	862	608	including to banks	15 344	6 470	5 970	5 970	5 970	1 830
Production	1 675	1 825	1 945	1 955	1 955	1 955	Liabilities to suppliers and customers	3 454	3 375	1 398	1 432	1 289	485
Merchandise	12 365	15 362	14 352	17 497	17 982	17 140	Trade loan liabilities	2 686	1 540	914	288	100	0
Consumable biological assets	0	0	0	0	0	0	Liabilities to employees	225	241	243	245	247	249
Bearer biological assets	0	0	0	0	0	0	Liabilities to social insurance companies	80	87	87	87	87	87
Work in progress	1 120	1 250	1 370	1 500	1 800	1 900	Taxation	151	252	390	400	411	490
Other inventory	0	0	0	0	0	0	Other current liabilities	840	565	120	120	620	620
<b>Group I total:</b>	<b>16 863</b>	<b>20 040</b>	<b>19 046</b>	<b>22 077</b>	<b>22 599</b>	<b>21 603</b>	Provisions	0	0	0	0	0	0
<b>II. Current receivables</b>							<b>Group I total:</b>	<b>22 930</b>	<b>12 530</b>	<b>9 122</b>	<b>8 542</b>	<b>8 724</b>	<b>3 761</b>
Receivables from related enterprises	0	0	0	0	0	0	<b>II. Deferred income and financing</b>	30	30	30	30	30	30
Receivables from customers and suppliers	4 736	3 455	2 780	4 420	3 820	3 520	<b>Heading C total:</b>	<b>22 960</b>	<b>12 560</b>	<b>9 152</b>	<b>8 572</b>	<b>8 754</b>	<b>3 791</b>
Trade loans receivables	2 758	2 152	1 376	950	950	950							
Court receivables and writs	5	5	5	5	5	5							
Reimbursable tax	54	40	40	40	40	40							
Other current receivables	1 120	900	410	400	400	150							
<b>Group II total:</b>	<b>8 673</b>	<b>6 552</b>	<b>4 611</b>	<b>5 815</b>	<b>5 215</b>	<b>4 665</b>							
<b>III. Current financial assets</b>													

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<b>Group III total:</b>	0	0	0	0	0	0								
<b>IV. Cash</b>	0	0	0	0	0	0								
Cash in hand	180	161	168	127	219	250								
Cash in current accounts	15 057	68	90	63	68	85								
Restricted amounts	0	0	0	0	0	0								
Cash equivalents	0	0	0	0	0	0								
<b>Group IV total:</b>	<b>15 237</b>	<b>229</b>	<b>258</b>	<b>190</b>	<b>287</b>	<b>335</b>								
<b>V. Deferred expenses</b>	619	419	414	414	414	410								
<b>Heading B total:</b>	<b>41 392</b>	<b>27 240</b>	<b>24 329</b>	<b>28 496</b>	<b>28 515</b>	<b>27 013</b>								
<b>Total assets (A + B)</b>	<b>70 602</b>	<b>64 531</b>	<b>66 720</b>	<b>69 212</b>	<b>66 322</b>	<b>64 122</b>	<b>Total liabilities (A+B+C)</b>	<b>70 602</b>	<b>64 531</b>	<b>66 720</b>	<b>69 212</b>	<b>66 322</b>	<b>64 122</b>	
<b>C. Contingent assets</b>							<b>D. Contingent liabilities</b>							

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**CONSOLIDATED FORECAST INCOME STATEMENT**  
of **AGRIA GROUP HOLDING OOD**

(includes HLEBOZAVOD KORN AD, Varna, HLEBOZAVOD KORN AD, Shumen, HLEBOZAVOD KORN AD, Targovishte,  
AGRO EOOD, COMMERCE EOOD, and KRISTERA-AGRO EOOD  
KORN-K AD, KRISTERA AD)  
for the period 01 January 2007 – 31 December 2012

TYPE OF EXPENSE A	Amount (BGN in thousands)						TYPE OF INCOME A	Amount (BGN in thousands)					
	2007	2008	2009	2010	2011	2012		2007	2008	2009	2010	2011	2012
<b>A. Operating expenses</b>							<b>A. Operating income</b>						
<b>I. Expenses by nature</b>							<b>I. Net revenue from sales of:</b>						
Cost of materials	17 641	22 646	34 837	42 230	48 755	56 299	Finished goods	22 455	37 589	55 030	63 440	70 470	78 599
External services	2 010	10 265	12 240	12 675	13 210	13 565	Merchandise	23 684	23 650	20 600	15 500	16 300	16 980
Depreciation charge	1 310	2 060	2 708	2 906	2 929	2 389	Services	910	910	910	960	1 010	1 060
Wages	2 055	2 275	2 280	2 285	2 290	2 295	Other	1 700	1 700	1 800	1 900	1 950	2 000
Social insurance expenses	533	587	589	591	593	595	<b>Group I total:</b>	<b>48 749</b>	<b>63 849</b>	<b>78 340</b>	<b>81 800</b>	<b>89 730</b>	<b>98 639</b>
Other expenses	257	277	277	287	287	287	<b>II. Income from financing</b>	<b>700</b>	<b>1 424</b>	<b>1 264</b>	<b>1 592</b>	<b>2 119</b>	<b>2 679</b>
including:	0	0	0	0	0	0	including government financing	700	1 424	1 264	1 592	2 119	2 679
impairment of assets	0	0	0	0	0	0	<b>Group II total:</b>	<b>700</b>	<b>1 424</b>	<b>1 264</b>	<b>1 592</b>	<b>2 119</b>	<b>2 679</b>
provisions	0	0	0	0	0	0	<b>III. Retained Earnings</b>						
<b>Group I total:</b>	<b>23 806</b>	<b>38 110</b>	<b>52 931</b>	<b>60 974</b>	<b>68 064</b>	<b>75 430</b>	Interest income	0	0	0	0	0	0
<b>II. Allowance expenses</b>							including interest from related parties	0	0	0	0	0	0
Carrying amount of assets sold (excluding finished goods)	22 300	22 370	18 660	13 940	14 700	15 270	Income from equity investments						
Cost of acquisition and disposal of self-constructed assets	0	0	0	0	0	0	including dividends						
Changes in inventory of finished goods and work in progress	-280	-180	-140	-40	100	100	Gains on dealing with financial assets and instruments						

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New-born animals and gains arising from changes in fair value attributable to physical changes	0	0	0	0	0	0	Foreign exchange gains	0	0	0	0	0	0
	0	0	0	0	0	0	Other financial income	0	0	0	0	0	0
Other allowance expenses	0	0	0	0	0	0	<b>Group III total:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group II total:</b>	<b>22 020</b>	<b>22 190</b>	<b>18 520</b>	<b>13 900</b>	<b>14 800</b>	<b>15 370</b>	<b>B. Total operating income(I+II+III)</b>	<b>49 449</b>	<b>65 273</b>	<b>79 604</b>	<b>83 392</b>	<b>91 849</b>	<b>101 318</b>
<b>III. Financial expenses</b>							<b>C. Operating loss</b>						
Interest expenses including to related parties	1 730	1 290	1 200	1 000	750	450	<b>IV. Extraordinary income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Losses on dealing with financial assets and instruments	0	0	0	0	0	0							
Foreign exchange losses	5	0	0	0	0	0							
Other financial expenses	130	130	120	110	110	90							
<b>Group III total:</b>	<b>1 865</b>	<b>1 420</b>	<b>1 320</b>	<b>1 110</b>	<b>860</b>	<b>540</b>							
<b>B. Total operating expenses (I+II+III)</b>	<b>47 691</b>	<b>61 720</b>	<b>72 771</b>	<b>75 984</b>	<b>83 724</b>	<b>91 340</b>							
<b>C. Operating profit</b>	<b>1 758</b>	<b>3 553</b>	<b>6 833</b>	<b>7 408</b>	<b>8 125</b>	<b>9 978</b>							
<b>IV. Extraordinary expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>D. Total income (B+IV)</b>	<b>49 449</b>	<b>65 273</b>	<b>79 604</b>	<b>83 392</b>	<b>91 849</b>	<b>101 318</b>
<b>D. Total expenses (B+IV)</b>	<b>47 691</b>	<b>61 720</b>	<b>72 771</b>	<b>75 984</b>	<b>83 724</b>	<b>91 340</b>	<b>E. Accounting loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E. Accounting profit</b>	<b>1 758</b>	<b>3 553</b>	<b>6 833</b>	<b>7 408</b>	<b>8 125</b>	<b>9 978</b>							
<b>V. Taxation</b>	<b>176</b>	<b>355</b>	<b>683</b>	<b>741</b>	<b>812</b>	<b>998</b>							
Corporate tax	176	355	683	741	812	998							
Other													
<b>F. Profit (E-V)</b>	<b>1 582</b>	<b>3 198</b>	<b>6 150</b>	<b>6 667</b>	<b>7 313</b>	<b>8 980</b>	<b>F. Loss (E+V)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (D+V+F)</b>	<b>49 449</b>	<b>65 273</b>	<b>79 604</b>	<b>83 392</b>	<b>91 849</b>	<b>101 318</b>	<b>Total (D+F)</b>	<b>49 449</b>	<b>65 273</b>	<b>79 604</b>	<b>83 392</b>	<b>91 849</b>	<b>101 318</b>

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4.4.1. Factors of material importance for achieving the forecast results

Depending on the ability of the management bodies and the management teams of the Issuer and the subsidiaries from the business group to influence the assumptions and factors listed below, they can be divided into the following groups:

Factors that the management bodies of the Company (companies) may influence:

- The direction undertaken by the companies from the holding structure in terms of the sectors and the region, and the market share achieved;
- The selection and management of human resources;
- The management of the assets owned by the subsidiaries from the economic group and execution of the planned investments;
- The quality of the offered products;
- Increasing of production capacities;
- Guaranteeing that the orders accepted and agreements entered into are executed in a quality and expedient manner.

Factors outside the control of the management bodies of the Company (companies).

These are factors that the Company may not influence in any manner, for example factors of the macroeconomic environment. Such factors are:

1. Exchange rate of the Bulgarian lev against the euro;
2. Income tax rate and rates of other taxes payable by the Company;
3. legislative restrictions, such as introduction of restrictions on the export or import of agricultural produce;
4. Force majeure (such as environmental disasters and cataclysms);
5. Growth of prices and the status and tendencies in the crops market;
6. Balance of crops on a national and global scale;
7. and other factors for which the company may not be held liable.

The forecast results are prepared on the basis of an analysis of the statistical information for the past 4-year period /2004 - 2007/ and depending on the market situation and the trend of prices of main materials, on the basis on which assumptions have been made that take into consideration market tendencies and the operations of the subsidiaries from the holding. The forecast financial statements take into consideration quotations from the bulletin of the Sofia Commodity Exchange and information bulletins issued by information agencies and non-government organizations represented by unions and associations of producers of vegetable oils, crop producing and processing companies. The forecasts have been duly prepared on the basis of the assumptions listed above in the consolidated forecast statement, in keeping the accounting principles compliant with the accounting policy of Agria Group Holding AD.

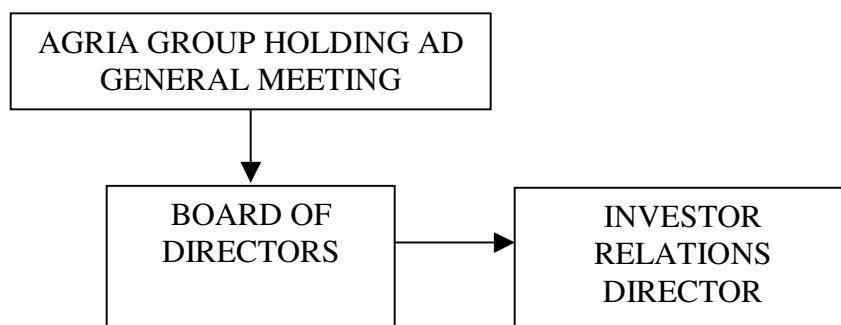


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**5. Members of the Management and Supervisory Bodies, Senior Management and Employees**

5.1. Information about the members of the management and supervisory bodies, procurators, senior management and employees on whose work the Issuer depends

Agria Group Holding AD, Varna has a single-tier management structure and is managed and represented by a Board of Directors, which performs its functions under the supervision of a General Shareholders' Meeting.



**Members of the Board of Directors:**

Emil Veselinov Raykov – EGN 7207288244	Chairman of the Board of Directors and Executive Director
Kristina Zheleva Bozhkova – EGN 7103265571	Member of the Board of Directors
Krasen Marinov Yorkishev– EGN 7404021668	Member of the Board of Directors
Daniela Dimitrova Taneva – EGN 6311131072	Member of the Board of Directors
Anna Dimitrova Belchinska – EGN 7407011072	Member of the Board of Directors

The Company is represented by the Executive Director – Emil Veselinov Raykov.

The Company has no procurators appointed and entered in the company register.

**Emil Raykov** graduated from University of Economics – Varna in 1995 with a Bachelor degree in Accountancy and Control, and a second major in Law at the same university.

Emil Raykov started his entrepreneur career in 1996 by registering his own consultancy company – EMRA, Varna, of which he was sole proprietor. The company offers consultancy services in the area of accounting , analysis, administrative and tax consultations, development of business projects etc. In 1997 he expanded his business by setting up Emra Komers OOD, a limited liability company which works successfully in the sphere of trade in fuels and lubricants.

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The establishment of the present group of companies began in 1998. At that time Emil Raykov was manager and shareholder in Kristera OOD, Varna, a limited liability company in which he took on the positions of executive director, member of the management board and member of the supervisory board. Since 2002 Emil Raykov has been chairman of the supervisory board and shareholder in the following companies from the group:

- Kristera AD, Popovo, a joint stock company;
- Hlebozavod Korn AD, Varna, a joint stock company;
- Hlebozavod Korn AD, Shumen, a joint stock company;
- Korn – K AD, Varna, a joint stock company.

Since 1999 in his capacity of a representative of Kristera AD, Emil Raykov has participated in the establishment and subsequently, as a member, in the activity of the Grain Compensation Fund at the Ministry of Agriculture and Forestry (now Ministry of Agriculture and Food Supply).

On the initiative of Kristera AD the Association of Public Grain Warehouses was established. Its representative and chairman of the management board is Emil Raykov.

Since 2007 Emil Raykov has been Executive Director and Chairman of the Board of Directors of Agria Group Holding AD, Varna.

Emil Veselinov Raykov also has a stake in the following other companies: manager of Bora Invest OOD, a limited liability company with a registered office and business address at 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, registered under company case №3048/2002 under the inventory list of Varna District Court, BULSTAT 103794531; sole proprietor and manager of Emra EOOD, a single shareholder limited liability company, with a registered office and business address at 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, registered under company case №880/2006 under the inventory list of Varna District Court, BULSTAT 125048121.

**Kristina Bozhkova** graduated from University of Economics – Varna in 1995, with a major in Economics and Industrial Management, and a thesis on “The Establishment and Management of a Distribution Trade System.”

From 1993 to 1996 Kristina Bozhkova worked at the sales department of Kanal Kom, Varna. Her successful collaboration with Emil Raykov began in 1996, when she was appointed sales director in Emra Oil EOOD, Varna, a single shareholder limited liability company, where she worked successfully in the trade in petrol products until 1999.

In 1999 Kristina Bozhkova became partner and manager of Korn – K OOD, Targovishte. It was under her successful management that the first production capacity of the group of companies for production and trade in bread and bread products in Varna was established.

In 2001 Korn – K AD, Varna was established, in which she was executive director and shareholder. From 2003 to 2006 she was executive director of Hlebozavod Korn AD, Varna and of Hlebozavod Korn AD, Shumen.

Since 2007 she has been a member of the Board of Directors of Agria Group Holding AD, Varna.

**Krasen Yorkishev** engaged actively in the management of part of the business in 2002 in relation to the establishment and management of the Hlebozavod Korn AD, Targovishte Project as shareholder and executive director.

He graduated from St. Cyril and St. Methodius University of Veliko Tarnovo in the year 2000, with a major in Finance.

Krasen Yorkishev started his career in 1997 as sole proprietor and manager of Agraplani EOOD, a single shareholder limited liability company, and from 2001 in his capacity of partner and manager of Euromel EOOD, a single shareholder limited liability company, he started business relations with the holding structure of the group of companies working in the agricultural business.

Since the end of 2006 he has been chairman of the management boards and executive director of Hlebozavod Korn AD, Varna Korn Factory AD, Shumen and Korn Factory AD, Targovishte.

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Since 2007 he has been a member of the Board of Directors of Agria Group Holding AD, Varna.

Krasen Yorkishev also has a stake in the following company: manager of Bora Invest OOD with a registered office and business address at 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, registered under company case №3048/2002 under the inventory list of Varna District Court, BULSTAT 103794531. Krasen Yorkishev has no stake whatsoever in Ekosistemi OOD.

**Daniela Taneva** graduated from University of Economics – Varna in 1985, with a major in Economics and Organisation of Technical and Material Supplies.

Between 1986 and 1997 she was chief accountant in the following companies: APK Provardia, Central Institute of Engine Building and Delvi-P AD.

From the end of 1997 until 2004 Daniela Taneva was chief accountant in Kristera AD, and since 2004 – a financial director of Kristera AD, Popovo.

Since 2007 Daniela Taneva has been a member of the Board of Directors of Agria Group Holding AD, Varna.

**Anna Belchinska** graduated from University of Economics – Varna in 1997 with a major in Accountancy and Control.

In April of the same year she started her career in the holding structure of the group of companies working in the field of agricultural business, subsequently passing through the technical, operational, accountancy and sales departments of the holding.

From the end of 1997 until 2002 Anna Belchinska was an accountant in the following companies:

Emra Oil EOOD, Emra Komers OOD, Hlebozavod Korn AD and Korn K AD.

From 2003 to 2006 she was directly involved in the trade in fuels and lubricants in Korn K AD.

From the end of 2004 to 2006 Anna Belchinska was sales manager in Hlebozavod Korn AD, Varna.

Since 2007 she has been a member of the Board of Directors of Agria Group Holding AD, Varna.

The persons belonging to the senior management who are related to the business activity performed by the Issuer and on whom the Issuer's work depends are the above-mentioned members of the Board of Directors.

The persons belonging to the senior management (members of the Board of Directors) do not perform business activities outside the Issuer which are of significance to the Issuer.

As of the date of preparation of the present Prospectus there are no kinship or family ties among the above-mentioned persons (members of the Board of Directors).

As of the date of preparation of the present Prospectus there is no information about the persons belonging to the senior management of the Issuer regarding: an effective sentence for fraud for the past five years; participation in the management and supervisory bodies of a company against which an insolvency proceedings have been initiated, of a company which has been wound up for insolvency, or a company in liquidation for the past five years; divestment of the right to take on certain state or public post and/or divestment of the right to exercise a certain profession or activity for the past five years; imposition of compulsory administrative measures or sanctions for the past five years in relation to their activities.

As of the date of preparation of the present Registration Document there are no data about the existence of a conflict of interests or a potential conflict of interests between: the interests of the Issuer, the

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activities of the members of the Board of Directors within the Issuer as persons belonging to the senior management and their personal or other interests.

As of the date of preparation of the present Registration Document no available information has been found regarding: an agreement and/or any other form of arrangement among the main shareholders, investors and other persons on the basis of which any of the members of the Board of Directors has been elected member of the management body; restrictions accepted by the main shareholders, investors and other persons regarding the disposition of Issuer's securities owned by them.

5.2. Information on the activity of the management and supervisory bodies

5.2.1. Expiry date of the current contracts with the members of the management and supervisory bodies and period for which they have held the position;

Under a Decision by Varna District Court dated 28 August 2007 under company case №3875 under the inventory list of 2007 a Board of Directors of Agria Group Holding AD is entered, comprising the following members: Emil Veselinov Raykov, Kristina Zheleva Bozhkova, Krasen Marinov Yorkishev. With a Decision by Varna District Court dated 11 October 2007 under company case №3875 under the inventory list of 2007 a change in the number and membership of the Board of Directors of Agria Group Holding AD is entered, as follows: the number of the members of the Board of Directors is changed from three to five, by entering the following two new members: Daniela Dimitrova Taneva and Anna Dimitrova Belchinska. Since this is the first Board of Directors of the Company, its term of office is 3 (three) years, in accordance with the provision of Art. 32, para. 2 of the Company's Articles of Association, entered under the Decision by Varna District Court dated 11 October 2007. According to the Company's Articles of Association the next Board of Directors will be elected for a five-year term (Art. 32, para. 2 of the Articles of Association). The members of the Board of Directors can be re-elected without restrictions (Art. 32, para. 4 of the Articles of Association). The members of the Board of Directors can be dismissed before the end of the term for which they have been elected (Art. 32, para. 5 of the Articles of Association).

The contracts for management with the members of the management and supervisory bodies of the Issuer and of the other companies in whose management they participate are permanent.

5.2.2. Data from the management contracts with the Issuer or its Subsidiaries regarding compensations which the members of the management and supervisory bodies would receive upon termination of their contracts; if such have not been envisaged, this should be clearly stated

The contracts for management with the members of the management body of the Issuer (the Board of Directors) and the other companies in whose management they participate are permanent.

The compensations envisaged for the members of the Board of Directors of Agria Group Holding AD upon termination of their contracts for management amount to the sum of their gross remuneration for three months.

5.2.3. Remuneration of each member of the management and supervisory bodies for the last financial year, paid out by the Issuer and its Subsidiaries

No compensations have been envisaged for the members of the Board of Directors of Agria Group Holding AD who have a stake in any of the Subsidiaries of the Holding according to the contracts for management with the Subsidiaries. In this case the compensations should be determined in compliance with the provisions of the Company Act and the Articles of Association of the Subsidiaries, amounting to

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the members' gross remuneration for three months because the latter deposit a management guarantee in cash or in deposited shares of the Company at par value amounting to their gross remuneration for three months.

The Company is established and entered as a joint stock company in 2007 by means of a transformation through changing its legal form within the meaning of Art. 264 and the following of the Company Act, under a Decision by Varna District Court dated 28 August 2007 according to which the first Board of Directors of Agria Group Holding AD is entered. The amount of the three-month remuneration of the Board of Directors of Agria Holding AD for 2007 is presented in the table below:

<b>Members of the Board of Directors</b>	<b>Monthly remuneration in BGN</b>
Emil Raykov	4,000
Kristina Bozhkova	1,000
Krasen Yorkishev	1,000
Daniela Taneva	1,000
Anna Belchinska	1,000

The Issuer Company adheres to the rules of Good Corporate Governance and implements in its operations the principles of the Corporate Governance Code, passed by the Board of Directors of Bulgarian Stock Exchange – Sofia AD. In implementation of the above at a sitting of the competent bodies of Agria Group Holding AD (Decision by the Board of Directors) the Company has passed a decision for adherence to the principles and rules of Good Corporate Governance in accordance with the Code, and has also passed a Program for Good Corporate Governance.

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5.2.3.1. Amounts of money and non-monetary remuneration received

As of the date of preparation of the present document, the members of the Board of Directors of Agria Group Holding AD have received no amounts of money or non-monetary remuneration.

Information about remuneration paid out by Subsidiaries of the Issuer to members of the Board of Directors of Agria Group Holding AD who are members of the management bodies of any of the Subsidiaries of the Issuer

During the last financial year remuneration has been paid to the following persons belonging to the senior management of the Issuer (members of the Board of Directors) for their participation in Subsidiaries of Agria Group Holding AD: Emil Veselinov Raykov, in his capacity of executive director of Korn – K AD, Varna – BGN 1,800; Kristina Zheleva Bozhkova, in her capacity of executive director of Korn – K AD, Varna – BGN 1,800; Krasen Mrinov Yorkishev, in his capacity of executive director of Hlebozavod Korn AD, Targovishte – BGN 3,400.

5.2.3.2. Provisional remuneration and remuneration in installments during the year, even if the remuneration is due at a later moment

As of the date of preparation of the present document, there has been no provisional remuneration or remuneration in installments during the year for the members of the Board of Directors, even if its payment is due at a later moment.

As of the date of preparation of the present document, there has been no provisional remuneration or remuneration in installments during the year for members of the Board of Directors of the Issuer or of any of its Subsidiaries in whose management bodies they participate, even if its payment is due at a later moment.

5.2.3.3. Amounts payable by the Issuer or its Subsidiaries for pensions, retirement packages or other similar compensations.

As of the date of preparation of the present document, there are no amounts payable by the Issuer or its Subsidiaries for pensions, retirement packages or other similar compensations to members of the Board of Directors as persons belonging to the senior management of the Issuer.

5.2.4. Information about employees

5.2.4.1. Number of employees as of the end of each of the previous three financial years, as well changes in their number, if significant

The employees of the Issuer and its Subsidiaries were 399 at the end of 2004, 415 at the end of 2005, and 450 at the end of 2006. The changes in their number are of little significance and follow the rate of development of the Issuer and its Subsidiaries.

5.2.4.2. Information on the relations between the management bodies and employees' trade unions

The employees of the Issuer and its Subsidiaries are not organized in trade unions.

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5.2.5. Information on the ownership of the Issuer's shares:

5.2.5.1. Issuer's shares owned by the members of the management and supervisory bodies, by procurators and by the senior management, including shares owned by each of them individually and as a percentage of the shares of that class; options provided to them by the Issuer on its securities – type and value of the securities on which the options are based, exercise price of options, purchase price, if there is one, and term of the options

The members of the management and supervisory bodies and the senior management do not own company shares.

5.2.5.2. Description of agreements regarding employees' stake in the Issuer's capital, including through issue of shares, options or other securities of the Issuer.

As of the date of the present Registration Document the Issuer has not provided any options on its securities to members of the Board of Directors as persons belonging to the senior management, nor to other employees of the Company.

No agreements have been made regarding employees' stake in the Issuer's capital, including through issue of shares, options or other securities of the Issuer.

The Issuer has no knowledge of any agreements that could lead to a change in the type and manner of control over the Issuer.

**6. Shareholders with a significant stake in the capital. Transactions with related (interested) parties**

6.1. Data about shareholders owning more than five per cent of voting shares:

The main shareholders of Agria Group Holding AD before the increase of capital are: Emra EOOD, Varna; Kristina 92 EOOD, Varna and Geri Trans OOD, Targovishte. The distribution of shares of the capital of Agria Group Holding AD as of the date of the present document is as follows:

name of owner/shareholder (name of company or full name of physical person)	Stake percenta ge	BULSTAT/ EGN	Number of shares
Emra EOOD, Varna	62	125048121	3,162,000
Kristina 92 EOOD, Varna	26	103663076	1,326,000
Geri Trans EOOD, Targovishte	12	125516666	612,000
Total number of shares			<b>5,100,000</b>

Shareholders' details:

1. Emra EOOD has a registered office and business address 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, court registration under company case №880/2006 under the inventory list of Varna District Court, represented by its manager Emil Veselinov Raykov with personal identification number (EGN) 7207288244, who is also sole holder of the capital. The company holds 3,162,000 ordinary registered voting shares of par value of BGN 1 each, representing 62% of the capital of Agria Group Holding AD;

2. Kristina 92 EOOD has a registered office and business address 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, court registration under company case №3145/2001 under the inventory list of

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Varna District Court, represented by its manager Kristina Zheleva Bozhkova-Natova with personal identification number (EGN) 7103265571, who is also sole holder of the capital of the company. The company holds 1,326,000 ordinary registered voting shares of par value of BGN 1 each, representing 26% of the capital of Agria Group Holding AD;

3. Geri – Trans OOD has a registered office and business address 30 Tsar Osvooboditel Str., apt. 45, Targovishte, court registration under company case №315/2001 under the inventory list of Targovishte District Court, represented by its manager Krasen Marinov Yorkshiev with personal identification number (EGN) 7404021668 who holds 98% of the of the company. The company holds 612,000 ordinary registered voting shares of par value of BGN 1 each, representing 12% of the capital of Agria Group Holding AD.

6.1.1. Note of significant changes in the ownership of shares for each of the three shareholders for the past three years

With a Decision by Varna District Court dated 31 August 2006 under company case № 1270 under the batch of Agria AD partners Emil Veselinov Raykov and Kristina Zheleva Bozhkova – Natova are deleted and new partners are entered: EMRA EOOD and Kristina 92 EOOD. Emil Raykov transfers his 36 company shares with a value of BGN 100 each to the new partner EMRA EOOD. Kristina Bozhkova – Natova transfers her 14 company shares with a value of BGN 100 each to the new partner Kristina 92 EOOD.

With the same Decision an increase of the Company's capital from BGN 5,000 to BGN 600,000 is also registered, by registration of 595 new shares with a value of BGN 100 each, and each of the new shares in the capital are registered as follows: EMRA EOOD – 4,284 of the new shares, Kristina 92 EOOD – 1,666 of the new shares. After the capital increase, EMRA EOOD holds 4,320 shares with a total value of BGN 432,000, and Kristina 92 EOOD – 1,680 shares with a total value of BGN 168,000.

With a Decision by Varna District Court dated 03 November 2006 under company case № 1270 under the batch of Agria AD a new partner is entered – Westbridge Enterprises LLC, a limited liability company. A second increase of the capital from BGN 600,000 to BGN 5,100,000 is also registered, by registration of 45,000 new shares with a value of BGN 100 each, the new shares in the capital being acquired and registered by the newly admitted partner. Thus, after the increase the partners hold shares as follows: EMRA EOOD holds 4,320 shares with a total value of BGN 432,000, Kristina 92 EOOD – 1,680 shares with a total value of BGN 168,000, and Westbridge Enterprises LLC – 45,000 shares with a total value of BGN 4,500,000.

With a Decision by Varna District Court dated 18 January 2007 under company case № 1270 under the batch of Agria AD, partner Westbridge Enterprises LLC is deleted. The deleted partner transfers all its company shares as follows: 32,400 shares with a value of BGN 100 each to EMRA EOOD, and 12,600 shares with a value of BGN 100 each to Kristina 92 EOOD. After the transfer the partners hold the following shares from the capital of Agria AD: EMRA EOOD holds 36,720 shares with a total value of BGN 3,672,000 and Kristina 92 EOOD holds 14,280 shares with a total value of BGN 1,428,000.

6.2. Data about the party/parties which exercise control over the Issuer either directly or indirectly, as far as the Issuer has information about them

As of the date of preparation of the Registration Document the following party has control over the Issuer within the meaning of Art. 1, item 13, b. "a" of the Additional Provisions of the Public Offering of Securities Act:

Emra EOOD, with registered office and business address Varna, Zapadna Promishlena Zona, 29 Atanas Moskov Str. owns directly 3,162,000 shares with a par value of BGN 1.00 each, all of them voting shares, which amount to 62% of the capital and of the votes of the Issuer's General Meeting.

The Issuer has no knowledge of any agreements that could lead to a change in the type and manner of control over the Issuer.



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6.3. Transactions with related parties:

According to International Accounting Standard 24, “Related Party Disclosures”, transactions with related parties are present when one of the parties under the transaction controls the other party under the transaction and can exercise significant influence on its financial decisions and on the decisions regarding the current operations of that party.

In their ordinary course of operations AGRIA GROUP HOLDING AD and the companies belonging to the Group have concluded and continue to conclude transactions with each other.

AGRIA GROUP HOLDING AD considers that the transactions with related parties from the Group are concluded under market conditions.

As of 30 June 2007 AGRIA GROUP HOLDING AD granted a cash loan to Kristera AD amounting to BGN 500,000.

6.4. If any of the experts or consultants specified in this document holds a significant number of shares of the Issuer or of its Subsidiaries, has a significant direct or indirect economic interest in the Issuer and/or their remuneration depends on the success of the public offering for which the present document is prepared, brief information should be provided regarding these circumstances.

None of the experts, consultants or intermediaries specified in this document holds a significant number of shares of the Company, has a significant direct or indirect economic interest in the Company or has lasting commercial relations with it. The remuneration of United Bulgarian Bank AD depends on the success of the public offering for which the present document is prepared. Part of the remuneration of the Investment Intermediary is calculated as a percentage of the amount that is actually raised from the public offering.

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## 7. Financial Information

### 7.1. Annual financial reports

The annual unconsolidated financial reports for the past three years of AGRIA GROUP HOLDING OOD, in its capacity of a company wound up by means of transformation into AGRIA GROUP HOLDING AD, including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and the appendices thereof are presented as an appendix to the present Prospectus.

The annual consolidated financial reports of AGRIA GROUP HOLDING OOD, in its capacity of a company wound up by means of transformation into AGRIA GROUP HOLDING AD, for the years 2005 and 2006, audited by a certified auditor and including balance sheet; income statement, statement of changes in shareholders' equity, cash flow statement and the appendices thereof are presented as an appendix to the present Prospectus.

### 7.2. Management Discussion and Analyses under Art. 33, para.1 of the Accountancy Act

The Management Discussion and Analyses under Art. 33, para. 1 of the Accountancy Act of AGRIA GROUP HOLDING OOD, in its capacity of a company wound up by means of transformation into AGRIA GROUP HOLDING AD, are presented as an appendix to the present Prospectus.

### 7.3. Auditors' reports for each of the periods for which audited financial reports of the Company are required

The auditors' reports for the years 2005 and 2006, for which audited financial reports are required of the company AGRIA GROUP HOLDING OOD in its capacity of a company wound up by means of transformation into AGRIA GROUP HOLDING AD, are presented as an appendix to the present Prospectus.

### 7.4. Interim financial reports for the current year

The interim financial reports as of 30 June 2006 of AGRIA GROUP HOLDING OOD, in its capacity of a company wound up by means of transformation into AGRIA GROUP HOLDING AD, are presented as an appendix to the present Prospectus.

### 7.5. Information on all overseas sales and their percentage of total sales, provided that the amount of overseas sales represents a significant part of the sales realized by the Issuer.

As of the issue date of the present Prospectus, AGRIA GROUP HOLDING AD as a holding company does not directly carry out commercial activity. Information on the sales of its Subsidiaries can be found under heading 3.4.2. *Subsidiaries* of the present Prospectus.

### 7.6. Information on pending legal, administrative or arbitration proceedings, as well as decisions or requests for the winding up or liquidation of the Issuer, if such have had or can have significant influence on the Issuer's financial situation or profitability.

For a period of 12 (twelve) months prior to the date of the present Document there are no data available about initiated legal, arbitration and other administrative proceedings, hence no decisions or requests for the winding up or liquidation of the Issuer and any of its Subsidiaries which could have significant influence on the financial situation and profitability of the Issuer or of a member of the economic group.

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7.7. Company policy regarding the distribution of dividends and information on the dividend yield per share for the last three financial years.

For the 2007 – 2012 period the shareholders of AGRIA GROUP HOLDING AD envisage the implementation of a large-scale investment program via its Subsidiaries, which is described in the *Subsidiaries* section of the present Registration Document. The program will lead to an expansion of the activity of the group of companies to which the Issuer belongs. Because of the need to attract investment, including investment from internal sources, the entire profit is planned to be capitalized into investment and no dividend distribution among shareholders is envisaged. The Company's shareholders rely on an increase of the price of shares on the stock market, so that the potential sale of shares from the Company's capital ensures their profit.

AGRIA GROUP HOLDING OOD, which is wound up by means of transformation into AGRIA GROUP HOLDING AD, has not distributed yield from the shares for the last three financial years.

7.8. Description of significant changes in the financial and commercial circumstances of the Issuer (or of the companies from the group, if the Issuer prepares consolidated financial reports), after the publishing date of the annual or the latest interim financial report.

After the publishing date of the annual financial report a change has occurred in the legal and organizational form of AGRIA GROUP HOLDING OOD, which with Decision dated 28 August 2007 under company case №3875/2007 under the inventory list of Varna District Court is wound up by means of transformation into AGRIA GROUP HOLDING AD.

## 8. Additional Information

8.1. Information on the shareholders' equity as of the date of the latest balance sheet included in the financial report, and as of the latest practically applicable date

a) amount of equity	BGN 5,100,000;
b) number of shares	5,100,000;
c) number of issued and fully paid shares	5,100,000;
d) par value of shares	BGN 1.00;

The document certifying the entry into the company register of the par value of the shares of the issuer at the amount of BGN 1 /one/ each is a court decision of Varna District Court of 11 October 2007, and the change in the type of the shares of Agria Group Holding AD from materialized, registered, voting into dematerialized, registered, voting shares was also entered under the aforementioned court decision. As a result of the entries made into the company register of Varna District Court under the batch file of the issuer, the Company was registered with Central Depository AD as issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered dematerialized shares, and an Issue Registration Act and depository receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia;

e) number of outstanding shares at the beginning and at the end of the year: At the beginning of 2007 the Issuer functioned as a limited liability company. Its capital at the beginning of the year was BGN 5,100,000 and has not undergone changes after the winding up of the limited liability company by means of transformation into a joint stock company. As of the date of preparation of the present Prospectus the number of outstanding shares is 5,100,000;

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f) information on whether more than ten per cent of the capital has been paid up in assets other than cash for the period of the last five years – all increases in the Company's capital have been carried out by monetary means;

g) number, carrying value and par value of the Issuer's shares owned by the Issuer or any of its Subsidiaries – the Issuer and its Subsidiaries do not own Issuer's shares;

The Company has no outstanding convertible bonds. There are no persons who have pre-emptive rights to a stake in the capital increase. There are no persons who have options on the Issuer's capital or on the capital of a company belonging to the economic group. No commitment has been made to any persons to conditionally or unconditionally issue options in their favour.

h) history of shareholder's equity for the last three years, presenting information on the events during the period that have led to changes in the issued capital and/or in the number of shares or class of shares comprising it, together with a description of the differences in voting rights related to the different classes of shares for that period; detailed information on the price and terms of each issue should be presented here, including information if the payment has been made by non-monetary means (information on concessions, discounts, special terms or payment in installments); if there are no such issues, this fact should be indicated; the causes for any reduction of capital should be pointed out, and the ratio of the reduction, if there has been one.

With a Decision by Varna District Court dated 31 August 2006 under company case № 1270 under the batch of Agria OOD partners Emil Veselinov Raykov and Kristina Zheleva Bozhkova – Natova are deleted and new partners are entered: EMRA EOOD and Kristina 92 EOOD. Emil Raykov transfers his 36 company shares with a value of BGN 100 each to the new partner EMRA EOOD. Kristina Bozhkova – Natova transfers her 14 company shares with a value of BGN 100 each to the new partner Kristina 92 EOOD.

With the same Decision an increase of the Company's capital from BGN 5,000 to BGN 600,000 is also registered, by registration of 5,950 new shares with a value of BGN 100 each, and each of the new shares in the capital are registered as follows: EMRA EOOD – 4,284 of the new shares, Kristina 92 EOOD – 1,666 of the new shares. After the capital increase, EMRA EOOD holds 4,320 shares with a total value of BGN 432,000, and Kristina 92 EOOD – 1,680 shares with a total value of BGN 168,000.

With a Decision by Varna District Court dated 03 November 2006 under company case № 1270 under the batch of Agria OOD a new partner is entered – Westbridge Enterprises LLC, a limited liability company. A second increase of the capital from BGN 600,000 to BGN 5,100,000 is also registered, by registration of 45,000 new shares with a value of BGN 100 each, the new shares of the capital being acquired and registered by the newly admitted partner. Thus, after the increase the partners hold shares as follows: EMRA EOOD holds 4,320 shares with a total value of BGN 432,000, Kristina 92 EOOD – 1,680 shares with a total value of BGN 168,000, and Westbridge Enterprises LLC – 45,000 shares with a total value of BGN 4,500,000.

With a Decision by Varna District Court dated 18 January 2007 under company case № 1270 under the batch of Agria OOD partner Westbridge Enterprises LLC is deleted. The deleted partner transfers its company shares as follows: 32,400 shares with a value of BGN 100 each to EMRA EOOD, and 12,600 shares with a value of BGN 100 each to Kristina 92 EOOD. After the transfer the partners hold the following shares from the capital of Agria OOD: EMRA EOOD holds 36,720 shares with a total value of BGN 3,672,000 and Kristina 92 EOOD holds 14,280 shares with a total value of BGN 1,428,000.

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8.2. Information on the Issuer's Articles of Association

**a) description of the rights, pre-emption and limitations related to each class of shares, including:**

Pursuant to Art. 9 of the Articles of Association the Company's shares are ordinary, dematerialized and freely transferrable. Each share entitles shareholders to equal rights, each share granting the right to one vote in the General Meeting, as well as the right to a dividend and to a liquidation share. Art. 9, para. 3 also grants shareholders the following additional rights: the right of every shareholder upon an increase of capital to acquire shares corresponding to the shareholder's stake in the capital prior to the increase; the right of every shareholder to participate in the management, to elect and be elected in the management bodies; the right to information; the right to lodge an appeal before a court against any decisions of the General Meeting which contradict the law or the Company's Articles of Association.

**Application of the POSA**

Upon entry of the Company's capital increase with the offered shares from the current issue in the company register, AGRIA GROUP HOLDING AD will acquire the status of a public company. As a result, from that moment onwards the respective provisions of the POSA will be applied concerning the procedure for exercising rights on the shares.

aa) the right to a dividend; the term within which the right to a dividend can be exercised, as well as the persons who can use this right after the determined term has expired;

Every share grants the right to a dividend proportionate to its par value.

The Company can distribute dividends with a decision by the General Meeting (Art. 43 of the Articles of Association) after approving the annual financial report, in compliance with the requirements of Art. 247 and under other terms and procedure envisaged by the Company Act. Advance dividend distribution is not permitted.

After the Company acquires a public status, the distribution of dividends will be carried out in compliance with the POSA. Entitled to receive dividend will be those persons who have been entered as shareholders in the registers of the Central Depository on the 14<sup>th</sup> day after the date of the General Meeting at which the annual financial report has been approved and a Decision for distribution of yield has been passed.

The Company is obliged to ensure the payment of the dividend voted by the General Meeting within three months after the General Meeting has been held. Shareholders who are entitled to a dividend can exercise this right before the expiry of its total five-year term, after which the right is relinquished and any dividends that have not been obtained are retained by the Company.

bb) the right to vote;

Pursuant to Art. 9, para. 3 of the Company's Articles of Association, each share grants the right to one vote at the General Shareholders' Meeting.

After the Company acquires a public status and in accordance with the provisions of the POSA, the right to vote will be exercised by those persons who have been entered as shareholders in the registers of the Central Depository 14 days before the date of the General Meeting.

cc) the right to a liquidation share;

Each ordinary share grants the right to a liquidation share proportionate to the nominal value of the ordinary share.

**b) description of the terms under which the Annual Shareholders' Meeting and the Extraordinary Shareholders' Meeting are convened, including the terms of participation in the Meeting;**

The General Shareholders' Meeting is convened by the Board of Directors (Art. 223, para. 1 of the Company Act). The General Meeting can also be convened at the request of shareholders who own at

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least five per cent of the Company's capital under the terms and procedure of Art. 223, para. 2 of the Company Act, and after AGRIA GROUP HOLDING AD acquires a public status, under the terms and procedure determined by Art. 118, para. 2, item 3 of the POSA. The regular (annual) General Shareholders' Meeting is to be held at least once a year at the end of the first half-year after the closure of the accounts for the fiscal year.

The General Meeting is convened by means of an invitation with a minimum content under Art. 223, para. 4 of the Company Act. Shareholders who have owned shares amounting to at least five per cent of the Company's capital for at least three months can request additions to the agenda announced in the invitation under the terms and procedure determined by Art. 223 of the Company Act.

According to Art. 23, para. 3 of the Articles of Association, the General Meeting is convened by means of written invitations, which are to be sent to the shareholders to an address provided by them at least 30 days before holding the General Meeting, or by promulgating the invitation in the State Gazette and/or announcing it in the Company Register at least 30 days before the meeting is held.

An Extraordinary General Meeting can be convened at any time. Except for the law-regulated term for holding a regular General Meeting, the terms and procedure for convening an Extraordinary Shareholders' Meeting and for shareholders' participation in it are the same as those applying to the regular General Shareholders' Meeting.

The General Meeting includes shareholders who have the right to vote. According to the provisions of the POSA, a right to vote is exercised by those persons who have been entered as shareholders in the registers of the Central Depository 14 days before the date of the General Meeting. Shareholders participate in the General Meeting in person or via a representative. After the Company acquires a public status within the meaning of the POSA, the representative has to be expressly authorized pursuant to Art. 116, para. 1 of the POSA.

The Members of the Board of Directors may not represent shareholders. When the members of the Board of Directors are not shareholders, they participate in the work of the General Meeting without having the right to vote.

**c) brief description of each provision in the Issuer's Articles of Association or in the rules regulating the work of the management body which would lead to delaying, changing or preventing a replacement of the persons exercising control over the Issuer in the case of a merger, acquisition or restructuring involving the Issuer (or any of its Subsidiaries);**

The Articles of Association of AGRIA GROUP HOLDING AD contain no provisions which would lead to delaying, changing or preventing a replacement of the persons exercising control over the Issuer in the case of a merger, acquisition or restructuring involving the Issuer (or any of its Subsidiaries).

**d) description of the terms of the Articles of Association regarding changes in the capital which are more restrictive than the terms envisaged by the law.**

Art. 28 of the Articles of Association of AGRIA GROUP HOLDING AD envisages a qualified majority for passing decisions under Art. 21, items a, b, and c, namely passing, amending and complementing the Articles of Association by the General Meeting; *increasing and decreasing the Company's capital* and transforming or winding up the Company.

According to Art. 27 these decisions are passed only if at least half of the capital is represented at the General Meeting. Upon lack of quorum a new meeting is set to take place within one month and it is legal regardless of the ratio of representation of the capital. In the cases when according to the preceding paragraph of the article a new meeting can be set to take place after no earlier than fourteen days, the new meeting will also be legal regardless of the ratio of representation of the capital.

Art. 28 of the Articles of Association requires a majority of two thirds of the voting shares represented at the General Meeting.

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**e) description of the powers of the Issuer's management body according to the terms of the Company's Articles of Association.**

The Articles of Association of AGRIA GROUP HOLDING AD envisage the following powers of the management body of the Company (the Board of Directors):

According to Art. 33, Art. 34 and Art. 35 of the Articles of Association the members of the Board of Directors represent the Company collectively or assign to one or more of its members the management and representation of the Company (Executive Director). The members of the Board of Directors have equal rights and obligations regardless of the internal distribution of functions among them. The Board of Directors solves all issues which are not of the exclusive competency of the General Meeting. The Board of Directors may pass decisions if at least half of its members are present in person, or represented by another member of the Board. Decisions are passed with a majority of more than half of those present, respectively those represented, at the sitting of the Board of Directors.

8.3. Brief description of every significant contract, other than the contracts signed in relation to the Issuer's ordinary course of operations, under which the Issuer or any one member of the economic group is a party, for the period of the last two years before the publication of the document, with an indication of the dates, parties, and subject of the contracts and the terms thereof.

There is no significant contract, different in type and/or terms from the contracts signed in relation to the ordinary course of operations of the Issuer or a company from the group under which the Issuer or any one member of the economic group is a party and which generates rights or obligations for the group for the period of the last two years before the publication of the present Prospectus.

8.4. Information regarding each company in which the Issuer holds a long-term stake (direct or indirect), the carrying value of which exceeds ten per cent of its capital, as well as any other stake that can have a significant influence on the evaluation of the Issuer's assets and liabilities, its financial situation or its profit and loss:

The information on the Issuer's Subsidiaries is presented under heading *3.4.1. Subsidiaries* of the present document.

Information on the dividends received by the Issuer from its Subsidiaries in 2006 is presented in the table below, specifying the financial year for which the dividend was due.

Source	2004	2005	2006
Kristera Agro EOOD	112,596.49	238,085.88	
Kristera AD	84,912.14		
Hlebozavod Korn AD Varna	42,462.52		

8.5. Indication of the central daily newspaper which the Issuer will be using to publish the invitation for convening the General Shareholders' Meeting.

The Company will be publishing the invitation for convening the General Shareholders' Meeting in the *Pari Daily*.

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8.6. Information on the place, time and manner in which further information can be obtained, including address, telephone number, working hours and contact person.

Interested persons can obtain a copy of the Registration Document, as well as of the other parts of the Prospectus, and can also acquaint themselves with the other documents referred to in the Prospectus on every business day from 10.00 to 16.00 hrs at the Issuer's address: Varna, Zapadna Promishlena Zona, 29 Atanas Moskov Str., telephone number 052/55 40 00 and 052/55 40 11, contact persons Emil Raykov, Teodora Ivanova, every business day from 10.00 to 17.00 hrs.

The Registration Document, Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD is also available to investors at the office of the Investment Intermediary authorized to prepare the Prospectus – United Bulgarian Bank AD on every business day from 09.00 to 17.00 hrs at the following address: Sofia, 9 Todor Alexandrov Blvd., telephone number: 02/811 37 55, fax: 02/811 37 59, contact person Vladislav Matev, e-mail: matev\_v@ubb.bg.

The Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD can also be obtained from Bulgarian Stock Exchange – Sofia AD from the date of admission of the Company's securities to trading on the stock exchange, as well as from the Financial Supervision Commission from the date of approval of the Prospectus for Public Offering of Securities of the Company.



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**DECLARATION BY THE ISSUER OF SECURITIES FROM THE CURRENT ISSUE**

The undersigned Emil Veselinov Raykov, EGN 7207288244, Executive Director, in his capacity of representative of AGRIA GROUP HOLDING AD

DECLARES

1. That the Registration Document – Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD complies with legal requirements;
2. That to the best of his knowledge the information in the Registration Document – Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD is not false, misleading or incomplete, and truly presents the circumstances regarding the Issuer Company that are material to the investors.

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Emil Raykov

Executive Director

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**PERSONS WHO HAVE PREPARED THE REGISTRATION DOCUMENT – PART I OF THE  
PROSPECTUS FOR PUBLIC OFFERING OF SHARES OF AGRIA GROUP HOLDING AD**

By signing, the persons enumerated below declare that:

(1) when preparing the Registration Document they have taken due care to ensure its compliance with the legal requirements;

(2) to the best of their knowledge the information in the Registration Document is not false, misleading or incomplete and truly presents the circumstances about the Issuer Company that are material to the investors.

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Vladislav Matev

Prepared the document, analyst with UBB AD

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**APPENDICES**

1. Certified copy of the Articles of Association of AGRIA GROUP HOLDING AD;
2. Copy of the decision for entry in the Company Register;
3. Certificate of good standing;
4. Copy of company identification number (BULSTAT) certificate;
5. Copies of the annual financial reports for 2005 and 2006;
6. Copies of the consolidated annual financial reports for 2005 and 2006;
7. Auditors' reports on the consolidated and unconsolidated annual financial reports for 2005 and 2006;
8. Copies of unaudited interim consolidated and unconsolidated reports as of 30 June 2007;
9. Audited annual financial reports for 2006 of the companies in the group of Agria Group Holding AD;
10. Management Discussion and Analyses under Art. 33 of the Accountancy Act;
11. Declarations by the persons under Art. 81, para. 3 of the POSA;
12. Signature specimen of the Company's Executive Director;
13. Copy of receipt for paid fee.
14. List of references for the purposes of the check-up of the Prospectus