
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2013.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number: 001-33766

AGRIA CORPORATION

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

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(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing two ordinary shares, par value \$0.0000001 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

 (Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

 (Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.
110,766,600 ordinary shares, par value \$0.0000001 per share, as of June 30, 2013.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☐

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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INTRODUCTION

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- “we,” “us,” “our company,” “the Company,” “our” and “Agria” refer to Agria Corporation, a Cayman Islands company, and its predecessor entities, subsidiaries and, unless the context indicates otherwise, Zhongguan, our consolidated affiliated entity, and its subsidiaries and associates;
- “P3A” refers to Taiyuan Primalights III Agriculture Development Co., Ltd., a limited liability company established in China, which was one of our consolidated affiliated entities until it was disposed of in July 2010;
- “Zhongguan” refers to our consolidated affiliated entity, Shenzhen Zhongguan Agricultural Group Co., Ltd (formerly known as Shenzhen Guanli Agricultural Technology Co., Ltd.), which is a limited liability company established in China;
- “Ganxin” refers to Wuwei Ganxin Seeds Company Limited, the former 49% owned associate of Zhongguan, which was disposed of in May 2013;
- “PGW” refers to PGG Wrightson Group, in which we hold a 50.22% equity interest;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for purposes of this annual report, Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region;
- “shares” or “ordinary shares” refers to our ordinary shares, and “preferred shares” refers to our series A redeemable convertible preferred shares, all of which were converted into our ordinary shares upon the completion of our initial public offering on November 13, 2007;
- “ADSs” refers to our American depositary shares, each of which represents two ordinary shares; and
- all references to “RMB” or “Renminbi” are to the legal currency of China; all references to “\$,” “\$,” “dollars” and “US dollars” are to the legal currency of the United States; and all references to “NZ\$” is to the legal currency of New Zealand.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts can be forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations, estimates and projections about future events and financial trends that we believe may affect our financial condition, results of operations, liquidity, business strategy and financial needs. We believe that the following important factors, among others, in some cases have affected, and in the future could affect our consolidated results and could cause our actual consolidated results for the fiscal year ended June 30, 2013 and any other future period to differ materially from those described in any forward-looking statements made by us:

- our future business development, results of operations and financial condition;
- changes in our revenues, cost and expense items;

- the financial performance of PGW;
- our anticipated development strategies, which may include potential acquisitions and divestitures, expanding into new sectors within the agricultural industry, expanding sales into new regions and expanding our product offerings;
- our strategy to expand our research and development capability;
- the growth in demand in China for corn and vegetable seeds;
- our ability to attract customers and end users and enhance our brand recognition;
- future changes in government regulations affecting our business;
- trends and competition in the agricultural industry, particularly in China, New Zealand, Australia and South America; and
- our ability to retain and motivate existing management and other key personnel and to recruit and integrate additional qualified personnel into our operations.

You should thoroughly read this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following table presents selected consolidated financial information for our company. The consolidated statements of income (loss) data for the year ended December 31, 2010, the six months ended June 30, 2011 and the years ended June 30, 2012 and 2013 and our balance sheet data as of June 30, 2011, 2012 and 2013 included elsewhere in this annual report have been derived from our consolidated financial statements for the relevant periods, and are prepared and presented in accordance with U.S. generally accepted accounting principles, or “U.S. GAAP.” The consolidated statements of income (loss) data for the years ended December 31, 2008 and 2009 have been derived from our audited consolidated financial statements for the years ended December 31, 2008 and 2009, which are not included in this annual report. Our historical results do not necessarily indicate results expected for any future periods. You should read the following information in conjunction with our consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report.

Our consolidated financial statements for the year ended December 31, 2010, the six months ended June 30, 2011 and the years ended June 30, 2012 and 2013 have been audited by GHP Horwath, P.C. and our consolidated financial statements for the years ended December 31, 2008 and 2009 have been audited by Ernst & Young Hua Ming. Both GHP Horwath and Ernst & Young Hua Ming are independent registered public accounting firms.

	For the Year Ended December 31,			For the Year Ended June 30,			For the Six Months Ended June 30,
	2008	2009	2010	2012	2013		2011
	RMB	RMB	RMB	RMB	RMB	s	RMB
(In thousands, except share, per share and per ADS data)							
Consolidated Statements of Income (Loss) Data:							
Revenue	3,000	3,013	29,022	6,918,807	5,895,962	960,661	1,026,168
Cost of revenue	(2,651)	(5,285)	(17,345)	(5,383,062)	(4,391,630)	(715,552)	(779,114)
Gross profit	349	(2,272)	11,677	1,535,745	1,504,332	245,109	247,054
Operating expenses:							
Selling, general and administrative expenses	(864,771)	(89,619)	(98,671)	(1,361,201)	(1,364,878)	(222,387)	(271,112)
Research and development expenses	(1,932)	(1,156)	(114)	(32,037)	(29,426)	(4,795)	(7,033)
Impairment loss on land use rights and non-current prepayments	—	—	—	—	(357,248)	(58,208)	—
Impairment loss on goodwill	—	—	—	—	(883,192)	(143,903)	—
Total operating expenses	(866,703)	(90,775)	(98,785)	(1,393,238)	(2,634,744)	(429,293)	(278,145)
Operating income (loss)	(866,354)	(93,047)	(87,108)	142,507	(1,130,412)	(184,184)	(31,091)
Other income (expenses):							
Interest income	33,744	8,489	22,448	57,494	13,875	2,261	14,123
Interest and financing expense	(26)	(40)	(2,266)	(118,548)	(90,454)	(14,738)	(22,316)
Exchange gain/(loss)	(11,812)	(16,602)	(2,843)	9,153	26,624	4,338	(12,834)
Unrealized (loss) gain in investment	—	(548)	1,946	—	—	—	55,542
Other expense	(2,119)	(33)	(1,341)	(35,443)	(33,308)	(5,428)	(3,162)
Other income	90	2,799	20,634	29,057	16,754	2,730	2,251
Loss on disposal of investment under equity method	—	—	—	—	(12,994)	(2,117)	—
Gain/(loss) from equity investments	—	—	(2,223)	(1,924)	(705)	(115)	10,232
Income/(loss) before income tax	(846,477)	(98,982)	(50,753)	82,296	(1,210,620)	(197,253)	12,745
Income tax	(25,577)	(10,915)	(7,104)	(13,630)	(28,467)	(4,638)	1,096
Income/(loss) from continuing operations	(872,054)	(109,897)	(57,857)	68,666	(1,239,087)	(201,891)	13,841
Income (loss) from discontinued operations	121,053	(25,378)	(1,314)	—	—	—	(2,852)
Net income/(loss)	(751,001)	(135,275)	(59,171)	68,666	(1,239,087)	(201,891)	10,989
Net income (loss) attributable to the non-controlling interest	—	—	—	(84,648)	390,046	63,552	7,378
Net income (loss) attributable to Agria Corporation	(751,001)	(135,275)	(59,171)	(15,982)	(849,041)	(138,339)	18,367
Loss per ordinary share:							
Income/(loss) per share from continuing operations — basic and diluted	(6.91)	(0.88)	(0.49)	(0.14)	(7.67)	(1.25)	0.18
Income (loss) per share from discontinued operations — basic and diluted	(0.96)	(0.20)	(0.01)	—	—	—	(0.01)
Net income (loss) per share — basic and diluted	(5.95)	(1.08)	(0.50)	(0.14)	(7.67)	(1.25)	0.17
Weighted average number of ordinary shares outstanding:							
Basic	126,262,529	125,271,946	118,377,357	110,766,600	110,766,600	110,766,600	110,766,600
Diluted	126,262,529	125,271,946	118,377,357	110,766,600	110,766,600	110,766,600	110,766,600

The following table presents a summary of our consolidated balance sheet data as of December 31, 2008, 2009 and 2010 and June 30, 2011, 2012 and 2013:

	As of December 31,			As of June 30,			
	2008	2009	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB	RMB	s
(In thousands)							
Consolidated Balance Sheets Data:							
Cash and cash equivalents	1,176,767	737,825	358,228	93,771	164,890	267,796	43,633
Accounts receivable	162,820	109,265	284	1,122,810	970,839	1,023,256	166,725
Total assets	2,077,762	2,006,153	1,617,750	8,044,125	5,231,595	3,661,256	596,550
Total current liabilities	53,056	94,129	153,992	4,009,382	1,793,590	1,786,873	291,146
Ordinary shares	—	—	—	—	—	—	—
Additional paid-in capital	2,368,520	2,381,377	2,285,611	2,271,492	2,275,099	2,271,698	370,140
Total shareholders' equity	1,835,560	1,712,486	1,463,758	1,439,728	1,449,015	535,482	87,249

Exchange Rate Information

This annual report contains translations of RMB amounts into US dollars at specific rates solely for the convenience of the reader. The conversion of RMB into US dollars in this annual report is based on the H.10 statistical release of the US Federal Reserve Board as of June 28, 2013 (being the last business day before June 30, 2013). Unless otherwise noted, all translations from RMB to US dollars and from US dollars to RMB in this annual report were made at a rate of RMB6.1374 to \$1.00. We make no representation that any RMB or US dollar amounts could have been, or could be, converted into US dollars or RMB, as the case may be, at any particular rate, at the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On October 11, 2013, the noon buying rate was RMB 6.1204 to \$1.00.

Period	Noon Buying Rate			
	Period End	Average ⁽¹⁾	Low	High
(RMB per \$1.00)				
2008	6.8225	6.9193	7.2946	6.7800
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
Six Months ended June 30, 2013	6.1374	6.1814	6.2438	6.1213
2013				
April	6.1647	6.1861	6.2078	6.1647
May	6.1340	6.1416	6.1665	6.1213
June	6.1374	6.1342	6.1488	6.1248
July	6.1284	6.1343	6.1408	6.1284
August	6.1193	6.1213	6.1302	6.1123
September	6.1200	6.1198	6.1213	6.1178
October (through October 11)	6.1204	6.1197	6.1209	6.1156

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

This annual report contains translations of New Zealand dollar amounts into US dollars at specific rates solely for the convenience of the reader. The conversion of New Zealand Dollars into US dollars in this annual report is based on the noon buying rate in The City of New York for cable transfers of New Zealand dollars as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from New Zealand dollars to US dollars and from US dollars to New Zealand dollars in this annual report were made at a rate of \$0.7755 to NZ\$1.00, the noon buying rate in effect as of June 28, 2013.

B. Capitalization and Indebtedness

Not Applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

Risks Related to Our Business

We face risks related to PGW's management, business and operations that may adversely affect our results of operations and financial condition.

We expect a substantial portion of our revenues to be derived from PGW, and therefore our revenues have been and will continue to be directly tied to the business and operations of PGW. PGW is New Zealand's leading provider of agricultural services and its business is spread across the agriculture, livestock, merchandising, insurance, real estate, irrigation and pumping and financial services sectors, all of which may be subject to various risks and factors beyond our control. If PGW's business and operations are not as successful as we expect or its revenues do not reach levels that we expected when we acquired our shareholding in it, or if PGW's business and operations are disrupted by changes to its key management without suitable replacements, our results of operations and financial condition may be materially and adversely affected.

We are dependent on the rural sectors in the markets where PGW operates.

Our revenues and results of operations depend significantly on the prospects of the New Zealand, Australian and South American rural sectors where PGW operates. Our prospects also depend, to a significant extent, on positive farmer sentiment both in New Zealand and the other countries where PGW operates, which can be affected by a wide range of factors outside our control. The following are key factors and risks that can have a material impact on the performance of the rural sector and farmer sentiment and in turn PGW's business performance:

- **Fonterra milksolids payout:** The dairy sector in New Zealand is heavily influenced by the Fonterra payout announcements each year, which determine dairy farmers' cash flows and returns for the upcoming season. Farm financial performance is heavily determined by this metric and drives on-farm investment and expenditure decisions and subsequent demand for PGW's products and services.
- **Climate conditions:** The rural sectors in the markets where PGW operates are exposed to volatile climate conditions, particularly given the adverse effects on farming caused by droughts or floods. The Australian rural sector is particularly susceptible to drought, which has the potential to result in a material adverse impact on that country's agricultural revenue.
- **Commodity price and volume:** Prices and sales volumes for agricultural commodities such as lamb, beef, wool and dairy products are key factors affecting farm financial performance. Farm financial performance dictates farmer expenditure, which significantly influences demand for PGW's products and services and, in turn, our revenues and results of operations.
- **Regulatory changes:** Changes to the regulatory structure of the New Zealand, Australian or South American rural economies could either expand or reduce the range of products and services required by farmers and other rural sector participants.
- **Animal health and crop conditions:** An outbreak of animal or crop disease may dramatically reduce production or restrict the ability of PGW's clients to sell their stock or production on domestic and international markets.
- **International trade barriers:** Barriers in the form of foreign government subsidies and quota restrictions can restrict the ability of New Zealand, Australian and South American industries to sell their agricultural commodities in international markets and can also affect the price at which such commodities are sold.
- **Environmental regulations:** Changes to environmental regulations and the resulting compliance burdens on PGW or its customers could adversely impact PGW's future performance.

PGW may not be able to compete successfully in the markets and sectors in which it operates.

The agricultural services sector and other markets in which PGW operates are competitive. The market share of PGW's competitors may increase, and PGW's market share may decrease, as a result of various factors, including a change in consumer preferences toward products or services offered by competitors, pricing (including pricing reductions due to "forced sales" by any competitors in financial distress or having an oversupply of products), payment terms, terms of business and promotional strategies implemented by competitors, improved distribution of competitors' products or services in each market, and enhanced price competitiveness due to exchange rate fluctuations, lower costs of production or otherwise. Additionally, new competitors may attempt to enter the markets in which PGW operates by offering products or services at lower prices to gain market share, which would negatively impact PGW's performance.

PGW's seeds production and trading may be subject to certain risks.

PGW produces and procures seeds from a variety of sources. However, the sources of PGW's seeds supply are subject to risks associated with growing crops, including natural disasters (such as drought), pestilence, plant diseases, insect infestations and man-made disasters (such as contamination). In addition, seeds inventories can be affected by other man-made interventions, such as arson. PGW's ability to trade seeds internationally is also dependent on biosecurity controls imposed by importing countries. Changes in regulations or a failure of PGW's product to meet the required standards could result in PGW being unable to sell seeds or meet customer demand, which would adversely affect the prospects of PGW.

Extreme weather conditions and other natural or man-made disasters could damage our production and adversely affect demand from end users/farmers, which would cause a material reduction in revenues.

The seeds sold by our China seeds business are produced primarily on leased land and through a network of multiple village collectives and production companies in Gansu and other provinces in China. Our production bases are invariably subject to the risks associated with agriculture, including extreme weather conditions and other natural disasters such as drought, flood, snowstorm, earthquake, pestilence, plant diseases and insect infestations. The quality, cost and volume of seeds that we produce could be materially adversely affected by extreme weather conditions or natural disasters; similarly, the end users of our seed products could also be adversely affected and as a result harming our sales and profitability. For example, in July 2012, an extremely strong and unexpected grade 10 typhoon caused severe damage to agricultural activities in certain area of Hebei province, where certain farmers who planted our field corn seed products were severely affected. Our sales in that region were then adversely affected and we have incurred expenses to mitigate the negative impact on the image of the field corn seed varieties sold in that area. Man-made disasters, such as arson or other acts that may adversely affect our inventory in the winter storage season, may also damage our products or our production facilities. Furthermore, natural or man-made disasters may cause farmers to migrate from their farmland, which would decrease the number of end users of our products. We are particularly susceptible to disasters or other incidents in Gansu and Xinjiang provinces, where we have the greatest concentration of our operations. In the event of a widespread failure of a seed crop in these provinces, we would likely sustain substantial loss of revenues and suffer substantial operating losses. We do not have insurance to protect against such risks.

Our seed production in China primarily relies on arrangements with village collectives to produce the corn seed products and we rely on contracts with production companies to produce our edible corn seed products. If we were unable to continue these arrangements or enter into new arrangements with other village collectives or other production companies, our total land acreage devoted to corn seed production would decrease and our growth would be inhibited.

During the year ended June 30, 2013, we outsourced the production of our corn seeds to production companies in Gansu, Xinjiang and Zhejiang provinces. In the year ended June 30, 2013, through our production base in Xinjiang and cooperation with our suppliers, we had access to approximately 1,390 acres of farmland primarily through contractual arrangements with village collectives for corn seed production. In the event that prices for other crops increase, these village collectives and production companies may decide to farm other crops in breach of our leases and seed production agreements with them or, following the expiration of our leases, lease the land to our competitors or other parties. If the land policy changes so that we are unable to continue to lease land, if a significant number of village collectives refuse to lease land to us upon the expiration of their current leases or if a significant number of production companies are unable to fulfill their contractual obligations to us, our business and results of operations would be materially and adversely affected. Any of these disruptions could materially and adversely affect our supply of seeds and our revenues. Such disruptions could also damage our relationships with our distributors and customers if we cannot supply them with the quantities and varieties of seeds that they expect. Moreover, due to competition for land suitable for leasing, we may be unable to lease the same land or other land at commercially reasonable prices. In the event that we have to pay more to lease land or are unable to lease sufficient land, our results of operations may be materially and adversely affected.

The highly fragmented agriculture industry in China makes it difficult to evaluate our future prospects and results of operations.

You should consider our future prospects in light of the risks and uncertainties facing companies in the highly fragmented agricultural industry in China. Some of these risks and uncertainties relate to our ability to:

- maintain our competitive position in China and compete in each of our business segments with Chinese and international companies, many of which have longer operating histories and greater financial resources than we do;
- offer commercially successful seed products to attract and retain direct customers and ultimate users;
- retain access to the farmland we currently use and obtain access to additional farmland for expansion;
- continue our existing arrangements with village collectives that grow our corn seed products and enter into new arrangements with additional village collectives;
- maintain effective control of our costs and expenses; and
- retain and motivate our management and skilled technical staff and recruit and integrate additional qualified personnel into our operations.

If we are unsuccessful in addressing any of these risks and uncertainties, our business, financial condition and results of operations may be materially and adversely affected.

Future acquisitions or divestitures could materially change our business and materially and adversely affect our results of operations and financial condition.

Our key strategic priorities require our ongoing efforts in pursuing strategic acquisitions, investments and strategic partnerships both in China and internationally. In April 2011, we completed our acquisition of 50.01% of equity interest in PGW, New Zealand's largest rural services business, which offers a wide range of products, services and solutions to farmers, growers and processors in New Zealand and internationally. In October 2009, we also entered into a strategic cooperation framework agreement with China National Academy of Agricultural Sciences, or "CNAAS", providing for future cooperation across the spectrum of agricultural research. In addition, we entered into an investment agreement with CNAAS and its affiliates to invest RMB35.0 million into Beijing Zhongnong Seeds Industry Co., Ltd., or "Zhongnong," a company wholly-owned by CNAAS and its affiliates. In September 2009, we acquired Beijing Nong Ke Yu Seeding Development Co., Ltd., or "Nong Ke Yu," a company engaged in research and development, production, distribution and sale of edible corn seeds, and in January 2010, we acquired Tianjin Beiao Seeds Technology Development Co., Ltd., or "BeOK," a company engaged in research, production and marketing of vegetable seeds. In September 2010, we acquired a 49% equity interest in Ganxin, a corn seed research, development, production and sales company based in Gansu. We are also at various stages of discussions regarding potential investments in seed companies with proprietary seed varieties.

Presented with appropriate opportunities, we may acquire businesses or assets that we believe complement our existing business. Any such acquisitions are invariably subject to associated execution risk including issues relating to the integration of new operations and personnel, geographical coordination, retention of key management personnel, systems integration and the reconciliation of corporate cultures. The acquisition and integration could cause the diversion of management's attention or resources from our existing business or cause a temporary interruption of or loss of momentum in our business. We could also lose key personnel from the acquired companies. There may be unforeseen or hidden liabilities or we may not be able to generate sufficient revenue to offset new costs of acquisitions, investments and strategic partnerships. The execution of international expansion of our operations exposes us to a number of additional risks including difficulties in staffing and managing overseas operations, fluctuations in foreign currency exchange rates, increased costs associated with maintaining the ability to understand local trends, difficulties and costs relating to compliance with the different commercial, legal and regulatory requirements of the overseas locations in which we operate, failure to develop appropriate risk management and internal control structures tailored to overseas operations, inability to obtain, maintain or enforce intellectual property rights, unanticipated changes in economic conditions and regulatory requirements in overseas environment. These risks associated with strategic repositioning, future acquisitions, investments and strategic partnerships could have a material and adverse effect on our business, results of operations, financial condition or liquidity.

In July 2010, we divested P3A to Mr. Zhixin Xue, the president and a director of P3A, by transferring all of our interest in P3A to Mr. Xue. Following the completion of the divestiture, we acquired from Mr. Xue and cancelled shares representing 11.5% of our issued and outstanding share capital immediately prior to the transaction. The leases over nine parcels of land totaling approximately 13,500 acres previously held by P3A have been retained by us. However, we were unable to find commercially viable uses for these land parcels, and subsequent recorded an impairment provision of RMB357.2 million (\$58.2 million) for the year ended June 30, 2013, which was the aggregate sum of our unamortized prepayments for the land. We do not anticipate deriving significant future economic benefit from these land parcels in the foreseeable future. Additionally, in line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and in May 2013 disposed of our 49% equity interest in Ganxin for a consideration of RMB40.7 million (\$6.6 million). A loss on disposal of RMB13.0 million (\$2.1 million) was recorded in our results of operation for the year ended June 30, 2013.

Any acquisitions and divestitures may materially affect our operations and business mix. We may also incur costs, suffer losses or incur liabilities in connection with these acquisitions or divestitures. Any acquisitions and divestitures could also result in reduction in our ADS price as result of any of the foregoing or because of market reaction to a transaction and diversion of management's attention from other concerns. Any such acquisition or divestiture could materially and adversely affect our business, results of operation and financial condition.

Any plans to increase our production capacity and expand into new markets may not be successful, which could adversely affect our operating results.

We have increased production of certain corn and vegetable seed products and develop new seed varieties to our product portfolio. In September 2009, we acquired Nong Ke Yu, a company engaged in research and development, production, distribution and sale of edible corn seeds based in Beijing; in January 2010, we acquired BeOK, a company engaged in research, production and marketing of vegetable seeds based in Tianjin; and in September 2010, we acquired a 49% equity interest in Ganxin, a corn seed research, development, production and sales company based in Gansu. However, in line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and in May 2013 disposed of our 49% equity interest in Ganxin for a consideration of RMB40.7 million (\$6.6 million). A loss on disposal of RMB13.0 million (\$2.1 million) has been recorded in our results of operation for the year ended June 30, 2013. We may make other acquisitions or expansions in the future, which may place substantial demand on our managerial, operational, technological and other resources. Our failure to manage our product offerings, operations and distribution channels effectively and efficiently could materially adversely affect our operating results.

As part of our development, we may expand the geographic areas in which we sell or produce our products. Expansion into new markets may present operating and marketing challenges that differ from those that we currently encounter in our existing markets. For example, in April 2011, we completed a transaction to increase our shareholding in PGW from 19% to a controlling 50.01%, which subsequently increased to 50.22% in June 2011 as a result of share repurchases made by PGW. In March 2011, we established Shanxi Jufeng Seeds Co., Ltd., in Shanxi province, China, for an initial investment of RMB1.11 million. This new company began operations in a seeds business in Shanxi. However, as we were unable to reach a commercially viable long-term supply arrangement with our primary supplier, we ceased operations of this entity in June 2012. If we are unable to anticipate the changing demands that our expanding operations will impose on our management capacities, production systems and distribution channels, or if we fail to adapt our production systems and distribution channels to changing demands in a timely manner, our revenues could decline, our expenses could rise and our results of operations could be materially adversely affected.

Our business depends substantially on the continuing efforts of our management, and our business may be severely disrupted if we lose their services.

Our future success depends significantly upon the continued services of our management, including the management of our operating entities. We rely on our management's experience in product development, business operations and sales and marketing, as well as on their relationships with distributors and relevant government authorities. If one or more of our key management personnel is unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. On October 9, 2012, our board of directors accepted the notices of resignation of Messrs. Xie Tao and John Layburn from their positions as Chief Executive Officer and Chief Financial Officer, respectively, who have expressed their wishes to pursue other opportunities, effective October 10, 2012. In February 2013, Mr. Patrick Wai Yip Tsang was appointed as our chief financial officer, and in March 2013, our board of directors named Mr. Alan Lai, our chairman of the board, as our executive chairman. The loss of the services of our key management personnel, in the absence of suitable replacements, could materially adversely affect our operations and financial condition, and we may incur additional expenses to recruit and train personnel. Each member of our management team has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. If disputes arise between our management and us in light of the uncertainties within the PRC legal system, there is a risk that some of the provisions of these agreements may not be enforced or enforceable in China, where our managers reside and hold most of their assets.

We rely on contractual arrangements with Zhongguan for our China operations, which may not be as effective in providing control over our operating entity as direct ownership.

Because PRC regulations currently restrict foreign ownership of corn seed companies directly in China, we have no equity ownership interest in Zhongguan and must rely on contractual arrangements to control and operate it. Our contractual arrangement with Zhongguan may not be as effective in providing control over the entity as direct ownership. In the future, Zhongguan may fail to take actions required for our business despite its contractual obligation to do so. Zhongguan is able to transact business with parties not affiliated with us. If Zhongguan fails to perform under its agreements with us, we may have to rely on legal remedies under PRC law, which we cannot be sure would be available. In addition, we cannot be certain that the individual equity owners of Zhongguan would always act in our best interest.

Our growth prospects may be materially and adversely affected if we are unable to develop or acquire new products.

The majority of the products provided by our China seeds business are upstream products ultimately used by farmers in China. The profitability of our business depends on sustained and recurring orders from our direct customers, which include distributors, breed improvement and reproductive stations and other intermediaries. Reorder rates are uncertain due to several factors, many of which are beyond our control. These factors include changing customer preferences, competitive price pressures, failure to develop new products to meet the evolving demands of farmers in China, the development of higher-quality products by our competitors and general economic conditions. If we are unable to develop or acquire additional products that meet the demands of farmers in China, or if our competitors develop products that are favored by farmers in China, our growth prospects may be materially and adversely affected and our revenues and profitability may decline.

One or more of our distributors in China could engage in activities that are harmful to our brand and to our business.

Our seed products in China are sold primarily through distributors, and those distributors are responsible for ensuring that our products have the appropriate licenses to be sold to farmers in their provinces. If those distributors do not obtain the appropriate licenses, their sales of our products in those provinces may be illegal, and we may be subject to government sanctions, including confiscation of illegal revenues and a fine of between two and three times the amount of such illegal revenues. Unlicensed sales in a province may also cause a delay for our other distributors in receiving a license from the authorities for their provinces, which could further adversely impact our sales. In addition, distributors may sell our products under another brand licensed in a particular province if our product is not licensed there. If our products are sold under another brand, the purchasers will not be aware of our brand name, and we will be unable to cross-market other seed varieties or other products as effectively to these purchasers. Moreover, our ability to provide appropriate customer service to these purchasers will be negatively affected, and we may be unable to develop our local knowledge of the needs of these purchasers and their environment. Furthermore, if any of our distributors sell inferior seeds produced by other companies under our brand name, our brand and reputation could be harmed, which could make marketing of our branded seeds more difficult.

Our operating results may fluctuate due to a number of factors, some of which are beyond our control, and you may not be able to rely on our historical operating results as an indication of our future performance.

Our operating results may fluctuate due to a number of factors, some of which are beyond our control. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues may differ significantly from our historical rates. Our operating results in future quarters may fall below expectations. Business disruption in key sales periods may significantly impact our full year results. Any unexpected seasonal or other fluctuations could adversely affect our business and results of operations. Future acquisitions or divestitures may also materially change our business mix and adversely affect our results of operations and financial condition.

Our future profitability depends on our ability to secure sufficient orders from customers. An adverse change in market conditions may materially adversely affect our operating results if we cannot adjust our operating and marketing strategy to respond to such changes. Our results of operations may be materially and adversely affected by reduced orders and profit margins in the event of a slowdown in market demand, an increase in business competition, a decrease in government subsidies to farmers, increased costs, or other reasons. As such, we may not be able to maintain a similar level of profitability and you may not be able to rely on our historical operating results as an indication of our future performance.

A severe or prolonged downturn in the global economy or the markets that we primarily operate in could materially and adversely affect our revenues and results of operations.

The global financial markets have experienced significant disruptions since 2008 and the effects of the crisis have persisted to the present. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for economic growth around the world. The grim economic outlook has negatively affected business and consumer confidence and contributed to volatility of unprecedented levels.

We and our subsidiary PGW primarily operate in China, New Zealand, Australia and South America. Weak economic conditions and decreasing agricultural commodity demand and prices across the world may have a negative impact on agricultural production and the rural economies in China, New Zealand, Australia and South America. Lower commodity prices reduce farmers' income and weaken their confidence in the development of agricultural business. In turn, this may limit their ability or lessen their willingness to use more expensive agricultural products, including the ones we produce. There are still great uncertainties regarding economic conditions and the demand for agricultural commodities. Continued turbulence in the international markets and economies and prolonged declines in agricultural commodity demand and prices in China, New Zealand, Australia and South America may adversely affect our business, revenues and results of operations.

We have limited insurance coverage on our assets in China and any uninsured loss or damage to our property, business disruption or litigation may result in our incurring substantial costs.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited insurance products. Other than automobile insurance on certain vehicles and property and casualty insurance for some of our assets, we do not have insurance coverage on our assets or inventories, nor do we have any business interruption, product liability or litigation insurance for our operations in China. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured loss or damage to property, business disruption or litigation may result in our incurring substantial costs and the diversion of our resources, which may materially adversely affect our results of operations, financial condition and/or liquidity.

The PRC agricultural market is highly competitive and our growth and results of operations may be adversely affected if we are unable to compete effectively.

The agricultural market in China is highly fragmented, largely regional and highly competitive, and we expect competition to increase and intensify within the sector. We face significant competition in our corn seed business. Many of our competitors have greater financial, research and development and other resources than we have. Competition may also develop from consolidation within the corn seed industry in China or the privatization of corn seed producers that are currently operated by local governments in China. According to the Opinion on Enhancement of Market Supervision regarding Seed Administration Reform issued by the General Office of the PRC State Council in May 2006, local government agricultural administrative offices were required to separate their governmental administrative functions from seed production activities by the end of June 2007 and, therefore, more privately-owned seed companies may emerge in the future. Our competitors may be better positioned to take advantage of industry consolidation and acquisition opportunities than we are. The reform and restructuring of state-owned equity in seed enterprises will likely lead to the reallocation of market share in the seed industry, and our competitors may increase their market share by participating in the restructuring of state-owned seed companies. Such privatization would likely result in increased numbers of market participants with more efficient and commercially viable business models. In addition, the PRC government currently restricts foreign ownership of any domestic seed development and production business to no more than 50%. When and if such restrictions are lifted, multinational corporations engaged in the seed business may expand into the agricultural market in China. These companies have significantly greater financial, technological and other resources than we do and may become our major competitors in China. As competition intensifies, our margins may be compressed by more competitive pricing and we may lose our market share and experience a reduction in our revenues and profit.

If we are unable to estimate farmers' future needs accurately and to match our production levels to meet the demand of our direct customers, our business, financial condition and results of operations may be materially and adversely affected.

Due to the nature of the seed industry, we normally produce seeds according to our production plan before we sell them to distributors, which are our direct customers. Farmers, who are the end users of our seeds, generally make purchasing decisions for our products based on market prices, economic and weather conditions as well as other factors that we and our distributors may not be able to anticipate accurately in advance. If we fail to accurately estimate the volume and types of products sought by farmers, we may produce seeds that are not in demand. Unsold inventory could eventually be sold as field corn to end users at much lower prices than those of field corn seeds. Aged inventory could result in asset impairment, which would cause us to suffer a loss and incur an increase in our operating expenses. Conversely, if we underestimate demand, we may not be able to satisfy our distributors' demand for corn seeds, and as a result damage our customer relations and end-user loyalty. Failure to estimate farmers' future needs and to match our production to our direct customers' demands may materially and adversely affect our business, financial condition and results of operations.

The resources we devote to research and development may not result in commercially viable or competitive products.

Our success depends in part on our ability to develop new products. Research and development in the seed industries is generally expensive and prolonged. For example, seed development takes at least five years, as measured from the selection of the variety of seed for product development to the launch of a new seed product on the market. Due to the uncertainties and complexities associated with seed and biotechnological research, seed products may not survive the development process, may not ultimately be commercially viable or may not pass government testing in the relevant provinces. In addition, we have significantly fewer financial resources than many of our international competitors. If the resources we devote to research and development do not result in products that survive the development stage, do not result in products that we can sell to our customers or do not pass government testing, our results of operations may be materially and adversely affected.

We may be subject to intellectual property claims in the future which could result in substantial costs and divert our financial and management resources away from our business.

We are subject to the risk that the products, technology and processes that we have developed in collaboration with institutes and universities will infringe upon patents, copyrights, trademarks or other third-party intellectual property rights. We may be subject to legal proceedings and claims relating to the intellectual property of others. If any such claims arise in the future, litigation or other dispute resolution proceedings may be necessary to allow us to retain our ability to offer our products. Even if we prevail in contesting such claims, this could result in substantial costs and divert our management's resources and attention. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property rights, incur additional costs to license or develop alternative products and be forced to pay fines and damages, any of which could materially and adversely affect our business and results of operations.

Failure to protect our intellectual property rights may undermine our competitive position, and legal action to protect our intellectual property rights may be costly and divert our management's resources.

We rely primarily on trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property. These afford only limited protection, and the actions we take to protect our intellectual property rights may not be adequate. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could materially adversely affect our business, financial condition or operating results. Preventing unauthorized use of proprietary technology can be difficult and expensive. Also, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. The outcome of such litigation may not be in our favor. Such litigation may be costly and may divert management's attention as well as consume resources which could otherwise have been devoted to our business. An adverse determination in any such litigation would impair our intellectual property rights and may harm our business, prospects and reputation. In addition, we have no insurance coverage against litigation costs and would bear all costs arising from such litigation to the extent that we are unable to recover them from other parties. The occurrence of any of the foregoing may materially adversely affect our business, results of operations and financial condition.

Historically, implementation of PRC intellectual property laws has been lacking, primarily because of ambiguities in PRC law and difficulties of enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as those in the United States or other countries, which increases the risk that we may not be able to adequately protect our intellectual property.

We face risks and costs associated with our strategic partnership and investment that may negatively impact our business, results of operations and financial condition.

In October 2009, we entered into a strategic cooperation framework agreement with CNAAS, which provides for future cooperation across the spectrum of agricultural research. In addition, we entered into an investment agreement with CNAAS and its affiliates to invest RMB35.0 million into Zhongnong, a company wholly owned by CNAAS and its affiliates. We invested RMB11.0 million in Zhongnong from 2009 to 2011. We may not realize the anticipated benefits of our strategic partnership and we face risks, uncertainties and disruptions associated with the integration process, such as diversion of our management's attention from other business concerns. In addition, our operating results may suffer because of costs related to the strategic partnership and potential additional investments required to commercialize the research. Furthermore, CNAAS may partner with other companies in commercializing some of their research.

We hold a 50.22% equity interest in PGW, a public company listed on the New Zealand Stock Exchange that is subject to a different set of rules and regulations from U.S. securities laws and the Corporate Governance Rules of the New York Stock Exchange. Therefore, rules and regulations applicable to PGW may prohibit or restrict our ability to take actions with respect to PGW. Any failure to successfully manage our strategic partnership and investment may have a material adverse effect on our business and results of operations.

Our ability to cause PGW to act solely in our interest may be restricted by agreements with the minority shareholders of Agria Asia Investments Limited and other factors.

We control PGW through our majority ownership of Agria Asia Investments Limited, or "Agria Asia Investments," which indirectly holds a 50.22% shareholding in PGW. However, we have entered into shareholder agreements with Ngai Tahu Capital Limited, or "Ngai Tahu," and New Hope International (Hong Kong) Limited, or "New Hope International," the minority shareholders of Agria Asia Investments, which contain provisions protecting the rights of minority shareholders, including those that would require the unanimous shareholder approval for certain decisions. Additionally, certain decisions with respect to PGW may require super-majority shareholder approval, which our 50.22% shareholding does not ensure. Furthermore, we may be ineligible to vote on related party transactions between PGW and us, and such related party transactions may not be approved by PGW's remaining shareholders. As such, restrictions on our ability to exercise control over PGW may adversely affect our business, results of operations and financial condition.

PGW is subject to regulatory oversight in its business operations and as a listed issuer.

PGW is subject to regulatory oversight both in its business operations and as a listed issuer on the New Zealand Stock Exchange. PGW's businesses are required to comply with a wide range of New Zealand statutory and regulatory requirements. A material failure to comply with these requirements could cause material damage to PGW's reputation and expose PGW to the risk of financial or other penalties. Additionally, the introduction of new, or the variation of existing, standards and regulations in the countries in which PGW operates may require changes to its methods of operation, product performance or specifications. Any such changes are likely to require capital and other expenditures to be incurred by PGW and us to meet any new compliance requirements.

PGW is subject to movements in raw material prices and relies on key suppliers for its raw materials.

PGW is subject to movements in the underlying prices for the raw materials used in the manufacture of its products, commodities related to the distribution of its products and for commodities sold through its stores. Increases in these raw material and commodity prices may adversely affect PGW's profitability, which will adversely affect our results of operations. We and PGW may not be able to pass on increased costs to consumers, which may have a material adverse effect on our profitability and results of operations.

Additionally, PGW has key suppliers of raw materials, products and services in several of the markets which it serves. PGW does not have long-term supply contracts with all of its key suppliers. If any of these key suppliers become unable or unwilling to supply PGW with its products at commercially acceptable prices, or at all, PGW's business and our results of operation may be materially and adversely affected.

We may not possess all of the licenses required to operate our business, or we may fail to maintain the licenses we currently hold. This could subject us to fines and other penalties, which could materially adversely affect our results of operations.

We are required to hold a variety of permits and licenses to conduct our seed businesses in China. We may not possess all of the permits and licenses required for each of our business segments. In addition, the approvals, permits or licenses required by governmental agencies may change without substantial advance notice, and we could fail to obtain the approvals, permits or licenses required to expand our business. If we fail to obtain or to maintain such permits or licenses, or if renewals are granted with onerous conditions, we could be subject to fines and other penalties and be limited in the number or the quality of the products that we could offer. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We may be subject to product quality or liability claims, which may cause us to incur litigation expenses and to devote significant management time to defending such claims, and if such claims are determined adversely to us we may be required to pay significant damage awards.

In addition to the genetic traits and the quality of our products, the performance of our products depends on climate, geographic conditions, cultivation method, farmers' degree of knowledge and other factors. At the same time, the viability of some farmland in China has deteriorated due to toxic and hazardous materials from farmers' overuse of herbicides. Moreover, different production methods might result in inconsistent quality. These factors can result in sub-optimal production yields. Farmers generally attribute sub-optimal production yields to lower quality agricultural raw materials. In addition, inconsistent quality of products may also result in the unwillingness of consumers to purchase products or pay for products already purchased that they consider to be sub-standard.

We may be subject to legal proceedings and claims from time to time relating to the quality of our products. The defense of these proceedings and claims could be both costly and time-consuming and significantly divert the efforts and resources of our management. An adverse determination in any such proceeding could subject us to significant liability. In addition, any such proceeding, even if ultimately determined in our favor, could damage our reputation and prevent us from maintaining or increasing sales and market share. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase of our products.

Seed prices and sales volumes may decrease in any given year with a corresponding reduction in sales, margins and profitability.

There have been periods of instability during which seed and other commodity prices and sales volumes have fluctuated significantly. Commodities can be affected by general economic conditions, weather, outbreaks of disease and factors affecting demand, such as the availability of financing, competition and trade restrictions. Our attempts to differentiate our products from those of other seed producers have not prevented some seed markets from having the characteristics of a commodity market. As a result, the price that we are able to demand for our seed depends on the amount of seed available from other producers. Therefore, prices may be volatile even in the absence of significant external events that might cause volatility. As a result, the amount of revenue that we receive in any given year is subject to change. As production levels are determined prior to the time that the volume and the market price for orders is known, we may have too much or too little product available, which may materially and adversely affect our revenues, margins and profitability.

The advent of the genetic modification of corn seeds in China could adversely affect our business, causing us to lose business opportunities, market share and revenues.

We rely upon traditional methods of creating corn seed hybrids to develop new products. There has been a worldwide increase in the development and application of genetically modified agricultural products to increase the quality and quantity of crop yields. Advances in technology are increasingly allowing the use of gene modification to produce seeds that are superior to those produced by traditional methods. The production and commercial sale of genetically modified corn seed have not yet obtained public acceptance and are not encouraged by government authorities in China. However, if government attitude changes to encourage genetically modified corn seeds, demand may develop for these products, and we expect that we will need to produce genetically modified products to meet customer demands.

Should the Chinese government change its attitude with respect to genetically modified corn seeds, our current steps to respond to the potential competitive threat posed by genetically modified agricultural products, including our research and development activities with respect to genetically modified corn seeds, may not allow us to compete successfully. In particular, our competitors may have more advanced technology or may market genetically modified seed more successfully than we do.

Our growth prospects may be affected if we are unable to obtain additional capital to finance new acquisitions.

We may require additional cash resources in order to make acquisitions. In general, we do not know the cost of an acquisition until we analyze the opportunity, complete due diligence and begin negotiations. If the cost of any such acquisition exceeds our cash resources, we will need to seek additional cash resources, and may seek to sell additional equity or debt securities or borrow under credit facilities. The sale or issuance of additional equity securities could dilute our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We may also not be able to secure, repay or refinance debt incurred to fund acquisitions and purchases of equity interests, especially if the acquisition or equity interest purchase does not result in the benefits anticipated. As a result, our operating results and financial condition may be materially and adversely affected.

Failure to properly manage our storage system may damage our products, resulting in operating losses.

Seed storage entails significant risks associated with the storage environment, including moisture, temperature and humidity levels, deviations in which may result in damage to seeds in stock. Any significant damage to the products we have in storage could materially and adversely affect our results of operations.

If we grant additional employee share options, restricted shares or other share incentives in the future, our net income could be adversely affected.

We have adopted a share incentive plan and granted share options under the plan. We are required to account for share-based compensation in accordance with Accounting Standards Codification, or "ASC," 718-10, "Compensation-Stock Compensation: Overall," which requires a company to recognize, as an expense, the fair value of share options and other share-based compensation to employees based on the fair value of equity awards on the date of the grant, with the compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. If we grant additional options, restricted shares or other equity incentives in the future, we could incur significant compensation charges equal to the fair value of the additional options, restricted shares and other equity incentives, and our net income could be adversely affected.

We do not maintain insurance on our seed storage facilities; therefore, if a fire or other disaster damages some or all of our stored seeds, we will not receive any compensation.

We store a portion of our seed products from February to September. We do not maintain insurance on our storage facilities in China. A fire or other natural or man-made disaster may damage our stored products, particularly if such event occurs shortly before the peak season for the sales of seeds products, which could materially adversely affect our operating results and financial condition.

Risks Related to Doing Business in China

If the PRC government finds that the agreements that establish the structure for operating our Chinese businesses do not comply with PRC governmental restrictions on foreign investment in the seed industry, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Most of our operations are conducted through our contractual arrangements with our affiliated entities and their shareholders in China. PRC regulations currently restrict foreign ownership of corn seed companies. For a description of these regulations, see “Item 4. Information on the Company—B. Business Overview—Regulation—Seed Law, Animal Husbandry Law and Other Relevant Regulations—Seed Law and Other Relevant Regulations.” We have entered into contractual arrangements with our affiliated entity, Zhongguan, and its shareholders, all PRC citizens, which enable us to, among other things, exercise effective control over the affiliated entities. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements with Zhongguan and Its Shareholders” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements with Shenzhen NKY and Shenzhen PGW Seeds and Their Respective Shareholders.”

If we or either of our PRC subsidiaries or affiliated entity or our corporate structure is found to be in violation of any existing or future PRC laws or regulations (for example, if we are deemed to be holding equity interests in an entity in which direct foreign ownership is restricted), the relevant PRC regulatory authorities, including the State Administration of Industry and Commerce, the State Administration of Foreign Exchange, or “SAFE,” and relevant agencies of the Ministry of Commerce, would have broad discretion in dealing with such violations, including:

- revoking Zhongguan’s business and operating licenses;
- confiscating relevant income and imposing fines and other penalties;
- prohibiting or restricting Zhongguan’s operations in China;
- requiring us or Zhongguan to restructure Zhongguan’s ownership structure or operations; or
- imposing conditions or requirements with which we or our subsidiaries or Zhongguan may not be able to comply.

The imposition of any of these penalties could materially adversely affect our ability to conduct our business.

The shareholders of Zhongguan may breach our agreements with them or may have potential conflicts of interest with us, and we may not be able to enter into agreements to derive economic benefits from Zhongguan, which may materially and adversely affect our business and financial condition.

The shareholders of Zhongguan, our consolidated affiliated entity in the PRC, may breach or refuse to renew the existing contractual arrangements with us that allow us to effectively control Zhongguan, and receive economic benefits from their operations. They may not always act in the best interests of our company. We do not have existing arrangements to address potential conflicts of interest between these individuals and our company. We rely on these individuals to abide by the contract laws of China and to honor their contracts with us in order for us to effectively control Zhongguan and to receive the economic benefits of Zhongguan. If we cannot resolve any conflicts of interest or disputes that may arise between us and the shareholders of Zhongguan or if the shareholders breach our agreements with them, we would have to rely on legal proceedings, which may disrupt our business. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Any limitation of PRC law and regulations on the ability of our subsidiaries and affiliated entity to distribute dividends or make other payments to us could materially adversely affect our ability to conduct our business.

Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries and our affiliated entity in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital, and to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of the shareholders' meeting or the board. These reserves are not distributable as cash dividends. Furthermore, if our subsidiaries and our affiliated entity in China incur debt on their own behalf in the future, the loan agreements governing that debt may restrict their ability to pay dividends or make payments to us according to the contractual agreements. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we have in place in a manner that would materially and adversely affect our subsidiaries' ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiaries and our affiliated entity to distribute dividends or other payments to us could materially limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, or otherwise fund and conduct our business.

Pursuant to the PRC enterprise income tax law that became effective on January 1, 2008, or "2008 EIT Law," an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered as a resident enterprise and will be subject to a PRC income tax on its global income. According to the implementing rules of the 2008 EIT Law, or "Implementing Rules," "de facto management bodies" refer to "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." On April 22, 2009, the State Administration of Taxation promulgated a circular setting out the criteria for determining whether "de facto management bodies" are located in China for overseas incorporated, domestically controlled enterprises. However, as this circular only applies to enterprises incorporated under the laws of foreign countries or regions that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are not controlled by PRC enterprises or groups of PRC enterprises like us. Accordingly, we may be considered a resident enterprise and may therefore be subject to a PRC income tax on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiaries, such PRC income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability.

Under the applicable PRC tax laws in effect before January 1, 2008, dividend payments to foreign investors made by foreign-invested enterprises are exempt from PRC withholding tax. Pursuant to the 2008 EIT Law and the Implementing Rules effective as of January 1, 2008, however, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise to its foreign investors will be subject to a 10% withholding tax if the foreign investors are considered non-resident enterprises without any establishment or place within China or if the dividends payable have no connection with the establishment or place of the foreign investors within China, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where we are incorporated, does not have such a tax treaty with China. China Victory International Holdings Limited, or "China Victory," our wholly owned subsidiary and the direct holder of 100% equity interest in Aero Biotech Science & Technology Co., Ltd., or "Agria China," and Agria Brother Biotech (Shenzhen) Co., Ltd., or "Agria Brother," is incorporated in Hong Kong. According to the Arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, or "Mainland and Hong Kong Taxation Arrangement," and the Notice in Relation to the Dispatch of Schedule of Agreed Tax Rates on Dividends issued by the State Administration of Taxation (State Taxation Circular No. 112 (2008)), dividends paid by a foreign-invested enterprise in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of 5% (if the foreign investor owns directly at least 25% of the shares of the foreign-invested enterprise).

On October 1, 2009, the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Implementation) became effective. Under these measures, our Hong Kong subsidiary needs to obtain approval from the competent local branch of the State Administration of Taxation in order to enjoy the preferential withholding tax rate of 5% in accordance with the tax treaty. In February 2009, the State Administration of Taxation issued Notice No. 81. According to Notice No. 81, in order to enjoy the preferential treatment on dividend withholding tax rates, an enterprise must be the “beneficial owner” of the relevant dividend income, and no enterprise is entitled to preferential treatment pursuant to any tax treaties if such enterprise qualifies for such preferential tax rates through any transaction or arrangement, the major purpose of which is to obtain such preferential tax treatment. The tax authority in charge has the right to make adjustments to the applicable tax rates, if it determines that any taxpayer has enjoyed preferential treatment under tax treaties as a result of such transaction or arrangement. In October 2009, the State Administration of Taxation issued Notice No. 601 to provide guidance on the criteria to determine whether an enterprise qualifies as the “beneficial owner” of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to Notice No. 601, the PRC tax authorities will review and grant tax preferential treatment on a case-by-case basis and adopt the “substance over form” principle in the review. Notice 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. Since the two notices were issued, it has remained unclear how the PRC tax authorities will implement them in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our subsidiaries in China to our Hong Kong subsidiary. Under the 2008 EIT Law and the Implementing Rules, if China Victory is regarded as a resident enterprise, the dividends payable to China Victory from Agria China and Agria Brother will be exempt from the PRC income tax. If China Victory is regarded as a non-resident enterprise and the relevant tax authority determines that China Victory does not qualify as the “beneficial owner” of the dividend income it receives from our PRC subsidiaries and therefore is subject to the higher 10% withholding tax rate, the amount of funds available to us to meet our cash requirements, including the payment of dividends to our shareholders, could be reduced correspondingly.

On April 12, 2013, the State Administration of Taxation (SAT) released the “Opinion on Implementing the Dividends Provision under the Tax Arrangement between Mainland China and Hong Kong in Cases Involving Beneficial Ownership (Shuizonghan [2013] No. 165, hereinafter referred to as ‘Opinion 165’)” in response to inquiries made by several Hong Kong companies applying for beneficial ownership status under the dividends provision of the Double Taxation Avoidance Agreement (DTA) between Mainland China and Hong Kong. Opinion 165 clarifies five of the seven “unfavorable factors” in determining beneficial ownership as addressed in Notice No. 601 discussed above. Those clarifications, however, do not provide additional guidance on whether or not China Victory is a resident enterprise discussed above.

In addition, because uncertainty remains regarding the interpretation and implementation of the 2008 EIT Law and the Implementing Rules, if we are regarded as a PRC resident enterprise, then any dividends to be distributed by us to our non-PRC shareholders or any gains realized by non-PRC shareholders or ADS holders from transfer of our shares or ADSs may be subject to PRC withholding tax. If we are required under the 2008 EIT Law to withhold PRC income tax on the above dividends or gains, the investment in our shares or ADSs may be materially and adversely affected.

We benefit from certain PRC government incentives. Expiration of, changes to, disputes over or challenges against these incentives or protectionism arising from the incentives could adversely affect our operating results.

Prior to January 1, 2008, companies established in China were generally subject to a state and local enterprise income tax, or “EIT,” at statutory rates of 30% and 3%, respectively. However, the Chinese government has provided incentives to high-technology companies and agricultural companies in order to encourage the development of the high-technology and agricultural industries. These incentives include reduced tax rates, subsidies and other measures. Agria China, our wholly-owned subsidiary established in March 2007 in China, was initially granted a full exemption from the EIT for the fiscal years 2007 to 2009. As a result of the 2008 EIT Law and its Implementing Rules, Agria China’s EIT exemption ended on December 31, 2007, and Agria China is subject to EIT at a rate of 25% from 2008 onwards.

Under the 2008 EIT Law, the Implementing Rules, the State Council circulars on implementation of enterprise tax transition preferential policy and relevant rules, foreign-invested enterprises, such as our subsidiary, Agria China, and domestic companies would be subject to EIT at a uniform rate of 25%. Preferential tax treatments will continue to be granted to entities that are classified as “high and new technology enterprises strongly supported by the State” or conduct business in encouraged sectors, whether foreign-invested enterprises or domestic companies. Furthermore, enterprises that were established and that have already enjoyed preferential tax exemption or reduction for a specified term will continue to enjoy them until the expiration of such term. Uncertainty remains with respect to their interpretation and implementation. If the PRC central government challenges the preferential tax treatment enjoyed by some of our subsidiaries and consolidated affiliates, our effective tax rate applied to our income in China will likely increase to a maximum of 25%, which could materially adversely affect our financial condition and results of operations.

The PRC government has in recent years reduced taxes and increased subsidies and other support across the agricultural industry. For instance, the government subsidizes farmers for their seed purchases, and has increased spending on rural infrastructure. Sales of agricultural products from producers to intermediaries or to farmers are exempt from PRC value-added tax, or “VAT.” Discontinuance of preferential treatments granted by the Chinese government to the seed industry could adversely affect our earnings.

In addition, subsidies may adversely affect our ability to market our products, especially in provinces other than Shanxi where we are planning to increase our sales. Farmers can buy corn seeds designated as “high-quality” at subsidized prices, but the designation of seeds as “high-quality” is at the discretion of the local government, companies owned by the local government and local private seed companies. Because of local protectionism, this policy could result in preferential treatment for local seed producers, with locally produced seeds being designated as “high-quality”, while ours are not designated as such. If such preferential treatment were to occur, the price for our seeds to farmers in those provinces would be higher than the subsidized local seeds, and our sales in those provinces could suffer, which could materially and adversely affect our results of operations.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our subsidiaries and affiliated entity in China. Our operations in China are governed by PRC laws and regulations. Our subsidiaries are generally subject to laws and regulations applicable to foreign investments in China, and in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the violation. In addition, any litigation in China, regardless of outcome, may be protracted and result in substantial costs and diversion of resources and management attention.

SAFE regulations relating to offshore investment activities by PRC residents may increase our administrative burden and restrict our overseas and cross-border investment activity. If our shareholders and beneficial owners who are PRC residents fail to make required applications and filings under such regulations, we may be unable to distribute profits and may become subject to liability under PRC laws.

SAFE has promulgated several regulations, including Circular No. 75 issued in November 2005, requiring registrations with, and approvals from, PRC government authorities in connection with direct or indirect offshore investment activities by PRC residents. These regulations apply to our shareholders and beneficial owners who are PRC residents.

The SAFE regulations require registration of direct or indirect investments made by PRC residents in offshore companies. In the event that a PRC shareholder with a direct or indirect stake in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of that offshore parent company may be prohibited from making distributions of profit to the offshore parent and from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the PRC subsidiaries. Further, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion.

We have requested our shareholders and beneficial owners who are PRC residents to make the necessary applications and filings as required under these regulations and under any implementing rules or approval practices that may be established under these regulations. However, due to the lack of implementing rules and uncertainty concerning the reconciliation of the new regulations with other approval requirements, it remains unclear how these regulations, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. There is a risk that not all of our shareholders and beneficial owners who are PRC residents will comply with our request to make or obtain any applicable registration or approvals required by these regulations or other related legislation. The failure or inability of our PRC resident shareholders and beneficial owners to receive any required approvals or make any required registrations may subject us to fines and legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, as a result of which our acquisition strategy and business operations and our ability to distribute profits to our shareholders could be materially and adversely affected. See "Item 4. Information on the Company—B. Business Overview—Regulation—Foreign Exchange."

In addition, under the Implementation Rules of the Administrative Measures for Individual Foreign Exchange, or "Individual Foreign Exchange Rules," issued on January 5, 2007 by SAFE, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or any other qualified PRC agent, to register with SAFE and complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income received from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. Our PRC citizen employees who have been granted share options, or "PRC option holders," are subject to the Individual Foreign Exchange Rules. If we or our PRC citizen employees fail to comply with these regulations, we or our PRC option holders may be subject to fines and legal sanctions.

Restrictions on currency exchange may limit our ability to utilize our revenues effectively.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our affiliated entity to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB are to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Fluctuation in the value of the Renminbi and other currencies may materially adversely affect your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the current policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Between July 21, 2005 and June 28, 2013, the RMB appreciated by approximately 34.9% against the U.S. dollar, although the pace of appreciation was uneven during the period.

Our financial statements are expressed in Renminbi, which is our reporting currency. The revenues and most of the expenses of our China Seeds division, which are derived from Zhongguan, our consolidated affiliated entity, are denominated in Renminbi. Most of the revenues and expenses of PGW and dividends that we receive from PGW are denominated in the New Zealand dollar. Additionally, our functional currency and the functional currency of Agria Group Limited (formerly known as Aero-Biotech Group Limited), China Victory, Agria Hong Kong Limited, or "Agria Hong Kong," Agria Asia International Limited, or "Agria International," Agria Biotech Overseas Limited, or "Agria Overseas," Agria Asia Investments and Agria (Singapore) Pte. Ltd., or "Agria Singapore," is the United States dollar. The functional currency of Agria New Zealand and PGW is the New Zealand dollar. The functional currency of Agria China, Agria Brother and our VIEs is the Renminbi. To the extent that we need to convert US dollars or New Zealand dollars into Renminbi for our operations, appreciation of the Renminbi against the US dollar and the New Zealand dollar would adversely affect the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into US dollars for the purpose of dividend distribution or for other business purposes, appreciation of the US dollar against the Renminbi would negatively affect the US dollar amount available to us. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue which will be exchanged into US dollars and earnings from and the value of any US dollar-denominated investments we make.

PGW uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. However, limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. Additionally, the effectiveness of these hedges may be limited so that we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. Additionally, we are exposed to fluctuations in the value of the New Zealand dollar, the Australian dollar, the Euro and the currencies of certain South American countries through our subsidiary PGW. As a result, fluctuations in exchange rates may materially adversely affect your investment.

We face risks related to health epidemics and other outbreaks or acts of terrorism in China, which could result in reduced demand for our products or disrupt our operations.

Our business could be materially and adversely affected by an outbreak of H1N1 influenza A, avian flu, severe acute respiratory syndrome or another epidemic, or an act of terrorism. From time to time, there have been reports on the occurrences of avian flu in various parts of China, including a few confirmed human cases and deaths. Since 2009, human cases of H1N1 influenza A virus infection have been identified internationally. Any prolonged recurrence of H1N1 influenza A, avian flu, severe acute respiratory syndrome or other adverse public health developments in China or elsewhere in Asia may have a material and adverse effect on our business operations. In addition, terrorist attacks, such as those that took place on September 11, 2001, geopolitical uncertainty and international conflicts, could adversely affect our business operations. Any of these events could adversely affect China's economy and cause an immediate and prolonged drop in consumer demand. An immediate and prolonged drop in consumer demand could severely disrupt our business operations and adversely affect our results of operations. Furthermore, a significant portion of our revenues are derived from government customers, which may reduce their spending on our products during a crisis, which could adversely affect our results of operations and could probably be difficult to recover once the threat has subsided.

The PRC Property Law may affect the perfection of the pledge in our pledge agreement with Zhongguan and its shareholders.

Under the equity pledge agreement among Zhongguan, the shareholders of Zhongguan and Agria Brother, the shareholders of Zhongguan have pledged all of their equity interests in Zhongguan to Agria Brother. The equity pledge agreement was duly created by recording the pledge on the register of shareholders of Zhongguan in accordance with the PRC Security Law and the PRC Contract Law. The purpose of the Zhongguan equity pledge agreement is to guarantee Zhongguan's performance of its obligations under the exclusive technology development, technical support and service agreement, the exclusive call option agreement and the loan agreement. However, according to the PRC Property Law, which became effective as of October 1, 2007, a pledge is not effective without being registered with the relevant local Administration for Industry and Commerce. Zhongguan has attempted to register the pledge, but the applications for registration have not been processed due to the lack of registration procedures. Zhongguan will continue to make efforts to register such pledge when the local Administration for Industry and Commerce implements registration procedures. If Zhongguan is unable to do so, the pledge itself may be deemed ineffective under the PRC Property Law. If Zhongguan or its shareholders breach their obligations under the agreements with Agria Brother, there is a risk that Agria Brother may not be able to successfully enforce the pledge and would need to resort to legal proceedings to enforce its contractual rights.

Risks Related to the ADSs

The trading price of our ADSs has been and continues to be highly volatile.

The trading price of our ADSs may be highly volatile and subject to wide fluctuations in response to factors including the following:

- announcement of securities law class action lawsuits against us and our directors and officers;

- delays in our periodic earnings announcements;
- announcements of technological or competitive developments;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of our seeds;
- additions to or departures of our executive officers and key personnel;
- fluctuations in the exchange rates between the US dollar and RMB; and
- sales or anticipated sales of additional ADSs.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially adversely affect the market price of our ADSs.

Substantial future sales or perceived sales of our ADSs in the public market or substantial cancellation of our ADSs could cause the price of our ADSs to decline.

Additional sales of our ADSs in the public market or the perception that these sales could occur could cause the market price of our ADSs to decline. A substantial repurchase of our ADSs may adversely affect the liquidity of our shares. As of the date of this annual report, we had 110,766,600 ordinary shares outstanding, of which 48,830,000 ordinary shares were represented by 24,415,000 ADSs. All ADSs are freely transferable without additional registration requirements under the Securities Act. The remaining ordinary shares not represented by ADSs are available for sale subject to the volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act. Risks associated with a substantial sale or cancellation of our ADSs could materially and adversely affect the market price of our ADSs and liquidity.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or ordinary shares.

Based on the market price of our ADSs and the value and composition of our assets, we believe we were not a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes for the taxable year ended June 30, 2013. However, we believe we were a PFIC in certain previous taxable years. A non-U.S. corporation will be a PFIC for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. We must make a separate determination after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs or ordinary shares, our PFIC status may depend in part on the market price of the ADSs or ordinary shares, which may fluctuate significantly. Certain adverse U.S. federal income tax consequences could apply to U.S. Holders (as defined in “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation”) of our ADSs or ordinary shares with respect to any “excess distribution” received from us and any gain from a sale or other disposition of the ADSs or ordinary shares if we are or were a PFIC during any taxable year during which you hold ADSs or ordinary shares, as we were in certain previous taxable years. See “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive Foreign Investment Company.”

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this annual report and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee to vote the shares represented by the ADSs. You may not receive voting materials in time to instruct the depositary to vote and you may not have the opportunity to exercise a right to vote. Upon our written request, the depositary will mail to you a shareholder meeting notice that contains, among other things, a statement as to the manner in which you may give your voting instructions, including an express indication that such instructions may be given or deemed given to the depositary to give a discretionary proxy to a person designated by us if no instructions are received by the depositary from you on or before the response date established by the depositary. However, no voting instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary that (i) we do not wish such proxy given, (ii) substantial opposition exists, or (iii) such matter materially and adversely affects the rights of shareholders.

Under our deposit agreement, the depositary will give us a discretionary proxy to vote our ordinary shares underlying your ADSs at shareholders' meetings if you do not vote, unless we have instructed the depositary that we do not wish a discretionary proxy to be given or under any of the other situations specified under the deposit agreement. The effect of this discretionary proxy is that you cannot prevent ordinary shares underlying your ADSs from being voted, absent the situations described above, and it may be more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

Your right to participate in any future rights offerings may be limited, which may dilute your holdings, and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute that property and you will not receive that distribution.

We are a Cayman Islands company and because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

As a result of all of the above, public shareholders of our company may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders of our company than they would as shareholders of a U.S. public company.

We are controlled by a small group of shareholders, whose interests may differ from other shareholders.

As of the date of this annual report, our principal shareholder, Mr. Guanglin Lai, beneficially owned 44.6% of our total outstanding shares, with another 20.0% owned by the next four biggest shareholders (based on the latest publicly available information known to us). This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. In addition, because these shareholders could collectively control our company, they would be able to take actions that may not be in the best interests of other shareholders. These actions may be taken even if they are opposed by our other shareholders. We do not have any existing arrangements with any of our shareholders to address potential conflicts of interests between these shareholders and our company, and none of our shareholders, other than our officers pursuant to the terms of their service agreements, has entered into non-compete agreements. There is a risk that our existing shareholders may not always act in the best interests of our company.

Our memorandum and articles of association contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our memorandum and articles of association include the following provisions that may have the effect of delaying or preventing a change of control of our company:

- Our board of directors has the authority to establish from time to time one or more series of shares, including preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series, including the designation of the series; number of shares of the series; dividend rights, dividend rates, conversion rights, voting rights; and rights and terms of redemption and liquidation preferences.
- Our board of directors may issue a series of preferred shares without action by our shareholders to the extent of available authorized but unissued shares. Accordingly, the issuance of preferred shares may adversely affect the rights of the holders of the ordinary shares. Issuance of preference shares may dilute the voting power of holders of ordinary shares.
- Subject to applicable regulatory requirements, our board of directors may issue additional ordinary shares or rights to acquire ordinary shares without action by our shareholders to the extent of available authorized but unissued shares.

By discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction, our memorandum and articles of association could deprive our shareholders of the opportunity to sell their shares at a premium over the prevailing market price.

You may have difficulty enforcing judgments obtained against us.

We are a Cayman Islands company and most of our assets are located outside of the United States. We conduct most of our operations in the PRC. In addition, most of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts.

Our ADSs may not comply with the minimum listing requirements of the New York Stock Exchange. Delisting could adversely affect the liquidity of our ADSs and the market price of our ADSs could decrease, and our ability to obtain adequate financing for the continuation of our operations would be substantially impaired.

Our ADSs are currently listed on the New York Stock Exchange. The New York Stock Exchange has minimum requirements that a company must meet in order to remain listed on the New York Stock Exchange. These requirements include maintaining a minimum average closing price of \$1.00 per share over a period of consecutive 30 trading days. We previously fell below NYSE minimum requirements in July 2011 and June 2012 and regained compliance in October 2011 and April 2013, respectively. We may fall below NYSE minimum requirements in the future. If our ADSs are delisted as a result of our failure to comply with any of the New York Stock Exchange's minimum listing requirements, the liquidity of our ADSs would be adversely affected, the market price of our ADSs could further decrease, and our ability to obtain adequate financing for the continuation of our operations would be substantially impaired, which could have a material adverse effect on our financial condition and results of operations.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We are a Cayman Islands incorporated holding company that conducts operations in China and internationally. Our China operations are primarily undertaken through our wholly-owned subsidiaries and through our contractual arrangements with Zhongguan, our consolidated affiliated entity. Our international operations are undertaken through our majority shareholding in PGW, New Zealand's largest agricultural services company.

We commenced operations in January 2004 through P3A, a limited liability company incorporated under the laws of the PRC in 2000. We established a holding company, Agria Group, under the laws of the British Virgin Islands in July 2005 to facilitate our future international fund-raising activities. We formed Agria China in Beijing, China as a wholly-owned subsidiary under the laws of the PRC in March 2007 to focus on research and development and other corporate activities.

We incorporated Agria Corporation under the laws of the Cayman Islands in May 2007. Agria Corporation became the holding company of Agria Group in June 2007 when all of the shareholders of Agria Group exchanged their shares in Agria Group for shares of Agria Corporation on a pro rata basis. In April 2008, we formed Agria Brother in Shenzhen, China, as a wholly-owned subsidiary under the laws of the PRC to engage in research and development and other activities. In August 2009, we entered into contractual arrangements with Zhongguan to hold our future investments in the agricultural industry in China.

We formed Southrich Limited, a wholly-owned subsidiary of Agria Group, in September 2009 under the laws of the British Virgin Islands to hold our convertible redeemable notes issued by PGW in 2010. Agria Singapore, a wholly-owned subsidiary of Southrich Limited, was incorporated in November 2009 under the laws of Singapore to hold our 19.01% equity interest in PGW. In January 2010, Southrich Limited changed its name to Agria Asia Investments. In January 2011, Agria Singapore made a partial takeover offer to the shareholders of PGW to acquire an additional 31.0% of the shares in PGW at an offer price of NZ\$0.60 per share. On April 29, 2011, we completed this acquisition and increased our shareholding of PGW to 50.01%. In April 2011, New Hope International invested \$20 million in the equity of Agria Asia Investments, upon which our equity interest in Agria Asia Investments was 88.05%. In April 2011, we also entered a conditional sale and purchase agreement to sell a 7.24% stake in Agria Asia Investments to Ngai Tahu. This sale was completed in July 2011, and our equity interest in Agria Asia Investments decreased to 80.81%. In June 2011, our shareholding in PGW was increased to 50.22% as a result of share repurchases made by PGW.

In July 2010, we divested P3A to Mr. Zhixin Xue, the president and a director of P3A. Agria China assigned to Mr. Xue all of our rights, interests, duties, liabilities and obligations under our contractual agreements with P3A in exchange for 11.5% of our issued and outstanding share capital immediately prior to the transaction. As a result of the divestiture, we ceased to operate the seed, sheep and seedling businesses that were previously operated through P3A.

In September 2010, we acquired a 49% equity stake in Ganxin for RMB40.0 million. Ganxin is a corn seed research, development, production and sales company based in the Gansu Province of China. In May 2013, in line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and disposed of our 49% equity interest in Ganxin for a consideration of RMB40.7 million (\$6.6 million). A loss on disposal of approximately RMB13.0 million (\$2.1 million) has been recorded in our results of operation for the year ended June 30, 2013.

In July 2012, we formed Zhuhai Agria NKY Seeds Co., Ltd., or “Zhuhai NKY,” in Zhuhai, Guangdong province. Zhuhai NKY serves as our base of operations for the development of our sweet corn seeds business in southern China.

B. Business Overview

Overview

We are an international agriculture company with operations in China, South America, New Zealand and Australia. We operate three principal business lines: China seeds, International Seeds and AgriServices. We operate our China seeds business through our PRC subsidiaries, which engage in research and development, production and sale of seed products, including proprietary field corn seeds, edible corn seeds, vegetable seeds, grass seeds and forage. We operate our International Seeds and AgriServices businesses through our subsidiary PGW, New Zealand’s leading provider of agricultural services to growers, farmers and processors in New Zealand and internationally. PGW had more than 2,100 employees and its revenues amounted to approximately NZ\$1.1 billion (\$943.7 million) for the fiscal year ended June 30, 2013. PGW has two major business divisions: International Seeds, which engages in the seed, nutrition and grain businesses, and AgriServices, which engages in merchandising, livestock, insurance and other agriservices.

Our total revenues increased from RMB29.0 million in the year ended December 31, 2010 to RMB6,918.8 million in the year ended June 30, 2012 and RMB5,896.0 million (\$960.7 million) in the year ended June 30, 2013. We had a net loss attributable to shareholders of RMB59.2 million in the year ended December 31, 2010, compared to net losses attributable to shareholders of RMB15.9 million in the year ended June 30, 2012 and RMB849.0 million (\$138.3 million) in the year ended June 30, 2013.

Our revenues by segment and by geographical location are shown as follows:

	For the Year Ended December 31,		For the Year Ended June 30,						For the Six Months Ended June 30,	
	2010		2012		2013			2011		
	Revenue (RMB millions)	% of Total Revenue	Revenue (RMB millions)	% of Total Revenue	Revenue (RMB millions)	Revenue (\$ millions)	% of Total Revenue	Revenue (RMB millions)	% of Total Revenue	
China seeds	29.0	100.0	52.8	0.8	104.4	17.0	1.8	60.8	5.9	
International seeds	—	—	2,235.6	32.3	2,140.5	348.8	36.3	353.1	34.4	
AgriServices	—	—	4,630.4	66.9	3,651.1	594.9	61.9	612.3	59.7	
Total	29.0	100.0	6,918.8	100.0	5,896.0	960.7	100.0	1,026.2	100.0	

	For the Year Ended December 31,		For the Year Ended June 30,						For the Six Months Ended June 30,	
	2010		2012		2013			2011		
	Revenue (RMB millions)	% of Total Revenue	Revenue (RMB millions)	% of Total Revenue	Revenue (RMB millions)	Revenue (\$ millions)	% of Total Revenue	Revenue (RMB millions)	% of Total Revenue	
China	29.0	100	52.8	0.8	104.4	17.0	1.8	60.8	5.9	
New Zealand	-	-	5,861.5	84.7	4,742.8	772.8	80.4	798.6	77.8	
Australia	-	-	405.1	5.9	442.6	72.1	7.5	61.4	6.0	
South America	-	-	597.5	8.6	606.2	98.8	10.3	104.3	10.2	
United Kingdom	-	-	1.9	-	-	-	-	1.1	0.1	
Total	29.0	100.0	6,918.8	100.0	5,896.0	960.7	100.0	1,026.2	100.0	

China Seeds

Our China seed business consists primarily of research and development, production, marketing and distribution of three types of seeds: field corn seeds, edible corn seeds and vegetable seeds. We operate our China seed business as described below.

We conduct sales, marketing and distribution of our corn seed products through Nong Ke Yu. Nong Ke Yu was established in 1998 in Beijing. In September 2009, we acquired 100% of Nong Ke Yu's equity for a cash consideration of RMB5 million.

We conduct research and development and sales of vegetable seeds through BeOK. BeOK was established in August 2008 in Tianjin. In January 2010, we acquired 100% of BeOK's equity for a cash consideration of RMB1 million.

In October 2009, we entered into an investment agreement with CNAAS and its affiliates, under which we agreed to invest RMB35.0 million (of which RMB11.0 million has been paid as of June 30, 2013) for 53.84% of equity interest of Zhongnong, a company wholly owned by CNAAS and its affiliates. Zhongnong's business was to hold the priority rights to accept the transfer of all existing and future cultivated seed varieties owned by CNAAS and its affiliates for the purposes of commercialization. We invested RMB11.0 million in Zhongnong from 2009 to 2011. As of June 30, 2013, we have made full provision for impairment of carrying value of the investment in Zhongnong.

Products and Production

Our seeds products primarily consist of field corn seeds sold to farmers growing corn for animal feed and industrial uses, as well as edible corn seeds and vegetable seeds sold to farmers growing food for human consumption.

Since our investment in Ganxin in September 2010 and prior to July 2012, Ganxin served as the primary production base for our corn seed products. We also acted as Ganxin's exclusive agent in selling the production volume of seeds owned or developed by Ganxin. In line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and disposed of our 49% equity interest in Ganxin in May 2013.

In August 2012, we acquired long-lived assets and business of Xinjiang Ruide Ltd., a corn seed producer based in Xinjiang province, to serve as an additional production base for our NongKeYu seeds. In January 2012, following commencement of purchase arrangements with Xinjiang Ruide Ltd., we suspended our exclusive sales agreement with Ganxin.

We provide parent seeds to village collectives through arrangements where it leases land from local village collectives and distributes corn seeds within the village collectives. The village collectives in turn arrange for the farmers in the village to work on the land and produce corn seeds under the terms of our contractual arrangements. Cash advances are generally provided to the farmers for their purchase of fertilizer and other production materials. At the end of each growing season, We purchase the seeds that the village collectives produce on the leased land and deduct payment for the parent seeds and other advances provided.

We operate our edible corn seed business through Nong Ke Yu and our vegetable seed business through BeOK, both of which use outsourced production models. In 2010 we outsourced production of edible corn seeds to two production companies in Gansu, one of which is Ganxin, and one production company in Xinjiang which we acquired in July 2012, and we outsourced production of vegetable seeds to one production company in each of Shandong, Tianjin and Inner Mongolia. Under these contractual outsourcing arrangements, we provide parent seeds, technical guidance and supervision to farmers and agree to buy the seeds from them at harvest. We processed and packaged these seed products and sold them to local and regional distributors. Our pipeline edible corn seed products won three of the top four positions at China's 7th National Edible Corn Conference in 2011 out of 160 edible corn seed varieties. Our sticky edible corn seeds business focuses on the North China market, while our sweet edible corn seeds business focuses on the South China market and is under development by our subsidiary, Zhuhai NKY.

Through our relationship with CNAAS, we were licensed the commercial rights to ZhongDan909, a high-yield, anti-viral, anti-insect field corn seed variety. ZhongDan909 was launched in October 2011 and its sales has grown rapidly since. ZhongDan909 has served as a key product for our China seeds business and has accounted for a majority of our field corn seed sales since its launch. Our key edible corn seed products include JingKeNuo2000, JingHuaNuo2008, JingTianNuo928 and JinZhen.

Sales and Marketing

We market our seed products through pre-sale training, demonstrations and presentations to distributors, farmers and other potential customers.

Our field corn seeds are primarily sold to distributors, who in turn sell them to the farmers. As of June 30, 2013, we had approximately 285 field corn seed products distributors in China, who usually place orders two months before deliveries. Our edible corn seeds are primarily sold to distributors, who in turn sell them to farmers or food processing factories. As of June 30, 2013, we had approximately 181 edible corn seed products distributors and 253 food processing factory customers in China. Sales of both our field corn seeds and edible corn seeds are primarily conducted by Nong Ke Yu. Our vegetable seeds are primarily sold to distributors, who in turn sell them to farmers. As of June 30, 2013, we had approximately 103 vegetable seed products distributors in China. We sell varieties of vegetable seeds in nine categories, including broccoli, celery, chili, Chinese cabbage, cucumber and tomato.

As of June 30, 2013, our China seeds sales and marketing team comprised 38 employees.

Research and Development

We conduct research and development primarily in cooperation with various universities and research institutions. See “—Intellectual Property.” We have also acquired a number of technologies and varieties of corn from third parties.

Our research and development team currently consists of 28 research professionals and staff who work in conjunction with us and CNAAS. We have experimental breeding and testing bases for new corn varieties in Beijing and Hainan for our edible corn seeds business and in Beijing, Hainan and Shanxi for our field corn business.

In October 2009, we entered into a strategic cooperation framework agreement with CNAAS, providing for future cooperation across the spectrum of agricultural research. Under this agreement, we have preferential rights to partner with CNAAS in commercializing their research results. Established in 1957, CNAAS comprises 39 research institutes across China, covering all major areas of the agricultural sector, including advanced research in the development of horticulture and livestock. CNAAS employs over 5,000 scientists and research engineers and controls one of the largest germplasm banks in the world.

Additionally, we collaborate with a number of universities and research institutions to develop advanced technologies, including the Beijing Academy of Agricultural Sciences, Baotou Agricultural Science Institution of Inner Mongolia, Tianjin Vegetable Research Institution and Shenyang Agricultural University. In May 2013, we renewed our ten-year cooperation agreement with the Beijing Academy of Agriculture and Forestry Sciences, or “BAAFS,” to cooperate in the cultivation, demonstration, promotion and commercialization of new strains of edible corn seeds. We signed our first five-year cooperation agreement with BAAFS in 2008. Under this renewal agreement, BAAFS will continue to provide technology and research support for us in developing and breeding new strains of edible corn seeds through 2022.

As of June 30, 2013, through acquisitions and our research and development, we own the rights to seven proprietary edible corn seed varieties. We also employed a breeder to carry out our own breeding programs. We have established 130 testing sites for testing and selection of new varieties.

International Seeds

We conduct our International Seeds business through PGW's AgriTech division, which comprises the following businesses:

Seeds

PGW's seed business is the largest southern hemisphere supplier of commodity and proprietary forage seed primarily to New Zealand, Australia, South America and various international markets. PGW's seed product range includes grass seeds, seed treatment products, forage legumes, forage brassicas, herb seeds, pea seeds and turf seeds. PGW is a market leader in New Zealand in forage, brassicas and turf, in Australia in proprietary and commodity forage products and a strong presence in South America through various investments in Uruguay, Argentina and Brazil. PGW's seed products are focused on improving overall farm productivity and performance. The business is also involved in the turf seeds market in New Zealand and Australia for application in sports grounds, parks and lawns. The seeds division is supported by a strong research base and commercializes new products through internal research and development, breeding and evaluation programs and joint venture research partnerships. The seeds business has a number of proprietary seeds that provide superior margins. In addition, it has a large number of new cultivars in development.

Nutrition

The nutrition business, or "Agri-Feeds," is a leading importer and wholesaler of liquid animal feeds based on sugar cane molasses. Agri-Feeds also manufactures and supplies products for treating facial eczema in livestock. In August 2012, our subsidiary Agri-feeds entered into an incorporated joint venture for the molasses liquid feed business. This transaction involved our divestiture of certain assets, including intangibles from Agri-feeds, into the joint venture company, 4Seasons Feeds Limited, which will create a molasses supply chain that will import, transport and distribute molasses through the former Agri-feeds channel.

Grain

PGW's grain business is New Zealand's largest domestic grain brokerage and marketing service. The business specializes in the supply of cereal seeds to arable farmers together with crop drying and storage activities in maize in the North Island and grain brokerage services throughout New Zealand. Key product categories include feed wheat, milling wheat, malting barley, feed barley, maize and proprietary cereals. The grain division has strong relationships with growers via a network of field representatives throughout key cropping areas.

AgriServices

We conduct our AgriServices business through PGW's AgriServices division, which focuses on the end customer and PGW's distribution network. The AgriServices business provides complimentary agricultural products and services to New Zealand customers and international distributors. The AgriServices division includes the following products and services:

Retail

Rural Supplies and Fruitfed Supplies

PGW's rural supplies business provides goods and services to the rural sector, including agri-chemicals, stockfeed and fencing. Currently, on-farm technical sales representatives providing advice and technical assistance in conjunction of product orders and network of retail stores in New Zealand. PGW's fruitfed supplies business is a horticulture service and supply business providing grower clients with agronomic advice, technical expertise and products such as chemicals, fertilizers, pollination products and frost protection products. This business has 99 retail stores and over 220 dedicated staff, supported by an in-house team of technical experts, who provide advice to customers to help increase their productivity.

Livestock

PGW's livestock business comprises New Zealand's largest group of livestock representatives (approximately 280 in total) managing a variety of relationships between farmers, meat processors, livestock exporters and stud-stock breeders and buyers. PGW's livestock representatives also facilitate the buying and selling of livestock on behalf of clients (at auction or privately on-farm), and provide advice in relation to livestock genetics, stocking and animal evaluation, valuation and selling and buying strategies.

Insurance

PGW offers a range of specialized insurance products delivered in conjunction with New Zealand insurance broker, AON. Insurance products include farm insurance, domestic insurance, livestock insurance, crop insurance and business insurance.

Real Estate

PGW operates a national rural real estate business conducted through a team of sales representatives with specialized knowledge of the rural property market.

Irrigation and Pumping

Irrigation and pumping is an integrated irrigation business including system design, construction and service with a primary focus on the design and installation of "turnkey" irrigation and pumping projects for arable, pastoral and dairy platforms.

Wool

PGW is New Zealand's principle nationwide woolbroker and the world's largest supplier of crossbred wools. PGW handles and markets all types of wool using a variety of sales methods, including auction, private sale and forward contracts.

Agriculture New Zealand Training

Agriculture New Zealand, or "AgNZ," is a national multi-site private training establishment owned by PGW. AgNZ is registered and accredited with the New Zealand Qualifications Authority to deliver approved training courses at levels 1-6 on the New Zealand National Qualifications Framework.

South America Activities

PGW's South American AgriServices business offers similar services as its New Zealand business, including animal health offerings, livestock, irrigation and real estate.

Other AgriServices

Other AgriServices represents regional administration, finance commission and other related activities.

PWF

PWF is a non-bank specialist rural finance company offering a range of financial products and services including term loans, seasonal finance, livestock, wool, crop and farm input advances. We disposed of PWF in August 2011.

Seasonality of operations

PGW is subject to significant seasonal fluctuations. In particular, seeds and livestock revenues are significantly weighted to the second half of the fiscal year. The seasonality of seeds revenue reflects the fact PGW operates in geographical zones that suit autumn harvesting and sowing. The seasonality of livestock revenue reflects the fact that New Zealand generally has spring calving and lambing, resulting in more livestock trading in the second half of the fiscal year in order for farmers to maximize their income.

Structure of our investment in PGW

In October 2009, we entered into agreements to invest in and form a strategic partnership with PGW. Between November 2009 and December 2009, through equity purchases and participation in a rights issue, we invested a total of NZ\$83.9 million and acquired a 19.01% stake in PGW. This stake was held by Agria Singapore, a wholly owned subsidiary of Agria Asia Investments, which in turn was a 100% owned subsidiary of Agria.

In January 2011, Agria Singapore made a partial takeover offer for an additional 31.0% of the shares in PGW at the offer price of NZ\$0.60 per share to in order to bring its total shareholding in PGG Wrightston to 50.01%. The total consideration paid by Agria Singapore, excluding transaction expenses for the shares acquired under the partial offer, was NZ\$141.0 million. The partial takeover offer was completed in April 2011, at which point we held a 50.01% interest in PGW. Our shareholding in PGW was subsequently increased to 50.22% by the end of June 2011 as a result of share repurchases made by PGW.

To finance the partial takeover offer of PGW, Agria Group Limited subscribed for additional equity in Agria Asia Investments valued at \$55.3 million for a combination of cash, expenses already incurred on behalf of Agria Asia Investments and expenses that we agreed to incur on behalf of Agria Asia Investments. Agria Asia Investments also received additional financing in the form of new share subscriptions from third parties, with \$20.0 million from New Hope International, a subsidiary of New Hope Group, and NZ\$15.0 million (\$11.5 million) from Ngai Tahu, a long-term strategic investor with a particular focus on New Zealand's South Island commercial and rural ventures. After the completion of share subscriptions, the equity interest in Agria Asia Investments was as follows:

	%
Agria Group	80.81
New Hope International	11.95
Ngai Tahu	7.24

New Hope Group is one of China's largest agricultural and food corporations. The company employs more than 60,000 staff and engages in agribusiness and food, chemicals and resources, finance and investment, and real estate and infrastructure. The agribusiness and food sector of New Hope Group is the largest animal feed producer and one of the largest suppliers of meat, egg and dairy products in China. New Hope Group also has extensive chemical and resource interests in the areas of potassium, phosphorous and coal, and is the largest producer of high-potassium hydrogen and phosphate in Asia. In addition, New Hope Group is the largest shareholder of MinSheng Bank, China's seventh largest commercial bank.

In June 2011, we entered a new shareholders agreement with New Hope International. Under this agreement, we granted New Hope International the rights of first offer in the event that Agria Corporation proposes to transfer all or part of its shares in Agria Group, as well as the tag-along rights in the event that Agria Group proposes to transfer all or part of its shares in Agria Asia Investments. Furthermore, New Hope International has the right to sell its shares in Agria Asia Investments to Agria Group on the terms and conditions provided in the shareholders agreement at a certain repurchase price to be determined pursuant to a supplemental agreement entered into between Agria Group and New Hope International in June 2011. Under the supplemental agreement, Agria Group agreed to provide guarantee to New Hope International for a minimal level of dividends to be distributed by Agria Asia Investments to New Hope International. If Agria Group makes any payment to New Hope International under that guarantee, New Hope International will remit such payment to Agria Group once cumulative dividends distributed by Agria Asia Investments to New Hope International exceeds the minimal guaranteed level. To secure the performance of Agria Group's obligation in connection with this put option held by New Hope International, in June 2011, Agria Group pledged its shares in Agria Asia Investments to New Hope International and Mr. Guanglin Lai, the chairman of our board, made a personal guarantee to New Hope International for Agria Group's payment obligation in the event that New Hope International exercises its put option. Agria Corporation agreed to indemnify Mr. Lai against all the obligations, losses, costs, damages, expenses, liabilities, actions and demands that he may incur or sustain in connection with his personal guarantee.

Divestiture of P3A

Historically, our principal operating entity was P3A, which had three production lines: corn seeds, sheep products and seedlings. P3A's financial and operating performance had declined since 2007. In July 2010, we completed our divestiture of P3A.

Through the transaction, we acquired from Mr. Xue and cancelled shares representing 11.5% of our issued and outstanding share capital immediately prior to the transaction in exchange for the transfer of all of Agria's interest in P3A to Mr. Xue.

The leases over nine parcels of land totaling approximately 13,500 acres previously held by P3A have been retained by us. However, we were unable to find commercially viable uses for these land parcels, and subsequent recorded an impairment provision of RMB357.2 million (\$58.2 million) for the year ended June 30, 2013, which was the aggregate sum of our unamortized prepayments for the land. We do not anticipate deriving significant future economic benefit from these land parcels in the foreseeable future.

Investments and Strategic Partnerships

In September 2009, we entered into an agreement to acquire Nong Ke Yu. Under the terms of the agreement, Zhongguan, our consolidated affiliated entity acquired 100% of the equity of Nong Ke Yu for RMB5.0 million. Previously, in June 2008, we had purchased the production and sales rights to two corn seeds owned by Nong Ke Yu, JKN2000 and JKN120.

In October 2009, we entered into a strategic cooperation framework agreement with CNAAS, which provides for future cooperation across the spectrum of agricultural research. In October 2009, we agreed to invest RMB35 million in Zhongnong, a seed company based in China, for a 53.84% equity interest in Zhongnong. We invested RMB11.0 million in Zhongnong from 2009 to 2011. Through our cooperation with CNAAS, we were licensed the commercial rights to ZhongDan909, one of our key seed products.

In January 2010, we entered into an agreement to acquire 100% of the equity of BeOK for RMB1.0 million. BeOK is primarily engaged in the research and development and sale of vegetable seeds and is based in Tianjin.

In September 2010, we completed our strategic investment in Ganxin. Pursuant to the share purchase agreement dated June 13, 2010 by and between Zhongguan and Ganxin, Zhongguan acquired a 49% equity interest in Ganxin for a consideration of RMB40.0 million. In May 2013, in line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and disposed of our 49% equity interest in Ganxin.

In July 2012, we acquired the long-lived assets and business of Xinjiang Ruide Ltd, a corn seed producer based in Xinjiang province, China, as a production base for our NongKeYu seeds. The total consideration payable was RMB17.0 million (\$2.7 million), of which RMB4.0 million (\$0.7 million) had been paid as of the date of this annual report.

In December 2012, we signed memoranda of understanding with China's Administrative Authority for Yangling Agricultural High-Tech Industries Demonstration Zone in Shaanxi province and agricultural partners in Guangdong and Shandong provinces to develop showcases and promotion of innovative products, advanced agricultural technology, advanced plant species and advanced agricultural production models.

In February 2013, PGW completed the contracting process for a Primary Growth Partnership program, or "PGP Program," with the New Zealand Ministry for Primary Industries. PGW Seeds is spearheading the PGP Program with Grasslanz Technology Limited, a New Zealand government-owned company engaged in science and research, to deliver innovative forages for New Zealand farms. The PGP Program is valued at NZ\$14.6 million, with government PGP funding contributing NZ\$7.15 million over six years. The seed and nutritional technology development PGP Program aims to develop new technologies that improve animal productivity and animal health, while overcoming adverse environmental impact.

In December 2012, we established a new research and development centre in Shenzhen, China to support our growing operations in China and in other growth markets. The new research and development facility is designed to develop advanced planting and seed cultivation technology for new strains of forage seeds, corn seeds and vegetable seeds.

In May 2013, we renewed our ten-year cooperation agreement with BAAFS, to cooperate in the cultivation, demonstration, promotion and commercialization of new strains of edible corn seeds. We signed our first five-year cooperation agreement with BAAFS in 2008. Under this renewal agreement, BAAFS will continue to provide technology and research support for us in developing and breeding new strains of edible corn seeds through 2022.

Intellectual Property

We conduct research and development primarily in cooperation with various universities and research institutions. We have also acquired a number of technologies and varieties of corn from third parties. In New Zealand, Australia and Uruguay, much of our research is undertaken by our International Seeds business segment, including its turf division, which is supported by a strong research base and commercializes new products through internal R&D, breeding and evaluation programs and joint venture research partnerships.

Many elements of our proprietary information, such as production processes, technologies, know-how and data are not patentable in China. We rely primarily on a combination of trade secrets, trademarks, and confidentiality agreements with employees and third parties to protect our intellectual property. While we cannot assure you that our efforts will deter others from misappropriating our intellectual property rights, we will continue to create and protect our intellectual property rights in order to maintain our competitive position.

A number of PGW's seed cultivars are protected by plant variety rights and plant breeders' rights in New Zealand, Australia and other markets. Certain cultivars are also provided by seed certifications in various jurisdictions. PGW also protects its intellectual property through a portfolio of registered trademarks and patents, confidentiality clauses in employment contracts and staff education.

Regulation

We derive a substantial majority of our revenues through our 50.22% interest in PGW. PGW is subject to a number of regulations in New Zealand related to its agricultural operations, including the following:

- *Agricultural Compounds and Veterinary Medicines Act.* The New Zealand Food Safety Authority administers the Agricultural Compounds and Veterinary Medicines Act. The scope of this act includes regulatory control of agricultural compounds (veterinary medicines and plant compounds), and their importation, manufacture, sale and use. This act regulates all animal health products sold by PGW.
- *Animal Products Act.* The New Zealand Ministry of Primary Industries, or "MPI," administers the Animal Products Act and the Animal Products (Ancillary and Transitional Provisions) Act and various regulations made under these acts. They regulate the production and processing of animal material and animal products traded and used in New Zealand, or exported from New Zealand, to manage associated risks and facilitate overseas market access. The Animal Products Act requires all animal products traded and used to be "fit for intended purpose". This means they must meet New Zealand animal product standards. These Acts impact the products that PGW sell for animal consumption and use on animals.
- *Animal Welfare Act.* The Animal Welfare Act relates to the welfare of animals and the prevention of their ill treatment, and provides for the development and issue of codes of welfare. This act applies to PGW's livestock operations.
- *Biosecurity Act.* The MPI administers the Biosecurity Act, which provides a legal basis for excluding, eradicating and effectively managing pests and unwanted organisms. Its power can be widely used by the MPI, other government agencies, regional councils and pest management agencies. It is an enabling tool that provides a range of functions, powers and options for the management of risk organisms. This act regulates our operations at sale yards and livestock movements.

- *Food Act.* The Food Act regulates domestic food and ingredients produced or sold in New Zealand. This act requires PGW to comply with food regulations.

PGW is also subject to various other New Zealand rules and regulations applicable to listed companies in New Zealand and the rules and regulations of the other markets where it operates, namely Australia and South America.

Our business in the PRC is regulated by the following rules and regulations:

Agriculture Law

On July 2, 1993, the PRC promulgated the Agriculture Law which sets forth certain principles and various measures designed to ensure the steady development of the agricultural industry. For example, the production and operation of agricultural products that affect the health of people or animals, such as seeds, must meet registration and approval requirements under PRC laws and regulations. The Agriculture Law was revised on December 28, 2002, became effective as of March 1, 2003 and was subsequently revised on December 28, 2012.

Seed Law, Animal Husbandry Law and Other Relevant Regulations

Seed Law and Other Relevant Regulations

The crop seed business is a highly regulated industry in the PRC. In July 2000, the Seed Law was enacted to promote the use of seed resources; to control the selection, production and use of seeds and regulate related business operations; to protect the legal rights of producers, business operators and users of seeds; to promote seed quality; to drive the industrialization processes of seeds and to accelerate the development of the planting and forestry industries. The Seed Law became effective on December 1, 2000 and was amended on August 28, 2004 and June 29, 2013.

Under the Seed Law, major crop seeds and tree varieties are subject to examination and approval as a pre-condition of their popularization. An applicant may apply directly for examination and approval at either the national or provincial level. Committees composed of professional experts have been established separately by the State Council's agriculture and forestry administrative departments and the provincial governments for the examination and approval of crop and tree varieties. Major crop seed varieties that are verified and approved by the State Council's committee and the National Crop Variety Examination and Approval Committee may be marketed and distributed nationwide. Varieties that receive provincial approval are only permitted to be marketed and distributed within the province that granted the approval.

For seed production, a permission-based system is currently in practice pursuant to the Administrative Regulation on Permission of Production and Operation of Crop Seeds, which was issued on August 22, 2011. A company engaged in the production of seeds must obtain a production license, which is issued at either the provincial or the local level, entitling the licensee to engage in seed production in the permitted area. The level of issuing authority required for a production license varies based on the types of seeds to be produced. The production license also specifies the types of seeds the license holder may produce, the geographic region where seeds can be produced and the term of the production license.

For seed distribution, a company must obtain a distribution license in order to distribute seeds in permitted areas. Generally, a distribution license may be issued at the county level or above. A seed company must obtain a distribution license from the provincial government to distribute major crop seeds in that province and a distribution license from the national government for national distribution.

Animal Husbandry Law and Other Relevant Regulations

According to the PRC's Animal Husbandry Law, which was promulgated on December 29, 2005 and became effective on July 1, 2006, popularization of any new variety of livestock is subject to examination and approval by the National Commission of Animal Genetic Resources. Approved varieties are announced by the Ministry of Agriculture and be eligible for popularization.

Pursuant to the Animal Husbandry Law, entities or individuals engaged in production of breeder livestock or poultry, or engaged in the commercial production of new-born livestock or poultry, must obtain a Permit for the Production and Business Operation of Breeding Livestock and Poultry, or “Husbandry Permit.” Entities and individuals engaged in the production of ova, frozen sperm, embryos or other genetic materials must obtain a Husbandry Permit from the State Council’s stockbreeding and veterinary administrative departments through their respective provincial agencies. The approval level of the Husbandry Permit varies depending on the permitted scope and content.

In addition to the Animal Husbandry Law, the Administrative Regulation of Breeders was issued on April 15, 1994 and revised on January 8, 2011. These regulations specify conditions and requirements that must be satisfied by breeding farms regarding their technologies, facilities, quarantine measures, livestock and poultry inspection systems and livestock and poultry distribution. We believe our sheep farms meet the conditions required under the applicable regulations.

Supervision of Agricultural Products Quality and Safety

On March 10, 2005, the Ministry of Agriculture issued the Administrative Measures for the Supervision and Spot Check of Agricultural Seed Quality, which became effective on May 1, 2005, and which permit the government’s administrations of agriculture at the county level or above to organize relevant seed administration and seed quality inspection institutions to sample and inspect agricultural seeds that are produced and sold. A seed production and operation company that does not meet inspection standards must recall any seeds that have been sold. Such companies may not conduct sales until they meet inspection standards. A legal representative of the seed company must circulate information on the inspection to all employees, and the company must determine why the seeds failed to meet inspection standards and implement corrective measures. Such measures include improving quality control processes, submitting rectification reports and submitting to subsequent examinations by the administration of agriculture.

Under the PRC Law on Agricultural Product Quality Safety, issued on April 29, 2006 and declared effective on November 1, 2006, an entity engaged in the production of agricultural products must maintain production records and retain data relating to production for 2 years.

Under the PRC Law on Animal Epidemic Prevention, issued on July 3, 1997 and revised on August 30, 2007, animals and/or animal products to be sold or transported require quarantine certificates and quarantine inspection marks or seals. Shanxi province’s Regulations on Animal Epidemic Prevention require business operators to report to their local supervisory institutions or animal quarantine officers of animal epidemic prevention where such operators are domiciled, and to submit to inspections and quarantines of animals and animal products. The level of inspection varies depending on the uses for such animals or animal products.

Under the Regulations on Plant Quarantine, issued on January 3, 1983 and revised on May 13, 1992, plants and plant products listed in quarantine catalogues are subject to quarantine inspections before they are transported from a county administration area where an epidemic occurs. Plant seeds, seedlings or other propagating materials are subject to quarantine inspections prior to transportation.

Land Use Rights

All land in the PRC is either state-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural areas of a city or town and all rural land are, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organizations are permitted to hold, lease and develop land for which they are granted land use rights.

National Legislation on Land

In April 1988, the constitution of the PRC was amended by the National People’s Congress to allow for the transfer of land use rights for value, and in December 1988, the Land Administration Law of the PRC was similarly amended. The Land Administration Law of the PRC was further amended in August 1998 and August 2004.

Under the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land, or "Interim Regulations on Grant and Transfer," promulgated in May 1990, local governments at or above the county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium.

Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The state may not reclaim lawfully granted land use rights prior to the expiration of the term of grant. If public interest requires repossession by the state under special circumstances during the term of grant, compensation will be paid by the state. A land grantee may lawfully transfer, mortgage or lease its land use rights to a third party for the remainder of the term of grant.

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

Transfer and Lease of State-owned Land Use Rights

After the state had granted land use rights relating to a particular area of land, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the state. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights were vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract registered with the relevant local land bureau at the municipality or the county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

Under Article 38 of the PRC Law on Administration of Urban Real Estate, or "Urban Real Estate Law," issued on July 5, 1994 and revised on August 30, 2007, real property that has not been registered and for which a title certificate has not been obtained in accordance with the law cannot be transferred. Under Article 39 of the Urban Real Estate Law, if land use rights are acquired by means of grant, the following conditions must be met before the land use rights may be transferred: (1) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use rights certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract; (iii) where the investment or development involves a real estate construction project, more than 25% of the total amount of investment or development must have been made or completed; and (iv) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purpose must have been confirmed and (v) title certificate for a building is required in the event that real estate is transferred with a finished building.

Regulation of Collective-owned Land

According to the PRC Law on Land Administration, adopted by the National People's Congress on June 25, 1986 and amended on August 28, 2004, land in rural and suburban areas, except for that stipulated by law as being owned by the state, is collectively owned by rural residents. Land collectively owned by rural residents is contracted to and operated by members of the respective collective economic entity for uses such as plantation, forestry, livestock husbandry or fishery production. Before any land collectively owned by rural residents is contracted to a unit or individual not from the collective economic entity, at least two-thirds of the members of the villager committee meeting or at least two-thirds of the village representatives must agree, and it must be submitted to the people's government at the township level for approval. The land use rights of collectively owned land must not be granted, assigned or leased to any party for any non-agricultural uses.

Foreign Ownership Restrictions in the Seed Industry

The PRC restricts foreign ownership of domestic businesses engaged in the seed industry. According to the Foreign Investment Industrial Guidance Catalogue, the latest revision of which became effective on January 30, 2012, the selection and breeding of new breeds of crops and the development and production of seeds fall into the category of a restricted foreign investment industry. In addition, the breeding and planting of China's rare and peculiar breeds (including quality gene cultivation, animal husbandry and aquatic products) and the production and development of genetically modified plant seeds, breeding livestock and poultry and aquatic seedlings are considered prohibited foreign investment industries. PRC law currently prohibits a foreign entity or person from owning over 50% of any seed development and production business in China and prohibits a foreign entity or person from owning any sheep business in China.

In accordance with the Regulation on the Approval and Registration of Foreign Investment Enterprises in the Agricultural Seed Industry, issued and effective on September 8, 1997, investors may establish foreign-invested crop seed companies provided that they have satisfied the following requirements: (i) the company's PRC investors must have obtained necessary approvals for crop seed production and operation and submitted the business to any necessary examinations; (ii) the foreign investors must be equipped with relatively advanced research breeding capabilities, seed production technologies and good corporate management and possess a positive business reputation; (iii) the investors must be able to introduce or adopt outstanding domestic or foreign species or seed resources and advanced seeds technologies and facilities; (iv) the registered capital of companies engaged in the production of cereal, cotton and oil products seeds must be no less than \$2 million, and the registered capital of companies engaged in the production of other crop seeds must be no less than \$0.5 million; and (iv) the company's PRC investors' equity ownership in the foreign-invested cereal, cotton and oil products seeds enterprises must be more than 50%. Pursuant to this regulation, foreign investors are not permitted to establish foreign-invested crop seed distribution enterprises or wholly foreign-owned crop seed enterprises in China.

Intellectual Property

The PRC Trademark Law, adopted on August 23, 1982 and revised on October 27, 2001, protects the proprietary rights of registered trademarks. The State Administration for Industry and Commerce's Trademark Office handles trademark registrations and grants an initial term of ten years to registered trademarks. Upon the initial term's expiration, a second term of ten years may be granted under a renewal. Trademark license agreements must be filed with the Trademark Office or a regional office. In addition, if a registered trademark is recognized as a well-known trademark, the proprietary right of the trademark holder may be extended beyond the registered scope of products and services to which the trademark relates.

Under the PRC Patent Law, which was adopted on March 12, 1984 and revised on December 27, 2008, animal and plant varieties may not be protected under patents, but the production methods of animal and plant varieties may be patented. Producers of plant varieties may seek protection for their rights to new varieties under the Protection of New Varieties of Plants Regulation.

The Protection of New Varieties of Plants Regulation was promulgated by the State Council on March 20, 1997, became effective on October 1, 1997 and was subsequently revised on January 31, 2013. The administrative departments of the State Council in charge of agriculture and forestry are, according to their respective functions, jointly responsible for the acceptance and examination of applications for the rights to new varieties of plants and grant such rights to new varieties of plants which satisfy the requirements under the regulations. An entity or individual that has completed the production, sale or dissemination of a new variety of plant which has been granted a variety right will have an exclusive right in its protected variety. Unless otherwise provided for in these regulations, without a license from the owner of the variety right, no other entity or individual may use such variety for commercial purposes.

Foreign Currency Exchange

Under the Foreign Currency Administration Rules promulgated on January 29, 1996 and amended on August 5, 2008, the foreign exchange incomes of domestic entities and individuals can be remitted into China or deposited abroad, subject to the conditions and time limits to be issued by SAFE. According to the Foreign Currency Administration Rules, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, securities investment, derivative transactions and repatriation of investment, however, is still subject to the approval of, and/or the registration with, SAFE or its local branches.

Dividend Distribution

The principal regulations governing distribution of dividends of wholly foreign-owned enterprises include the Wholly Foreign-owned Enterprise Law, promulgated by the National People's Congress on April 12, 1986 and amended on October 31, 2000, and the Wholly Foreign-owned Enterprise Law Implementing Rules, approved by the State Council and promulgated by the Ministry of Foreign Economics and Trade on December 12, 1990 and amended on April 12, 2001. Under these regulations, wholly foreign-owned enterprises in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, wholly foreign-owned enterprises are required to set aside at least 10% of their after-tax profits each year, if any, to contribute to certain reserve funds until the cumulative amounts in such reserve funds have reached 50% of the registered capital of such enterprises. These reserves are not distributable as cash dividends.

Pursuant to the 2008 EIT Law and the Implementing Rules effective on January 1, 2008, dividends payable by a foreign-invested enterprise to its foreign investors who are non-resident enterprises will be subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income agreed between the Mainland and Hong Kong Special Administrative Region in August 2006 and the Notice in Relation to the Dispatch of Schedule of Agreed Tax Rates on Dividends issued by the State Administration of Taxation (State Taxation Circular No. 112 (2008)), dividends payable by a foreign-invested enterprise to its foreign investors will be subject to a 5% tax provided that such foreign investor directly owns at least 25% of the equity interests of the foreign-invested enterprise.

On October 1, 2009, the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Implementation) became effective. Under these measures, our Hong Kong subsidiary needs to obtain approval from the competent local branch of the State Administration of Taxation in order to enjoy the preferential withholding tax rate of 5% in accordance with the tax treaty. In February 2009, the State Administration of Taxation issued Notice No. 81. According to Notice No. 81, in order to enjoy the preferential treatment on dividend withholding tax rates, an enterprise must be the "beneficial owner" of the relevant dividend income, and no enterprise is entitled to preferential treatment pursuant to any tax treaties if such enterprise qualifies for such preferential tax rates through any transaction or arrangement, the major purpose of which is to obtain such preferential tax treatment. The tax authority in charge has the right to make adjustments to the applicable tax rates, if it determines that any taxpayer has enjoyed preferential treatment under tax treaties as a result of such transaction or arrangement. In October 2009, the State Administration of Taxation issued Notice No. 601 to provide guidance on the criteria to determine whether an enterprise qualifies as the "beneficial owner" of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to Notice No. 601, the PRC tax authorities will review and grant tax preferential treatment on a case-by-case basis and adopt the "substance over form" principle in the review. Notice 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. Since the two notices were issued, it has remained unclear how the PRC tax authorities will implement them in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our subsidiaries in China to our Hong Kong subsidiary. Under the 2008 EIT Law and the Implementing Rules, if China Victory is regarded as a resident enterprise, the dividends payable to China Victory from Agria China and Agria Brother will be exempt from the PRC income tax. If the relevant tax authority determines that our Hong Kong subsidiary is a conduit company and does not qualify as the "beneficial owner" of the dividend income it receives from our PRC subsidiaries, the higher 10% withholding tax rate may apply to such dividends.

Pursuant to the 2008 EIT Law which became effective on January 1, 2008, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered as a resident enterprise and will be subject to PRC income tax on its global income. According to the Implementing Rules, "de facto management bodies" refer to establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise. On April 22, 2009, the State Administration of Taxation promulgated a circular setting out the criteria for determining whether "de facto management bodies" are located in China for overseas incorporated, domestically controlled enterprises. However, as this circular only applies to enterprises incorporated under the laws of foreign countries or regions that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are not controlled by PRC enterprises or groups of PRC enterprises like us. Accordingly, we may be considered a resident enterprise and may therefore be subject to PRC income tax on our global income.

Moreover, under the EIT law, if we are classified as a PRC resident enterprise and such income is deemed to be sourced from within the PRC, foreign ADS holders may be subject to a 10% withholding tax upon dividends payable by us and gains realized on the sale or other disposition of ADSs or ordinary shares.

Foreign Exchange

In October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or “SAFE Notice 75,” which became effective as of November 1, 2005, and was further supplemented by an implementation notice issued by SAFE on November 24, 2005. SAFE Notice 75 suspends the implementation of two prior regulations promulgated in January and April of 2005 by SAFE. SAFE Notice 75 states that PRC residents, whether natural or legal persons, must register with the relevant local SAFE branch prior to establishing or taking control of an offshore entity established for the purpose of overseas equity financing involving onshore assets or equity interests held by them. The term “PRC legal person residents” as used in SAFE Notice 75 refers to those entities with legal person status or other economic organizations established within the territory of the PRC. The term “PRC natural person residents” as used in SAFE Notice 75 includes all PRC citizens and all other natural persons, including foreigners, who habitually reside in the PRC for economic benefit. The SAFE implementation notice of November 24, 2005 further clarifies that the term “PRC natural person residents” as used under SAFE Notice 75 refers to those “PRC natural person residents” defined under the relevant PRC tax laws and those natural persons who hold any interests in domestic entities that are classified as “domestic-funding” interests.

PRC residents are required to complete amended registrations with the local SAFE branch upon: (i) injection of equity interests or assets of an onshore enterprise to the offshore entity, or (ii) subsequent overseas equity financing by such offshore entity. PRC residents are also required to complete amended registrations or filing with the local SAFE branch within 30 days of any material change in the shareholding or capital of the offshore entity, such as changes in share capital, share transfers, long-term equity or debt investments, and granting security interests. PRC residents who have already incorporated or gained control of offshore entities that have made onshore investment in the PRC before SAFE Notice 75 was promulgated must register their shareholding in the offshore entities with the local SAFE branch on or before March 31, 2006.

Under SAFE Notice 75, PRC residents are further required to repatriate into the PRC all of their dividends, profits or capital gains obtained from their shareholdings in the offshore entity within 180 days of their receipt of such dividends, profits or capital gains. The registration and filing procedures under SAFE Notice 75 are prerequisites for other approval and registration procedures necessary for capital inflow from the offshore entity, such as inbound investments or shareholders loans, or capital outflow to the offshore entity, such as the payment of profits or dividends, liquidating distributions, equity sale proceeds, or the return of funds upon a capital reduction.

In May 20 2011, SAFE issued the Circular of the SAFE on Printing and Distributing the Operational Rules on Foreign Exchange Administration for Financing and Return Investments by Domestic Residents through Special-Purpose Overseas Companies, or “No.19 [2011] of SAFE,” which became effective as of July 1, 2011. No.19 [2011] of SAFE further clarifies the administrative principles and relevant issues in the application of the SAFE Notice 75 and to simplify the operational process.

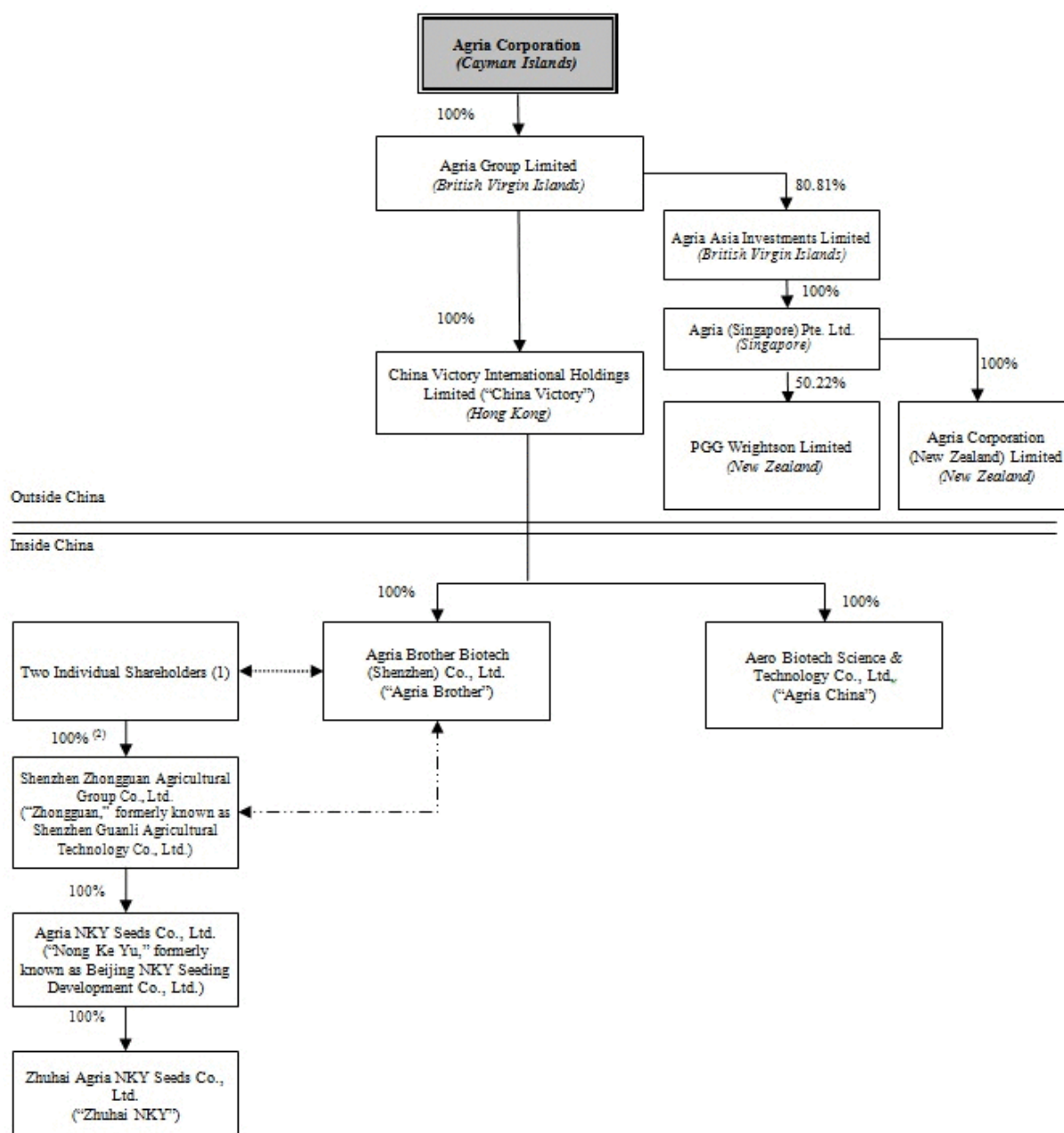
M&A Rule

On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission, or “CSRC,” and SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or “M&A Rule,” which became effective on September 8, 2006. The M&A Rule purports, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by special purpose vehicles seeking CSRC approval of their overseas listings.

While the application of this regulation remains unclear, we believe that CSRC approval was not required in the context of our initial public offering because we established our PRC subsidiaries by means of direct investment other than by merger or acquisition of PRC domestic companies. The regulation also establishes more complex procedures for acquisitions conducted by foreign investors which could make it more difficult to pursue growth through acquisitions.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries, as of June 30, 2013:



→ Equity interest.

↔ Contractual arrangements including an Exclusive Technology Development, Technical Support and Service Agreement.

↔ Contractual arrangements including Loan Contract, a Power of Attorneys, an Exclusive Call Option Agreement, an Equity Pledge Agreement, an Letters of Undertaking, and Statement of Spouse.

(1) Consisting of Ms. Juan Li, the wife of Mr. Guanglin Lai and Mr. Fulin Lai, the brother of Mr Guanglin Lai , the Chairman of our board of directors and a beneficial owner of our ordinary shares,

(2) Ms. Juan Li holds 95% and Mr. Fulin Lai holds 5%.

We conduct our business in China through contractual agreements with our consolidated affiliated entities, Zhongguan, Shenzhen NKY Seeds Co., Ltd. (formerly known as Shenzhen Agria Agricultural Co., Ltd.), or “Shenzhen NKY,” and Shenzhen PGW Seeds Co., Ltd. (formerly known as Shenzhen Zhongyuan Agriculture Co., Ltd.), or “Shenzhen PGW Seeds,” which hold the requisite licenses and permits for conducting agricultural business. Our contractual arrangements with Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds and their respective shareholders enable us to:

- exercise effective control over Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds;
- receive substantially all of the earnings and other economic benefits from Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds to the extent permissible under PRC law in consideration for the services provided by Agria Brother; and
- have an exclusive option to purchase all or part of the equity interests Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds in each case when and to the extent permitted by PRC law.

In addition, the shareholders of Zhongguan have executed a letter of undertaking to remit all of the dividends and other distributions received from Zhongguan to Agria Brother, subject to satisfaction of their personal income tax and other statutory obligations arising from receiving such dividends or other distributions. We will require every person who holds the equity interests in Zhongguan at any time to enter into agreements with us on terms substantially similar as the existing contractual agreements between us and the current shareholders of Zhongguan. We have the legal obligation to provide funding for all losses incurred by Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds.

D. Property, Plant and Equipment

P3A, which we divested in July 2010, entered into long-term lease agreements with local government and village collectives for approximately 13,500 acres of land with remaining durations of approximately 8 to 26 years and all rental payments was prepaid in full. P3A had previously used this land for sheep breeding. As part of the divestiture of P3A, we retained our interest in this land. However, we were unable to find commercially viable uses for these land parcels, and subsequent recorded an impairment provision of RMB357.2 million (\$58.2 million) for the year ended June 30, 2013, which was the aggregate sum of our unamortized prepayments for the land. We do not anticipate deriving significant future economic benefit from these land parcels in the foreseeable future.

In China, we have a production plant in Xinjiang province for the primary production of corn seeds and fine processing plants in Beijing and Henan province.

PGW has several sale yards and woolstores in New Zealand for its AgriServices division and storage and processing facilities in New Zealand, Australia and Uruguay for its International Seeds division.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors” or in other parts of this annual report on Form 20-F.

A. Operating Results

Overview of Financial Results

The following table sets forth a summary of our consolidated result of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not indicative of the results that may be expected for any future period.

	For the Year Ended December 31,		For the Year Ended June 30,				For the Six Months Ended June 30,	
	2010	% of Revenues	2012	% of Revenues	2013	% of Revenues	2011	% of Revenues
	RMB		RMB		RMB		RMB	
(In millions, except percentage)								
Revenue	29.0	100	6,918.8	100.0	5,896.0	960.7	1,026.2	100
Cost of revenue	(17.3)	(59.8)	(5,383.1)	(77.8)	(4,391.7)	(715.6)	(779.1)	(75.9)
Gross profit	11.7	40.2	1,535.7	22.2	1,504.3	245.1	247.1	24.1
Operating expenses:								
Selling, general and administrative expenses	(98.7)	(340.0)	(1,361.2)	(19.7)	(1,364.9)	(222.4)	(271.1)	(26.4)
Research and development expenses	(0.1)	(0.3)	(32.0)	(0.4)	(29.4)	(4.8)	(7.0)	(0.7)
Impairment loss on land use rights and non-current prepayments	-	-	-	-	(357.2)	(58.2)	-	-
Impairment loss on goodwill	-	-	-	-	(883.2)	(143.9)	-	-
Total operating expenses	(98.8)	(340.3)	(1,393.2)	(20.1)	(2,634.7)	(429.3)	(278.1)	(27.1)
Operating income/(loss)	(87.1)	(300.2)	142.5	2.1	(1,130.4)	(184.2)	(31.1)	(3.0)
Other income (expenses):								
Interest income	22.4	77.3	57.5	0.8	13.9	2.2	14.1	1.4
Interest and financing expense	(2.3)	(7.8)	(118.5)	(1.7)	(90.4)	(14.7)	(22.3)	(2.2)
Exchange gain/(loss)	(2.8)	(9.8)	9.2	0.1	26.6	4.3	(12.8)	(1.2)
Unrealized (loss) gain in investment	1.9	6.7	-	-	-	-	55.5	5.4
Other expense	(1.3)	(4.6)	(35.4)	(0.5)	(33.3)	(5.4)	(3.2)	(0.3)
Other income	20.6	71.1	29.1	0.4	16.7	2.7	2.3	0.2
Loss on disposal of investment under equity method	-	-	-	-	(13.0)	(2.1)	-	-
Income/(loss) from equity investments	(2.2)	(7.7)	(1.9)	(0.0)	(0.7)	(0.1)	10.2	1.0
Income/(loss) before income tax	(50.8)	(174.9)	82.3	1.2	(1,210.6)	(197.3)	12.7	1.3
Income tax	(7.1)	(24.5)	(13.6)	(0.2)	(28.5)	(4.6)	1.1	0.1
Income/(loss) from continuing operations	(57.9)	(199.4)	68.7	1.0	(1,239.1)	(201.9)	13.8	1.4
Income (loss) from discontinued operations	(1.3)	(4.5)	-	-	-	-	(2.9)	(0.3)
Net income/ (loss)	(59.2)	(203.9)	68.7	1.0	(1,239.1)	(201.9)	11.0	1.1
Net income (loss) attributable to the non-controlling interest	-	-	(84.6)	(1.2)	390.1	63.6	7.4	0.7
Net income (loss) attributable to the Company	(59.2)	(203.9)	(16.0)	(0.2)	(849.0)	(138.3)	18.4	1.8

Revenue

Our revenue increased from RMB29.0 million in the year ended December 31, 2010 to RMB6,918.8 million in the year ended June 30, 2012 and decreased to RMB5,896.0 million (\$960.7 million) in the year ended June 30, 2013.

Revenue from China seeds represents sale of corn and vegetable seeds. We have generated revenue from sale of edible corn seed products since we acquired Nong Ke Yu in September 2009. We have generated revenues from the sale of vegetable seed products since we acquired BeOK in January 2010. We have also generated revenues from the sale of field corn seed products starting from the time of our investment in Ganxin in September 2010 up until our divestiture of our interests in Ganxin in May 2013. In January 2012, Nong Ke Yu commenced production and sales of field corn seeds produced in Xinjiang.

We have generated revenues from PGW's International Seeds business segment since April 30, 2011, the date we completed our partial takeover offer by Agria Singapore for PGW. International seeds revenues comprise sales generated by the following categories: (i) seed and grain revenue generated by our sales of forage seeds, turf and grain; (ii) agrifeeds revenue generated by our sales of liquid animal feeds and other nutritional animal products, including molasses (we divested our molasses business into a joint venture in August 2012); and (iii) South America agritech revenue, comprising sales of the above products to developing seed markets in South America.

We have generated revenues from PGW's AgriServices segment since April 30, 2011, the date we completed our partial takeover offer by Agria Singapore for PGW. AgriServices revenues comprise sales generated by the following categories: (i) merchandising revenue generated by our rural supplies and fruited retail activities via our chain of retail stores in New Zealand; (ii) livestock revenue generated by our rural livestock trading and livestock export activities; and (iii) other AgriServices revenue primarily generated by our activities in insurance, real estate, irrigation and pumping, wool, training and consulting, as well as our activities supplying products and services to the Uruguayan rural services industry.

Our historical operating business P3A was disposed of in July 2010 and is classified as a discontinued operation. As a result, our revenue in the year ended December 31, 2010 has been recast to remove costs of P3A revenue.

Costs of Revenue

China seeds cost of revenues primarily consist of the costs that we pay to companies to whom we outsource production of our seed products, depreciation of buildings and equipment and direct labor costs. At the beginning of each growing season, we provide parent seeds to production companies to grow for us under contractual arrangements, which detail the area of land, standard yield and quality requirements. We also provide advances to the production companies for their rental of land, payments to farmers, purchase of fertilizer and other production materials. At the end of the growing season, we take delivery of the seeds and undertake various sorting, selecting, coating and packaging processes to produce our finished goods.

International seeds cost of revenues includes: (i) payments made to companies to whom we outsource production of our seed products; (ii) direct costs associated with the treatment, dressing and other value added activities we perform on our seed products prior to them being ready for sale; and (iii) the importation of molasses from Australia which are sold into the New Zealand dairy sector.

AgriServices cost of revenues primarily consist of: (i) payments to suppliers of agrichemicals, fertilizers and other farm inputs which are sold into the New Zealand agriculture sector through our merchandising store network; (ii) payments for livestock acquired for stock fattening programs and payments for livestock purchased for the purposes of live export; (iii) payments to suppliers of capital farm equipment, including irrigation systems which are sold through our various other business units.

Operating Expenses

Our selling, general and administrative expenses primarily consist of our expenses of compensation and benefits for administrative, sales finance and human resources personnel, depreciation, provisions for bad debts, travel and other expenses associated with our corporate and administrative activities as well as advertising in magazines, promotion expenses and other marketing related expenses.

Our research and development expenses primarily consist of direct expenses related to development of our proprietary products, trails, external contractors and services, costs of raw materials used in our research and development activities, as well as amortization of seed variety rights.

Since we adopted the 2007 share incentive plan in July 2007, options to purchase a total of 6,919,000 ordinary shares were granted to our officers, directors and employees and remained outstanding as of June 30, 2013. We have not granted any options or other or equity incentives to any employee, director or consultant before July 2007.

We determine share-based compensation expenses based on the fair value of the options as of the date of grant and amortize such expenses over the vesting period of the options. A change in the amount of share-based compensation expenses will primarily affect our operating expenses, net income and earnings per share.

For the options to purchase 6,919,000 ordinary shares that were granted to our officers, directors and employees on July 4, 2007, July 19, 2007, December 7, 2007, February 1, 2008, May 27, 2008, June 5 2008, June 12, 2008, September 5, 2008, December 5, 2008, October 13, 2009, May 21, 2010, June 1, 2010 and August 19, 2011 and remained outstanding, total unrecognized compensation costs are estimated to be approximately RMB0.2 million (\$0.04 million) as of June 30, 2013 based on an assessment of the fair value of the awarded options. The compensation expenses are to be recognized as a charge to expense over the remaining vesting period of about one year.

Interest income and interest and financing expense

Interest income primarily consists of interest earned on our cash and restricted cash deposits.

Interest and financing expense comprises (i) interest and facility fees paid on our bank loans in China; (ii) interest and facility fees paid by PGW; and (iii) interest paid on our acquisition debt facilities used to fund our partial takeover offer for PGW.

Taxation

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

PRC Enterprise Income Tax

On March 16, 2007, the National People's Congress of China enacted a new tax law, the 2008 EIT Law, which became effective on January 1, 2008. Under the new tax law, foreign invested enterprises and domestic companies are subject to EIT at a uniform rate of 25% and any tax exemption, reduction and preferential treatments which are applicable only to foreign invested enterprises will be revoked. Agria China, our wholly-owned subsidiary established in March 2007 in China, was initially granted a "tax holiday" for a full exemption from EIT for the fiscal years 2007 to 2009. As a result of the EIT law passed in March 2007 and its related implementation rules, our "tax holiday" exemption ceased on December 31, 2007, and Agria China has been subject to EIT at a rate of 25% since January 1, 2008. Agria Brother, our wholly-owned subsidiary established in April 2008 in Shenzhen, China is subject to EIT at a rate of 25%. Zhongguan, our consolidated affiliated entity established in November 2008, is subject to EIT at a rate of 25%.

Under the new tax law, enterprises organized under the laws of jurisdictions outside China with their de facto management bodies located within China may be considered PRC resident enterprises and therefore subject to PRC EIT at the rate of 25% on their worldwide income. According to the Implementing Rules, “de facto management bodies” refer to “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” We may be considered a resident enterprise and may therefore be subject to a 25% PRC income tax on our global income. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Any limitation of PRC law and regulations on the ability of our subsidiaries and affiliated entity to distribute dividends or make other payments to us could materially adversely affect our ability to conduct our business.”

PRC Value-Added Tax (VAT)

In accordance with the relevant tax laws in the PRC, VAT is levied on the invoiced value of sales and is payable by purchasers. A PRC company is required to remit the VAT it collects to the tax authorities but may deduct the VAT it has paid on eligible purchases.

New Zealand Tax

New Zealand resident companies are subject to tax on their taxable income at the rate of 28%. There is no capital gains tax in New Zealand. However, certain gains arising from the disposal of personal property purchased with the intention of resale are taxable and certain gains on the sale or transfer of land may be taxable.

Australia Tax

Australian resident companies are taxable on their taxable income at the rate of 30%. Net capital gains derived by Australian resident companies are taxed at the 30% corporate rate.

Uruguayan Tax

Uruguayan businesses are taxed on taxable income sourced in Uruguay. Capital gains derived by Uruguayan companies are taxed at the standard rate of corporate tax. The corporate tax rate in Uruguay is 25%. A capital duty at the rate of 1.5% is levied on the net worth of the entity.

Results of Operations

Year ended June 30, 2013 compared to year ended June 30, 2012

Revenues

Our revenues decreased by 15% from RMB6,918.8 million in fiscal year 2012 to RMB5,896.0 million (\$960.7 million) in fiscal year 2013, primarily due to a decrease in sales from PGW’s AgriServices division resulting from a change in the way its retail business was conducted. Since July 2012, PGW has entered into new contractual arrangements with suppliers of certain rural products pursuant to which PGW sells products as an agent on behalf of the suppliers rather than trading on its own. Prior to the new arrangement, the full transaction values of sales and purchases were recorded as revenues and costs of revenue. As an agent, PGW only accounts for commission income it earns from the suppliers as revenues. This change did not impact our gross profit or operating income.

Revenue generated from PGW’s International Seeds division decreased by 4.3% from RMB2,235.6 million in fiscal year 2012 to RMB2,140.5 million (\$348.8 million) in fiscal year 2013, primarily due to the sale of the Agri-feeds molasses business. Revenue generated from the China seeds segment increased by 98% from RMB52.8 million in fiscal year 2012 to RMB104.4 million (\$17.0 million) in fiscal year 2013, primarily due to the development of a strong sales network for growing field corn seeds and increased sales of new sweet corn seeds in southern China.

Cost of Revenues and Gross Profit

Our cost of revenues decreased by 18% from RMB5,383.1 million in fiscal year 2012 to RMB4,391.7 million (\$715.6 million) in fiscal year 2013. Gross profit decreased by 2% from RMB1,535.7 million in fiscal year 2012 to RMB1,504.3 million (\$245.1 million) in fiscal year 2013. The decrease in cost of revenues was primarily due to the aforementioned change in the form of the retail business of PGW's AgriServices division.

Operating Expenses and Income

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 0.3% from RMB1,361.2 million in fiscal year 2012 to RMB1,364.9 million (\$222.4 million) in fiscal year 2013.

Research and Development Expenses

Research and development expenses decreased from RMB32.0 million in fiscal year 2012 to RMB29.4 million (\$4.8 million) in fiscal year 2013.

Impairment loss on land use rights and non-current prepayments

As previously disclosed, we assessed the appropriate revenue generating opportunities on the approximately 13,500 acres of land which was retained by us following the divestiture of P3A. The relevant land parcels were acquired in the time when we were engaged in the sheep breeding business, which has since ceased after disposal of P3A. Since then, we have explored, apart from finding third-party tenants, long-term viable alternative commercial use of the land parcels, especially with respect to trial plantation of grass varieties. Extensive trial plantation of grass was conducted over the last several years. These trial plantations and their latest results and evaluations completed in late 2012 indicated that it would not be economically viable to carry out large scale commercial plantation on this land. After completion of the trial plantations, we engaged a separate and independent professional valuer to evaluate the value of the land. The independent valuation was received in February 2013 and indicated a substantial impairment on the land. The valuation has taken into consideration the results of the trial plantations, as well as other possible alternatives that these land parcels could be used. In compliance with ASC Section 360, without clear visibility as to its cash flow generating capacity in the foreseeable future, we determined that it was appropriate to record an impairment provision of RMB357.2 million (\$58.2 million) for fiscal year 2013, which was the aggregate sum of our unamortized prepayments for the land. While we will continue to maintain our legal rights (subject to certain risks detailed in Item 3D) as to the land parcels as part of our divestiture arrangement of P3A, we do not anticipate to derive significant future economic benefit from the land parcels in the foreseeable future.

Impairment loss on goodwill

An impairment assessment of the goodwill arising from the acquisition of PGW in April 2011 was made in accordance with US GAAP Accounting Standards Codification (ASC) 350-20. A number of factors, including the overall financial performance and the share price of PGW, the slower than expected recovery in the Australian market following poor weather and trading conditions and recognition of goodwill impairment loss in PGW's financial statements were considered. These conditions were reflected in the Company's operating results and cash flow for the quarter ended June 30, 2013. As a result, the Company has reconsidered and reevaluated growth and trend estimate in its future cash flow model. After applying the goodwill impairment test, the implied fair value of goodwill is substantially lower than the carrying amount of the Group's goodwill and it was concluded that an impairment loss on goodwill of approximately RMB882.9 million (\$143.9 million) was recognized for fiscal year 2013. Nevertheless, this goodwill impairment loss was a one-off adjustment and has no impact on the Group's underlying operations or cash flows.

Operating Income (Loss)

As a result of the foregoing factors, we had operating income of RMB142.5 million in fiscal year 2012, compared with an operating loss of RMB1,130.4 million (\$184.2 million) in fiscal year 2013. Operating income excluding the impairment loss on land use rights and non-current prepayments and impairment loss on goodwill charges was RMB110.0 million (\$17.9 million) for fiscal year 2013, representing a decrease of 23% from fiscal year 2012.

Interest Income

Interest income decreased from RMB57.5 million in fiscal year 2012 to RMB13.9 million (\$2.2 million) in the fiscal year 2013, primarily due to lower cash and cash equivalents and restricted cash balances during fiscal year 2013.

Interest and Financing Expenses

Our interest and financing expenses decreased from RMB118.5 million in fiscal year 2012 to RMB90.5 million (\$14.7 million) in fiscal year 2013, primarily due to declining level of debt at PGW and acquisition debt facilities used to fund our partial takeover of PGW.

Other Income and Other Expenses

We recorded RMB16.7 million (\$2.7 million) of other income in fiscal year 2013, primarily consisting of investment income and gain on disposal of business. We recorded RMB33.3 million (\$5.4 million) of other expenses in fiscal year 2013, primarily due to fair value loss on derivatives not in qualifying hedge relationships.

We recorded RMB29.1 million of other income in fiscal year 2012, primarily due to the release of RMB25.5 million of a provision made in April 2011 with respect to a supply contract entered into by PGW prior to our acquisition of a controlling interest in PGW. The supply contract required payments to be made to the purchaser in the event that PGW was not able to meet its supply obligations under the contract. We reduced the provision based on the results of initiatives implemented during the year ended June 30, 2012 to assist in achieving supply targets. We recorded RMB35.4 million (\$5.6 million) of other expenses in fiscal year 2012, primarily due to losses on assets and investments of RMB14.0 million, fair value adjustments of RMB12.2 million and restructuring costs of RMB8.2 million.

Loss on disposal of investment under equity method

We recorded RMB13.0 million (\$2.1 million) of loss on disposal of investment in Ganxin in fiscal year 2013.

Income (Loss) Before Income Tax

As a result of the foregoing factors, we turned from a pre-tax income of RMB82.3 million in fiscal 2012 to a pre-tax loss of RMB1,210.6 million (\$197.3 million) in fiscal year 2013.

Income Tax

Our income tax expenses increased from RMB13.6 million in fiscal year 2012 to RMB28.5 million (\$4.6 million) in fiscal year 2013 despite a decrease in income, primarily due to a derecognition of carried forward tax losses at PGW in fiscal year 2013.

Net Income (Loss)

As a result of the foregoing factors, we turned from a net income of RMB68.7 million in fiscal year 2012 to a net loss of RMB1,239.1 million (\$201.9 million) in fiscal year 2013.

Net Income Attributable to Non-controlling Interests

Of the RMB1,239.1 million (\$201.9 million) net loss incurred in fiscal year 2013, RMB390.0 million (\$63.6 million) was attributable to non-controlling interests, primarily consisting of non-controlling interests' share of impairment loss on goodwill of RMB438.3 million (\$71.4 million). Of the RMB68.7 million net income earned in fiscal year 2012, RMB84.6 million was attributable to non-controlling interests. The non-controlling interests primarily represent (i) non-PGW shareholders of subsidiaries of PGW; (ii) the 49.78% of PGW not owned by Agria Singapore; and (iii) the 19.19% of Agria Asia Investments not owned by Agria Group.

Net Income (Loss) Attributable to the Company

As a result of the foregoing factors, net loss attributable to the Company was RMB849.0 million (\$138.3 million) and RMB16.0 million for the years ended June 30, 2013 and 2012, respectively.

Year ended June 30, 2012 compared to year ended December 31, 2010

Revenues, costs of revenue, expenses and income are not comparable for the years ended June 30, 2012 and December 31, 2010, as fiscal year 2012 was the first full year that we have consolidated PGW's operating results since the completion of the partial takeover by Agria Singapore for PGW in April 2011.

We recorded an RMB1.3 million loss from discontinued operations as a result of our disposal of P3A in the year ended December 31, 2010, attributable to:

- RMB20.3 million in net income from discontinued operations for the period through the date of disposal;
- an RMB212.8 million loss on disposal of discontinued operations; and
- an RMB191.2 million reversal of deferred tax liabilities released due to the divestiture of our discontinued operations.

For the six months ended June 30, 2011

Our revenues were RMB1,026.2 million in the six months ended June 30, 2011, primarily due to our consolidation of PGW's operating results upon the completion of the partial takeover offer by Agria Singapore for PGW in April 2011. We only consolidated revenues of PGW for the two month period from April 30, 2011, the date of closing of our investment in PGW, to June 30, 2011. PGW contributed RMB965.4 million of our total revenues during the six months ended June 30, 2011, with the remaining RMB60.8 million derived from our China seeds business, which grew during this period as a result of the growth of our existing edible corn seed business and our commencement of sales of field corn seeds.

Our cost of revenues were RMB779.1 million in the six months ended June 30, 2011, primarily due to our consolidation of PGW's operating results. PGW contributed RMB745.4 million of our total cost of revenues during the six months ended June 30, 2011, with the remaining RMB33.7 million derived from our China seeds business.

For the six months ended June 30, 2011, our selling, general and administrative expenses were RMB271.1 million and our research and development expenses were RMB7.0 million. We had operating loss from operations of RMB31.1 million for the six months ended June 30, 2011.

We had interest income of RMB14.1 million in the six months ended June 30, 2011, primarily due to interest from fixed-term deposit accounts. We had interest and financing expenses of RMB22.3 million in the six months ended June 30, 2011, primarily comprising: (i) interest and facility fees paid on our bank loans in China; (ii) interest and facility fees paid by PGW from April 30, 2011, the date of closing of our partial takeover offer to June 30, 2011; and (iii) interest paid on our acquisition debt facilities used to fund our partial takeover offer for PGW since the debt's commitment in January 2011 and draw down in April 2011.

We had unrealized gain on investments of RMB55.5 million for the six months ended June 30, 2011, representing the difference between the fair value of our then 19% holding in the equity of PGW between January 1, 2011 and April 29, 2011, when we completed our partial offer for PGW. We recorded RMB10.2 million of income from equity investments in the six months ended June 30, 2011, primarily reflecting our share of income from Ganxin, our 49% owned associate at the time.

We had net profit from continuing operations of RMB13.8 million for the six months ended June 30, 2011.

We had net income of RMB11.0 million for the six months ended June 30, 2011, including a loss of RMB7.4 million attributable to non-controlling interests, primarily representing (i) non-PGW shareholders of subsidiaries of PGW; (ii) the 49.99% of PGW not owned by Agria Singapore; and (iii) the 19.19% of Agria Asia Investments not owned by Agria Group. As a result of the foregoing, we had net income attributable to the Company of RMB18.4 million for the six months ended June 30, 2011.

Critical Accounting Policies

We prepare financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities, (ii) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (iii) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Significant estimates reflected in our financial statements include, but are not limited to, allowance for doubtful accounts, useful lives of fixed assets, intangible assets, and imputed interest on related party loans. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries and variable interest entities, or "VIEs," for which the Company is the primary beneficiary. All significant intercompany transactions and balances between the Company, its subsidiaries and its VIEs are eliminated upon consolidation.

Foreign Currency

The functional currency of the Company, Agria Group Ltd., China Victory, Agria Hong Kong, Agria International, Agria Overseas, Agria Asia Investments and Agria Singapore is the United States dollar. The functional currency of Agria New Zealand and PGW is the New Zealand dollar. The functional currency of Agria China, Agria Brother and the VIEs is the RMB. The reporting currency of the Company is RMB. Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are remeasured at the balance sheet date exchange rate. Exchange gains and losses are included in foreign exchange gains and losses in the consolidated statements of income.

On consolidation, the financial statements of the Company that use the United States dollar and New Zealand dollar as their functional currency are translated into RMB at the exchange rate in effect at the balance sheet date for assets and liabilities, and at the average exchange rate during the year for income and expense items except for individually significant transactions whereby the exchange rates on the date the transactions are recognized are used. Translation differences are recorded in accumulated other comprehensive loss, a component of shareholders' equity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant estimates and assumptions reflected in the Company's consolidated financial statements include, but are not limited to revenue recognition, allowance for doubtful accounts, inventory write downs, impairment, useful lives of property plant and equipment, valuation of intangible assets, goodwill and other long-lived assets, recognition of deferred income taxes, impairment of investments and consolidation of VIEs.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank deposits with original maturities of three months or less, which are unrestricted as to withdrawal and use.

Accounts Receivable

An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable based on an assessment of specific evidence indicating troubled collection, historical experience, account balance aging and prevailing economic conditions. An accounts receivable balance is written off after collection efforts have ceased.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in, first out basis. Raw materials and supplies consist of feed ingredients, packaging materials and operating supplies, while work-in-progress and finished goods include direct materials, direct labor and the allocation of manufacturing overhead costs. Livestock inventories include live animals acquired for stock fattening programs and for live export.

Inventory obsolescence reserve is mainly related to that the net realizable value is lower than the carrying amount and results in a new cost basis for accounting purposes.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	5-50 years
Plant and machinery	5-10 years
Furniture and office equipment	3-5 years
Motor vehicles	5-6 years

Repair and maintenance costs are charged to expense when incurred, whereas the cost of renewals and betterments that extend the useful life of fixed assets are capitalized as additions to the related assets. Retirement, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of income.

All facilities purchased or constructed which require a period of time before completion are accounted for as construction-in-progress. Construction-in-progress is recorded at acquisition cost, including cost of facilities, installation costs and interest costs. Capitalization of interest costs ceases when the asset is substantially complete and ready for its intended use. No interest was capitalized for the year ended June 30, 2013.

Intangible Assets

Land Use Rights

Prepaid land use rights are recorded at the amount paid less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the term of the agreements of 19 years. During the year ended June 30, 2013, land use rights with lease term ranging from 20 to 30 years were fully impaired.

Acquired Technologies

Acquired technologies, which consist primarily of purchased technology know-how related to the production of corn seeds, are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of 5 to 15 years. During the year ended June 30, 2013, a seed variety right with 3 years useful life was fully amortized.

Software

Software consists of computer software purchased from third-party developers for internal use with an estimated useful life of 3 to 10 years.

Investments

Investments in privately held entities, which are not readily marketable or have quoted market prices, are recorded at cost. Distributions received, other than for return of capital, are recorded as other income in the consolidated statements of income. The Company assesses its investments for other-than-temporary impairments when indicators of impairment arise, including adverse changes to financial condition and the market environment of the investees.

The Company has investments in marketable securities that are classified as available-for-sale. These marketable securities are stated at fair value. Any unrealized gains or losses are recorded in accumulated other comprehensive income (loss), a component of equity, until realized. Other-than-temporary declines in market value from original cost are included in operations. In determining whether an other-than-temporary decline in the market value has occurred, the Company considers the duration that, and extent to which, fair value of the investment is below its cost. Realized gains and losses are calculated based on specific identification to the individual securities involved, with the resulting gains and losses included in non-operating income and expense in income statement.

Through April 2011, in accordance with ASC 825-10 "Financial Instruments — overall", the Company elected to account for its PGW equity investee in which the Company exercised significant influence using fair value as determined by the investee's quoted market price. Accordingly, the investment was reflected on the balance sheet at its fair value, with changes in fair value between reporting periods reflected in the consolidated statements of income. As described in Note 4 in the consolidated financial statements, in April 2011, the Company acquired a controlling interest in PGW. The Company accounts for its other equity investees under the equity method of accounting. Accordingly, the investments are reflected at original cost and adjusted for the Company's share of earnings or losses of the investees. There are no significant differences between the carrying amounts and the underlying equity in the net assets of the investees.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill is not amortized. Instead, goodwill is required to be tested for impairment annually and between annual tests if events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The goodwill impairment test involves a two-step process; however, if after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity shall assess all relevant events and circumstances indicating whether it is more likely than not the fair value of a reporting unit is less than its carrying value, which include but are not limited to one or more of the following: (1) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital or other developments in equity and capital markets, (2) industry and market conditions such as a deterioration in the environment in which an entity operates, an increased competitive environment, a change in the market for an entity, (3) cost factors such as increases in raw materials or labor, (4) overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results or relevant prior periods, (5) entity specific events such as changes in management, key personnel, strategy, or customers, (6) events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than not expectation of selling or disposing all, or a portion, of a reporting unit and (7) a sustained decrease in share price.

In the event a determination is made that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the first step of the two-step process must be performed. The first step of the test, used to identify potential impairment, compares the estimated fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test must be performed to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as goodwill recognized in a business combination. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

An entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. At June 30, 2013, we performed the qualitative assessment and concluded that there was indication of impairment. Thus, we performed step one of the goodwill impairment test. To measure the fair value of the reporting unit, discounted cash flows valuation techniques were used. The discounted cash flows model is based on budget and forecast of cash flows for a period of five years prepared by management. This approach utilizes forward-looking assumptions and projections, and considers factors impacting long-range plans that may not be comparable to other companies and that are not yet publicly available.

Revenue Recognition

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery of the products and/or services has occurred and risks and rewards of ownership have passed to the customer; (iii) the selling price is fixed or determinable; and (iv) collection of the resulting receivable is reasonably assured.

More specifically, the Company's sales arrangements are evidenced by individual sales agreements for each transaction. The customer takes title and assumes the risks and rewards of ownership of the products upon delivery of products, which generally occurs at shipping point. Other than warranty obligations, the Company does not have any substantive performance obligations to deliver additional products or services to the customers. The product sales price stated in the sales contract is final and not subject to adjustment. The Company generally does not accept sales returns and does not provide customers with price protection. The Company assesses a customer's creditworthiness before accepting sales orders. Based on the above, the Company records revenue related to product sales upon delivery of the product to the customers.

The Company enters into contracts to design and build irrigation and pumping systems and recognizes revenues during the construction period using the percentage of completion method. Most of the contracts are fixed-price contracts, which typically provide for a stated contract price and a specified scope of the work to be performed. The Company estimates the percentage of the job that is complete using variations of the cost-to-cost method. Cost is used as the primary indicator, but the Company also considers contract milestones and work in progress from installation representatives. If the estimate of costs left to be incurred plus actual costs already incurred exceeds the total revenue to be expected from a contract, then the full amount of the difference is recognized in the current period as a loss and is presented on the consolidated balance sheet as a current liability. The Company did not recognize any significant losses on these contracts.

The Company is subject to significant seasonal fluctuations. In particular, Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflect the fact the Company operates in geographical zones that suit Autumn harvesting and sowing. New Zealand generally has spring calving and lambing, so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximize their incomes. Other business units have similar but less material cycles. The Company recognizes this is the nature of the industry and plans and manages its business accordingly.

Cost of Revenue

Cost of revenue includes direct and indirect production costs, as well as transportation and handling costs for products sold.

Research and Development Costs

The principal research and development activities are in the development of systems, processes and new seed cultivars. Research expenditure on the development of new systems and processes is recognized in income statement as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in income statement when incurred. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Research and development expenditure on the development of new seed cultivars is recognized in income statement as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

Income Taxes

Deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes arising from a change in tax rates is recognized in income statement in the period that includes the enactment date.

The Company has elected to classify interest due on any underpayment of income taxes and penalties in interest expense and penalties, if and when required, within general and administrative expenses.

The Company accounts for uncertainty in income taxes by assessing the likelihood of the financial statement effect of a tax position that should be recognized when it is more likely than not that the position will be sustained upon examination by a taxing authority based on the technical merits of the tax position, circumstances, and information available as of the reporting date. Liabilities arising from uncertain tax positions are not significant for all periods presented.

Employee Benefits

The Company's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated. Actuarial gains and losses are recognized directly in other comprehensive income and the defined benefit plan reserve in equity. Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognized for the amount of outstanding short-term benefits at each reporting date. Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Company with respect to services provided by employees up to reporting date.

Share-based Compensation

All grants of equity awards to employees are recognized in the financial statements based on their grant date fair values. The Company elected to recognize compensation cost for equity awards with only service conditions on a straight-line basis over the requisite service period for the entire award with the limitation that the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled and is not accompanied by a concurrent grant of a replacement award or other valuable consideration, it shall be accounted for as a repurchase for no consideration. Accordingly, any previously unrecognized compensation cost shall be charged to expense at the cancellation date.

Share-based compensation and other benefit plans were not significant to the June 30, 2013 operating results and financial position.

Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Comprehensive Income (loss)

Comprehensive income (loss) is defined as the change in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners.

Leases

Leases are classified at inception date as either a capital lease or an operating lease. A lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed over the lease term.

Earnings (loss) Per Share

Basic earnings (loss) per ordinary share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Ordinary shares issuable upon the conversion of the redeemable, convertible preferred shares are included in the computation of diluted income per ordinary share on an "if-converted" basis, when the impact is dilutive. The dilutive effect of outstanding share options is reflected in the diluted earnings per share by application of the treasury stock method.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets or asset group, including finite-lived intangibles, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of a group of long-lived assets may not be recoverable. When these events occur, the Company evaluates the impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Company will recognize an impairment loss based on the excess of the carrying amount of the asset group over its estimated fair value.

Fair Value of Financial Instruments

The carrying amounts of accounts receivable, accounts and notes payable, other liabilities and short-term bank borrowings approximate their fair value due to the short-term maturity of these instruments.

The long-term bank borrowings approximate their fair value, as their interest rates approximate market interest rates.

This fair value of related party receivables and payables is not practicable to estimate due to the related party unsure nature of the underlying transactions.

Finance receivables represent the remaining loans that were held back from the sale of PGG Wrightson Finance Limited and are recorded at cost. The loans are collateralized by property and are net of an allowance for doubtful accounts. All loans are considered past due and the balance of the loan is compared to the fair value for the collateralized property. If the fair value of the property is less than the carrying amount of the loan, a reserve is recorded for the difference. The Company estimates the fair value using a discounted cash flow methodology based on recent appraisals and/or estimated cash collections for properties that are in bankruptcy courts. When loans are provisioned, the Company ceases to accrue interest income.

Derivative Financial Instruments

The Company uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. The Company does not hold or issue derivative instruments for trading purposes. Generally, the derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Such derivatives consist of forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage exposure to foreign currency operations. Derivative financial instruments are recognized initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognized immediately in income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedges generally consist of interest rate swaps that were used by the Company to hedge exposures to changes in the market rates of variable and fixed interest rates. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to income statement in the same period that the hedged item affects income statement.

Segment Reporting

From 2009 through June 2010, the Company operated in corn seed, sheep products and seedlings segments. In July 2010, the Company disposed of its sheep products and seedlings business segments. From August, 2010 to April 30, 2011, the Company operated and managed its business only in the China seeds business segment. Beginning with the acquisition of PGW at end of April 2011, the Company now operates in China seeds, International seeds and Agriservices segments (Note 24 in the consolidated financial statements). The China seeds segment engages in production and sale of corn seed in China, the International seeds segment engages in seed, nutrition and grain businesses and AgriServices segment engages in merchandising, livestock, insurance, real estate and irrigation and pumping businesses. The accounting policies used in its segment reporting are the same as those used in the preparation of its consolidated financial statements. In 2010, the Company generated substantially all of its revenues from customers in the PRC. Beginning in May 2011, with the acquisition of PGW, the Company generated revenues from customers in the PRC, New Zealand, Australia, South America and the United Kingdom. Geographical information is presented in note 24 in the consolidated financial statements.

Reclassification

Certain prior year balances have been reclassified to conform to the June 30, 2013 financial statement presentation.

B. Liquidity and Capital Resources

Our principal sources of liquidity have been cash generated from operating activities and from financing activities, consisting of proceeds from our initial public offering in November 2007, bank borrowings and loans from related parties and other entities. As of June 30, 2013, we had RMB267.8 million (\$43.6 million) in cash and cash equivalents, which consisted of cash on hand and bank deposits which are unrestricted as to withdrawal or use. In addition, we had RMB231.4 million (\$37.7 million) of restricted cash which is pledged to a bank as guarantee for bank loans.

We are entitled to dividend payments from PGW and cash payments from Zhongguan pursuant to our contractual arrangements with Zhongguan and its shareholders.

As of June 30, 2013, we had RMB574.9 million (\$93.7 million) in outstanding short-term bank loans and borrowings and current portions of long term bank loans and borrowings and RMB474.1 million (\$77.2 million) in outstanding long term portions of long-term bank loans and borrowings.

As of June 30, 2012, we had RMB592.7 million (\$93.3 million) in outstanding short-term bank loans and borrowings and current portions of long term bank loans and borrowings and RMB683.5 million (\$107.6 million) in outstanding long term portions of long-term bank loans and borrowings.

As of June 30, 2011, we had RMB485.9 million in outstanding short-term bank loans and borrowings and current portions of long term bank loans and borrowings and RMB1,229.0 million in outstanding long term portions of long-term bank loans and borrowings.

As of June 30, 2013, short-term and long-term bank borrowing facilities included:

Debt owed by our subsidiary, PGW:

- Out of the facilities totaling NZ\$215.8 million (\$167.9 million), outstanding balance was NZ\$62.0 million (\$48.2 million) as long-term and NZ\$47.7 million (\$37.1 million) as short-term as of June 30, 2013;

Debt owed by our subsidiary, Agria Asia Investments:

- acquisition debt denominated in New Zealand dollars of NZ\$13.8 million (\$10.7 million) that matures on February 26, 2014 provided by a bank;
- acquisition debt denominated in New Zealand dollars of NZ\$5.0 million (\$3.9 million) that matures on March 5, 2014 provided by Livestock Improvement Company. If the bank which provided the acquisition debt referred to above extends the NZ\$13.8 million acquisition debt facility, Livestock Improvement Company is restricted in its ability to enforce security in the event of them not being repaid on March 5, 2014;

Debt owed by the Company and our wholly-owned subsidiaries:

- loan facilities denominated in RMB of RMB61.9 million (\$10.1 million) that matures on April 7, 2014 provided by one bank. These facilities were guaranteed by \$10.9 million pledged deposit, which was included in Restricted Cash as of June 30, 2013; the entire amount was subsequently repaid in July 2013 and pledged deposit was released accordingly;
- loan facilities denominated in US dollars of \$25.8 million that mature between January 6, 2014 and April 21, 2014 provided by a bank. These facilities were guaranteed by RMB164.1 million (\$26.7 million) pledged deposit, which was included in Restricted Cash as of June 30, 2013;

- trade facilities denominated in RMB of RMB75.0 million (\$12.2 million) that matures on March 31, 2014 provided by one bank. As of June 30, 2013, the outstanding balance of this facility was RMB16.2 million (\$2.6 million);
- loan facility denominated in US dollars of \$32.0 million which matures on May 29, 2018 provided by a bank.

The short and long term facilities are generally collateralized by receivables, inventories, property and equipment. The interest rates on the loans are set by reference to the base rates in each of China, the United States and New Zealand for RMB, US dollar and New Zealand dollar denominated loans, respectively, with a margin. The weighted average interest rate was 4.2% for the fiscal year ended 2013. These loans have been provided by various banks in China, the United States and New Zealand. Fixed rate borrowings represent approximately 22% of the total outstanding amount.

We incurred capital expenditures of RMB0.6 million, RMB79.5 million and RMB51.5 million (\$8.4 million) in the years ended December 31, 2010 and June 30, 2012 and 2013, respectively, and RMB18.3 million in the six months ended June 30, 2011. Our capital expenditures have primarily been used to acquire property, plant and equipment, other assets and technologies. Our capital expenditures are funded by cash provided from operating activities and debt.

We have not encountered any difficulties in meeting our cash obligations to date. We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for operations for the foreseeable future. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions that we may pursue, or any amounts we may pay in the class action lawsuits against us. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, issue debt securities or borrow from lending institutions.

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,	For the Year Ended June 30,			For the Six Months Ended June 30,
	2010	2012	2013		2011
	RMB	RMB	RMB	s	RMB
	(In thousands)				
Net cash provided by/(used in) operating activities	(9,210)	182,702	125,468	20,443	77,993
Net cash provided by/(used in) investing activities	(277,153)	175,542	29,325	4,778	(687,475)
Net cash (used in)/provided by financing activities	(76,396)	(274,248)	(49,448)	(8,057)	336,063
Effect of exchange rate changes on cash	(16,838)	(12,877)	(2,439)	(397)	8,962
Net increase (decrease) in cash and cash equivalents	(379,597)	71,119	102,906	16,767	(264,457)
Cash and cash equivalents at the beginning of the year	737,825	93,771	164,890	26,866	358,228
Cash and cash equivalents at the end of the year	358,228	164,890	267,796	43,633	93,771

Operating Activities

Net cash provided by operating activities in the year ended June 30, 2013 was RMB125.5 million (\$20.4 million), primarily as a result of cash received from the sales of our products more than our cash operating expenses and cash inflows of RMB35.7 million from the decrease in inventories, partially offset by an increase in accounts receivable resulting in cash outflows of RMB90.7 million.

Net cash provided by operating activities in the year ended June 30, 2012 was RMB182.7 million, primarily as a result of cash received from the sales of our products more than offsetting our cash operating expenses. The increase in our inventories caused cash outflows of RMB36.2 million, the decrease in our accounts receivable caused cash inflows of RMB103.2 million and the increase in accounts payable caused cash inflows of RMB15.9 million.

Net cash provided by operating activities in the six months ended June 30, 2011 was RMB78.0 million, primarily as a result cash of changes in operating assets and liabilities caused by our consolidation of PGW. The increase in our inventories caused cash outflows of RMB31.5 million and the movements in our accounts receivable caused cash inflows of RMB305.0 million.

Net cash used in operating activities in the year ended December 31, 2010 was RMB9.2 million, primarily as a result cash received from the sales of our products being more than offset by our cash operating expenses. Additionally, both our inventories and accounts payable have increased as we grow our seeds business. The increase in our inventories caused cash outflow of RMB54.5 million and the increase in our accounts payable caused cash inflow of RMB41.3 million.

Investing Activities

Net cash provided by investing activities in the year ended June 30, 2013 was RMB29.3 million (\$4.8 million), primarily as a result of inflows of cash proceeds from the disposal of Ganxin of RMB40.7 million and a net decrease in financial receivables of RMB58.1 million, partially offset by cash outflows of acquisition of property, plants and equipment and other assets of RMB44.3 million and purchase of investments of RMB23.9 million.

Net cash provided by investing activities in the year ended June 30, 2012 was RMB175.5 million, primarily due to payment for other investments of RMB463.8 million and proceeds from sale of other assets and net decrease of finance receivables, together RMB716.0 million related to the sale of PGW Finance and retention of certain loans in August 2011. Additionally acquisition of property, plants and equipment and other assets totaled RMB74.0 million.

Net cash used in investing activities in the six months ended June 30, 2011 was RMB687.5 million primarily as a result cash outflows (net of cash received) for our acquisitions of RMB695.5 million.

Net cash used in investing activities for the year ended December 31, 2010 was RMB277.2 million due primarily to the following factors: (i) we incurred investment expenditures of RMB165.4 million in connection with our subscription for convertible redeemable notes issued by PGW, (ii) we incurred investment expenditure of RMB40.0 million in connection with our acquisition of a 49% interest in Ganxin, and (iii) P3A held cash balances of RMB87.5 million at the date of divestiture.

Financing Activities

Net cash used in investing activities in the year ended June 30, 2013 was RMB49.4 million (\$8.1 million), primarily as a result of cash outflows from repayment of borrowings exceeding drawdown of borrowings of RMB170.1 million and dividends paid to minority shareholders of RMB46.6 million, partially offset by cash inflows from released of pledged deposit of RMB167.3 million.

Net cash used in financing activities in the year ended June 30, 2012 was RMB274.2 million, primarily due to repayment of short term borrowings exceeding proceed from short term borrowing by RMB380.1 million of the same amount during the year.

Net cash raised from financing activities in the six months ended June 30, 2011 was RMB336.1 million, primarily as a result raising finance for the acquisition of a controlling interest in PGW.

Net cash used by financing activities was RMB76.4 million in 2010, resulting primarily from a pledge over cash balances of RMB136.0 million granted as security over short term bank loans during the year offset in part by the net effect of the drawdown of two loans for RMB59.6 million each and the repayment of one of these loans during the year.

Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board, or the “FASB,” issued Accounting Standards Update No. 2013-10, “Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes,” or “ASU 2013-10.” ASU 2013-10 allows the Federal Funds Effective Swap Rate (which is the Overnight Index Swap rate, or “OIS rate,” in the US) to be designated as a benchmark interest rate for hedge accounting purposes under the derivatives and hedging guidance. The amendments also allow for the use of different benchmark rates for similar hedges. The amendments are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, “Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists,” or “ASU 2013-11.” ASU 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carry forward, a similar tax loss, or a tax credit carry forward, except to the extent a net operating loss carry forward, a similar tax loss, or a tax credit carry forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. No new recurring disclosures are required. The amendments are effective for annual and interim reporting periods beginning on or after December 15, 2013 and are to be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In February 2013, the FASB issued Accounting Standards Update No. 2013-04, “Obligations Resulting from Joint and Several Liability Arrangements,” or “ASU 2013-04.” ASU 2013-04 provides guidance for the recognition, measurement, and disclosure resulting from joint and several liability arrangements. Examples of obligations that fall within the scope of the ASU include certain debt arrangements, other contractual obligations, and settled litigation. The new guidance is effective on a retrospective basis for fiscal years and interim periods within those fiscal years beginning after December 15, 2013. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, “Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income,” or “ASU 2013-02.” ASU 2013-02 requires enhanced disclosures about items reclassified out of accumulated other comprehensive income, or “AOCI.” For items reclassified to net income in their entirety, the ASU requires information about the effect of significant reclassification items to appear on separate line items of net income. For those items where direct reclassification to net income is not required, companies must provide cross-references to other disclosures that provide details about the effects of the reclassification out of AOCI. Expanded disclosures concerning current period changes in AOCI balances are also required for each component of OCI on the face of the financial statements or in the notes. ASU 2013-02 is effective prospectively for fiscal years beginning after December 15, 2012, and interim periods within those fiscal years. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, “Disclosures about Offsetting Assets and Liabilities,” or “ASU 2011-11.” ASU 2011-11 will require disclosure of information about offsetting and related arrangements to enable users of our financial statements to understand the effect of those arrangements on our financial position. In January 2013, the FASB issued Accounting Standards Update No. 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities,” or “ASU 2013-01.” ASU 2013-01 limits the scope of the new balance sheet offsetting disclosure requirements to derivatives (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements, and certain securities borrowing and lending arrangements. The new guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The disclosures required are to be applied retrospectively for all comparative periods presented. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

C. Research and Development, Patents and Licenses, etc.

We conduct research and development primarily in cooperation with various universities and research institutions. We have also acquired a number of technologies and varieties of corn from third parties. In New Zealand, Australia and Uruguay, much of our research is undertaken by our International Seeds business segment, including its turf division, which is supported by a strong research base and commercializes new products through internal R&D, breeding and evaluation programs and joint venture research partnerships.

Our expenses incurred in connection with these activities were RMB29.4 million (\$4.8 million) for the year ended June 30, 2013, RMB32.0 million for the year ended June 30, 2012, RMB7.0 million for the six months ended June 30, 2011 and RMB 0.1 million year ended December 31, 2010. Research and development expenses primarily consist of direct expenses related to development of our proprietary products, trials, external contractors and services, costs of raw materials used in our research and development activities, as well as amortization of seed variety rights.

D. Trend Information

See “Item 3. Key Information,” “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations” for information on material trends affecting our business and results of operations.

E. Off-Balance Sheet Commitments and Arrangements

We have not entered into any derivative contracts that are indexed to our own shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of June 30, 2013:

	Total	Payment Due by June 30,					
		2014	2015	2016	2017	2018	Thereafter
		In RMB millions					
Short and long-term borrowings ⁽¹⁾							
- principal	1048.9	574.9	335.7	39.5	49.4	49.4	—
- interest	51.9	40.9	4.9	3.1	2.1	0.9	—
Building and premises lease obligations ⁽²⁾	497.1	120.3	101.1	76.4	50.7	40.2	108.4
Purchase obligations ⁽³⁾	32.1	32.1	—	—	—	—	—
Investment into BioPacific Ventures ⁽⁴⁾	3.4	1.3	1.3	0.8	—	—	—
Purchase of land ⁽⁷⁾	8.6	8.6	—	—	—	—	—
Other commitments ⁽⁸⁾	17.4	3.0	3.1	3.1	3.2	3.3	1.7
Investment into Zhongnong ⁽⁵⁾	24.0	24.0	—	—	—	—	—
Capital expenditure commitment ⁽⁶⁾	6.4	6.4	—	—	—	—	—
Additional investment in Agria Asia Investments ⁽⁹⁾	158.5	158.5	—	—	—	—	—
Total	1,848.3	970.0	446.1	122.9	105.4	93.8	110.1

(1) Includes short-term and long term borrowings and future interest obligations.

(2) Includes all non cancelable operating leases for land and buildings, which are mainly used to conduct operations, primarily related to our store network operated by our subsidiary PGW. The terms of the leases have various rights of renewal with lease periods ranging from 1 to 20 years.

(3) Represents commitments for the purchase of corn seeds in China.

- (4) We have, through PGW, committed RMB66.9 million (\$10.9 million) to an international fund, BioPacific Ventures established for investment in food and agriculture life sciences. Our investment in BioPacific Ventures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At June 30, 2013, RMB63.5 million (\$10.3 million) has been drawn on the committed level of investment.
- (5) Represents commitments to make remaining investment into Zhongnong.
- (6) Represents commitments for the purchase of seeds drying equipment in Xinjiang and PGW
- (7) Represents commitments for the purchase land as part of PGW's acquisition of Corson Grain
- (8) Represents commitments for the Primary Growth Partnership programme of PGW.
- (9) Represents commitment to acquire at minimal contractual price, at the request of New Hope International, their 11.95% stake in Agria Asia Investments.

Of the obligations set forth above, RMB1,057.6 million were derived from PGW. Other than the obligations set forth above, we did not have any other significant long-term debt obligations, operating lease obligations, purchase obligations or capital commitments as of June 30, 2013.

G. Safe Harbor

This annual report on Form 20-F contains forward-looking statements that relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. The forward-looking statements are contained principally in the sections entitled "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects." These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "may," "will," "expect," "anticipate," "future," "intend," "plan," "believe," "estimate," "is/are likely to" or other similar expressions. These forward-looking statements include:

- our anticipated development strategies, which may include potential acquisitions and divestitures, expanding into new sectors within the agricultural industry, expanding sales into new regions, and expanding our product offerings;
- our strategy to expand our research and development capability;
- the growth in demand in China for corn and vegetable seeds;
- our ability to attract customers and end users and enhance our brand recognition;
- future changes in government regulations affecting our business;
- trends and competition in the agricultural industry, particularly in China, New Zealand, Australia and South America; and
- our ability to retain and motivate existing management and other key personnel and to recruit and integrate additional qualified personnel into our operations.

The accuracy of these forward-looking statements may be impacted by a number of known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We would like to caution you not to place undue reliance on these statements and you should read these statements in conjunction with the risk factors disclosed in the section entitled "Item 3. Key Information—D. Risk Factors." Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Guanglin Lai	50	Executive Chairman of the Board of Directors
Jiuran Zhao	52	Independent Director
Joo Hai Lee	58	Independent Director
Sean Shao	57	Independent Director
Wah Kwong Tsang	61	Independent Director
Patrick Wai Yip Tsang	44	Chief Financial Officer
Kean Seng U	47	Head of Corporate and Legal Affairs

Mr. Guanglin Lai has served as the chairman of our board of directors since June 2007 and executive chairman since March 2013. He has also served as chairman of our compensation committee since March 2010. Mr. Lai also served as our co-chief executive officer from September 2007 to June 2008 and as our chief executive officer from November 2008 to September 2009. Mr. Lai's wholly-owned investment vehicle, Brothers Capital Limited, is our largest shareholder. Mr. Lai has extensive experience in investments, acquisitions and operation management. Mr. Lai has established many other enterprises in China, Hong Kong and internationally, in particular, animation, logistics and transportation, pharmaceutical sectors, etc. He takes a leading role in respect of strategic planning and business development in his investment portfolio. Mr. Lai is the chairman and executive director of the board of directors, the chairman and a member of nomination committee and a member of remuneration committee of China Pipe Group Limited, a Hong Kong listed company, which is a leading provider to the construction sector offering a wide range of pipe related products, services and solutions to the constructors, designers, consultants and government agencies in Hong Kong and Macau. In December 2009, Mr. Lai was appointed as a director of PGW. Mr. Lai holds a bachelor's degree in accounting from Monash University, Melbourne, Australia and master of business administration in finance from The Chinese University of Hong Kong. He is a certified public accountant in Australia.

Dr. Jiuran Zhao has served as our independent director since September 2007. Since 1997, Dr. Zhao has served as the managing director of the Maize Center of the Agricultural and Forestry Scientific Research Academy in China. Dr. Zhao is also a director of Shandong Denghai Seeds Co., Ltd., a company listed on the Shenzhen Stock Exchange. From 1986 to 1997, Dr. Zhao worked at the Crop Center of the Agricultural and Forestry Scientific Research Academy, where he began as a researcher, became a vice director and later became the director. Dr. Zhao specializes in the genetic breeding and industrialization of maize and other varieties of crops as well as DNA fingerprint techniques. He is also an agricultural consultant to the Beijing municipal government, the director of the maize expert group of the Ministry of Culture of China, a vice director of the China Crop Association, the leader of the National Maize Cultivation Group, a member of the Examination Committee of the Plantation New Variety of the Ministry of Culture and an expert for The International Union for the Protection of New Varieties of Plants. Dr. Zhao received his Ph.D. degree in crop genetic breeding from China Agricultural University.

Mr. Joo Hai Lee has served as our independent director since November 2008 and a member of our audit committee since January 2009. Mr. Lee has 32 years of experience in accounting and auditing. Mr. Lee joined BDO Patrick Tay & Partners/BDO International Singapore (now known as BDO LLP) in 1983 and became a partner there in 1986 and retired in February 2013 and remained as advisor of the firm. He is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants of Singapore, the Malaysian Institute of Accountants and the Singapore and Hong Kong Institutes of Directors.

Mr. Sean Shao has served as our independent director since November 2008, chairman of our compensation committee from November 2008 to March 2010 and chairman of our corporate governance and nominating committee since March 2010. Mr. Shao currently serves as (i) independent director and chairman of the audit committee of: LightInTheBox Holdings Co. Ltd., a global e-commerce company listed on NYSE since June 2013; UTStarcom Holdings Corp., a provider of broadband equipment and solutions listed on NASDAQ since October 2012; Xueda Education Group, a Chinese personalized tutoring services company listed on NYSE since March 2010; Yongye International, Inc., a Chinese agricultural company listed on NASDAQ since April 2009 and China Biologic Products, Inc., a biopharmaceutical company listed on NASDAQ since July 2008; and (ii) independent director and chairman of the compensation committee of AsiaInfo-Linkage, Inc., a Chinese telecom software solutions provider listed on NASDAQ since July 2010. He served as the chief financial officer of Trina Solar Limited from 2006 to 2008. In addition, Mr. Shao served from 2004 to 2006 as the chief financial officer of ChinaEdu Corporation, an educational service provider, and of Watchdata Technologies Ltd., a Chinese security software company. Prior to that, Mr. Shao worked at Deloitte Touche Tohmatsu CPA Ltd. for approximately a decade. Mr. Shao received his master's degree in health care administration from the University of California at Los Angeles in 1988 and his bachelor's degree in art from East China Normal University in 1982. Mr. Shao is a member of the American Institute of Certified Public Accountants.

Mr. Wah Kwong Tsang has served as our independent director since August 2011 and the chairman of our audit committee and member of our compensation committee since August 2011 and member of nomination committee since October 2012. Mr. Tsang is a former partner of Hong Kong and China firms of PricewaterhouseCoopers and has over 30 years of professional experience in auditing listed and unlisted companies and providing supports for initial public offerings and acquisition transactions. Currently, Mr. Tsang is also an independent non-executive director and the chairman of the audit committee of China Merchant China Direct Investments Limited, a company listed on Hong Kong Stock Exchange; an independent non-executive director and the chairman of the audit committee and a member of each of the nomination committee and the remuneration committee of PanAsialum Holdings Company Limited, a company listed on Hong Kong Stock Exchange; and an independent non-executive director and the chairman of the nomination committee and a member of each of the remuneration committee and the audit committee of Sihuan Pharmaceutical Holdings Group Ltd, a company listed on Hong Kong Stock Exchange and an alternate director of PGW. Mr. Tsang is a fellow member of Hong Kong Institute of Certified Public Accountants, a member of Chinese Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants, UK.

Mr. Patrick Wai Yip Tsang serves as our chief financial officer since February 15, 2013. Mr. Tsang is currently a director of PGW and a director of China Pipe Group Limited, a company listed on the Hong Kong Stock Exchange. Mr. Tsang has over twenty years of experience in auditing, accounting, investor relations and corporate finance, including initial public offering, restructuring and merger and acquisition transactions. Prior to joining the Company, Mr. Tsang held finance roles at a number of companies listed on the Hong Kong Stock Exchange, including China Resources Enterprises Limited and Tianjin Development Holdings Limited. Mr. Tsang holds a bachelor's degree with honors in accountancy and is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Kean Seng U has served as our head of corporate and legal affairs since December 2008. Mr. U has extensive experience in advising multi-national corporations and sovereign entities on direct investments in the People's Republic of China entities. Mr. U previously practiced as a partner in the Singaporean firm of Shooklin & Bok LLP and led a corporate finance team in Allen & Overy Shooklin & Bok, JLV, an international law venture partnership with London-based Allen & Overy LLP. Currently, Mr. U sits as independent and non-executive directors of several publicly listed corporations. Mr. U received his bachelor of laws degree with honors from Monash University in Australia. He is a barrister and solicitor of the Supreme Court of Victoria in Australia, an advocate and solicitor of the Supreme Court of Singapore and a solicitor of England and Wales. In addition to his extensive legal knowledge, Mr. U also has a degree in economics and accounting from Monash University in Australia.

Employment Agreements

We have entered into employment agreements with each of our senior executive officers. Under these agreements, we may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the employee, including but not limited to a conviction or plea of guilty to a felony, negligence or dishonesty to our detriment, failure to perform the agreed-to duties after a reasonable opportunity to cure the failure and failure to achieve the performance measures specified in the employment agreement. An executive officer may terminate his employment at any time with one-month prior written notice if there is a material reduction in his authority, duties and responsibilities or in his annual salary before the next annual salary review. Furthermore, we may terminate an executive officer's employment at any time without cause upon one-month advance written notice. In the event of a termination without cause by us, we will provide compensation to the executive officer only to the minimum extent expressly required by applicable law of the jurisdiction where the executive officer is based.

B. Compensation of Directors and Executive Officers

For the year ended June 30, 2013, we paid an aggregate of approximately RMB7.7 million (\$1.3 million) to our directors and executive officers in cash or benefits in kind.

Share Incentives

2007 Share Incentive Plan. We have adopted the 2007 Share Incentive Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. Our board of directors has authorized the issuance of up to 15,000,000 ordinary shares upon exercise of awards granted under our plan, plus an increase of 5,000,000 shares when and if the 15,000,000 ordinary shares plan has been fully used pursuant to the awards granted under the plan and the board approves such increase.

In the year ended June 30, 2013, options to purchase 2,848,333 ordinary shares that were previously granted to certain of our directors, executive officers, employees and consultants were cancelled or forfeited following the termination of their services or employment with Agria. As of the date of this annual report, options to purchase a total of 6,919,000 ordinary shares have been granted to our directors and executive officers and other individuals as a group, including certain of our former directors and officers, with exercise prices of \$0.67, \$0.92, \$1.00, \$2.18, \$2.40, \$3.15, \$3.80, \$3.83, \$4.80 and \$5.21 per share and a term of ten years to exercise from the date of grant, and remained outstanding.

The following summarizes the terms of our 2007 Share Incentive Plan:

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plan. The committee or the full board of directors, as appropriate, will determine the provisions and terms and conditions of each option grant.

Award Agreements. Options and other share incentives granted under our plan are evidenced by an award agreement, as applicable, that sets forth the terms, conditions and limitations for each grant. In addition, the award agreement also provides that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Security Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest.

Acceleration of Options upon Corporate Transactions. The outstanding options will accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding options under the plan. In such event, each outstanding option will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change-of-control transaction, provided that the grantee's continuous service with us shall not be terminated before that date.

Term of the Options. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed 10 years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the stock option agreement specifies, the vesting schedule. The share options have a vesting term of two to four years.

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the optionee other than by will or the laws of succession and may be exercised during the lifetime of the optionee only by the optionee.

Termination of the Plan. Unless terminated earlier, the plan will terminate automatically in 2017. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law. However, no such action may (i) impair the rights of any optionee unless agreed by the optionee and the plan administrator or (ii) affect the plan administrator's ability to exercise the powers granted to it under our plan.

C. Board Practices

Our board of directors currently consists of five directors. A director is not required to hold any shares in the company by way of qualification. A director may vote with respect to any contract or transaction in which he or she is materially interested provided the nature of the interest is disclosed prior to its consideration and any vote on such contract or transaction. The directors may exercise all the powers of the Company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

In the year ended June 30, 2013, our board held meetings or passed resolutions by unanimous written consent twenty-three times.

Committees of the Board of Directors

We have established three committees under the board of directors: the audit committee, the compensation committee and the corporate governance and nominating committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Messrs. Wah Kwong Tsang, Joo Hai Lee and Sean Shao, all of whom satisfy the independence requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or "Exchange Act." Mr. Tsang is the chair of our audit committee. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the board of directors.

In the year ended June 30, 2013, our audit committee held meetings or passed resolutions by unanimous written consent eight times.

Compensation Committee. Our compensation committee consists of Messrs. Guanglin Lai and Wah Kwong Tsang and Dr. Jiuran Zhao. Mr. Tsang and Dr. Zhao satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. Mr. Lai is the chair of our compensation committee. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our executive chairman may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and recommending to the board total compensation packages for our senior executives;
- approving and overseeing the total compensation packages for our executive chairman;
- reviewing and recommending director compensation to the board; and
- periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

In the year ended June 30, 2013, our compensation committee held meetings or passed resolutions by unanimous written consent once.

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee consists of Messrs. Sean Shao, Guanglin Lai and Wah Kwong Tsang. Messrs. Shao and Tsang satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. Mr. Shao is the chair of our corporate governance and nominating committee. The corporate governance and nominating committee assists the board of directors in selecting qualified individuals to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee is responsible for, among other things:

- selecting and recommending nominees for election or re-election to the board or appointments to fill any vacancy;
- annually reviewing with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- periodically advising the board with regard to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

In the year ended June 30, 2013, our corporate governance and nominating committee held meetings or passed resolutions by unanimous written consent two times.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess with such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Except for one director who is subject to an initial term of two years, our directors are not subject to a term of office and hold office until their resignation, death or incapacity or until their respective successors have been elected and qualified in accordance with our shareholders agreement and our articles of association, or they are removed by a special resolution of our shareholders. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors or (ii) dies or is found by our company to be or become of unsound mind.

D. Employees

We had approximately 110, 1,801 and 1,832 full-time employees and 28, 657 and 558 temporary employees as of December 31, 2010 and June 30, 2012 and 2013, respectively. Our temporary employees are usually hired seasonally because of the seasonality of our China business. The following table sets forth the approximate number of employees for each of our business segments and our corporate offices as of June 30, 2013:

	Number of full-time Employees	Percentage of Total Employees	Number of part-Temp. Employees	Percentage of Total Employees
China Seeds	168	7.0	5	0.2
International Seeds	516	21.6	74	3.1
AgriServices	1,001	41.9	435	18.2
Administration	147	6.2	44	1.8
Total	1,832	76.7	558	23.3

We have entered into employment agreements with our full-time employees. Generally, our management and research and development staff have signed non-compete agreements with us and are prohibited from engaging in any activities that compete with our business during the period of their employment with us. Furthermore, the employment contracts with our officers or managers generally include a covenant that prohibits them from engaging in any activities that compete with our business for periods ranging from six months to three years after the period of their employment with us. Approximately 10 of our employees are members of a labor union.

If we lose the services of one of more of our key management personnel and are unable to find suitable replacements, our operations and financial condition may be materially and adversely affected. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Our business depends substantially on the continuing efforts of our management, and our business may be severely disrupted if we lose their services.”

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares by:

- each of our directors and executive officers as of the date of this annual report; and
- each person known to us to own beneficially more than 5% of our ordinary shares as of September 30, 2013.

The calculations in the shareholder table below are based on 110,766,600 ordinary shares issued and outstanding as of September 24, 2012. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days after the date of this annual report, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned	
	Number⁽¹⁾	%⁽²⁾
Directors and Executive Officers:		
Guanglin Lai ⁽³⁾	49,452,202	44.6
Jiuran Zhao	*	*
Joo Hai Lee	—	—
Sean Shao	—	—
Wah Kwong Tsang	*	*
Patrick Wai Yip Tsang	—	—
Kean Seng U	—	—
All directors and executive officers as a group ⁽⁴⁾	49,887,202	44.9
Principal Shareholders:		
Morgan Finanz Capital Limited ⁽⁵⁾	31,076,750	28.1
Brothers Capital Limited ⁽⁶⁾	17,445,250	15.7
TPG Capital, L.P. ⁽⁷⁾	8,650,000	7.8
Zhixin Xue ⁽⁸⁾	7,549,640	6.8

* Less than 1% or our total issued and outstanding shares

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 of the General Rules and Regulations under the Exchange Act and includes voting or investment power with respect to the securities.
- (2) For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of 110,766,600, being the number of ordinary shares outstanding as of the date of this annual report, and the number of ordinary shares underlying share options held by such person or group that are exercisable within 60 days after the date of this annual report if any.
- (3) Includes (i) 17,445,250 ordinary shares owned by Brothers Capital Limited, or “BCL,” a British Virgin Islands company wholly owned by Mr. Lai, (ii) 31,076,750 ordinary shares owned by Morgan Finanz Capital Limited, a British Virgin Islands company wholly owned by BCL, and (iii) 930,202 ordinary shares in the form of ADSs. The business address of Mr. Lai is Room 1206, Huantai Building 12, Zhongguancun South Street, Haidian District Beijing 100081, People’s Republic of China.
- (4) Certain directors and executive officers have been granted options pursuant to our 2007 Share Incentive Plan. See “—B. Compensation of Directors and Executive Officers—Share Incentives.”
- (5) Morgan Finanz Capital Limited is a company incorporated in the British Virgin Islands. Morgan Finanz Capital Limited is wholly owned by BCL, which in turn is wholly owned by Mr. Guanglin Lai. Mr. Guanglin Lai is the sole director of Morgan Finanz Capital Limited.
- (6) Includes 17,445,250 ordinary shares held by BCL, a British Virgin Islands company wholly owned by Mr. Lai, The business address of BCL is Room 1206, Huantai Building 12, Zhongguancun South Street, Haidian District Beijing 100081, People’s Republic of China.
- (7) Based on latest publicly available information. In the form of ADSs, each representing two ordinary shares. TPG Capital, L.P. is ultimately owned by Tarrant Capital Advisors, Inc., a Delaware company, whose shareholders are David Bonderman and James Coulter. The registered address for both of these companies is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (8) The business address of Mr. Xue is Floor 25, Golden Port Hotel, No. 35 North Bing Zhou Road, Tai Yuan City, Shanxi Province 030012, People’s Republic of China.

As of the date of this annual report, 110,766,600 of our ordinary shares were issued and outstanding. To our knowledge, we had only one record shareholder in the United States, The Bank of New York Mellon, which is the depository of our ADS program and held approximately 44.1% of our outstanding ordinary shares as of the date of this annual report. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

None of our existing shareholders has different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

For the options granted to our directors, officers and employees, please refer to “—B. Compensation of Directors and Executive Officers.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

PRC law currently restricts foreign ownership of seed business and prohibits foreign ownership of sheep business in China. We conduct our business in China primarily through Agria Brother’s contractual arrangements with Zhongguan and its shareholders.

Contractual Arrangements with Zhongguan and Its Shareholders

Under PRC laws, each of Agria Brother and Zhongguan is an independent legal person. Other than pursuant to the contractual arrangements between Agria Brother and Zhongguan, Zhongguan does not transfer any other funds generated from its operations to Agria Brother. Zhongguan has two record shareholders, consisting of Ms. Juan Li who is the wife of Mr. Guanglin Lai, and Mr. Fulin Lai, the brother of Mr. Guanglin Lai, our chairman of the board of directors, our executive chairman and a beneficial owner of our ordinary shares. Both shareholders of Zhongguan are PRC citizens and do not receive any compensation from us for holding shares of Zhongguan. Mr. Guanglin Lai, who is the husband of Ms. Juan Li, a shareholder of Zhongguan, is the sole director of BCL, which is the largest shareholder of our company. Agria Brother's relationship with Zhongguan and its shareholders is governed by the following contractual arrangements entered into in October and November 2008 and June, July, August and November 2009. The powers of attorney, the equity pledge agreement and the exclusive call option agreement enable Agria Brother to effectively control Zhongguan. The exclusive technology development, technical support and service agreement and the letter of undertaking, the terms of which may be amended from time to time, enable Agria Brother to receive substantially all of Zhongguan's earnings and other economic benefits to the extent permissible under PRC law. We have a legal obligation to provide funding for all losses incurred by Zhongguan.

Power of Attorney

Each shareholder of Zhongguan has executed a power of attorney to appoint a nominee of Agria Brother as his or her attorney-in-fact to exercise all of his or her rights as a shareholder of Zhongguan as provided under PRC law and the articles of association of Zhongguan, including voting rights, the rights to transfer any or all of his or her equity interest in Zhongguan and the right to appoint the general manager of Zhongguan.

Equity Pledge Agreement

Under the equity pledge agreement among Zhongguan, the shareholders of Zhongguan and Agria Brother, the shareholders of Zhongguan pledged all of their equity interests in Zhongguan to Agria Brother to guarantee Zhongguan's performance of its obligations under the exclusive technology development, technical support and service agreement, the exclusive call option agreement and the loan agreement. If Zhongguan or any of such shareholders breaches its contractual obligations under any of these principal agreements, Agria Brother, as pledgee, will be entitled to certain rights, including the right to sell or auction the pledged equity interests. During the term of this agreement, such shareholders of Zhongguan may not transfer their respective equity interests to any third party or create other pledges or rights over the equity interests that may have an adverse effect on the rights of Agria Brother as pledgee. The equity pledge agreement will terminate when all the principal agreements are terminated or fully performed.

Exclusive Call Option Agreement

Under the exclusive call option agreement among the shareholders of Zhongguan, Zhongguan and Agria Brother, the shareholders of Zhongguan irrevocably granted Agria Brother an exclusive option to purchase from such shareholders, to the extent permitted under PRC law, all of the equity interests in Zhongguan for the higher of (i) RMB1 and (ii) the minimum amount of consideration permitted by applicable law. To the extent permitted by PRC law, Agria Brother or its designated person has sole discretion to decide when to exercise the option and when to buy all or part of the equity interests in Zhongguan.

Loan Agreement

Under the loan agreement among the shareholders of Zhongguan and Agria Brother, Agria Brother made a loan to the shareholders of Zhongguan who undertook to use the loan for investment purposes in Zhongguan.

Exclusive Technology Development, Technology Support and Technology Services Agreement

Under the exclusive technology development, technical support and service agreement between Zhongguan and Agria Brother, Agria Brother is the exclusive provider of technology development, technical support and services to Zhongguan. Zhongguan will not accept these services from any third party without the prior consent of Agria Brother. Agria Brother owns the rights to any intellectual property developed by Agria Brother in the performance of this agreement. The payments of fees are secured by the equity interests in Zhongguan under the equity pledge agreement. This agreement is effective during the operation term of Zhongguan unless terminated by Agria Brother or by either party due to the other party's breach of the agreement according to the early termination provisions of the agreement. This agreement may be amended at any time by Zhongguan and Agria Brother. Through the power of attorney granted by the shareholders of Zhongguan to an individual designated by Agria Brother, Agria Brother has the ability to cause Zhongguan to agree to amend the agreement and intends to do so as needed.

Letter of Undertaking

The shareholders of Zhongguan have executed a letter of undertaking to irrevocably undertake that, unless otherwise limited by laws, regulations or legal proceedings, they will remit all of the dividends and other distributions received from Zhongguan to Agria Brother, subject to satisfaction of their personal income tax and other statutory obligations arising from the receipt of such dividends or other distributions. The spouse of each of such shareholders has consented to the foregoing undertaking.

We have been advised by our PRC legal counsel, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The uncertainties include how the PRC government may interpret the restriction of foreign ownership of corn seed development and production companies and whether foreign companies may conduct the corn seed development and production businesses through contractual arrangements with domestic companies engaging in such businesses. We have been further advised by our PRC counsel that if the PRC government finds that the agreements that establish the structure for operating our PRC agricultural business do not comply with PRC government restrictions on foreign investment in the agricultural businesses, we could be subject to severe penalties. In addition, under PRC Property Rights Law which became effective on October 1, 2007, an equity pledge is required to be registered with the relevant administration for industry and commerce in order to become effective.

For more information in this regards, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—If the PRC government finds that the agreements that establish the structure for operating our Chinese businesses do not comply with PRC governmental restrictions on foreign investment in the seed industry, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations,” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.”

Contractual Arrangements with Shenzhen NKY and Shenzhen PGW Seeds and Their Respective Shareholders

In September 2009, we formed Shenzhen NKY, to engage in the businesses of research and development, service, sales and investment. Shenzhen NKY was set up with 51% interests legally held by Zhongguan and 49% interests legally held by Ms. Juan Li, the wife of Mr. Guanglin Lai, the chairman of our board of directors. Agria Brother’s relationship with Shenzhen NKY and its shareholders is governed by the contractual arrangements entered into on August 24, 2009. The powers of attorney, the equity pledge agreement and the exclusive call option agreement enable Agria Brother to effectively control Shenzhen NKY. The exclusive technology development, technical support and service agreement and the letter of undertaking, the terms of which may be amended from time to time, enable Agria Brother to receive substantially all of Shenzhen NKY’s earnings and other economic benefits to the extent permissible under PRC law. We have a legal obligation to provide funding for all losses incurred by Shenzhen NKY.

In September 2009, we formed Shenzhen PGW Seeds, to engage in the businesses of research and development, service, sales and investment. Shenzhen PGW Seeds was set up with 95% interests legally held by Ms. Juan Li, the wife of Mr. Guanglin Lai, the chairman of our board of directors, and 5% interests legally held by Mr. Yachao Cui which was transferred to Ms. Jie Zhen Chen in November 2009. Agria Brother’s relationship with Shenzhen PGW Seeds and its shareholders is governed by the contractual arrangements entered into on August 25, 2009 and November 3, 2009. The powers of attorney, the equity pledge agreement and the exclusive call option agreement enable Agria Brother to effectively control Shenzhen PGW Seeds. The exclusive technology development, technical support and service agreement and the letter of undertaking, the terms of which may be amended from time to time, enable Agria Brother to receive substantially all of Shenzhen PGW Seeds’ earnings and other economic benefits to the extent permissible under PRC law. We have a legal obligation to provide funding for all losses incurred by Shenzhen PGW Seeds.

Divestiture Agreements with P3A and Its Affiliates

Share Purchase Agreement

On July 13, 2010, we entered into a Share Purchase Agreement with Zhixin Xue, whereby Zhixin Xue sold and transferred to us all of his rights, title and interest in 14,393,400 of our ordinary shares. Pursuant to the agreement, we caused Agria China to assign and transfer to Zhixin Xue all of its rights, title and interest and delegate to Zhixin Xue all of its duties, liabilities and obligations under the Exclusive Call Option Agreement among and between the company, our shareholders, namely, Juan Li, Zhaohua Qian, Zhixin Xue, Mingshe Zhang and Aero Biotech on June 8, 2007.

Assignment and Assumption Agreement regarding the Exclusive Call Option Agreement between Seller and Aero Biotech

On July 13, 2010, Agria China and Zhixin Xue entered into an Assignment and Assumption Agreement regarding the Exclusive Call Option Agreement, whereby Agria China assigned and transferred to Zhixin Xue all of its rights, title and interest and delegated to Zhixin Xue all of its duties, liabilities and obligations under the Exclusive Call Option Agreement dated June 8, 2007, as part of the consideration payable by us to purchase 14,393,400 ordinary shares owned by Zhixin Xue.

Assignment and Assumption Agreement regarding the Exclusive Technology Development, Technology Support and Technology Service Agreement between Zhixin Xue and Aero Biotech

On July 13, 2010, Agria China and Zhixin Xue entered into an Assignment and Assumption Agreement regarding the Technology Development Agreement, whereby Agria China assigned and transferred to Zhixin Xue all of its rights, title and interest and delegated to Zhixin Xue all of its duties, liabilities and obligations under the Technology Development Agreement dated June 8, 2007, as part of the consideration payable by us to purchase 14,393,400 of our shares owned by Zhixin Xue.

Lease Interest Assignment Agreements

On July 13, 2010, we entered into nine Lease Interest Assignment Agreements with P3A, whereby P3A transferred its interests in nine Land Lease Agreements through which it lawfully and effectively leased an aggregate of 13,500 acres of land. The expiration dates of these leases range from December 19, 2022 to December 31, 2038.

Termination Notices to Terminate the Exclusive Consultancy Service Agreement, the Proprietary Technology License Agreement and the Equity Pledge Agreement

On July 13, 2010, Agria China issued to P3A three Termination Notices to terminate the Exclusive Consultancy Service Agreement, the Proprietary Technology License Agreement and the Equity Pledge Agreement by and between Agria China and P3A, dated June 8, 2009.

Letter of Undertaking issued by Aero Biotech Science & Technology Co., Ltd.

On July 13, 2010, Agria China issued a Letter of Undertaking whereby it irrevocably undertook to Zhixin Xue to transfer, to the extent permissible by law and without compensation and after deducting all taxes payable to Zhixin Xue and/or any person designated by him, any interest or dividends earned by the shareholders of P3A from P3A and other distributions made by P3A (all taxes payable deducted), if any, which are collected by Agria China from the shareholders of P3A upon the execution of the Letter of Undertaking.

Transactions Relating to Personal Guarantee and Indemnification

In June 2011, we entered a further shareholders agreement with New Hope International. Under this agreement, New Hope International has the right to sell its shares in Agria Asia Investments to Agria Group on the terms and conditions provided in the shareholders agreement at a certain repurchase price to be determined pursuant to a supplemental agreement entered into between Agria Group and New Hope International in June 2011. To secure the performance of Agria Group's obligation in connection with this put option held by New Hope International, in June 2011, Mr. Guanglin Lai, the chairman of our board, made a personal guarantee to New Hope International for Agria Group's payment obligation in the event that New Hope International exercises its put option. Agria Corporation agreed to indemnify Mr. Lai against all the obligations, losses, costs, damages, expenses, liabilities, actions and demands that he may incur or sustain in connection with his personal guarantee.

Other Related Party Transactions

The following were considered related parties during the years presented:

Name of Related Parties

Relationship with the Group

Wuwei Ganxin Seeds Co., Ltd. (Wuwei Ganxin)	A former 49% associate before May 2013
Beijing Zhongnong Seeds Industry Co., Ltd. (Zhongnong)	A 26.8% associate
Ngai Tahu	Shareholder of Agria Asia Investments with equity interest of 7.24%
New Hope International (Hong Kong) Ltd.	Shareholder of Agria Asia Investments with equity interest of 11.95%
Michael Thomas	Management of PGW (Resigned in August 2011)
John McKenzie	Management of PGW
George Gould	Director of PGW (retired June 28, 2013)
Bill Thomas	Director of PGW (retired October 24, 2012)
Trevor Burt	Director of PGW (appointed December 11, 2012)
PGW	19% investment before April 30, 2011
Shenzhen Guanli Investment Co., Ltd. (Shenzhen Guanli)	A company controlled by Alan Lai, chairman of Agria

We had the following related party transactions during the years presented:

	For the Year Ended December 31,	For the Six Months Ended June 30,	For the Year Ended June 30,		
	2010	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(S'000)
Return of corn seeds to:					
Wuwei Ganxin ⁽²⁾	—	38,983	—	—	—
Purchase of corn seeds from:					
Wuwei Ganxin	65,427	3,688	3,448	3,640	593
Initial payment for subscription for shares in Agria Asia Investments ⁽³⁾					
Ngai Tahu	—	78,404	—	—	—
Debtenture and rural saver deposits					
Michael Thomas	—	6,965	—	—	—
Purchase of retail goods, sale of seed under production contracts and livestock transaction					
John McKenzie	—	—	13,187	18,266	2,976
Trevor Burt	—	—	—	128	21
Michael Thomas	—	1,564	—	—	—
Purchase of retail goods					
George Gould	—	72	602	2,140	349
Bill Thomas	—	—	3,389	120	20
Interest on Convertible & Redeemable Note					
PGW ⁽⁴⁾	—	4,732	—	—	—
Directors fee and expense charged to:					
PGW ⁽⁵⁾	1,179	274	—	—	—
Collection of amounts due from:					
PGG Wrightson	789	—	—	—	—
Zhongnong	—	—	1,012	2,199	358
	789	—	1,012	2,199	358
Payment of amounts due to:					
WuweiGanxin	26,019	—	3,448	2,364	385
Zhongnong	3,044	—	—	—	—
Taiyuan Relord ⁽¹⁾	102	—	—	—	—
	29,165	—	3,448	2,364	385
Loan to Zhongnong	910	9,610	4,876	4,656	759
Loan from Zhongnong	6,464	—	1,302	—	—
Capital injection to Zhongnong	7,000	—	4,000	—	—
Sales service from Zhongnong	—	—	2,812	—	—
Loan from Shenzhen Guanli ⁽⁶⁾	—	—	20,000	—	—
Repayment of loan from Shenzhen Guanli ⁽⁶⁾	—	—	20,000	—	—
Payment of interest to Shenzhen Guanli ⁽⁶⁾	—	—	1,062	—	—

Loan from shareholder ⁽⁷⁾	—	—	—	29,086	4,739
Repayment of loan from shareholder	—	—	—	18,322	2,985

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- (1) Taiyuan Relord was determined to be a related party by virtue of its relationships with P3A. Following the disposal of P3A, it is no longer considered to be related party.
 - (2) The corn seeds were previously purchased from Wuwei Ganxin in 2010. In January 2011, the Company agreed to return the inventories to Wuwei Ganxin which at the time had greater capacity to sell that category of seeds.
 - (3) Payment in April 2011, for Ngai Tahu's share subscription in Agria Asia Investments was made by the Company. Ngai Tahu refunded the amount to the Company in July 2011 following PGW shareholder approval which was granted in June 2011.
 - (4) Represents interest received prior to acquisition of controlling stake in PGW in April 2011.
 - (5) A number of Directors, senior executives or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group during the reporting period. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.
 - (6) We borrowed RMB20.0 million from Shenzhen Guanli in July 2011 and repaid the full amount together with interest calculated at the prevailing People's Bank of China interest rates in May 2012.
 - (7) Loan from shareholder is unsecured and bears interest at 1% per month.

We had the following related party balances at the end of each period:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB\$'000)	(\$'000)
Amounts due from related parties:				
Ganxin	10,018	9,105	—	—
Zhongnong	9,610	4,875	—	—
New Hope International (Hong Kong) Ltd.	—	—	3,089	503
Ngai Tahu	78,404	—	—	—
	<u>98,032</u>	<u>13,980</u>	<u>3,089</u>	<u>503</u>
Amounts due to related parties:				
Zhongnong	10,622	4,114	—	—
Shareholder	—	—	12,524	2,041
Officers and directors of PGW	29,881	406	189	31
	<u>40,503</u>	<u>4,520</u>	<u>12,713</u>	<u>2,072</u>

Share Options

See “Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Share Incentives.”

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

On February 3, 2009, a consolidated class action lawsuit in the United States District Court for the Southern District of New York was filed, alleging violations of various sections of the Securities Act, against us, our executive officers, our directors and other defendants. The lawsuit alleges that our initial public offering registration statement and prospectus failed to disclose certain alleged discussions between two Agria executives relating to requests for additional compensation and a threatened resignation.

On December 1, 2009, the U.S. District Court for the Southern District of New York dismissed the consolidated class action against the Company and the underwriters defendants, and the Court issued a judgment in favor of the Company and the underwriter defendants.

On June 4, 2010, we entered into a memorandum of understanding with the lead plaintiff reflecting an agreement in principle and agreed to pay \$3.75 million to settle all claims asserted in the class action lawsuit. On September 20, 2010, the court granted a preliminary approval of the settlement. The deadline for filing objections to the Settlement, Plan of Distribution of settlement proceeds, and attorneys’ fee and expense request by Lead Plaintiff’s counsel expired on January 7, 2011, and no such objections were filed by Class Members.

On June 7, 2011, the court granted final approval of the settlement and entered a final judgment resolving the case. The settlement amount is within the limit of our applicable insurance policies, and the settlement did not have any impact on our financial position, results of operation or cash flows.

Dividend Policy

We have no present plan to declare and pay any dividends on our shares or ADSs in the near future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from PGW and our subsidiaries in China, Agria China and Agria Brother. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our subsidiaries in China are required to set aside a certain amount of their accumulated after-tax profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Further, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

Dividends paid by PGW to Agria Singapore are not subject to withholding tax, provided that the dividends paid by PGW were fully imputed and Agria Singapore holds a direct voting interest of 10% or more in PGW. A dividend is considered to be fully imputed when it is paid out of fully-taxed profits.

Under Cayman Islands law and our amended and restated memorandum and articles of association, we are able to pay dividends out of either profits or share premium. Subject to having sufficient profits and share premium, our board of directors has discretion as to whether to distribute dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in US dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

The following table provides the high and low trading prices on the New York Stock Exchange for the periods indicated.

	Sales Price (\$)	
	High	Low
Yearly Highs and Lows		
2008	11.75	1.21
2009	4.53	0.75
2010	3.31	1.11
2011	2.12	0.63
2012	1.56	0.65
Six Months ended June 30, 2013	1.25	0.69
Quarterly Highs and Lows		
First Quarter 2011	2.12	1.26
Second Quarter 2011	1.57	0.86
Third Quarter 2011	1.93	0.63
Fourth Quarter 2011	1.48	0.78
First Quarter 2012	1.56	0.99
Second Quarter 2012	1.20	0.80
Third Quarter 2012	1.02	0.68
Fourth Quarter 2012	1.03	0.65
First Quarter 2013	1.14	0.69
Second Quarter 2013	1.25	1.03
Third Quarter 2013		
Monthly Highs and Lows		
April 2013	1.25	1.03
May 2013	1.12	1.03
June 2013	1.15	1.05
July 2013	1.19	1.12
August 2013	1.19	1.13
September 2013	1.18	1.07
October 2013 (through October 11, 2013)	1.60	1.08

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing two of our ordinary shares, have been traded on the New York Stock Exchange since November 7, 2007. Our ADSs trade under the symbol "GRO."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report our amended and restated memorandum and articles of association filed as Exhibit 3.2 to our F-1 registration statement (File No. 333-146785), as amended, initially filed with the SEC on October 18, 2007.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Foreign Exchange.”

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. There are no exchange control regulations or currency restrictions in the Cayman Islands. The Cayman Islands is not a party to any tax treaties that are applicable to any payment made by or to our company.

PRC Taxation

Under the former PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, any dividends payable by foreign-invested enterprises to non-PRC investors were exempt from any PRC withholding tax. In addition, any interest or dividends payable, or distributions made, by us to holders or beneficial owners of our ADSs or ordinary shares would not have been subject to any PRC tax, provided that such holders or beneficial owners, including individuals and enterprises, were not deemed to be PRC residents under the PRC tax law and had not become subject to PRC tax.

Under the 2008 EIT Law, which took effect as of January 1, 2008, enterprises established under the laws of non-PRC jurisdictions but whose “de facto management body” is located in China are considered “resident enterprises” for PRC tax purposes. Under the Implementing Rules issued by the State Council relating to the 2008 EIT Law, “de facto management bodies” are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Substantially all of our management are currently based in China, and may remain in China in the future. If we were treated as a “resident enterprise” for PRC tax purposes, we would be subject to PRC income tax on our worldwide income at a uniform tax rate of 25%, but dividends received by us from our PRC subsidiaries may be exempt from the income tax.

Pursuant to the 2008 EIT Law and the Implementing Rules, dividends payable by a foreign-invested enterprise to its foreign investors who are non-resident enterprises will be subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income agreed between the Mainland and Hong Kong Special Administrative Region in August 2006 and the Notice in Relation to the Dispatch of Schedule of Agreed Tax Rates on Dividends issued by the State Administration of Taxation (State Taxation Circular No. 112 (2008)), dividends payable by a foreign-invested enterprise to its foreign investors will be subject to a 5% tax provided that such foreign investor directly owns at least 25% of the equity interests of the foreign-invested enterprise.

On October 1, 2009, the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Implementation) became effective. Under these measures, our Hong Kong subsidiary needs to obtain approval from the competent local branch of the State Administration of Taxation in order to enjoy the preferential withholding tax rate of 5% in accordance with the tax treaty. In February 2009, the State Administration of Taxation issued Notice No. 81. According to Notice No. 81, in order to enjoy the preferential treatment on dividend withholding tax rates, an enterprise must be the "beneficial owner" of the relevant dividend income, and no enterprise is entitled to preferential treatment pursuant to any tax treaties if such enterprise qualifies for such preferential tax rates through any transaction or arrangement, the major purpose of which is to obtain such preferential tax treatment. The tax authority in charge has the right to make adjustments to the applicable tax rates, if it determines that any taxpayer has enjoyed preferential treatment under tax treaties as a result of such transaction or arrangement. In October 2009, the State Administration of Taxation issued Notice No. 601 to provide guidance on the criteria to determine whether an enterprise qualifies as the "beneficial owner" of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to Notice No. 601, the PRC tax authorities will review and grant tax preferential treatment on a case-by-case basis and adopt the "substance over form" principle in the review. Notice 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. Since the two notices were issued, it has remained unclear how the PRC tax authorities will implement them in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our subsidiaries in China to our Hong Kong subsidiary. Under the 2008 EIT Law and the Implementing Rules, if China Victory is regarded as a resident enterprise, the dividends payable to China Victory from Agria China and Agria Brother will be exempt from the PRC income tax. If the relevant tax authority determines that our Hong Kong subsidiary is a conduit company and does not qualify as the "beneficial owner" of the dividend income it receives from our PRC subsidiaries, the higher 10% withholding tax rate may apply to such dividends.

Moreover, under the EIT law, if we are classified as a PRC resident enterprise and such income is deemed to be sourced from within the PRC, foreign ADS holders may be subject to a 10% withholding tax upon dividends payable by us and gains realized on the sale or other disposition of ADSs or ordinary shares.

U.S. Federal Income Taxation

The following discussion describes the material U.S. federal income tax consequences to U.S. Holders (as defined below) under current law of an investment in the ADSs or ordinary shares. This discussion applies only to U.S. Holders that hold the ADSs or ordinary shares as capital assets (generally, property held for investment) and have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States in effect as of the date of this annual report on Form 20-F and on U.S. Treasury regulations in effect or, in some cases, proposed as of the date of this annual report on Form 20-F, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- U.S. expatriates or entities subject to the U.S. anti-inversion rules;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share through a bank, financial institution or other entity, or a branch thereof, located organized or resident outside the United States;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock;
- partnerships or other pass-through entities, or persons holding ADSs or ordinary shares through such entities; or
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation.

In addition, the discussion below does not describe any tax consequences arising out of the Medicare tax on certain “net investment income” pursuant to the Health Care and Education Reconciliation Act of 2010.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors are urged to consult their tax advisors regarding the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of ADSs or ordinary shares.

The discussion below of the U.S. federal income tax consequences to “U.S. Holders” will apply to you if you are a beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in such partnership generally will depend on the status of such partner and the activities of such partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

The U.S. Treasury and the U.S. Internal Revenue Services, or “IRS,” have expressed concerns that U.S. Holders of ADSs may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS has taken actions that are inconsistent with the beneficial ownership of the underlying security by the person claiming the credit (for example, pre-releasing ADSs to persons that do not have beneficial ownership of the securities underlying the ADSs). Such actions also may be inconsistent with the claiming of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders (as discussed below). Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying ordinary shares.

Passive Foreign Investment Company

Based on the market price of our ADSs and ordinary shares and the value and composition of our assets, we believe we were not a passive foreign investment company, or “PFIC,” for U.S. federal income tax purposes for the taxable year ended June 30, 2013, and do not expect to become a PFIC in the foreseeable future. However, we believe we were a PFIC in certain previous taxable years. Kirkland & Ellis International LLP, our U.S. tax counsel, expresses no opinion with respect to our PFIC status for any taxable year or our expectations contained in this paragraph.

A non-U.S. corporation will be a PFIC for any taxable year if either:

- at least 75% of its gross income for such year is passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income, or the asset test.

For this purpose, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock. In applying this rule, however, it is not clear whether the contractual arrangements between us and our affiliated entity will be treated as ownership of stock. We must make a separate determination after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the asset test generally will be determined by reference to the market price of our ADSs or ordinary shares, our PFIC status may depend in part on the market price of our ADSs or ordinary shares, which may fluctuate significantly.

If we are or were a PFIC for any taxable year during which you hold ADSs or ordinary shares, as we were in certain previous taxable years, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or ordinary shares, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs or ordinary shares, as applicable. If such election is made, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, your ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC, and you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from an actual sale or other disposition of the ADSs or ordinary shares. **You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election.**

For each taxable year that we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” you receive and any gain you recognize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules, if you receive any excess distribution or recognize any gain from a sale or other disposition of the ADSs or ordinary shares:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or ordinary shares,
- the amount allocated to the current taxable year, and any taxable years in your holding period prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other taxable year will be subject to tax at the highest tax rate in effect for individuals or corporations, as applicable, for each such year, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) from the sale or other disposition of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

If we are treated as a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries (or possibly our affiliated entities) are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you will be deemed to own shares in such lower-tier PFICs directly or indirectly owned by us in the proportion that the value of the ADSs or ordinary shares you own bears to the value of all of our ADSs or ordinary shares, and you may be subject to the rules described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our subsidiaries (or affiliated entities).

A U.S. Holder of “marketable stock” (as defined below) of a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a mark-to-market election for the ADSs or ordinary shares, you will include in income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, will be treated as ordinary income. Ordinary loss treatment will apply to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss from the actual sale or other disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions that we make generally would be subject to the tax rules discussed below under “— Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares,” except that the lower tax rate applicable to qualified dividend income would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in greater than *de minimis* quantities on at least 15 days during each calendar quarter, or regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The ADSs are currently listed on the New York Stock Exchange, which is a qualified exchange or other market for these purposes. Consequently, if the ADSs remain listed on the New York Stock Exchange and are regularly traded, and you are a holder of ADSs, we expect the mark-to-market election would be available to you if we are a PFIC (as we believe we were for 2010). Because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs that we own, a U.S. Holder may continue to be subject to the PFIC rules described above regarding excess distributions and recognized gains with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election with respect to such corporation to elect out of the PFIC rules described above regarding excess distributions and recognized gains. A U.S. Holder that makes a qualified electing fund election with respect to a PFIC will generally include in income such holder’s *pro rata* share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to your ADSs or ordinary shares only if we furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. You should consult your tax advisors regarding any reporting requirements that may apply to you.

YOU ARE STRONGLY URGED TO CONSULT YOUR TAX ADVISORS REGARDING THE IMPACT OF OUR BEING A PFIC IN ANY TAXABLE YEAR ON YOUR INVESTMENT IN OUR ADSs AND ORDINARY SHARES AS WELL AS THE APPLICATION OF THE PFIC RULES AND THE POSSIBILITY OF MAKING A MARK-TO-MARKET OR DEEMED SALE ELECTION.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the PFIC rules discussed above, the gross amount of any distributions we make to you with respect to the ADSs or ordinary shares will be includible in your gross income as dividend income on the date of receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent the amount of the distribution exceeds our current and accumulated earnings and profits, such excess amount will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and then, to the extent such excess amount exceeds your tax basis, as capital gain. We currently do not, and we do not intend to, calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that any distribution we make will be reported as a dividend even if such distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. Any dividends we pay to you will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from U.S. corporations.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, for taxable years beginning before January 1, 2013, dividends will be taxed at the lower capital gains rate applicable to “qualified dividend income,” provided that (1) the ADSs or ordinary shares, as applicable, are readily tradable on an established securities market in the United States, or we are eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program, (2) we are neither a PFIC nor treated as such with respect to you for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. Under published IRS authority, common or ordinary shares, or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the New York Stock Exchange, as are our ADSs (but not our ordinary shares). If we are treated as a “resident enterprise” for PRC tax purposes under the EIT Law (see “Item 3. Key Information—D. Risk Factors—Risks Related To Doing Business in China—We benefit from certain PRC government incentives. Expiration of, changes to, disputes over or challenges against these incentives or protectionism arising from the incentives could adversely affect our operating results”), we may be eligible for the benefits of the income tax treaty between the United States and the PRC. As discussed above in “—Passive Foreign Investment Company,” we believe we were not a PFIC for the taxable year ended June 30, 2013, although we were in previous years. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ADSs or ordinary shares generally will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.”

If PRC withholding taxes apply to dividends paid to you with respect to our ADSs or ordinary shares (see “Item 3. Key Information—D. Risk Factors—Risks Related To Doing Business in China—Any limitation of PRC law and regulations on the ability of our subsidiaries and affiliated entity to distribute dividends or make other payments to us could materially adversely affect our ability to conduct our business”), subject to certain conditions and limitations, such PRC withholding taxes may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Taxation of Disposition of the ADSs or Ordinary Shares

Subject to the PFIC rules discussed above, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized (in U.S. dollars) for the ADS or ordinary share and your tax basis (in U.S. dollars) in the ADS or ordinary share. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ADS or ordinary share for more than one year, you will be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss you recognize on a disposition of ADSs or ordinary shares generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes, subject to exceptions and limitations. However, if we are treated as a “resident enterprise” for PRC tax purposes under the EIT Law and PRC taxes were to be imposed on any gain from the disposition of the ADSs or ordinary shares (see “Item 3. Key Information—D. Risk Factors—Risks Related To Doing Business in China—Any limitation of PRC law and regulations on the ability of our subsidiaries and affiliated entity to distribute dividends or make other payments to us could materially adversely affect our ability to conduct our business”), a U.S. Holder that is eligible for the benefits of the treaty may elect to treat such gain as PRC source income. You should consult your tax advisors regarding the proper treatment of gain or loss in your particular circumstances.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares generally will be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder that furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status must provide such certification on IRS Form W-9. Certain individuals holding ADSs or ordinary shares other than in an account at certain financial institutions may be subject to additional information reporting requirements. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed with the SEC registration statements on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is June 30. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and at the regional office of the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. We will furnish JPMorgan Chase Bank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

I. Subsidiary Information

For a listing of our subsidiaries, see “Item 4. Information on the Company—C. Organizational Structure.”

ITEM 11. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest expenses on our outstanding bank borrowings and the interest income generated by cash invested in cash deposits and liquid investments. As of June 30, 2013, our total outstanding bank borrowings amounted to RMB1,048.9 million (\$170.9 million) with a weighted average interest rate of 4.2% per annum. Assuming a 1% increase in applicable interest rates, it would have added RMB8.2 million (\$1.3 million) to our interest expense. As of June 30, 2013, our total cash and cash equivalents amounted to RMB267.8 million (\$43.6 million), a 1% increase in applicable interest rate would have added RMB2.7 million (\$0.4 million) to our interest income.

We use derivative financial instruments to manage our exposure to interest rate risks arising from operational, financing and investment activities. We may use interest rate swaps, interest rate options and forward rate agreements to hedge the floating rate exposure as deemed appropriate. However, the Group does not hold or issue derivative instruments for trading purposes.

Foreign Exchange Risk

Our financial statements are expressed in RMB, which is our reporting currency. The functional currency of the Company, Agria Group Ltd., China Victory, Agria Hong Kong, Agria International, Agria Overseas, Agria Asia Investments and Agria Singapore is the United States dollar. The functional currency of Agria New Zealand and PGW is the New Zealand dollar. The functional currency of Agria China, Agria Brother and our VIEs is the RMB. Except for PGW and overseas companies outside mainland China, substantially all of our revenues and most of our expenses which are derived from Zhongguan, our consolidated affiliated entity, are denominated in RMB. We use forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage its exposure to foreign currency fluctuations. Our exposure to foreign exchange risk primarily relates to conducting substantial parts of our business in New Zealand and Australia as well as cash and cash equivalents and bank borrowings denominated in foreign currencies.

The value of the RMB against the US dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. The conversion of RMB into foreign currencies, including US dollars, has been based on rates set by the People's Bank of China. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Between July 21, 2005 and June 28, 2013, the RMB appreciated by approximately 34.9% against the U.S. dollar, although the pace of appreciation was uneven during the period. To the extent that we need to convert other currencies into RMB for our operations, appreciation of the RMB against other currencies would have an adverse effect on the RMB amount we receive from the conversion. As of June 30, 2013, we had US dollar-denominated cash and restricted cash balance of \$20.5 million and New Zealand dollar-denominated cash balance of NZ\$4.0 million. Assuming 1% appreciation of the RMB against all other currencies, this cash balance would have decreased by RMB 1.4 million (\$0.2 million) as of June 30, 2013. As of June 30, 2013, we had New Zealand dollar-denominated bank borrowings of NZ\$96.3 million and US dollar-denominated bank borrowings of \$81.0 million. Assuming 1% appreciation of RMB against all other currencies, the bank borrowings would have decreased by RMB 9.5 million (\$1.5 million) as of June 30, 2013.

Conversely, if in the future, we decide to convert our RMB into other currencies for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the other currencies against the RMB in the period up until conversion would have a negative effect on the amount available to us in the other currencies. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue which will be exchanged into US dollars and earnings from and the value of any US dollar-denominated investments we make in the future.

Inflation

In recent years, China has not experienced significant inflation, and thus historically inflation has not had a significant effect on our business. According to the National Bureau of Statistics of China, the change in the Consumer Price Index in China was 3.3%, 5.4% and 2.6% in 2010, 2011 and 2012, respectively. According to the National Bureau of Statistics of China, China's general consumer price index increased by 2.5% in August 2013 compared to the same period in 2012. Although we have not in the past been materially affected by any such inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. For example, certain operating costs and expenses, such as employee compensation and office operating expenses may increase as a result of higher inflation. Additionally, because our assets consist of a significant amount of cash and cash equivalents and short-term investments, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposures to higher inflation in China.

Historically, inflation has not had a significant effect on PGW's business. According to the Reserve Bank of New Zealand, the change in the Consumer Price Index in New Zealand has ranged from 0.7% to 5.3% on a quarterly basis between the first quarter of 2010 and the second quarter of 2013.

ITEM 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

The Bank of New York Mellon, the depositary of our ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.02 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.02 (or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Any cash distribution to ADS registered holders
- Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS registered holders
- Depositary services
- Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
- Converting foreign currency to US dollars
- As necessary
- As necessary

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us for expenses we incur that are related to the administration and maintenance of our ADS facility including, but not limited to, investor relations expenses or any other program related expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. In the year ended June 30, 2013, we did not receive any reimbursements from the depositary.

PART II**ITEM 13. Defaults, Dividend Arrearages and Delinquencies**

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

See “Item 10. Additional Information” for a description of the rights of securities holders, which remain unchanged.

The following “Use of Proceeds” information relates to the registration statement on Form F-1 (File number: 333-146785) filed by us in connection with our initial public offering of 17,150,000 ADSs, representing 34,300,000 ordinary shares. The registration statement was declared effective by the SEC on November 6, 2007.

We received net proceeds of approximately \$184.1 million from our initial public offering and as of June 30, 2013, we used the net proceeds received from our initial public offering as follows: approximately \$25 million has been used to repay a shareholder's loan, approximately \$2 million has been used to repay bank loans and approximately \$157.1 million has been used to fund investments and for general corporate purposes. As of June 30, 2013, all of the net offering proceeds from our initial public offering had been applied.

ITEM 15. Controls and Procedures

Disclosure Controls and Procedures

As of June 30, 2013, the end of the period covered by this annual report on Form 20-F, our management performed, under the supervision and with the participation of our executive chairman and chief financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures are those controls and procedures designed to provide reasonable assurance that the information required to be disclosed in our Exchange Act filings is (1) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and (2) accumulated and communicated to the management, including our executive chairman and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our executive chairman and chief financial officer concluded that, as of June 30, 2013, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management or our board of directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our interim or annual consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to the preparation of financial statements for external purposes in accordance with U.S. GAAP and may not prevent or detect misstatements as set out above. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, management assessed the effectiveness of our internal control over financial reporting as of June 30, 2013 using criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of June 30, 2013.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Sean Shao, our director and a member of our audit committee, is an audit committee financial expert and an independent director.

ITEM 16B. Code of Ethics

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our executive chairman, chief financial officer, chief operating officer, chief technology officer, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (File No. 333-146785). You can also find our code of business conduct on our investor relations website at <http://ir.agriacorp.com>.

ITEM 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by GHP Horwath during the six months ended June 30, 2011 and the years ended June 30, 2012 and 2013, in each case an independent registered public accounting firm. The fees paid in each period were in respect of work performed in the audit of the previous period's our annual report or unaudited six months report respectively. We did not pay any other fees to our auditors during the periods indicated below.

	For the Six Months Ended June 30, 2011	For the Year Ended June 30, 2012	For the Year Ended June 30, 2013
	\$	\$	\$
Audit fees ⁽¹⁾	436,343	270,950	477,991
Audit-related fees	—	—	—
Tax fees	—	—	—
Total	436,343	270,950	477,991

- (1) “Audit fees” means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements and the performance of agreed upon procedures on our comparative unaudited interim financial statements.

In addition, PGW paid fees to KPMG in the year ended June 30, 2013 for the audit of PGW's financial statements of NZ\$0.6 million (\$0.5 million) and for other non-audit services for accounting opinions of NZ\$0.04 million (\$0.03 million). This was for the purposes of PGW satisfying their New Zealand reporting obligations.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by independent registered public accounting firms, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimis* services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. Exemptions from the Listing Standards for Audit Committees

None.

ITEM 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In March 2013, our board of directors approved a share buyback program under which we may spend up to \$10.0 million to repurchase our ordinary shares, either in the form of ordinary shares or ADSs, in the open market or in privately negotiated transactions, by December 31, 2013. As of the date of this annual report, we have not repurchased any shares under this share buyback program.

ITEM 16F. Change in Registrant's Certifying Accountant

None.

ITEM 16G. Corporate Governance

We intend to follow the applicable corporate governance standards under the New York Stock Exchange Listed Company Manual.

NYSE Listed Company Manual Section 302.00 requires each issuer to hold an annual meeting of shareholders during each fiscal year. However, NYSE Listed Company Manual permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. Our Cayman Islands counsel has provided a letter to the NYSE certifying that under Cayman Islands law, we are not required to hold annual shareholder meetings every year. We have historically followed home country practice with respect to annual meetings. Although we held an annual meeting of shareholders in the year ended June 30, 2013, we may not hold annual shareholder meetings in the future, and only hold annual shareholder meetings if there are significant issues that require shareholders’ approvals.

Other than the annual meeting practice described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under NYSE Listed Company Manual.

PART III

ITEM 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. Financial Statements

The consolidated financial statements of Agria Corporation are included at the end of this annual report.

ITEM 19. Exhibits

Exhibit Number	Description of Document
1.1	Amended and Restated Memorandum and Articles of Association (incorporated by reference to Exhibit 3.2 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007)
2.1	Registrant’s Specimen American Depositary Receipt (incorporated by reference to Exhibit A to Exhibit 4.3 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007)
2.2	Registrant’s Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007)
2.3	Form of Deposit Agreement among the Registrant, the owners and holders of American Depositary Shares and The Bank of New York (incorporated by reference to Exhibit 4.3 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007)
4.1	Subscription Agreement, dated as of October 16, 2009, between PGG Wrightson Limited and Agria Corporation (incorporated by reference to Exhibit 4.20 of our annual report on Form 20-F filed with the Commission on December 29, 2009)
4.2	Subscription Agreement for Convertible Redeemable Notes, dated as of November 18, 2009, between PGG Wrightson Limited and Agria Corporation (incorporated by reference to Exhibit 4.21 of our annual report on Form 20-F filed with the Commission on December 29, 2009)
4.3	English Translation of Exclusive Technology Development, Technology Support and Technology Services Agreement, dated as of November 7, 2008, between Agria Brother Biotech (Shenzhen) Co., Ltd. and Shenzhen Guanli Agricultural Technology Co., Ltd. (incorporated by reference to Exhibit 4.22 of our annual report on Form 20-F filed with the Commission on June 29, 2010)

Exhibit Number	Description of Document
4.4	English Translation of Loan Contract, dated as of October 6, 2008, between Agria Brother Biotech (Shenzhen) Co., Ltd. and Juan Li (incorporated by reference to Exhibit 4.23 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.5	English Translation of Equity Pledge Agreement, dated as of November 7, 2008, among Agria Brother Biotech (Shenzhen) Co., Ltd., Juan Li and Shenzhen Guanli Agricultural Technology Co., Ltd. (incorporated by reference to Exhibit 4.24 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.6	English Translation of Exclusive Call Option Agreement, dated as of November 7, 2008, among Agria Brother Biotech (Shenzhen) Co., Ltd., Juan Li and Shenzhen Guanli Agricultural Technology Co., Ltd. (incorporated by reference to Exhibit 4.25 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.7	English Translation of Letter of Undertaking, dated as of November 7, 2008, from Juan Li (incorporated by reference to Exhibit 4.26 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.8	English Translation of Power of Attorney, dated as of November 7, 2008, from Juan Li (incorporated by reference to Exhibit 4.27 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.9	English Translation of Statement of Spouse, dated as of November 7, 2008, from Guanglin Lai (incorporated by reference to Exhibit 4.28 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.10	English Translation of Loan Contract, dated as of July 22, 2009, between Agria Brother Biotech (Shenzhen) Co., Ltd. and Juan Li (incorporated by reference to Exhibit 4.29 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.11	English Translation of Equity Transfer Agreement, dated as of August 12, 2009, among Agria Brother Biotech (Shenzhen) Co., Ltd., Juan Li and Yachao Cui (incorporated by reference to Exhibit 4.43 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
4.12*	English Translation of Loan Contract, dated as of May 7, 2013, between Agria Brother Biotech (Shenzhen) Co., Ltd. and Fulin Lai
4.13*	English Translation of Equity Transfer Agreement, dated as of March 13, 2013, between Jie Zhen Chen and Fulin Lai
4.14*	English Translation of Supplemental Agreement to Loan Contract, dated as of May 7, 2013, among Agria Brother Biotech (Shenzhen) Co., Ltd., Jie Zhen Chen and Fulin Lai
4.15*	English Translation of Equity Pledge Agreement, dated as of May 7, 2013, among Agria Brother Biotech (Shenzhen) Co., Ltd., Fulin Lai and Shenzhen Zhongguan Agricultural Gourp Co., Ltd.
4.16*	English Translation of Exclusive Call Option Agreement, dated as of May 7, 2013, among Agria Brother Biotech (Shenzhen) Co., Ltd., Fulin Lai and Shenzhen Zhongguan Agricultural Group Co., Ltd.
4.17*	English Translation of Letter of Undertaking, dated as of May 7, 2013, from Fulin Lai
4.18*	English Translation of Power of Attorney, dated as of May 7, 2013, from Fulin Lai
4.19*	English Translation of Statement of Spouse, dated as of May 7, 2013, from Liling Jiang
4.20	Subscription Agreement, dated as of April 14, 2011, among Agria Asia Investments Limited, New Hope International (Hong Kong) Limited, Agria Group Limited and Agria Singapore Pte Ltd. (incorporated by reference to Exhibit 99.2 from our form 6-K (File No. 001-33766) filed with the Commission on April 18, 2011)

Exhibit Number	Description of Document
4.21	Shareholders Agreement, dated as of April 14, 2011, among Agria Asia Investments Limited, Agria Group Limited, New Hope International (Hong Kong) Limited and Agria (Singapore) Pte Ltd. (incorporated by reference to Exhibit 99.3 from our form 6-K (File No. 001-33766) filed with the Commission on April 18, 2011)
4.22	Subscription Agreement, dated as of April 17, 2011, among Agria Asia Investments Limited, New Hope International (Hong Kong) Limited, Agria Group Limited and Agria Singapore Pte Ltd. (incorporated by reference to Exhibit 99.2 from our form 6-K (File No. 001-33766) filed with the Commission on April 18, 2011)
4.23	Shareholders Agreement, dated as of April 17, 2011, among Agria Asia Investments Limited, Agria Group Limited, New Hope International (Hong Kong) Limited, Ngai Tahu Capital Limited and Agria (Singapore) Pte Ltd. (incorporated by reference from Exhibit 99.3 of our form 6-K (File No. 001-33766) filed with the Commission on April 18, 2011)
4.24	Form of Employment Agreement with Senior Executive Officers(incorporated by reference to Exhibit 10.3 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007)
4.25	Shareholders Agreement, dated as of June 28, 2011, among Agria Group Limited, New Hope International (Hong Kong) Limited and Agria Corporation (incorporated by reference to Exhibit 4.55 of our annual report on Form 20-F filed with the Commission on June 28, 2011)
4.26	Charge over Shares in Agria Asia Investments Limited, dated as of June 28, 2011, between Agria Group Limited as Chargor and New Hope International (Hong Kong) Limited as Chargee (incorporated by reference to Exhibit 4.56 of our annual report on Form 20-F filed with the Commission on June 28, 2011)
4.27	Deed of Guarantee, dated as of June 28, 2011, between Guanglin Lai as Guarantor and New Hope International (Hong Kong) Limited as Beneficiary (incorporated by reference to Exhibit 4.57 of our annual report on Form 20-F filed with the Commission on June 28, 2011)
4.28	Deed of Indemnification, dated as of June 28, 2011, between Agria Corporation and Guanglin Lai (incorporated by reference to Exhibit 4.58 of our annual report on Form 20-F filed with the Commission on June 28, 2011)
8.1*	Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 from our F-1 registration statement (File No. 333-146785), as amended, initially filed with the Commission on October 18, 2007) (incorporated by reference to Exhibit 11.1 of our annual report on Form 20-F filed with the Commission on June 29, 2010)
12.1*	Executive Chairman Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Executive Chairman Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of GHP Horwath, P.C.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

Exhibit Number	Description of Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this annual report on Form 20-F.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AGRIA CORPORATION

By: /s/ Guanglin Lai

Name: Guanglin Lai

Title: Executive Chairman of the Board of Directors

Date: October 18, 2013

Agria Corporation

Audited Consolidated Financial Statements

June 30, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Agria Corporation

We have audited the accompanying consolidated balance sheets of Agria Corporation and subsidiaries (the “Company”) as of June 30, 2013, June 30, 2012 and June 30, 2011, and the related consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in equity for the years ended June 30, 2013 and June 30, 2012, the six months ended June 30, 2011, and the year ended December 31, 2010. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2013, June 30, 2012 and June 30, 2011, and the consolidated results of its operations and its cash flows for the years ended June 30, 2013 and June 30, 2012, the six months ended June 30, 2011, and the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ GHP Horwath, P.C.

GHP HORWATH, P.C.
Denver, Colorado
October 18, 2013

AGRIA CORPORATION
CONSOLIDATED BALANCE SHEETS

As of June 30, 2011, June 30, 2012 and June 30, 2013

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”), except for number of shares)

	<u>Note</u>	<u>2011</u> <u>(RMB)</u>	<u>2012</u> <u>(RMB)</u>	<u>2013</u> <u>(RMB)</u>	<u>2013</u> <u>(US\$)</u>
ASSETS					
Current assets:					
Cash and cash equivalents		93,771	164,890	267,796	43,633
Restricted cash	14	456,250	398,706	231,434	37,709
Accounts receivable (net of allowance for doubtful accounts of RMB46,901, RMB43,833 and RMB29,596 (US\$4,822) at June 30, 2011, June 30, 2012 and June 30, 2013, respectively)	7	1,122,810	970,839	1,023,256	166,725
Inventories	8	1,386,626	1,317,931	1,223,711	199,386
Prepayments and other current assets (net of allowance for doubtful accounts related to other current assets of RMB60, RMB4,140 and RMB1,602 (US\$261) at June 30, 2011, June 30, 2012 and June 30, 2013, respectively)	9	132,585	280,911	182,844	29,792
Deferred tax assets	18	65,429	86,139	63,727	10,383
Tax receivable		14,747	25,867	19,546	3,186
Short-term derivative assets	13	28,674	14,777	3,162	516
Assets held for sale	6	2,705,909	27,794	3,825	624
Amounts due from related parties	20	98,032	13,980	3,089	503
Total current assets		<u>6,104,833</u>	<u>3,301,834</u>	<u>3,022,390</u>	<u>492,457</u>
Non-current assets:					
Property, plant and equipment, net	10	485,294	447,296	440,912	71,840
Investments under equity method	5	61,300	63,304	28,824	4,696
Intangible assets, net	11	398,465	371,825	43,725	7,124
Goodwill	4	893,009	893,009	20,167	3,286
Non-current prepayments	9	40,158	40,165	1,387	226
Other assets, net	12	61,066	114,162	103,851	16,921
Total non-current assets		<u>1,939,292</u>	<u>1,929,761</u>	<u>638,866</u>	<u>104,093</u>
Total assets		<u>8,044,125</u>	<u>5,231,595</u>	<u>3,661,256</u>	<u>596,550</u>
LIABILITIES AND EQUITY					
Current liabilities:					
Short-term bank borrowings, and current position of long-term bank borrowings	14	485,885	592,661	574,883	93,669
Income tax payable		2,535	—	—	—
Accounts payable		735,673	845,005	724,432	118,036
Accrued expenses and other liabilities	15	493,914	344,094	463,137	75,461
Short-term derivative liabilities	13	14,313	7,310	11,708	1,908
Amounts due to related parties	20	40,503	4,520	12,713	2,072
Liabilities classified as held for sale	6	2,236,559	—	—	—
Total current liabilities		<u>4,009,382</u>	<u>1,793,590</u>	<u>1,786,873</u>	<u>291,146</u>
Non-current liabilities:					
Long-term bank borrowing, net of current portion	14	1,228,993	683,456	474,052	77,240
Deferred tax liabilities	18	23,614	11,789	17,571	2,863
Other long-term liabilities	15	137,053	159,656	136,236	22,198
Total non-current liabilities		<u>1,389,660</u>	<u>854,901</u>	<u>627,859</u>	<u>102,301</u>
Total liabilities		<u>5,399,042</u>	<u>2,648,491</u>	<u>2,414,732</u>	<u>393,447</u>
Commitments and contingencies	23				

Equity:

Agria Corporation shareholders' equity:

Shares capital (par value US\$0.0000001 per share;
450,000,000,000 ordinary and 50,000,000,000 preferred shares
authorized; 110,766,600 ordinary shares issued and
outstanding at June 30, 2011, June 30, 2012 and June 30,

2013)	16	—	—	—	—
Additional paid-in capital		2,271,492	2,275,099	2,271,698	370,140
Statutory reserves	17	237	834	1,306	213
Accumulated other comprehensive loss		(123,425)	(98,678)	(159,618)	(26,007)
Accumulated deficit		(708,576)	(728,240)	(1,577,904)	(257,097)
Total Agria Corporation shareholders' equity		<u>1,439,728</u>	<u>1,449,015</u>	<u>535,482</u>	<u>87,249</u>
Non-controlling interest		<u>1,205,355</u>	<u>1,134,089</u>	<u>711,042</u>	<u>115,854</u>
Total Equity		<u>2,645,083</u>	<u>2,583,104</u>	<u>1,246,524</u>	<u>203,103</u>
Total liabilities and equity		<u>8,044,125</u>	<u>5,231,595</u>	<u>3,661,256</u>	<u>596,550</u>

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
For the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and June 30, 2013
**(Amounts in thousands of Renminbi ("RMB") and U.S. dollar ("US\$"),
except for number of shares and per share data)**

	Note	Year ended December 31, 2010 (RMB)	Six months ended June 30, 2011 (RMB)	Year ended June 30, 2012 (RMB)	Year ended June 30, 2013 (RMB)	Year ended June 30, 2013 (US\$)
Revenue		29,022	1,026,168	6,918,807	5,895,962	960,661
Cost of revenue		(17,345)	(779,114)	(5,383,062)	(4,391,630)	(715,552)
Gross profit		11,677	247,054	1,535,745	1,504,332	245,109
Operating expenses:						
Selling, general and administrative expenses		(98,671)	(271,112)	(1,361,201)	(1,364,878)	(222,387)
Research and development expenses		(114)	(7,033)	(32,037)	(29,426)	(4,795)
Impairment loss on land use rights and non-current prepayments	9, 11	—	—	—	(357,248)	(58,208)
Impairment loss on goodwill	4	—	—	—	(883,192)	(143,903)
Total operating expenses		(98,785)	(278,145)	(1,393,238)	(2,634,744)	(429,293)
Operating (loss) income		(87,108)	(31,091)	142,507	(1,130,412)	(184,184)
Other income(expense)						
Interest income		22,448	14,123	57,494	13,875	2,261
Interest and financing expenses		(2,266)	(22,316)	(118,548)	(90,454)	(14,738)
Exchange gain (loss)		(2,843)	(12,834)	9,153	26,624	4,338
Unrealized gain in investment	3	1,946	55,542	—	—	—
Other expense		(1,341)	(3,162)	(35,443)	(33,308)	(5,428)
Other income		20,634	2,251	29,057	16,754	2,730
Loss on disposal of investment under equity method	5	—	—	—	(12,994)	(2,117)
Income (loss) from equity investments		(2,223)	10,232	(1,924)	(705)	(115)
Income (loss) before income tax		(50,753)	12,745	82,296	(1,210,620)	(197,253)
Income tax	18	(7,104)	1,096	(13,630)	(28,467)	(4,638)
Income (Loss) from continuing operations		(57,857)	13,841	68,666	(1,239,087)	(201,891)
Income (loss) from discontinued operations	6	(1,314)	(2,852)	—	—	—
Net Income (loss)		(59,171)	10,989	68,666	(1,239,087)	(201,891)
Net income (loss) attributable to the non-controlling interest		—	7,378	(84,648)	390,046	63,552
Net income (loss) attributable to the Company		(59,171)	18,367	(15,982)	(849,041)	(138,339)
Earnings (loss) per ordinary share:						
Earnings (loss) per share from continuing operations – basic and diluted	19	(0.49)	0.18	(0.14)	(7.67)	(1.25)
Earnings (loss) per share from discontinued operations – basic and diluted	19	(0.01)	(0.01)	—	—	—
Earnings (loss) per share – basic and diluted	19	(0.50)	0.17	(0.14)	(7.67)	(1.25)
Weighted average number of ordinary shares outstanding - Basic and diluted						
		118,377,357	110,766,600	110,766,600	110,766,600	110,766,600

**Amounts attributable to Company's
common shareholders**

Income (loss) from continuing operations, net of tax	(57,857)	19,520	(15,982)	(849,041)	(138,339)
Discontinued operations, net of tax	(1,314)	(1,153)	—	—	—
Net income (loss)	<u>(59,171)</u>	<u>18,367</u>	<u>(15,982)</u>	<u>(849,041)</u>	<u>(138,339)</u>

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and June 30, 2013

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollar (“US\$”))

	Year ended December 31, 2010	Six months ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013	Year ended June 30, 2013
	(RMB)	(RMB)	(RMB)	(RMB)	(US\$)
Net Income (Loss)	(59,171)	10,989	68,666	(1,239,087)	(201,891)
Other comprehensive income, net of tax					
Foreign currency translation adjustments	(16,838)	1,514	64,430	(80,808)	(13,167)
Effective portion of loss on cash flow hedges	-	(14,257)	(864)	(3,632)	(592)
Unrealised holding gain (loss) on marketable securities	-	-	-	20,534	3,346
Defined benefit plan actuarial gains and losses	-	(6,983)	(41,160)	23,088	3,762
	(76,009)	(8,737)	91,072	(1,279,905)	(208,542)
Comprehensive income (loss) attributable to:					
Agria Corporation shareholders' equity	(76,009)	(1,359)	6,424	(912,919)	(148,747)
Non-controlling interest	-	(7,378)	84,648	(366,986)	(59,795)
	(76,009)	(8,737)	91,072	(1,279,905)	(208,542)

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and June 30, 2013
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollar (“US\$”))

	2010	2011	2012	2013	2013
	(RMB)	(RMB)	(RMB)	(RMB)	(US\$)
Cash flows from operating activities:					
Net Income (loss)	(59,171)	10,989	68,666	(1,239,087)	(201,891)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:					
Loss on disposal of P3A	21,598	—	—	—	—
Exchange gain	—	—	—	(20,395)	(3,323)
(Income) loss from equity investments	2,223	(10,232)	1,924	705	115
Deferred income tax	8,489	18,755	(36,402)	26,873	4,378
Unrealized gain in investment	(1,946)	(55,542)	—	—	—
Share-based compensation and other non-cash operating items	9,835	3,709	4,630	858	140
Loss on disposal of property, plant and equipment and other assets	536	(990)	25,665	717	117
Impairment loss of land use rights and non-current prepayments	—	—	—	357,248	58,208
Goodwill impairment loss	—	—	—	883,192	143,903
Gain on sale of investment	—	—	—	(3,860)	(629)
Loss on disposal of investment under equity method	—	—	—	12,994	2,117
Depreciation and amortization	27,988	18,564	63,064	52,155	8,498
Allowance for doubtful accounts	138	115	15,470	10,190	1,660
Contractual obligations accrual	—	—	—	(753)	(123)
Write-down of inventories	—	—	—	10,300	1,678
Other non-cash items	—	—	—	38,020	6,195
Fair value adjustments of financial instruments	—	—	—	16,713	2,723
Fair value adjustments of assets held for sale	—	—	—	715	116
Amortization of finance cost	—	—	—	3,850	627
Changes in operating assets and liabilities:					
Accounts receivable	(21)	305,001	103,247	(90,713)	(14,780)
Inventories	(54,496)	(31,521)	(36,200)	35,661	5,810
Movement in working capital due to sale/purchase of business	—	—	—	(9,693)	(1,579)
Prepayments and other current assets	(10,182)	24,437	(15,848)	(3,610)	(588)
Amounts due from related parties	(1,300)	(18,327)	5,225	12,850	2,094
Deferred revenue	(1,042)	—	—	—	—
Income tax receivable, net	338	(15,485)	(25,799)	10,572	1,723
Derivatives, net	—	—	—	16,757	2,730
Accounts payable	(1,523)	(89,481)	15,916	(18,666)	(3,041)
Accrued expenses and other liabilities	6,283	(21,514)	(5,668)	23,006	3,749
Amounts due to related parties	42,843	(32,221)	(6,508)	(2,921)	(476)
Amounts due to shareholders	—	—	—	1,790	292
Non-current prepayments	200	—	—	—	—
Other operating assets and liabilities	—	(28,264)	5,320	—	—
Net cash (used in) provided by operating activities	(9,210)	77,993	182,702	125,468	20,443
Cash flows from investing activities:					
Payment for investment in PGW (net of cash received) (Note 3)	—	(695,539)	—	—	—
Payment for Investment in PGW convertible redeemable note (Note 3)	(165,446)	—	—	—	—
Payment for other investments	(40,000)	(4,900)	(463,773)	(23,946)	(3,902)
Business acquisitions (net of cash received)	(663)	—	—	(16,403)	(2,673)
Acquired impaired finance receivables	—	—	—	(56,080)	(9,137)
Addition to individual impaired finance receivables	—	—	—	(23,435)	(3,818)
Proceeds received from finance receivables	—	—	180,363	137,660	22,429
Cash disposed of with the P3A disposal	(87,486)	—	—	—	—

Acquisition of property, plant and equipment and other assets	(568)	(5,247)	(73,985)	(44,308)	(7,219)
Acquisition of intangible assets	—	(13,014)	(5,477)	(7,178)	(1,169)
Proceeds from disposal of investment under equity method	—	—	—	40,685	6,629
Proceeds from sales of investments	—	—	535,647	13,858	2,258
Proceeds from disposal of property, plant and equipment and other assets	17,010	31,225	2,767	8,472	1,380
Net cash (used in) provided by investing activities	<u>(277,153)</u>	<u>(687,475)</u>	<u>175,542</u>	<u>29,325</u>	<u>4,778</u>

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the year ended December 31, 2010, six months end June 30, 2011 and the years ended June 30, 2012 and June 30, 2013
(Amounts in thousands of Renminbi (“RMB”) and U.S. dollar (“US\$”))

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB)	(RMB)	(RMB)	(RMB)	(US\$)
Cash flows from financing activities:					
Proceeds from borrowings	119,209	884,848	103,215	522,156	85,077
Repayment of borrowings	(59,605)	(327,347)	(483,899)	(692,266)	(112,794)
Proceeds from share issue of Agria Asia Investments	—	129,432	78,825	—	—
Cash pledged for short-term borrowings	(136,000)	(320,249)	—	—	—
Cash released from pledged deposits	—	—	57,543	167,272	27,254
Payment of dividend to non controlling interest	—	—	(3,708)	(46,610)	(7,594)
Payment of share issuance related cost	—	(17,829)	—	—	—
Finance facility fees	—	(12,792)	(7,708)	—	—
Other	—	—	(18,516)	—	—
Net cash (used in) provided by financing activities	<u>(76,396)</u>	<u>336,063</u>	<u>(274,248)</u>	<u>(49,448)</u>	<u>(8,057)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(16,838)</u>	<u>8,962</u>	<u>(12,877)</u>	<u>(2,439)</u>	<u>(397)</u>
Net increase (decrease) in cash and cash equivalents	<u>(379,597)</u>	<u>(264,457)</u>	<u>71,119</u>	<u>102,906</u>	<u>16,767</u>
Cash and cash equivalents at the beginning of period	<u>737,825</u>	<u>358,228</u>	<u>93,771</u>	<u>164,890</u>	<u>26,866</u>
Cash and cash equivalents at the end of period	<u><u>358,228</u></u>	<u><u>93,771</u></u>	<u><u>164,890</u></u>	<u><u>267,796</u></u>	<u><u>43,633</u></u>
Supplemental disclosure of cash flow information:					
Cash paid during the period for interest	<u>980</u>	<u>10,866</u>	<u>118,548</u>	<u>52,917</u>	<u>8,622</u>
Cash paid during the period for income taxes	<u><u>1,729</u></u>	<u><u>687</u></u>	<u><u>30,937</u></u>	<u><u>644</u></u>	<u><u>105</u></u>
Disposal of P3A:					
Repurchase of shares	182,602	—	—	—	—
Carrying amount of net assets, including cash of RMB 87,500	<u>(204,200)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss on Disposal	<u>(21,598)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and June 30, 2013
(Amounts in thousands of Renminbi (“RMB”) and U.S. Dollars (“US\$”) except for number of shares)

	Agria Corporation Shareholders							Non-controlling Interest (RMB)	Total Shareholders' Equity (RMB)
	Number of Ordinary Shares	Ordinary Shares (RMB)	Additional Paid-in Capital (RMB)	Statutory Reserves (RMB)	Accumulated Other Comprehensive Loss (RMB)	Retained Earnings (deficit) (RMB)	Sub-total (RMB)		
Balance as of December 31, 2009	125,160,000	—	2,381,377	76,953	(78,309)	(667,535)	1,712,486	—	1,712,486
Comprehensive loss									
Net loss for the year	—	—	—	—	—	(59,171)	(59,171)	—	(59,171)
Foreign currency translation adjustments	—	—	—	—	(16,838)	—	(16,838)	—	(16,838)
Total comprehensive loss							(76,009)	—	(76,009)
Reversal of statutory reserves due to disposal of P3A	—	—	76,953	(76,953)	—	—	—	—	—
Statutory reserves	—	—	—	237	—	(237)	—	—	—
Repurchase of shares (Note 16)	(14,393,400)	—	(182,554)	—	—	—	(182,554)	—	(182,554)
Share based compensation	—	—	9,835	—	—	—	9,835	—	9,835
Balance as of December 31, 2010	110,766,600	—	2,285,611	237	(95,147)	(726,943)	1,463,758	—	1,463,758
Comprehensive Income/(loss)									
Net income	—	—	—	—	—	18,367	18,367	(7,378)	10,989
Foreign currency translation adjustments	—	—	—	—	(11,106)	—	(11,106)	12,620	1,514
Effective portion of loss on cash flow hedges	—	—	—	—	(5,786)	—	(5,786)	(8,471)	(14,257)
Defined benefit plan actuarial gains and losses	—	—	—	—	(2,834)	—	(2,834)	(4,149)	(6,983)
Total comprehensive loss	—	—	—	—	—	—	(1,359)	(7,378)	(8,737)
Share issue related cost	—	—	(17,828)	—	—	—	(17,828)	207,836	190,008
Share based compensation	—	—	3,709	—	—	—	3,709	—	3,709
Non-controlling interest and accumulated other comprehensive loss through acquisition of PGW	—	—	—	—	(8,552)	—	(8,552)	1,004,897	996,345
Balance as of June 30, 2011	110,766,600	—	2,271,492	237	(123,425)	(708,576)	1,439,728	1,205,355	2,645,083
Comprehensive Income/(loss)									
Net income/(loss)	—	—	—	—	—	(15,982)	(15,982)	84,648	68,666
Foreign currency translation adjustments	—	—	(1,101)	—	40,562	—	39,461	24,969	64,430
Effective portion of loss on cash flow hedges	—	—	—	—	(351)	—	(351)	(513)	(864)
Defined benefit plan actuarial gains and losses	—	—	—	—	(16,704)	—	(16,704)	(24,456)	(41,160)
Total comprehensive income							6,424	84,648	91,072
Increase of additional paid in capital	—	—	78	—	—	—	78	—	78
Provision for statutory reserve	—	—	—	597	—	(597)	—	—	—
Share based compensation	—	—	4,630	—	—	—	4,630	—	4,630
Dividend paid to non-controlling interest (RMB4,123) and impact to non-controlling interest arising from settlement of inter company financial instruments (Note 3)	—	—	—	—	1,240	(3,085)	(1,845)	(155,914)	(157,759)
Balance as of June 30, 2012	110,766,600	—	2,275,099	834	(98,678)	(728,240)	1,449,015	1,134,089	2,583,104
Comprehensive Income/(loss)									
Net loss	—	—	—	—	—	(849,041)	(849,041)	(390,046)	(1,239,087)
Foreign currency translation adjustments	—	—	(2,787)	—	(77,169)	(151)	(80,107)	(701)	(80,808)
Effective portion of loss on cash flow hedges	—	—	—	—	(1,474)	—	(1,474)	(2,158)	(3,632)
Unrealized holding gain on marketable securities	—	—	—	—	8,333	—	8,333	12,201	20,534
Defined benefit plan actuarial gains and losses	—	—	—	—	9,370	—	9,370	13,718	23,088
Total comprehensive loss							(912,919)	(366,986)	(1,279,905)

Provision for statutory reserve	—	—	—	472	—	(472)	—	—	—
Buy out of non-controlling interest	—	—	(1,472)	—	—	—	(1,472)	(9,451)	(10,923)
Share based compensation	—	—	858	—	—	—	858	—	858
Dividend paid to non-controlling interest	—	—	—	—	—	—	—	(46,610)	(46,610)
Balance as of June 30, 2013	<u>110,766,600</u>	<u>—</u>	<u>2,271,698</u>	<u>1,306</u>	<u>(159,618)</u>	<u>(1,577,904)</u>	<u>535,482</u>	<u>711,042</u>	<u>1,246,524</u>
Balance as of June 30, 2013, in US\$		<u>—</u>	<u>370,140</u>	<u>213</u>	<u>(26,007)</u>	<u>(257,097)</u>	<u>87,249</u>	<u>115,854</u>	<u>203,103</u>

The accompanying notes are an integral part of the consolidated financial statements.

AGRIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

1. Corporation Information and Basis of Presentation

Agria Corporation (the "Company" or "Agria") is an international agricultural company with operations in China, South America, New Zealand and Australia through its subsidiaries and variable interest entities (VIEs) (collectively the "Group"). Within China, the Group is primarily involved in the research and development, production and sale of agricultural seed products. The international operations of the Group are undertaken through PGG Wrightson Group Ltd ("PGG Wrightson" or "PGW"). During the year ended June 30, 2013, China operations accounted for approximately 2% of total revenue, and international operations accounted for approximately 98% of total revenue. The Company does not conduct any substantive operations of its own in the People's Republic of China (the "PRC") and conducts its primary business operations in the PRC through VIEs. PRC Laws and regulations prohibit or restrict foreign ownership of research and development, production and sale of hybrid food crop businesses in China. To comply with these foreign ownership restrictions, the Group operates its research and development, production and sale of upstream agricultural productions in the PRC through its VIEs.

On September 29, 2011, our board of directors authorized a change in our fiscal year end to June 30 from December 31. These financial statements presented herein are for the years ended June 30, 2013 and 2012, the 6 months transition period ended June 30, 2011, and the year ended December 31, 2010. These financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP").

In November 2008, Shenzhen Zhongguan Agricultural Group Co., Ltd ("Zhongguan") (formerly known as Shenzhen Guanli Agricultural Technology Co., Ltd.) was set up using contractual agreements substantially consistent with those described above such that Agria Brother Biotech (Shenzhen) Co., Ltd. ("Agria Brother") effectively controlled Zhongguan. As of June 30, 2013, the 100% legal interest in Zhongguan is held by two PRC individuals.

In September 2009, Shenzhen NKY Seeds Co., Ltd. ("Shenzhen NKY") (formerly known as Shenzhen Agria Agricultural Co., Ltd) was set up with a 51% interest legally held by Zhongguan and a 49% interest legally held by another individual. In September 2009, Shenzhen PGW Seeds Co., Ltd. ("Shenzhen PGW Seeds") (formerly known as Shenzhen Zhongyuan Agriculture Co., Ltd.) was set up with a 95% interest legally held by Ms. Juan Li, the wife of Mr. Guanglin Lai, the chairman of board of directors, and a 5% interest legally held by another individual shareholder. Agria Brother has entered into the aforementioned contractual agreements with the individual legal shareholders of Shenzhen NKY and Shenzhen PGW Seeds, respectively. Agria Brother has a legal obligation to provide funding of all losses incurred by Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds.

Through the aforementioned agreements, Aero Biotech Science & Technology Co., Ltd.(WOFE) and Agria Brother demonstrate their ability and intention to exercise the ability to absorb substantially all of the profits and all of the expected losses of Taiyuan Primalight III Agriculture Development Co., Ltd. ("P3A") (through the date of disposal), Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds. Accordingly, WOFE and Agria Brother are the primary beneficiaries of P3A, Zhongguan, Shenzhen NKY and Shenzhen PGW Seeds and consolidates their operating results in accordance with Accounting Standards Codification ("ASC") 810 "Consolidation" (Pre-codification: Financial Accounting Standards board ("FASB") Interpretation No. 46R, Consolidation of Variable Interest Entities, and Interpretation of ARB NO. 51).

On April 1, 2008, Agria Brother was established in the PRC as a wholly-owned subsidiary by China Victory International Holdings Limited ("China Victory") with a registered capital of \$29,000,000. The principal activity of Agria Brother is to provide biotechnology related services.

On September 30, 2009, Zhongguan acquired from a third party, a 100% equity interest in Agria NKY Seeds Co., Ltd ("NKY").

On January 31, 2010, Zhongguan acquired a 70% equity interest in Tianjin Beiao Seed Technology Development Co., Ltd. ("Beiao"), and NKY acquired a 30% equity interest in this company. (Note 4)

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

On October 21, 2010, NKY established a wholly owned subsidiary named Wuwei NKY Seeds Co., Ltd., in Wuwei city of Gansu province in China. The principal activity of Wuwei NKY Seeds Co., Ltd. is to act as an exclusive sales agent of Wuwei Ganxin Seeds Co., Ltd., a major production company for Agria.

The Company formed Southrich Limited, a wholly-owned subsidiary of Agria Group Limited, in September 2009 under the laws of the British Virgin Islands to hold our convertible redeemable notes issued by PGW in 2010. Agria (Singapore) Pte. Ltd., or Agria Singapore, a wholly-owned subsidiary of Southrich Limited, was incorporated in November 2009 under the laws of Singapore to hold our 19.01% equity interest in PGW. In January 2010, Southrich Limited changed its name to Agria Asia Investments Limited. In January 2011, Agria Singapore made an offer to the shareholders of PGW to acquire an additional 31% of the shares in PGW at the offer price of NZ\$0.60 per share. On April 29, 2011, the Company completed this acquisition and increased its shareholding of PGW to 50.01% (Notes 3 and 4). In April 2011, New Hope International (Hong Kong) Limited invested \$20 million in the equity of Agria Asia Investments, upon which the Company's equity interest in Agria Asia Investments was 88.05%. In April 2011, the Company also entered a conditional sale and purchase agreement to sell a 7.24% stake in Agria Asia Investments to NgaiTahu Holdings for approximately \$12 million. This sale became unconditional when the shareholders of PGW approved the transaction in June 2011, and this amount was received in July 2011. Upon the completion of this sale, the Company's equity interest in Agria Asia Investments became 80.81%.

In March 2011, Wuwei Ganxin Seeds Co., Ltd. ("Ganxin") increased its registered capital from RMB20 million to RMB30 million pursuant to new regulations. Accordingly, the Company increased its investment in Ganxin by RMB4.9 million (\$0.7 million) to maintain the Company's 49% equity interest. In May 2013, in line with our strategy to focus on our proprietary corn seed products, we decided to discontinue our commercial arrangement with Ganxin and disposed of our 49% equity interest in Ganxin.

In March 2011, Beiao established a new subsidiary, named Shanxi Jufeng Seeds Co., Ltd., in Shanxi province, PRC. The initial investment is RMB1.11 million. This new company began operations in a seeds business in Shanxi, PRC.

In August 2012, our subsidiary Agri-feeds Limited, or Agri-feeds, entered into an incorporated joint venture for the molasses liquid feed business. This transaction involved our divestiture of certain assets, including intangibles from Agri-feeds, into the joint venture company, 4Seasons Feeds Limited.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

As of June 30, 2013, the Company's principal subsidiaries consisted of the following entities:

Name	Place of incorporation
Agria Group Limited (Formerly Aero-Biotech Group Limited)	BVI
China Victory International Holdings Limited ("China Victory")	Hong Kong
Aero Biotech Science & Technology Co., Ltd. ("Agria China")	PRC
Agria Brother Biotech (Shenzhen) Co., Ltd. ("Agria Brother")	PRC
Agria Biotech Overseas Limited ("Agria Overseas")	Hong Kong
Agria Asia International Limited ("Agria International")	Hong Kong
Agria Hong Kong Limited ("Agria Hong Kong")	Hong Kong
Agria Asia Investments Ltd. ("Agria Asia Investments") (Formerly known as Southrich Limited)	BVI
Agria (Singapore) Pte. Ltd ("Agria Singapore")	Singapore
Agria Corporation (New Zealand) Ltd ("Agria New Zealand")	New Zealand
PGG Wrightson Limited ("PGW")	New Zealand
Agriculture New Zealand Limited	New Zealand
Agri-Feeds Limited	New Zealand
AgriTech South America Limited	New Zealand
Grasslands Innovation Limited	New Zealand
PGG Wrightson Consortia Research Limited	New Zealand
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand
PGW AgriTech Holdings Limited	New Zealand
PGW Rural Capital Limited	New Zealand
PGW AgriTech New Zealand Limited	New Zealand
AgriServices South America Limited	New Zealand
PGG Wrightson Real Estate Limited	New Zealand
PGG Wrightson Seeds Limited	New Zealand
PGG Wrightson Trustee Limited	New Zealand
PGW Corporate Trustee Limited	New Zealand
Agricom Limited	New Zealand
PGG Wrightson Genomics Limited	New Zealand
PGG Wrightson Wool Limited	New Zealand
PGG Wrightson Investments Limited	New Zealand
Wrightson Seeds Limited	New Zealand
New Zealand Wool Handlers Limited	New Zealand
Bloch & Behrens Wool (NZ) Limited	New Zealand
PGG Wrightson Employee Benefits Plan Limited	New Zealand
PGW AgriTech Australia Pty Limited	Australia
PGG Wrightson Real Estate Australia Pty Limited	Australia
PGG Wrightson Seeds (Australia) Pty Limited	Australia
AusWest Seeds Pty Limited	Australia
Stephen Pasture Seeds Pty Limited	Australia
PGG AgriServices Australia Pty Limited	Australia
Agricom Australia Seeds Pty Limited	Australia
Agricom Australia Pty Limited	Australia
Juzay S.A.	Uruguay
Wrightson Pas S.A. Limited	Uruguay
PGG Wrightson Uruguay Limited	Uruguay
PGW AgriTech South America SA	Uruguay
Hunker S.A. (t/a Rural Centre)	Uruguay
Lanelle S.A. (t/a Riegoriental)	Uruguay
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay
Idogal S.A. (t/a Veterinaria Lasplaces)	Uruguay
Agrosan S.A.	Uruguay
Kroslyn SA Limited	Uruguay
Guarneri y Ghilino Ltda	Uruguay
Escritorio Romualdo Rodriguez Ltda	Uruguay
Alfalfares S.R.L.	Argentina
NZ Ruralco Participacoes Ltda	Brazil

As of June 30, 2013, the Company consolidates the following VIEs and their consolidated subsidiaries which comprised substantially all of the Group's

operations:

Name	Place of incorporation
Shenzhen Zhongguan Agriculture Group Co., Ltd. (“Zhongguan”) (Formerly known as Shenzhen Guanli Agricultural Technology Co., Ltd.)	PRC
Agria NKY Seeds Co., Ltd. (“NKY”) (Formerly known as Beijing NKY Seeding Development Co., Ltd.)	PRC
Shenzhen NKY Seeds Co., Ltd. (“Shenzhen NKY”) (Formerly known as Shenzhen Agria Agricultural Co., Ltd.)	PRC
Shenzhen PGW Seeds Co., Ltd. (“Shenzhen PGW Seeds”) (Formerly known as Shenzhen Zhongyuan Agriculture Co., Ltd.)	PRC
Tianjin Beiao Seeds Technology Development Co., Ltd. (“Beiao”)	PRC
Wuwei NKY Seeds Co., Ltd.	PRC
Shanxi Jufeng Seeds Co., Ltd.	PRC
Zhuhai NKY Seeds Co., Ltd. (“Zhuhai NKY”)	PRC

The carrying amount of the total assets and total liabilities of VIEs as of June 30, 2013 were RMB293.4 million (\$ 47.8 million), and RMB163.3million (\$ 26.6 million), respectively. There was no pledge or collateralization of the VIEs' assets. Creditors of the VIEs have no recourse to the general credit of the Company, which is the primary beneficiary of the VIEs. The amount of the net assets of VIEs as of June 30, 2013 was RMB130.1 million (\$ 21.2 million). In addition, the Company has not provided any financial or other support that it was not previously contractually required to provide during the period presented to VIEs.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013****2. Summary of Significant Accounting Policies*****Principles of Consolidation***

The consolidated financial statements include the financial statements of the Company, its subsidiaries and VIEs for which the Company is the primary beneficiary. All significant intercompany transactions and balances between the Company, its subsidiaries and its VIEs are eliminated upon consolidation.

Foreign Currency

The functional currency of the Company, Agria Group Ltd., China Victory, Agria Hong Kong, Agria International, Agria Overseas, Agria Asia Investments and Agria Singapore is the United States dollar. The functional currency of Agria New Zealand and PGW is the New Zealand dollar. The functional currency of Agria China, Agria Brother and the VIEs is the RMB. The reporting currency of the Company is RMB. Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are remeasured at the balance sheet date exchange rate. Exchange gains and losses are included in foreign exchange gains and losses in the consolidated statements of income.

On consolidation, the financial statements of the Company that use the United States dollar and New Zealand dollar as their functional currency are translated into RMB at the exchange rate in effect at the balance sheet date for assets and liabilities, and at the average exchange rate during the year for income and expense items except for individually significant transactions whereby the exchange rates on the date the transactions are recognized are used. Translation differences are recorded in accumulated other comprehensive loss, a component of shareholders' equity.

Convenience Translation

Translations of amounts from RMB into United States dollars are made solely for the convenience of the reader. The conversion rate of RMB into United States dollars is based on the H.10 statistical release of the US Federal Reserve Board as of June 28, 2013 (being the last business day before June 30, 2013). No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at such rate.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant estimates and assumptions reflected in the Company's consolidated financial statements include, but are not limited to revenue recognition, allowance for doubtful accounts, inventory write downs, impairment, useful lives of property plant and equipment, valuation of intangible assets, goodwill and other long-lived assets, recognition of deferred income taxes, impairment of investments and consolidation of VIEs.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank deposits with original maturities of three months or less, which are unrestricted as to withdrawal and use.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Accounts Receivable***

An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable based on an assessment of specific evidence indicating troubled collection, historical experience, account balance aging and prevailing economic conditions. An accounts receivable balance is written off after collection efforts have ceased.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in, first out basis. Raw materials and supplies consist of feed ingredients, packaging materials and operating supplies, while work-in-progress and finished goods include direct materials, direct labor and the allocation of manufacturing overhead costs. Livestock inventories include live animals acquired for stock fattening programs and for live export.

Inventory obsolescence reserve is mainly related to that the net realizable value is lower than the carrying amount and results in a new cost basis for accounting purposes.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and improvements	5-50 years
Plant and machinery	5-10 years
Furniture and office equipment	3-5 years
Motor vehicles	5-6 years

Repair and maintenance costs are charged to expense when incurred, whereas the cost of renewals and betterments that extend the useful life of fixed assets are capitalized as additions to the related assets. Retirement, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of income.

All facilities purchased or constructed which require a period of time before completion are accounted for as construction-in-progress. Construction-in-progress is recorded at acquisition cost, including cost of facilities, installation costs and interest costs. Capitalization of interest costs ceases when the asset is substantially complete and ready for its intended use. No interest was capitalized for the year ended June 30, 2013.

Intangible Assets***Land use rights***

Prepaid land use rights are recorded at the amount paid less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the term of the agreements of 19 years. During the year ended June 30, 2013, land use rights with lease term ranging from 20 to 30 years were fully impaired.

Acquired technologies

Acquired technologies, which consist primarily of purchased technology know-how related to the production of corn seeds, are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of 5 to 15 years. During the year ended June 30, 2013, a seed variety right with 3 years useful life was fully amortized.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013***Software*

Software consists of computer software purchased from third-party developers for internal use with an estimated useful life of 3 to 10 years.

Investments

Investments in privately held entities, which are not readily marketable or have quoted market prices, are recorded at cost. Distributions received, other than for return of capital, are recorded as other income in the consolidated statements of income. The Company assesses its investments for other-than-temporary impairments when indicators of impairment arise, including adverse changes to financial condition and the market environment of the investees.

The Company has investments in marketable securities that are classified as available-for-sale. These marketable securities are stated at fair value. Any unrealized gains or losses are recorded in accumulated other comprehensive income (loss), a component of equity, until realized. Other-than-temporary declines in market value from original cost are included in operations. In determining whether an other-than-temporary decline in the market value has occurred, the Company considers the duration that, and extent to which, fair value of the investment is below its cost. Realized gains and losses are calculated based on specific identification to the individual securities involved, with the resulting gains and losses included in non-operating income and expense in income statement.

Through April 2011, in accordance with ASC 825-10 "Financial Instruments — overall", the Company elected to account for its PGW equity investee in which the Company exercised significant influence using fair value as determined by the investee's quoted market price (Note 3). Accordingly, the investment was reflected on the balance sheet at its fair value, with changes in fair value between reporting periods reflected in the consolidated statements of income. As described in Note 4, in April 2011, the Company acquired a controlling interest in PGW. The Company accounts for its other equity investees under the equity method of accounting. Accordingly, the investments are reflected at original cost and adjusted for the Company's share of earnings or losses of the investees. There are no significant differences between the carrying amounts and the underlying equity in the net assets of the investees.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill is not amortized. Instead, goodwill is required to be tested for impairment annually and between annual tests if events or circumstances lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The goodwill impairment test involves a two-step process; however, if after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity shall assess all relevant events and circumstances indicating whether it is more likely than not that the fair value of a reporting unit is less than its carrying value, which include but are not limited to one or more of the following: (1) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital or other developments in equity and capital markets, (2) industry and market conditions such as a deterioration in the environment in which an entity operates, an increased competitive environment, a change in the market for an entity, (3) cost factors such as increases in raw materials or labor, (4) overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results or relevant prior periods, (5) entity specific events such as changes in management, key personnel, strategy, or customers, (6) events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more-likely-than not expectation of selling or disposing all, or a portion, or a reporting unit and (7) a sustained decrease in share price.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

In the event a determination is made that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the first step of the two-step process must be performed. The first step of the test, used to identify potential impairment, compares the estimated fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test must be performed to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as goodwill recognized in a business combination. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

An entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. At June 30, 2013, we performed the qualitative assessment and concluded that there was indication of impairment. Thus, we performed step one of the goodwill impairment test. To measure the fair value of the reporting unit, discounted cash flows valuation techniques were used. The discounted cash flows model is based on budget and forecast of cash flows for a period of five years prepared by management. This approach utilizes forward-looking assumptions and projections, and considers factors impacting long-range plans that may not be comparable to other companies and that are not yet publicly available.

Revenue Recognition

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery of the products and/or services has occurred and risks and rewards of ownership have passed to the customer; (iii) the selling price is fixed or determinable; and (iv) collection of the resulting receivable is reasonably assured.

More specifically, the Company's sales arrangements are evidenced by individual sales agreements for each transaction. The customer takes title and assumes the risks and rewards of ownership of the products upon delivery of products, which generally occurs at shipping point. Other than warranty obligations, the Company does not have any substantive performance obligations to deliver additional products or services to the customers. The product sales price stated in the sales contract is final and not subject to adjustment. The Company generally does not accept sales returns and does not provide customers with price protection. The Company assesses a customer's creditworthiness before accepting sales orders. Based on the above, the Company records revenue related to product sales upon delivery of the product to the customers.

The Company enters into contracts to design and build irrigation and pumping systems and recognizes revenues during the construction period using the percentage of completion method. Most of the contracts are fixed-price contracts, which typically provide for a stated contract price and a specified scope of the work to be performed. The Company estimates the percentage of the job that is complete using variations of the cost-to-cost method. Cost is used as the primary indicator, but the Company also considers contract milestones and work in progress from installation representatives. If the estimate of costs left to be incurred plus actual costs already incurred exceeds the total revenue to be expected from a contract, then the full amount of the difference is recognized in the current period as a loss and is presented on the consolidated balance sheet as a current liability. The Company did not recognize any significant losses on these contracts.

The Company is subject to significant seasonal fluctuations. In particular, Livestock and Seeds activity are significantly weighted to the second half of the financial year. Seeds revenues reflect the fact the Company operates in geographical zones that suit Autumn harvesting and sowing. New Zealand generally has spring calving and lambing, so Livestock trading is weighted towards the second half of the financial year in order for farmers to maximize their incomes. Other business units have similar but less material cycles. The Company recognizes this is the nature of the industry and plans and manages its business accordingly.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Cost of Revenue***

Cost of revenue includes direct and indirect production costs, as well as transportation and handling costs for products sold.

Research and Development Costs

The principal research and development activities are in the development of systems, processes and new seed cultivars. Research expenditure on the development of new systems and processes is recognized in income statement as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in income statement when incurred. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. Research and development expenditure on the development of new seed cultivars is recognized in income statement as incurred. Development costs of seed cultivars are substantially indistinguishable from the cultivar research costs.

Income Taxes

Deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes arising from a change in tax rates is recognized in income statement in the period that includes the enactment date.

The Company has elected to classify interest due on any underpayment of income taxes and penalties in interest expense and penalties, if and when required, within general and administrative expenses.

The Company accounts for uncertainty in income taxes by assessing the likelihood of the financial statement effect of a tax position that should be recognized when it is more likely than not that the position will be sustained upon examination by a taxing authority based on the technical merits of the tax position, circumstances, and information available as of the reporting date. Liabilities arising from uncertain tax positions are not significant for all periods presented.

Employee Benefits

The Company's net obligation with respect to defined benefit pension plans is calculated by estimating the future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated. Actuarial gains and losses are recognized directly in other comprehensive income and the defined benefit plan reserve in equity. Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided. A provision is recognized for the amount of outstanding short-term benefits at each reporting date. Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Company with respect to services provided by employees up to reporting date.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Share-based Compensation***

All grants of equity awards to employees are recognized in the financial statements based on their grant date fair values. The Company elected to recognize compensation cost for equity awards with only service conditions on a straight-line basis over the requisite service period for the entire award with the limitation that the amount of compensation cost recognized at any date must at least equal the portion of the grant-date value of the award that is vested at that date.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expense is recorded net of estimated forfeitures such that expense is recorded only for those share-based awards that are expected to vest.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled and is not accompanied by a concurrent grant of a replacement award or other valuable consideration, it shall be accounted for as a repurchase for no consideration. Accordingly, any previously unrecognized compensation cost shall be charged to expense at the cancellation date.

Share-based compensation and other benefit plans were not significant to the June 30, 2013 operating results and financial position.

Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

Comprehensive Income (loss)

Comprehensive income (loss) is defined as the change in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Leases***

Leases are classified at inception date as either a capital lease or an operating lease. A lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed over the lease term.

Earnings (loss) Per Share

Basic earnings (loss) per ordinary share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings (loss) per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Ordinary shares issuable upon the conversion of the redeemable, convertible preferred shares are included in the computation of diluted income per ordinary share on an "if-converted" basis, when the impact is dilutive. The dilutive effect of outstanding share options is reflected in the diluted earnings per share by application of the treasury stock method.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets or asset group, including finite-lived intangibles, for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of a group of long-lived assets may not be recoverable. When these events occur, the Company evaluates the impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Company will recognize an impairment loss based on the excess of the carrying amount of the asset group over its estimated fair value.

Fair Value of Financial Instruments

The carrying amounts of accounts receivable, accounts and notes payable, other liabilities and short-term bank borrowings approximate their fair value due to the short-term maturity of these instruments.

The long-term bank borrowings approximate their fair value, as their interest rates approximate market interest rates.

This fair value of related party receivables and payables is not practicable to estimate due to the related party unsure nature of the underlying transactions.

Finance receivables represent the remaining loans that were held back from the sale of PGG Wrightson Finance Limited and are recorded at cost. The loans are collateralized by property and are net of an allowance for doubtful accounts. All loans are considered past due and the balance of the loan is compared to the fair value for the collateralized property. If the fair value of the property is less than the carrying amount of the loan, a reserve is recorded for the difference. The Company estimates the fair value using a discounted cash flow methodology based on recent appraisals and/or estimated cash collections for properties that are in bankruptcy courts. When loans are provisioned, the Company ceases to accrue interest income.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Derivative Financial Instruments***

The Company uses derivative financial instruments to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. The Company does not hold or issue derivative instruments for trading purposes. Generally, the derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Such derivatives consist of forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage exposure to foreign currency operations. Derivative financial instruments are recognized initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognized immediately in income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedges generally consist of interest rate swaps that are used by the Company to hedge exposures to changes in the market rates of variable and fixed interest rates. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to income statement in the same period that the hedged item affects income statement.

Segment Reporting

From 2009 through June 2010, the Company operated in corn seed, sheep products and seedlings segments. In July 2010, the Company disposed of its sheep products and seedlings business segments. From August, 2010 to April 30, 2011, the Company operated and managed its business only in the China seeds business segment. Beginning with the acquisition of PGW at end of April 2011, the Company now operates in China seeds, International seeds and Agriservices segments (Note 24). The China seeds segment engages in production and sale of corn seed in China, the International seeds segment engages in seed, nutrition and grain businesses and AgriServices segment engages in merchandising, livestock, insurance, real estate and irrigation and pumping businesses. The accounting policies used in its segment reporting are the same as those used in the preparation of its consolidated financial statements. In 2010, the Company generated substantially all of its revenues from customers in the PRC. Beginning in May 2011, with the acquisition of PGW, the Company generated revenues from customers in the PRC, New Zealand, Australia, South America and the United Kingdom. Geographical information is presented in Note 24.

Reclassification

Certain prior year balances have been reclassified to conform to the June 30, 2013 financial statement presentation.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2013-10, "Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes" ("ASU 2013-10"). ASU 2013-10 allows the Federal Funds Effective Swap Rate (which is the Overnight Index Swap rate, or OIS rate, in the US) to be designated as a benchmark interest rate for hedge accounting purposes under the derivatives and hedging guidance. The amendments also allow for the use of different benchmark rates for similar hedges. The amendments are effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

In July 2013, the FASB issued Accounting Standards Update No. 2013-11, "Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists" ("ASU 2013-11"). ASU 2013-11 requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carry forward, a similar tax loss, or a tax credit carry forward, except to the extent a net operating loss carry forward, a similar tax loss, or a tax credit carry forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. No new recurring disclosures are required. The amendments are effective for annual and interim reporting periods beginning on or after December 15, 2013 and are to be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In February 2013, the FASB issued Accounting Standards Update No. 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements" ("ASU 2013-04"). ASU 2013-04 provides guidance for the recognition, measurement, and disclosure resulting from joint and several liability arrangements. Examples of obligations that fall within the scope of the ASU include certain debt arrangements, other contractual obligations, and settled litigation. The new guidance is effective on a retrospective basis for fiscal years and interim periods within those fiscal years beginning after December 15, 2013. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income" ("ASU 2013-02"). ASU 2013-02 requires enhanced disclosures about items reclassified out of accumulated other comprehensive income ("AOCI"). For items reclassified to net income in their entirety, the ASU requires information about the effect of significant reclassification items to appear on separate line items of net income. For those items where direct reclassification to net income is not required, companies must provide cross-references to other disclosures that provide details about the effects of the reclassification out of AOCI. Expanded disclosures concerning current period changes in AOCI balances are also required for each component of OCI on the face of the financial statements or in the notes. ASU 2013-02 is effective prospectively for fiscal years beginning after December 15, 2012, and interim periods within those fiscal years. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

In December 2011, the FASB issued Accounting Standards Update No. 2011-11, "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). ASU 2011-11 will require disclosure of information about offsetting and related arrangements to enable users of our financial statements to understand the effect of those arrangements on our financial position. In January 2013, the FASB issued Accounting Standards Update No. 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01"). ASU 2013-01 limits the scope of the new balance sheet offsetting disclosure requirements to derivatives (including bifurcated embedded derivatives), repurchase agreements and reverse repurchase agreements, and certain securities borrowing and lending arrangements. The new guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The disclosures required are to be applied retrospectively for all comparative periods presented. The Company is currently evaluating the impact of this standard on the disclosures and presentation of our consolidated results of operations and financial position included in our consolidated financial statements.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****Concentration of Risks******Concentration of credit risk***

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. As of June 30, 2013, substantially all of the Company's cash and cash equivalents were deposited in several financial institutions. Accounts receivable are typically unsecured and are derived from revenue earned from customers. The risk with respect to accounts receivable is mitigated by credit evaluations the Company performs on its customers and ongoing monitoring process on outstanding balances.

Current vulnerability due to certain other concentrations

The Company operations may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 20 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC's political, economic and social conditions. There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective.

Except for PGW and overseas companies outside mainland China, substantially all of the Company's other businesses are transacted in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China. However, the unification of the exchange rates does not imply the convertibility of RMB into United States dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. In June 2010, the PRC government indicated that it would make the foreign exchange rate of the RMB more flexible. There has been no subsequent changes to the policies. It is difficult to predict the effect of this change to the foreign exchange rate of the RMB in the future.

3. Investment in PGW

On October 16, 2009, the Company and PGW entered into an agreement to jointly work to create value for both companies through the advancement of agricultural technology and the development of new markets.

In October 2009, the Company invested in PGW through the placement of 41.1 million newly- issued shares representing 11.52% of PGW's share capital, at NZ\$0.88 per share, at a value of NZ\$36.2 million (\$25.3 million).

In November 2009, together with all existing shareholders of PGW (on a pro rata basis), the Company subscribed for an additional 46.2 million shares at an aggregate price of NZ\$20.8 million (\$14.6 million) without changes in the percentage of shareholding before and after the subscription.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

On December 23, 2009, one of the existing shareholders of PGW sold the Company 56.8 million of PGW's share rights at NZ\$0.025 per share right. The Company exercised these rights and subscribed for 56.8 million shares at an aggregate consideration of NZ\$27.0 million (\$18.9 million). Upon the completion of the acquisition, the Company held an equity interest of 19.01% in PGW which enabled it to have 2 directors on PGW's board. Accordingly, the Company determined that its representation on the board of directors of this investee enabled it to apply significant influence over PGW.

Through the date of the April 2011 PGW acquisition (Note 4), the Company elected to apply the fair value option for its equity investment in PGW, which otherwise would be accounted for using equity method accounting, because it believed a readily determinable fair value based on the investee's quoted market price provided investors with the most relevant and reliable information in assessing its value. The Company recognized the increase in fair value, which amounted to RMB55.5 million (\$8.6 million), between December 31, 2010 and April 30, 2011 in the consolidated statements of income.

Under the agreement signed between the Company and PGW in November 2009, PGW agreed to issue Convertible Redeemable Notes ("CRNs") having an aggregate principal amount of \$25 million to the Company with the proceeds being invested as new capital into PGG Wrightson Finance, to enhance regulatory capital and provide greater liquidity and capacity for growth in that business. As a result, PGW issued the CRNs to Agria Asia Investments on January 15, 2010.

The key features of the convertible redeemable notes, which were repaid in December 2011 were as follows:

Term

The convertible redeemable notes have a perpetual term.

Interest

Interest payable under the convertible redeemable notes is:

- For the period from January 15, 2010 to December 31, 2011, 8.0% per annum on the principal amount of the notes;
- For the period from January 1, 2012 to December 31, 2013, the two-year swap rate quoted by Reuters on December 31, 2011 plus a margin of 5.5%; and
- For subsequent two-year periods commencing on January 1, 2014, January 1, 2016 and thereafter, the two-year swap rate quoted by Reuters at the start of the relevant two-year period plus a margin of 6.5%.

PGG Wrightson can suspend the interest payments at its sole discretion. Suspended interest accumulates and any suspended interest is payable on any subsequent interest payment date at the sole discretion of PGG Wrightson. At any time when there is suspended interest, PGG Wrightson may not declare or pay any dividend or make a distribution on its ordinary shares. Once payment of interest on the notes is resumed, PGG Wrightson may not declare or pay any dividend or make a distribution on its ordinary shares for a period of 12 months commencing on the date on which the payment of interest is resumed, unless all suspended and unpaid interest is paid.

Conversion and Redemption

Unless otherwise agreed by PGG Wrightson and the Company, PGG Wrightson may elect at its sole discretion to convert or redeem the notes at any time following 18 months after January 15, 2010.

AGRIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

In the event that PGG Wrightson elects to convert the notes into its ordinary shares, each note will be converted into 2.1 ordinary shares of PGG Wrightson, subject to PGG Wrightson's shareholder approval.

In the event that PGG Wrightson elects to redeem the notes, the Company may choose whether the notes will be redeemed in cash or exchanged into ordinary shares of PGG Wrightson Finance, a wholly owned subsidiary of PGG Wrightson, which exchange is subject to PGG Wrightson's shareholder approval.

If the notes are redeemed in cash, PGG Wrightson will pay the Company 102% of the principal amount of the notes if the redemption takes place on or before December 31, 2011, or 104%, with each subsequent two-year period cash redemption amount accreting at an additional 2%, if the redemption takes place during the two-year period after December 31, 2011.

If the notes are exchanged into ordinary shares of PGG Wrightson Finance, the exchange ratio at which each note is exchanged into PGG Wrightson Finance ordinary shares will be the greater of (1) 1/(net tangible assets per PGG Wrightson Finance share on December 31, 2009), and (2) 1/(net tangible assets per PGG Wrightson Finance share at the last day of the month immediately prior to the time of exchange), provided that the exchange ratio shall be between 30% to 50%, depending upon the performance of PGG Wrightson Finance. In addition to the exchange, PGG Wrightson will also pay Agria 2% of the principal amount of the notes to be redeemed if the redemption occurs on or before December 31, 2011, or 4%, with each subsequent two-year exchange period redemption payment accreting at an additional 2%, if the redemption occurs between January 1, 2012 and on or before December 31, 2013.

In the event that shareholder approval, or any other regulatory or other approval or consent required by either PGG Wrightson or the Company in order to effect the exchange of PGG Wrightson Finance ordinary shares, cannot be obtained, the Company will have the option to have PGG Wrightson redeem the notes in cash at the abovementioned cash redemption amount, or have PGG Wrightson pay the Company in cash the cash equivalent value of the ordinary shares of PGG Wrightson Finance sought to be transferred to the Company under the exchange arrangement.

In April 2011, the Company acquired a controlling interest in PGW. Therefore, from the date of acquisition, the convertible redeemable notes have been eliminated on consolidation. In December 2011, the convertible redeemable notes were repaid at 102% of the principal amount.

4. Business Acquisitions

2010 acquisition:

In 2010, the Company acquired a 100% equity interest of Beiao, an entity engaged in research and sales of vegetable seeds in the PRC, for cash consideration of RMB1.0 million (\$0.2 million). The Company recognized goodwill of RMB0.3 million (\$0.05 million) for this acquisition.

Purchase price allocation and pro forma results of operation for this acquisition have not been presented because the effects of the acquisition were not material to the Company's consolidated financial results.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013***Impairment loss on goodwill*

For the year ended June 30, 2013, the Company recognized an impairment loss on goodwill of RMB0.3 million (\$0.05 million) relating to Beiao. The impairment loss was due to the unsatisfactory financial performance of Beiao.

2011 acquisition of controlling interest in PGW:

In April 2011, Agria Singapore purchased an additional 234,963,938 shares of PGG Wrightson (PGW) at the offer price of NZ\$0.60 (\$0.46) per share to bring its total shareholding in PGG Wrightson from 19.01% to 50.01%. The acquisition has been accounted under the acquisition method of accounting in accordance with ASC 805, "Business Combinations". The results of PGG Wrightson's operations have been included in the consolidated financial statements since its acquisition date. We previously accounted for our 19.01% interest in PGW as an equity method investment.

The aggregate purchase consideration is comprised of the following:

	As at April 30, 2011	
	(RMB'000)	(US\$'000)
Cash consideration transferred	734,356	113,616
Fair value of the Non-controlling Interest	967,152	149,633
Fair value of previously held equity interest	450,385	69,681
Total consideration	<u>2,151,893</u>	<u>332,930</u>

As the result of obtaining control over PGW, our previously held 19.01% interest was remeasured to fair value at acquisition date, resulting in a gain of RMB55.5 million (\$8.6 million). This has been recognized in unrealized gain from investment in the consolidated statements of operations.

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the date of acquisition, including the effect of measurement period adjustments recorded in 2012 and 2011 as discussed below:

	As at April 30, 2011	
	(RMB'000)	(US\$'000)
Cash	38,817	6,006
Accounts receivable	1,421,690	219,957
Inventory	1,274,040	197,113
Other current assets	167,311	25,886
Property and equipment	443,588	68,630
Investment in equity accounted associates & other investment	73,673	11,398
Other non-current assets	75,308	11,651
Goodwill	882,874	136,594
Accounts payable	(850,887)	(131,645)
Short-term borrowings	(337,983)	(52,291)
Other current liabilities	(450,285)	(69,667)
Long-term borrowings	(754,836)	(116,784)
Other long-term liabilities	(154,367)	(23,883)
Net assets held for sale	473,581	73,270
Deferred tax assets	61,287	9,482
Deferred tax liabilities	(2,923)	(452)
Income tax payable	(23,571)	(3,647)
Non-controlling interest	(10,259)	(1,587)
Convertible Redeemable Note and accrued interest	(175,165)	(27,101)
Purchase consideration	<u>2,151,893</u>	<u>332,930</u>

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013**

A change to the acquisition date fair value of the identifiable net assets during the measurement period (up to one year from the acquisition date) affects the amount of the purchase price allocated to goodwill. Changes to the purchase price allocation are adjusted retrospectively to the consolidated financial results. The values above include measurement period adjustments recorded in 2012. The measurement period adjustments were recorded based on information obtained subsequent to the acquisition. The June 30, 2011 balances for Goodwill and Other assets on the Consolidated Statements of Financial Position have been revised to include the effect of the measurement period adjustment recorded in 2012, and described in our 2012 annual report.

The goodwill recognized represents expected synergies and incremental growth that we anticipate accruing both in PGW and across the rest of the Group. We expect this to be achieved by the Company management providing PGW with expertise on capitalizing opportunities in the China market and by PGW providing the rest of the Group with expertise on leading international agriculture practices and techniques.

Pro forma (unaudited)

The following summarized unaudited pro forma results of operations, which are inclusive of Continuing and Discontinued Operations, for the year ended December 31, 2010 and the 6 month period ended June 30, 2011, have been prepared assuming that the acquisition of PGW had occurred on January 1, 2010. These pro forma results have been prepared for comparative purposes only based on management's best estimate and do not purport to be indicative of the results of operations which actually would have resulted had the acquisition occurred as of January 1, 2010.

	(Unaudited) For the year ended December 31, 2010 RMB'000	(Unaudited) For 6 months Ended June 30, 2011 RMB'000
Pro forma revenues	6,256,583	3,551,666
Pro forma net loss	(57,110)	(94,701)
Pro forma net loss per ordinary share-basic and diluted	(0.48)	(0.85)

Impairment loss on goodwill

For the year ended June 30, 2013, the Company recognized an impairment loss on goodwill of RMB882.9 million (\$143.9 million) relating to PGW. A number of factors, including the overall financial performance and the share price of PGW, recognition of goodwill impairment loss in the consolidated financial statements of PGW, the slower than expected recovery in the Australian market following poor weather and trading conditions were considered. These conditions were reflected in the Company's operating results and cash flow for the quarter ended June 30, 2013. As a result, the Company has reconsidered and reevaluated growth and trend estimate in its future cash flow model. Thus, recognition of goodwill impairment loss in the financial statements was considered. The goodwill impairment assessment process was conducted at the reporting unit level. We determined the fair value based on a discounted cash flows model. After applying the goodwill impairment test, the implied fair value of goodwill is substantially lower than the carrying amount of the goodwill and it was concluded that the full carrying amount of goodwill was impaired.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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2013 acquisition:

In July 2012, the Company acquired the long-lived assets and business of Xinjiang Ruide Ltd, a corn seed producer based in Xinjiang province, China, as a production base for China Seeds. The following table summarizes the fair values of the assets acquired and liabilities assumed as at the date of acquisition:

	As at July 9, 2012	
	(RMB'000)	(US\$'000)
Property and equipment, net	5,761	939
Land use rights	470	77
Acquired technologies	400	65
Goodwill	10,349	1,686
Purchase consideration	<u>16,980</u>	<u>2,767</u>

The goodwill recognized represents expected synergies from combining seeds production with operations of NKY to secure lower production cost and better quality control and is not expected to be deductible for tax purposes. Goodwill has been assigned to NKY, the major component of the Company's China Seeds operating segment, for purposes of impairment testing.

Pro forma results of operation for this acquisition have not been presented because the effects of the acquisition were not material to the Company's consolidated financial results.

5. Investment Under Equity Method

Details of the Company's equity method investees at June 30, 2013 are as follows:

Name of investee	Proportion of ownership interest	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2013
		(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Wuwei Ganxin Seeds Co., Ltd.	49.0%	53,679	53,679	—	—
Beijing Zhongnong Seed Industry Co., Ltd.	26.8%	6,720	8,280	—	—
Others, owned by PGW		901	1,345	28,824	4,696
		<u>61,300</u>	<u>63,304</u>	<u>28,824</u>	<u>4,696</u>

The results of operations and financial position of the investees are not significant to the Company.

In line with the Company's strategy to focus on its proprietary corn seed products, the Company decided to discontinue the commercial arrangement with Ganxin. Accordingly, in December 2012, the Company entered into an equity transfer agreement to dispose of its 49% equity interest in Ganxin at a consideration of approximately RMB41 million (\$6.6 million). The transaction was completed in May 2013, resulted in a loss on disposal of approximately RMB13 million (\$2.1 million).

In relation to the investment in Beijing Zhongnong Seed Industry Co., Ltd. ("Zhongnong"), the operation has ceased and no future cash flow is expected from the investment after the restructuring of our research and development function from Zhongnong. Accordingly, impairment provision was made to write down the full carrying value of the investment in Zhongnong as of June 30, 2013.

6. Disposition and Discontinued Operations

On July 13, 2010, the Company sold substantially all assets of P3A, net of certain liabilities, to Mr. Frank Xue, the president and a director of P3A. As a result of the transaction, Agria received shares held by Mr. Xue representing 11.5% of the Company's issued and outstanding share capital immediately prior to the transaction. These shares were then cancelled by the Company. The Company retained existing leases of nine parcels of land totaling approximately 13,500 acres previously held by P3A. Mr. Xue was a related party of the Company since he is a director and president of P3A.

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Included in the loss from discontinued operations for the year ended December 31, 2010 is RMB20.3 million operating income from January 1, 2010 through the date of disposal and a RMB21.6 million loss on disposal, net of a reversal of deferred tax liabilities of approximately RMB 191.2 million. There is no other significant income tax on discontinued operations for 2010. Results of the P3A discontinued operations are as follows:

Discontinued Operations	From January 1, 2010 to date of disposal	
	(RMB'000)	(US\$'000)
Revenue from discontinued operations	112,277	17,012
Pretax income (loss)	(192,468)	(29,162)
Income (loss) from discontinued operations	<u>(1,314)</u>	<u>(199)</u>

At the time of the acquisition of PGW, PGW was in the process of selling PGG Wrightson Finance Limited (PWF), its financing operations. Therefore, this business operation was recorded as "held for sale" at the date of the PGW acquisition.

In June 2011, PGW finalized an agreement with Heartland New Zealand Limited to sell PWF to Heartland's wholly-owned subsidiary Heartland Building Society (Heartland). The sales price was an amount equal to the adjusted net tangible assets of PWF at the completion date of the transaction, being August 31, 2011.

Results of the PWF discontinued operations are as follows:

Results of discontinued operations	From April 30, 2011 (acquisition date) to June 30, 2011	
	(RMB'000)	(US\$'000)
Revenue from discontinued operations	30,676	4,746
Pretax loss	(135)	(21)
Loss from discontinued operations	<u>(2,852)</u>	<u>(441)</u>

Assets held for sale

In the year ended June 30, 2011, assets of PWF specified in the share sale agreement have been classified as held for sale. Certain loans with a carrying value of approximately RMB 322.7 million (\$49.9 million) were excluded from the sale and transferred to a wholly owned PGW special purpose vehicle, which is utilized to realize or refinance these facilities over the short to medium term. These assets are classified as other current assets (Note 9). Of the loans that were excluded from the sale, as of June 30, 2013, the remaining balance of these receivables are approximately RMB54.8 million (\$8.9 million) net of an allowance of approximately RMB51.9 million (\$8.5 million).

As of June 30, 2013, PGW currently has three properties classed as held for sale. The properties are on the market and are held at market value (approximately RMB3.8 million (\$0.6 million)).

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	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Assets classified as held for sale				
Cash and cash equivalents	383,330	—	—	—
Property, plant and equipment	3,249	27,794	3,825	624
Intangibles	1,499	—	—	—
Finance and other receivables	2,317,831	—	—	—
	<u>2,705,909</u>	<u>27,794</u>	<u>3,825</u>	<u>624</u>
Liabilities classified as held for sale				
Finance and other payables	(2,236,559)	—	—	—
	<u>(2,236,559)</u>	<u>—</u>	<u>—</u>	<u>—</u>

7. Accounts Receivable

Accounts receivable consist of the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Accounts receivable	1,169,711	1,014,672	1,052,852	171, 547
Less: Allowance for doubtful accounts	(46,901)	(43,833)	(29,596)	(4,822)
	<u>1,122,810</u>	<u>970,839</u>	<u>1,023,256</u>	<u>166,725</u>

Movements in allowance for doubtful accounts:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Balance at the beginning of the year	(10,670)	(139)	(46,901)	(43,833)	(7,142)
Increase from acquisition of PGW	—	(46,407)	—	—	—
Provision for doubtful collection	(139)	(355)	(23)	(2,309)	(376)
Decrease due to disposal of P3A	10,670	—	—	—	—
Reversal of allowance upon collections of doubtful accounts	—	—	3,091	—	—
Write-offs	—	—	—	15,520	2,529
Exchange difference	—	—	—	1,026	167
Balance at the end of the year	<u>(139)</u>	<u>(46,901)</u>	<u>(43,833)</u>	<u>(29,596)</u>	<u>(4,822)</u>

8. Inventories

Inventories consist of the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Raw materials and supplies	4,467	10,032	24,631	4,013
Work in progress	63,354	27,516	33,924	5,527
Finished goods	1,220,330	1,213,466	1,181,113	192,445
Livestock	135,304	102,960	20,214	3,294
Less: Allowance for inventory write down	(36,829)	(36,043)	(36,171)	(5,893)
	<u>1,386,626</u>	<u>1,317,931</u>	<u>1,223,711</u>	<u>199,386</u>

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9. Prepayments and Other Current and Non-current Assets

Prepayments and other current assets consist of the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Non-current assets				
Non-current Prepayments (1)	<u>40,158</u>	<u>40,165</u>	<u>1,387</u>	<u>226</u>
Current assets				
Prepayments(3)	32,920	31,345	33,642	5,482
Advances to suppliers (2)	3,808	11,593	24,726	4,029
Finance receivable (4)	—	146,447	54,811	8,931
Other receivable (5)	95,917	95,666	71,267	11,611
Less: Allowance for doubtful accounts	(60)	(4,140)	(1,602)	(261)
	<u>132,585</u>	<u>280,911</u>	<u>182,844</u>	<u>29,792</u>

- (1) In 2008, the Company prepaid RMB 40 million for an extended lease term of land from December 31, 2028 to December 31, 2038 in respect of a parcel of land with land use right expiring on December 31, 2028. For the year ended June 30, 2013, the Company recognized a provision for impairment loss of non-current prepayments of RMB 40 million (\$6.5 million). A detailed explanation of the impairment loss is set out in Note 11.
- (2) This amount represents interest-free payments to suppliers associated with contracts the Group enters into for the future scheduled delivery of corn seeds. The risk of loss arising from non-performance by or bankruptcy of the suppliers is assessed prior to placing the advance. To date, the Group has not experienced any losses on advances to suppliers.
- (3) The amount mainly consists of RMB15.4 million (\$2.5 million) of prepayment of debt financing costs which are being amortized over the term of the debt period, RMB6.2 million (\$1 million) of prepaid levies and licenses and RMB3.8 million (\$0.6 million) of property management fee.
- (4) This amount represents individual impaired loans in PGG Wrightson. As part of the term for the sale of the Company's finance subsidiary, PGG Wrightson Finance (PWF) to Heartland Building Society, certain excluded loans were acquired by the Company's subsidiary, PGW Rural Capital Limited. Details of finance receivables are shown as follows:

	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(US\$'000)
Finance receivables – less than one year	237,805	106,730	17,390
Finance receivables – more than one year	—	—	—
Allowance for doubtful debts	(91,358)	(51,919)	(8,459)
	<u>146,447</u>	<u>54,811</u>	<u>8,931</u>
Impaired loans			
	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(US\$'000)
The status of the receivables at the balance sheet date			
Not past due	—	—	—
Past due 0-90 days	—	—	—
Past due 91-365 days	—	—	—
Past due more than 1 year	237,805	106,730	17,390
Impairment	(91,358)	(51,919)	(8,459)
	<u>146,447</u>	<u>54,811</u>	<u>8,931</u>

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Asset Quality – Finance receivables	2012	2013	2013
	(RMB'000)	(RMB'000)	(US\$'000)
Neither past due or impaired	—	—	—
Individually impaired loans	237,805	106,730	17,390
Past due loans	—	—	—
Impairment	(91,358)	(51,919)	(8,459)
Total carrying amount	<u>146,447</u>	<u>54,811</u>	<u>8,931</u>
Aging of past due but not impaired	2012	2013	2013
	(RMB'000)	(RMB'000)	(US\$'000)
Past due 1-90 days	—	—	—
Past due 91-180 days	—	—	—
Past due 181-365 days	—	—	—
Past due more than 1 year	—	—	—
Total past due but not impaired assets	<u>—</u>	<u>—</u>	<u>—</u>
90 day past due assets (including impaired assets)	2012	2013	2013
	(RMB'000)	(RMB'000)	(US\$'000)
Balance at the beginning at the year	—	237,805	38,747
Additions	244,266	79,515	12,956
Reductions	—	(207,958)	(33,884)
Exchange difference	(6,461)	(2,632)	(429)
Balance at the end of the year	<u>237,805</u>	<u>106,730</u>	<u>17,390</u>
Impaired assets	2012	2013	2013
	(RMB'000)	(RMB'000)	(US\$'000)
Balance at the beginning at the year	—	237,805	38,747
Acquired impaired assets	463,802	56,080	9,137
Additions to individually impaired assets	53,201	23,435	3,818
Amounts written off	(116,356)	(70,298)	(11,453)
Repayments	(156,381)	(137,660)	(22,430)
Exchange difference	(6,461)	(2,632)	(429)
Balance at the end of the year	<u>237,805</u>	<u>106,730</u>	<u>17,390</u>
Impairment	(91,358)	(51,919)	(8,459)
Net carrying amount of impaired assets	<u>146,447</u>	<u>54,811</u>	<u>8,931</u>

(5) This amount mainly represents merchandise rebates from suppliers and sundry debtors.

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Movements in allowance for doubtful accounts:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Balance at the beginning of the year	(1,723)	(60)	(60)	(4,140)	(675)
Provision for doubtful accounts	—	—	(4,080)	—	—
Write-offs	—	—	—	2,538	414
Decrease due to disposal of P3A	1,663	—	—	—	—
Balance at the end of the year	<u>(60)</u>	<u>(60)</u>	<u>(4,140)</u>	<u>(1,602)</u>	<u>(261)</u>

10. Property, Plant and Equipment, Net

Property, plant and equipment consist of the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Land	83,003	72,078	67,980	11,076
Buildings and improvements	212,869	193,382	143,381	23,362
Plant and machinery	248,631	264,081	356,184	58,035
Furniture and office equipment	96,160	68,766	41,396	6,745
Motor vehicles	40,162	49,689	49,866	8,125
Construction in progress	16,009	6,860	11,711	1,908
Total original cost	696,834	654,856	670,518	109,251
Less: Accumulated depreciation	<u>(211,540)</u>	<u>(207,560)</u>	<u>(229,606)</u>	<u>(37,411)</u>
Net book value	<u>485,294</u>	<u>447,296</u>	<u>440,912</u>	<u>71,840</u>

Depreciation expense was RMB3.0 million, RMB4.4 million, RMB36.9 million and RMB34.9 million (\$5.7 million) for the year ended December 31, 2010, six months ended June 30, 2011 and each of the years ended June 30, 2012 and 2013, respectively.

11. Intangible Assets, Net

Intangible assets consist of the following:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Land use rights	395,637	395,637	396,107	64,540
Acquired technology	33,893	30,932	33,443	5,449
Software	76,078	75,357	76,183	12,413
Gross carrying value	505,608	501,926	505,733	82,402
Less: Accumulated amortization and impairment loss	<u>(107,143)</u>	<u>(130,101)</u>	<u>(462,008)</u>	<u>(75,278)</u>
Net carrying value	<u>398,465</u>	<u>371,825</u>	<u>43,725</u>	<u>7,124</u>

Amortization expense for the year ended December 31, 2010, the six months ended June 30, 2011, and the years ended June 30, 2012 and 2013 were RMB25.0 million, RMB14.1 million, RMB26.4 million and RMB 17.3 million (\$2.6 million), respectively.

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For the year ended June 30, 2013, an impairment loss on land use rights of RMB317.2 million (\$51.7 million) was recognized. The relevant land parcels were acquired in the time when the Group was engaged in sheep breeding business, which has since ceased after disposal of P3A. Since then, we have explored, apart from finding third-party tenants, long-term viable alternative commercial use of the land parcels, especially with respect to trial plantation of grass varieties. Extensive trial plantation of grass was conducted over the last several years. These trial plantations and their latest results and evaluations completed in late 2012 indicated that it would not be economically viable to carry out large scale commercial plantation on this land. After completion of the trial plantations, the Company engaged a separate and independent professional valuer to evaluate the value of the land. The independent valuation indicated a substantial impairment on the land. The valuation has taken into consideration the results of the trial plantations, as well as other possible alternatives that these land parcels could be used. Without clear visibility as to its cash flow generating capacity in the foreseeable future, the Company determined that it was appropriate to record a full impairment provision of land use rights and related non-current prepayments. (Note 9)

The land use rights have an amortization period of 19 years. Acquired technologies have an amortization period of 5-15 years.

Expected amortization expense on the intangible assets as at June 30, 2013 for each of the next five years and thereafter is as follows:

Year ending June 30	(RMB'000)	(US\$'000)
2014	7,013	1,143
2015	5,731	934
2016	4,740	772
2017	3,974	648
2018	3,382	551
Thereafter	18,885	3,076
	<u>43,725</u>	<u>7,124</u>

12. Other Assets, net

	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Investments accounted under cost method	50,500	49,091	45,658	7,439
Available for sale marketable security (Note)	-	35,383	52,855	8,612
Other investments	6,574	27,191	5,322	867
Long-term derivative assets (Note 13)	3,992	2,497	16	3
	<u>61,066</u>	<u>114,162</u>	<u>103,851</u>	<u>16,921</u>

Note:

As at June 30, 2013, aggregate fair value of available for sale marketable security of RMB52.9 million (\$8.6 million) represents 13,333,333 shares of Heartland New Zealand Limited held by PGW. The total other-than-temporary impairment recognized in accumulated other comprehensive income was nil. Total gains for securities with net gains in accumulated other comprehensive income was approximately RMB20.4 million (\$3.3 million). Total losses for securities with net losses in accumulated other comprehensive income was nil.

13. Derivative Financial Instruments

	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Short-term derivative assets held for risk management	28,674	14,777	3,162	516
Long-term derivative assets held for risk management (Note 12)	3,992	2,497	16	3
Short-term derivative liabilities held for risk management	(14,313)	(7,310)	(11,708)	(1,908)
Long-term derivative liabilities held for risk management (Note 15)	(4,393)	(1,470)	(2,973)	(484)
Net derivatives held for risk management	<u>13,960</u>	<u>8,494</u>	<u>(11,503)</u>	<u>(1,873)</u>

Cash flow hedges of interest rate risk

The Group uses interest rate swaps to hedge its exposure to changes in the market rates of variable and fixed interest rates.

Other derivatives held for risk management

The Group also uses forward exchange contracts, spot foreign exchange contracts and foreign exchange options to manage its exposure to foreign currency fluctuations.

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14. Bank Borrowings and Restricted Cash

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(US\$'000)</u>
Short-term facilities:				
Short-term facilities	281,918	417,323	465,324	75,818
Long-term facilities - Current portion	203,967	175,338	109,559	17,851
	<u>485,885</u>	<u>592,661</u>	<u>574,883</u>	<u>93,669</u>
Long-term facilities:				
Long-term portion	1,228,993	683,456	474,052	77,240
	<u>1,228,993</u>	<u>683,456</u>	<u>474,052</u>	<u>77,240</u>
Restricted Cash	<u>456,250</u>	<u>398,706</u>	<u>231,434</u>	<u>37,709</u>

As of June 30, 2013, we had RMB574.9 million (\$93.7 million) in outstanding short-term bank loans and borrowings and RMB474.1 million (\$77.2 million) in outstanding long-term bank loans and borrowings.

As of June 30, 2012, we had RMB592.7 million (\$93.3 million) in outstanding short-term bank loans and borrowings and RMB683.5 million (\$107.6 million) in outstanding long-term bank loans and borrowings.

As of June 30, 2011, we had RMB485.9 million (\$75.2 million) in outstanding short-term bank loans and borrowings and RMB1,229.0 million (\$190.1 million) in outstanding long-term bank loans and borrowings.

As of June 30, 2013, short-term and long-term bank borrowing facilities included:

- A term debt facility denominated in New Zealand dollars of NZ\$110.0 million (RMB525.3 million, \$85.6 million) that matures on July 31, 2014 provided by a syndicate of various banks. As of June 30, 2013, this facility had an outstanding balance of NZ\$62.0 million (RMB296.1 million, \$48.2 million) and available balance of NZ\$48.0 million (RMB229.2 million, \$37.4 million).
- A working capital facility denominated in New Zealand dollars of NZ\$60.0 million (RMB286.6 million, \$46.7 million) that matures on July 31, 2014 provided by a syndicate of various banks. As of June 30, 2013, this facility had no outstanding balance.
- Bank overdraft, trade facilities and short-term borrowings totaling NZ\$45.8 million (RMB218.7 million, \$35.6 million) provided by various banks. As of June 30, 2013, these facilities had outstanding balance of NZ\$47.7 million (RMB227.8 million, \$37.1 million). As at June 30, 2013, the Group's overdraft facility was slightly overdrawn due to funds being in transit from subsidiaries. The Group obtained approval from the banks for the overdrawn post June 30, 2013.
- Acquisition debt denominated in New Zealand dollars of NZ\$13.8 million (RMB65.9 million, \$10.7 million) that matures on February 26, 2014 provided by a bank.
- Acquisition debt denominated in New Zealand dollars of NZ\$5.0 million (RMB23.9 million, \$3.9 million) that matures on March 5, 2014 provided by Livestock Improvement Company.
- Loan facilities denominated in RMB of RMB61.9 million (\$10.1 million) that matures on April 7, 2014 provided by one bank. These facilities were guaranteed by \$10.9 million pledged deposit, which was included in Restricted Cash as of June 30, 2013.

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- Loan facilities denominated in US Dollars of \$25.8 million (RMB159.4 million) that mature between January 6, 2014 and April 21, 2014 provided by a bank. These facilities were guaranteed by RMB164.1 million (\$26.7million) pledged deposit, which was included in Restricted Cash as of June 30, 2013.
- Trade facilities denominated in RMB of RMB75.0 million that mature on March 31, 2014 provided by a bank. As of June 30, 2013, the outstanding balance of this facility was RMB16.2 million (\$2.6 million).
- Loan facilities denominated in US Dollars of \$32.0 million (RMB197.7 million) which matures on May 29, 2018 provided by a bank.

The following table shows the repayment schedule of loan principle:

	2014	2015	2016	2017	2018	Thereafter
Principle (RMB'000)	574,882	335,649	39,544	49,430	49,430	—
Equivalent to US\$'000	93,669	54,689	6,443	8,054	8,054	—

The short and long term facilities are generally collateralized by receivables, inventories and property and equipment. The interest rates on the loans are set by reference to the base rates in each of China, US and New Zealand for RMB, US\$ and NZ\$ denominated loans, respectively, with a margin. The weighted average interest rates are as follows:

	2010	2011	2012	2013
Short-term facilities	0.94%	5.2%	4.7%	4.1%
Long-term facilities	—	4.2%	4.3%	4.3%

15. Accrued Expenses and Other Liabilities

The components of accrued expenses and other current liabilities are as follows:

	2011 (RMB'000)	2012 (RMB'000)	2013 (RMB'000)	2013 (US\$'000)
Salary, welfare, education and union fund	74,321	86,200	77,821	12,680
Advances from customers(i)	50,662	22,116	5,212	849
Business tax and other taxes	1,647	1,344	1,091	178
Unrecognized tax benefit and related interest and penalties (Note 18)	7,519	5,115	7,687	1,253
Accrued expenses	359,674	146,049	178,562	29,094
Other (ii)	91	83,270	192,764	31,407
	<u>493,914</u>	<u>344,094</u>	<u>463,137</u>	<u>75,461</u>

- (i) The advances from customers are attributable to cash received from selling of corn seeds.
(ii) Others mainly consist of accrued purchased amounting to RMB154.2 million (\$25.1 million) as at June 30, 2013.

The components of Other Long-term Liabilities are as follows:

	2011 (RMB'000)	2012 (RMB'000)	2013 (RMB'000)	2013 (US\$'000)
Other long-term provisions	41,830	26,682	33,834	5,513
Defined benefit liabilities (iii)	90,830	131,504	99,429	16,201
Long-term derivative liabilities (Note 13)	4,393	1,470	2,973	484
	<u>137,053</u>	<u>159,656</u>	<u>136,236</u>	<u>22,198</u>

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- (iii) PGW makes contributions to two defined benefit plans that provide a range of superannuation and insurance benefits for employees and former employees. The plan's retired employees are entitled to receive an annual pension payment payable on their life and in some cases on the life of a surviving spouse. The balance as of June 30, 2013 is comprised of the gross value of the defined benefit obligation of RMB347.5 million (\$56.6 million) and the carrying value of plan assets of RMB248.1 million (\$40.4 million). The contributions to the defined benefit plans were RMB18.2 million (\$3.0 million) by PGW, and RMB5.5 million (\$0.9 million) by members in 2013. (Note 22)

16. Ordinary Shares

On August 7, 2008, the Company's Board of Directors approved a repurchase of up to \$10 million over the following 24 months by the Company's American Depositary Shares ("ADSs") (the "stock repurchase program"). The timing and amount of repurchase ADSs were determined by the Company's management based on market conditions, ADS price and other factors, and were subject to the restrictions relating to volume, price and timing under applicable law, including Rule 10b-18 under the Securities Exchange Act of 1934. The approval of Company's Board of Directors for the stock repurchase program expired on August 6, 2010.

On July 16, 2010, the Company entered into definitive agreements to divest Taiyuan Primalight III Agriculture Development Co., Ltd., or P3A, to Mr. Frank Xue, the president and a director of P3A. As a result of the transaction, Agria acquired from Mr. Xue and cancelled 14,393,400 shares representing 11.5% of its issued and outstanding share capital immediately prior to the transaction.

On March 22, 2013, the Company's Board of Directors has approved a share buyback program under which the Company may spend up to \$10 million to repurchase ordinary shares, either in the form of ordinary shares or American Depositary Shares (ADS) in the open market or in privately negotiated transactions by December 31, 2013, subject to further extension thereof with approval of the Transition Committee. No shares were being repurchased under the program.

17. Statutory Reserves

According to the Company Law of the PRC and the Articles of Association of individual subsidiaries in China, each of them in China is required each year to transfer 10% of the profit after tax as reported in its PRC statutory financial statements to the statutory common reserve fund, except where the fund has reached 50% of the registered capital of the company. This fund can be used to make up any losses incurred or be converted into paid-in capital, provided that the fund does not fall below 25% of the registered capital. As of June 30, 2013, the balance of statutory reserves is provided from the profit after tax of NKY.

The statutory common reserve fund is not distributable except upon liquidation.

18. Income Taxes

Under the laws of the Cayman Islands and BVI, the Company, Agria Group Ltd. and Agria Asia Investments are not subject to tax on its income or capital gains. In addition, no withholding tax on dividends or other distributions will be payable by an exempted company on its operations. However, the Company is subject to PRC income tax at the rate of 25% on its taxable income according to the Enterprise Income Tax Law ("the EIT Law") (as detailed below).

China Victory, Agria Overseas, Agria International and Agria Hong Kong were originally subject to an applicable profits tax rate of 16.5% in Hong Kong. However, these companies mentioned above are also subject to PRC income tax at the rate of 25% on their taxable income according to the EIT Law mentioned above.

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Further, also under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "place of effective management" is located within the PRC territory are considered PRC resident enterprises and subject to the PRC income tax at the rate of 25% on worldwide income. The definition of "place of effective management" shall refer to an establishment that exercises, in substance, overall management and control over the production and business, personnel, accounting, properties, etc. of an enterprise. As of June 30, 2013, no detailed interpretation or guidance has been issued to define "place of effective management". Furthermore, as of June 30, 2013, the administrative practice associated with interpreting and applying the concept of "place of effective management" is unclear. The Company has analyzed the applicability of this law and will continue to monitor the related development and application.

Shenzhen Zhongguan Group, Agria Brother, Shenzhen NKY, Shenzhen PGW Seeds, Beiao, Zhuhai NKY are subject to PRC income tax at a statutory rate of 25% on their respective taxable income.

In April 2012, NKY obtained the approval of full exempt enterprise income tax on profit from seeds breeding and crop planting starting from 2011. The tax paid for 2011 profit was refunded. The "High New Technology Business" certificate obtained on December 14, 2009 has expired since December 2012. As a result, its income from business other than seeds breeding and crop planting is subject to the normal rate of 25%. NKY is now re-applying for the "High New Technology Business" certificate.

New Zealand resident companies are subject to tax on their taxable income at the rate of 28%. There is no capital gains tax in New Zealand. However certain gains arising from the disposal of personal property purchased with the intention of resale are taxable. Certain gains on the sale or transfer of land may be taxable. There are open statutes of limitations for taxing authorities to audit the Company's tax returns from 2008 to the current year. Where a non-resident company in New Zealand has voting interest in a company in New Zealand of 10% or greater, any fully imputed dividend is not liable for withholding tax. For the year ended June 30, 2013, dividends from PGW was not subject to withholding tax.

Australian resident companies are taxable on their taxable income at the rate of 30%. Net capital gains derived by Australian resident companies are taxed at the 30% corporate rate. There are open statutes of limitations for taxing authorities to audit the Company's tax returns from 2008 to the current year.

Uruguayan businesses are taxed on taxable income sourced in Uruguay. Capital gains derived by Uruguayan companies are taxed at the standard rate of corporate tax. The corporate tax rate in Uruguay is 25%. A capital duty at the rate of 1.5% is levied on the net worth of the entity. There are open statutes of limitations for taxing authorities to audit the Company's tax returns from 2007 to the current year.

Deferred tax liabilities arising from undistributed earnings

The EIT Law also imposes a 10% withholding income tax for dividends distributed by a foreign invested enterprise in PRC to its immediate holding company outside China, such distributions were exempted under the previous income tax law and regulations. A lower withholding tax rate will be applied if there is a tax treaty arrangement between mainland China and the jurisdiction of the foreign holding company. The foreign invested enterprise became subject to the withholding tax starting from January 1, 2008. Given that the undistributed profits of the Company's subsidiaries in China are intended to be retained in China for business development and expansion purposes, no withholding tax accrual has been made.

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Income/(loss) from continuing operations before income taxes consists of:

	Year ended December 31,	Six months ended June 30,	Year ended June 30,		
	2010	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
PRC	(24,856)	8,727	(23,185)	9,627	1,569
PGW	—	(9,966)	160,547	113,957	18,568
Other non-PRC	(25,897)	13,984	(55,066)	(1,334,204)	(217,390)
	<u>(50,753)</u>	<u>12,745</u>	<u>82,296</u>	<u>(1,210,620)</u>	<u>(197,253)</u>

The loss from other non-PRC operations consists primarily of operating costs, administration expense, interest income and charges. The income from the other non-PRC in 2011 consisted primarily of gain from remeasurement of previously held 19% equity interest in PGW to fair value.

Income taxes expense (benefit) applicable to continuing operations consist of:

	Year ended December 31,	Six months ended June 30,	Year ended June 30,		
	2010	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Current income tax	5,719	(31,429)	10,130	449	73
Deferred income tax	1,385	30,333	3,500	28,018	4,565
	<u>7,104</u>	<u>(1,096)</u>	<u>13,630</u>	<u>28,467</u>	<u>4,638</u>

The reconciliation between income taxes computed by applying the statutory income tax rate of 25% for 2010, 2011, 2012 and 2013 applicable to the Company's PRC operations to income tax expense is:

	Year ended December 31,	Six months ended June 30,	Year ended June 30,		
	2010	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Income/(loss) before income tax	<u>(50,753)</u>	<u>12,745</u>	<u>82,295</u>	<u>(1,210,620)</u>	<u>(197,253)</u>
Income tax computed at the applicable statutory tax rate of 25%	(12,688)	3,186	20,574	(302,655)	(49,313)
Expense not deductible for tax	838	771	329	227,123	37,006
Effect of tax exemptions	(50)	—	(33,271)	(17,120)	(2,789)
Effect of tax rate differences	568	(1,629)	1,869	29,059	4,735
Effect of tax law changes and recognition of outside basis differences	4,502	(5,761)	14,397	14,134	2,303
Changes in valuation allowance	13,838	4,539	6,248	76,653	12,489
Off-set of cumulative loss brought forward	—	—	—	(7,998)	(1,303)
Others	<u>96</u>	<u>(2,202)</u>	<u>3,484</u>	<u>9,271</u>	<u>1,510</u>
Income tax (benefit) expense reported in the consolidated statements of operations, applicable to continuing operations	<u>7,104</u>	<u>(1,096)</u>	<u>13,630</u>	<u>28,467</u>	<u>4,638</u>

The tax effects of temporary differences that give rise to the deferred tax asset (liability) balances at June 30, 2011, 2012 and 2013 are as follows:

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18. Income Taxes (continued)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Property, plant and equipment	(17,241)	(17,844)	(37,744)	(6,150)
Acquired technology	(9,982)	(7,884)	(7,665)	(1,249)
Change in foreign tax rate	(3,393)	—	—	—
Net operating loss carry-forward	4,539	6,248	76,653	12,489
Provision	64,456	76,907	87,233	14,213
Other	7,975	23,171	4,332	706
Deferred tax assets	46,354	80,598	122,809	20,009
Valuation allowance	(4,539)	(6,248)	(76,653)	(12,489)
Deferred tax assets (liabilities), net	<u>41,815</u>	<u>74,350</u>	<u>46,156</u>	<u>7,520</u>

As of June 30, 2013, net deferred tax assets/(liabilities) of RMB46.2 million (\$7.5 million) represents current deferred tax assets of RMB63.7 million (\$10.4 million) and non-current deferred tax liabilities of RMB17.5 million (\$2.9 million).

As of June 30, 2013, the Company had gross deferred tax assets of approximately RMB122.8 million (\$20.0 million). A valuation allowance on the deferred tax assets of approximately RMB76.7 million (\$12.5 million) has been recorded, as the Company does not believe that sufficient objective positive evidence currently exists to conclude that the recoverability of the total deferred tax assets is more likely than not.

Based on existing PRC tax regulations, the PRC entities remain subject to examination by the tax authorities for fiscal years 2008 through 2013.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits and liabilities, exclusive of related interest and penalties, is as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Balance at beginning and end of fiscal year	<u>3,759</u>	<u>3,759</u>	<u>3,759</u>	<u>612</u>

The Company's unrecognized tax benefits are presented in the consolidated balance sheet within accrued expenses and other liabilities.

It is possible that the amount of unrecognized tax benefits will change in the next twelve months. However, an estimate of the range of the possible change cannot be made at this time.

If the unrecognized tax benefits as of June 30, 2013 were realized in a future period, it would result in a tax benefit and a reduction of the Company's effective tax rate.

During the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013, the Company recognized RMB686,000, RMB353,000, RMB300,000 and RMB309,000 (\$50,000) respectively, in general and administrative expenses for interest, and RMB827,000, RMB108,000, nil and reversal of RMB108,000 (\$18,000), respectively, in general and administrative expenses for penalties related to uncertain tax positions. As at June 30, 2011, June 30, 2012, and June 30, 2013, the Group recognized total interest and potential penalties relating to uncertain tax positions amounting to RMB3.4 million, RMB3.7 million and RMB3.9 million (\$0.6 million) respectively.

19. Earnings (Loss) Per Share

For the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and 2013, all of the ordinary shares issuable upon exercising employee share options were not included in the calculation of dilutive earnings (loss) per share because the effect of inclusion would be anti-dilutive. Options to purchase 5,934,200, 7,839,867 and 6,852,333 ordinary shares were exercisable as at June 30, 2011, 2012 and 2013, respectively.

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20. Related Party Transactions

<u>Name of Related Parties</u>	<u>Relationship with the Company</u>
Wuwei Ganxin Seeds Co., Ltd. (Wuwei Ganxin)	A 49% associate before May 2013
Beijing Zhongnong Seed Industry Co., Ltd. (Beijing Zhongnong)	A 26.8% associate
NgaiTahu	Shareholder of Agria Asia Investments with equity interest of 7.24%
New Hope International (Hong Kong) Ltd.	Shareholder of Agria Asia Investments with equity interest of 11.95%
Michael Thomas	Management of PGW (Resigned in August 2011)
John McKenzie	Management of PGW
George Gould	Director of PGW(retired June 28, 2013)
Bill Thomas	Director of PGW (retired October 24, 2012)
Trevor Burt	Director of PGW (appointed December 11, 2012)
PGW	19% investment before April 30, 2011
Shenzhen Guanli Investment Co., Ltd. (Shenzhen Guanli)	A company controlled by Alan Lai, chairman of Agria

(1) The Company had the following related party transactions during the periods presented:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(RMB'000)</u>	<u>(US\$'000)</u>
Return of corn seeds to:					
Wuwei Ganxin (2)	—	38,983	—	—	—
Purchase of corn seeds from:					
Wuwei Ganxin	65,427	3,688	3,448	3,640	593
Initial payment for subscription for shares in Agria Asia Investments (3)					
NgaiTahu	—	78,404	—	—	—
Debenture and rural saver deposits					
Michael Thomas	—	6,965	—	—	—
Purchase of retail goods, sale of seed under production contracts and livestock transaction					
John McKenzie	—	—	13,187	18,266	2,976
Trevor Burt	—	—	—	128	21
Michael Thomas	—	1,564	—	—	—
Purchase of retail goods					
George Gould	—	72	602	2,140	349
Bill Thomas	—	—	3,389	120	20
Interest on Convertible & Redeemable Note					
PGW (4)	—	4,732	—	—	—
Directors fee and expense charged to:					
PGG Wrightson (5)	1,179	274	—	—	—
Collection of amounts due from:					
PGG Wrightson	789	—	—	—	—
Beijing Zhongnong	—	—	1,012	2,199	358
	789	—	1,012	2,199	358
Payment of amounts due to:					
Wuwei Ganxin	26,019	—	3,448	2,364	385

Beijing Zhongnong	3,044	—	—	—	—
Taiyuan Relord(1)	102	—	—	—	—
	<u>29,165</u>	<u>—</u>	<u>3,448</u>	<u>2,364</u>	<u>385</u>
Loan to Beijing Zhongnong	<u>910</u>	<u>9,610</u>	<u>4,876</u>	<u>4,656</u>	<u>759</u>
Loan from Beijing Zhongnong	<u>6,464</u>	<u>—</u>	<u>1,302</u>	<u>—</u>	<u>—</u>
Capital injection to Beijing Zhongnong	<u>7,000</u>	<u>—</u>	<u>4,000</u>	<u>—</u>	<u>—</u>
Sales service from Beijing Zhongnong	<u>—</u>	<u>—</u>	<u>2,812</u>	<u>—</u>	<u>—</u>
Loan from Shenzhen Guanli(6)	<u>—</u>	<u>—</u>	<u>20,000</u>	<u>—</u>	<u>—</u>
Repayment of loan from Shenzhen Guanli(6)	<u>—</u>	<u>—</u>	<u>20,000</u>	<u>—</u>	<u>—</u>
Payment of interest to Shenzhen Guanli(6)	<u>—</u>	<u>—</u>	<u>1,062</u>	<u>—</u>	<u>—</u>
Loan from shareholder (7)	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,086</u>	<u>4,739</u>
Repayment of loan from shareholder	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,322</u>	<u>2,985</u>

(1) Taiyuan Relord was determined to be a related party by virtue of its relationship with P3A. Following the disposal of P3A, it is no longer considered to be related parties.

(2) The corn seeds were previously purchased from Wuwei Ganxin in 2010. In January, 2011, the Company agreed to return the inventories to Wuwei Ganxin which at the time had greater capacity to sell that category of seeds.

(3) Payment in April 2011, for NgaiTahu's share subscription in Agria Asia Investments was made by the Company. NgaiTahu refunded the amount to the Company in July, 2011 following PGW shareholder approval, which was granted in June 2011.

(4) These transactions occurred prior to acquisition of controlling interest in PGW.

(5) A number of Directors, senior executives or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Company during the reporting period. The terms and conditions of these transactions with key management personnel and their related parties were determined to be no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

(6) We borrowed RMB20.0 million from Shenzhen Guanli in July 2011 and repaid the full amount together with interest calculated at prevailing People's Bank of China interest rates in May 2012.

(7) Loan from shareholder is unsecured and bears interest at 1% per month.

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20. Related Party Transactions (continued)

(2) The Company had the following related party balances at the end of the following periods:

	June 30, 2011 (RMB'000)	June 30, 2012 (RMB'000)	June 30, 2013 (RMB'000)	June 30, 2013 (US\$'000)
Amounts due from related parties:				
Wuwei Ganxin	10,018	9,105	—	—
Beijing Zhongnong	9,610	4,875	—	—
New Hope International (Hong Kong) Ltd.	—	—	3,089	503
NgaiTahu	78,404	—	—	—
	<u>98,032</u>	<u>13,980</u>	<u>3,089</u>	<u>503</u>
Amounts due to related parties:				
Beijing Zhongnong	10,622	4,114	—	—
Shareholder	—	—	12,524	2,041
Officers and directors of PGW	29,881	406	189	31
	<u>40,503</u>	<u>4,520</u>	<u>12,713</u>	<u>2,072</u>

21. Share-based Awards Plan

In July 2007, the Company adopted the 2007 Share Incentive Plan (the “Plan”). The Plan provides for the granting of share options and restricted ordinary shares to employees and consultants of the Company. Options granted under the Plan may be either incentive share options or nonqualified share options. The Company reserved 15,000,000 ordinary shares for issuance under the Plan. Under the Plan, options granted generally vest 30% after the first year of service, 30% after the second year of service, 20% after the third year of service and 20% after the fourth year of service. Certain options granted vest 50% after the first year of service and 50% after the second year of service. Certain options granted vest 33.4% after first year of service and 33.3% each after the second and the third year of service. Options may be granted for a term not exceeding 10 years from the date of grant. The option award provides for accelerated vesting if there is a change in control (as defined in the Plan).

For certain options granted with a four year graded vesting term as described above, in the event of termination of employment or service for any reason after one year of employment or service, the grantee’s right to vest in the option under the Plan will terminate twelve months after the written notice of termination. The Company concluded that the termination clause represents a non-substantive vesting term since it allows the grantee to continue to vest options for a twelve month period after termination. For accounting purposes, 60% of these options granted are vested after the first year of service, 20% after the second year of service and 20% after the third year of service.

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The following table summarizes the option activity for the years ended December 31, 2010, six months ended June 30, 2011, the year ended June 30, 2012 and the year ended June 30, 2013 (amounts in thousands of U.S. Dollars ("US\$"), except for number of shares and exercise price):

Share Option	Number of Shares	Weighted-average Exercise Price	Weighted-average grant-date fair value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (US\$'000)
Outstanding, December 31, 2009	9,949,900	2.53	3.30	—	—
Granted	5,160,000	1.00	0.24	—	—
Forfeited	(735,000)	2.69	1.02	—	—
Expired	(1,136,800)	2.77	1.56	—	—
Outstanding, December 31, 2010	13,238,100	1.90	2.38	8.18	94
Vested and expected to vest at December 31, 2010	13,238,100	1.90	2.38	8.18	94
Exercisable at December 31, 2010	6,373,567	2.46	1.08	7.44	31
Outstanding, December 31, 2010	13,238,100	1.90	2.38	8.18	94
Granted	—	—	—	—	—
Forfeited	(1,828,500)	1.61	0.54	1.61	—
Expired	(1,387,400)	3.56	1.44	3.56	—
Outstanding, June 30, 2011	10,022,200	1.73	2.03	7.38	—
Vested and expected to vest at June 30, 2011	10,022,200	1.73	2.03	7.38	—
Exercisable at June 30, 2011	5,934,200	2.03	0.87	7.02	—
Outstanding, June 30, 2011	10,022,200	1.73	2.03	7.38	—
Granted	200,000	0.67	0.33	9.13	—
Forfeited	(66,667)	1.00	0.23	7.89	—
Expired	(388,200)	3.69	1.08	5.43	—
Outstanding, June 30, 2012	9,767,333	1.63	0.68	6.98	—
Vested and expected to vest at June 30, 2012	9,767,333	1.63	0.68	6.98	—
Exercisable at June 30, 2012	7,839,867	1.73	0.75	6.82	—
Outstanding, June 30, 2012	9,767,333	1.63	0.68	6.98	—
Granted	—	—	—	—	—
Forfeited	(680,000)	1.00	0.23	6.89	—
Expired	(2,168,333)	1.69	0.84	5.82	—
Outstanding, June 30, 2013	6,919,000	1.67	0.68	5.93	—
Vested and expected to vest at June 30, 2013	6,919,000	1.67	0.68	5.93	—
Exercisable at June 30, 2013	6,852,333	1.68	0.68	5.91	—

The aggregate intrinsic value in the table above represents the difference between the Company's closing stock price on the last trading day at each balance sheet date and the weighted-average exercise price.

As of June 30, 2013, there was RMB0.2 million (\$0.04 million) unrecognized share-based compensation cost related to share options. That deferred cost is expected to be recognized over a weighted-average vesting period of 1 year. To the extent the actual forfeiture rate is different from the original estimate, actual share-based compensation related to these awards may differ.

The fair value of each option award was estimated on the date of grant using a binomial option pricing model by the Company's management, with assistance from an external consultant. The volatility assumption was estimated based on the implied volatilities of comparable public companies due to the limited historical volatility of the Company's shares. The relevant historical information is limited because the Company became a public company in November 2007. The expected term was estimated based on the resulting output of the binomial option pricing model.

The risk-free interest rate for periods within the contractual term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Forfeitures were estimated based on historical experience. The option awards are not transferable, and the grantee has a limited amount of time subsequent to their termination of employment or service to exercise the options. These post-vesting restrictions are considered in the binomial option pricing model as a suboptimal exercise factor. The suboptimal exercise factor of 1.5 is based on the external consultant's research on the early exercise behavior of employees with stock options.

AGRIA CORPORATION
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For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013
21. Share-based Awards Plan (continued)

The following table presents the assumptions used to estimate the fair values of the share options granted in the periods presented:

	2010	2011	2012	2013
Risk-free interest rate	3.26%-3.30%	2.5%	1.24%	—
Dividend yield	—	—	—	—
Expected volatility range	62.21%-62.35%	68.75	42% - 84%	—
Weighted average expected volatility	62.33%	68.75%	69%	—
Expected term (in years)	3.93	2	2	—

The total fair value of option awards vested during the year ended December 31, 2010, six months ended June 30, 2011 and the years ended June 30, 2012 and 2013 were RMB14.4 million, RMB3.5 million, RMB3.1 million and RMB3.8 million (\$0.6 million), respectively.

Total compensation cost recognized for the year ended December 31, 2010, six months ended June 30, 2011, the years ended June 30, 2012 and 2013, is as follows:

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 US\$'000
General and administrative expenses	9,835	3,709	4,630	858	140

22. Employee Defined Contribution Plan
Defined Contribution Plan in PRC

Chinese labor regulations require companies in the PRC to participate in a government mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees, and to make contributions to the government for these benefits based on a certain percentage of the employees' salaries. The companies in China are required to make contributions to the government mandated defined contribution plan for these benefits based on 28%~45% of the employees' salaries. The Company has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were RMB1.3million, RMB1.9 million, RMB2.1 million and RMB3.1 million (\$0.5 million) respectively for each of the years ended December 31, 2010, six months ended June 30, 2011, the year ended June 30, 2012 and the year ended June 30, 2013 respectively.

Defined Benefit Asset / Liability in PGW	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 US\$'000
Present value of funded obligations	(370,099)	(378,004)	(347,518)	(56,623)
Fair value of plan assets	279,267	246,500	248,089	40,422
Total defined benefit asset / (liability)	(90,832)	(131,504)	(99,429)	(16,201)

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The Group makes contributions to two defined benefit plans that provide a range of superannuation and insurance benefits for employees and former employees. The two defined benefit plans are open by invitation, however the Group has not invited new members to the scheme since June 1995 and November 2000 respectively. The Group does not intend to invite new members to the scheme. The plan's retired employees are entitled to receive an annual pension payment payable on their life and in some cases on the life of a surviving spouse.

PGW Employment Benefits Plan assets consist of:	2012	2013
Equities	62%	65%
Fixed interest	36%	32%
Cash	2%	3%
	<u>100%</u>	<u>100%</u>

Actuarial Assumptions:	2012	2013
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate used (10 year New Zealand Government Bond rate)	3.41%	4.03%
Expected return on plan assets	6.00%	2.97%
Future salary increases	3.50%	3.00%
Future pension increases	2.50%	2.50%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining life expectancy of an individual retiring at age 65 is 19 years for males and 22 years for females. The overall expected long-term rate of return on assets is 2.97 percent. The expected long-term return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based on expected future returns of the different asset classes and the investment policies for the plans.

Historical information	2011 RMB'000	2012 RMB'000	2013 RMB'000	2013 US\$'000
Present value of the defined benefit obligation	370,099	378,004	347,518	56,623
Fair value of plan assets	(279,267)	(246,500)	(248,089)	(40,422)
Deficit / (surplus) in the plan	<u>90,832</u>	<u>131,504</u>	<u>99,429</u>	<u>16,201</u>

The Group expects to pay RMB14.0 million (\$2.3 million) (2013: RMB18.2 million (\$3.0 million)) in contributions to defined benefit plans in 2014. Member contributions are expected to be RMB5.5 million (\$0.9 million) (2013: RMB5.5 million (\$0.9 million)).

Based on current assumptions, the Company expects that the estimated future benefit payments for each of the next ten years will approximate the benefit payments made in the year ended June 30, 2013.

AGRIA CORPORATION
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Movement in the liability for defined benefit obligations:*

	2012	2013	2013
	RMB'000	RMB'000	US\$'000
Liability for defined benefit obligations at July 1	346,209	378,004	61,590
Benefits paid by the plan	(19,122)	(32,752)	(5,336)
Current service costs and interest	20,103	17,362	2,829
Member contributions	6,825	6,967	1,135
Actuarial (gains)/losses recognized in OCI	23,989	(5,522)	(900)
Exchange difference	—	(16,541)	(2,695)
Liability for defined benefit obligations at June 30	<u>378,004</u>	<u>347,518</u>	<u>56,623</u>

Movement in plan assets:*

Fair value of plan assets at July 1	261,240	246,500	40,164
Contributions paid into the plan	13,654	14,129	2,302
Benefits paid by the plan	(19,122)	(32,752)	(5,336)
Expected return on plan assets	15,508	5,946	969
Actuarial gains/(losses) recognised in equity	(24,780)	26,546	4,325
Exchange difference	—	(12,280)	(2,002)
Fair value of plan assets at June 30	<u>246,500</u>	<u>248,089</u>	<u>40,422</u>

Expense recognized in income statement:*

Current service costs	11,611	8,111	1,322
Interest on obligation	8,492	9,251	1,507
Expected return on plan assets	(15,508)	(5,946)	(969)
	<u>4,595</u>	<u>11,416</u>	<u>1,860</u>
Actual return on plan assets	<u>(6,865)</u>	<u>32,211</u>	<u>5,248</u>

Gains and losses recognized in equity:*

Cumulative gains/(losses) at July 1	(99,890)	(158,211)	(25,778)
Net profit and loss impact from current period costs	(4,595)	(11,416)	(1,860)
Recognized during the year	(53,726)	32,068	5,225
Exchange difference	—	5,959	971
Cumulative gains/(losses) at June 30	<u>(158,211)</u>	<u>(131,600)</u>	<u>(21,442)</u>

* Movements and expenses for the period ended June 30, 2011 are not significant as PGW operations are only included from the date of acquisition.

23. Commitments and Contingencies
(1) Operating lease commitments

Payments under operating leases for land and buildings, which are mainly used to conduct operations, are expensed on a straight-line basis over the periods of their respective leases. The terms of the leases have various rights of renewal, subject to mutual agreement, with lease periods ranging from 1 to 20 years. Future minimum lease payments for each of the next five years and thereafter, under all non-cancelable operating leases, are as follows:

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

23. Commitments and Contingencies (continued)

Year ending June 30	(RMB'000)	(US\$'000)
2014	120,344	19,608
2015	101,060	16,466
2016	76,411	12,450
2017	50,690	8,259
2018	40,219	6,553
Thereafter	108,374	17,659
	497,098	80,995

Total rental expense was RMB3.8 million, RMB28.5 million, RMB158.9million and RMB101.3 million for the year ended December 31, 2010, six months ended June 30, 2011, and each of the years ended June 30, 2012 and 2013 respectively.

(2) Purchase commitments

Purchase commitments mainly consist of service agreements entered into with corn seed companies to purchase corn seeds. The terms of the agreements are for a period of one year. Future minimum purchase payments for the year ending June 30, 2014, under all non-cancelable agreements are RMB32.1 million (\$5.2 million).

(3) Commitment for capital expenditure

Year ending June 30	(RMB'000)	(US\$'000)
2014	6,387	1,041

(4) Purchase of land – Corson Grain

The Company has committed to buy land as part of its purchase of the Corson Grain business. The property is to be purchased for RMB8.6 million (\$1.4 million) in November 2013.

(5) Commitment for Investment in BioPacific Ventures

The Company has committed RMB66.9 million (\$10.9 million) to an international fund, BioPacific Ventures established for investment in food and agriculture life sciences. The Company's investment in BioPacific Ventures will be made over approximately six years. The investment has an anticipated total lifespan of 12 years. At June 30, 2013, RMB63.5 million (\$10.3 million) has been drawn on the committed level of investment, which is accounted for under the cost method and included in other assets in the consolidated balance sheet.

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013*****(6) Commitment for Investment in Beijing Zhongnong Seed Industry Co., Ltd***

In October 2009, the Company entered into a strategic co-operation framework agreement with the China National Academy of Agricultural Sciences ("CNAAS"), one of the largest agricultural research organization in the PRC, providing for future co-operation across the spectrum of agricultural research. The Company also entered into an investment agreement with CNAAS and its affiliates, under which the Company is to invest RMB35 million (of which RMB11 million has been paid as of June 30, 2013) for a 53.84% equity interest of Zhongnong, a company wholly owned by CNAAS and its affiliates. Since the restructuring of our research and development function and where the operation of Zhongnong has ceased, the Company did not make further investment in 2013. As Agria has other co-operation with CNAAS, no decision has been made in cancelling the investment agreement.

(7) Other commitment

In February 2013, PGW completed the contracting process for the Primary Growth Partnership (PGP) programme with the Ministry of Primary Industries. The PGP programme is a Seed and Nutritional Technology Development Programme with a six year life that aims to deliver innovative forages for New Zealand farms. As at June 30, 2013 total contributions of RMB1.5 million (\$0.2 million) have been made to the programme. The amount of commitment to contribute to the partnership over the next 5 years and thereafter is RMB17.4 million (\$2.8 million)

(8) Enterprise income tax

All PRC incorporated entities are subject to enterprise income tax regulations promulgated by the Ministry of Finance and the State Tax Bureau of the PRC.

As of June 30, 2013, the Company recognized approximately RMB3,759,000 (\$612,000) of liabilities for unrecognized tax benefits and, in addition, approximately RMB3,928,000 (\$640,000) of related interest and penalties. The final outcome of these tax uncertainties is dependent upon various matters including tax examinations, legal proceedings, certain authority proceedings, changes in regulatory tax laws and interpretations of those tax laws, or expiration of statutes of limitation.

However, due to the uncertainties associated with litigation, and the status of examinations, including the protocols of finalizing audits by the relevant tax authorities, which could include formal legal proceedings, there is a high degree of uncertainty regarding the future cash outflows associated with these tax uncertainties. As of June 30, 2013, the Company classified all of the above liabilities for unrecognized tax benefits and related interest and penalties as current liabilities.

(9) Class action lawsuits

On February 3, 2009, a consolidated class action lawsuit in the United States District Court for the Southern District of New York was filed, alleging violations of various sections of the Securities Act, against the Company, our executive officers, our directors and other defendants. The lawsuit alleges that our initial public offering registration statement and prospectus failed to disclose certain alleged discussions between two Agria executives relating to requests for additional compensation and a threatened resignation.

On December 1, 2009, the U.S. District Court for the Southern District of New York dismissed the consolidated class action against the Company and the underwriters defendants, and the Court issued a judgment in favor of the Company and the underwriter defendants.

On June 4, 2010, the Company entered into a memorandum of understanding with the lead plaintiff reflecting an agreement in principle and agreed to pay \$3.75 million to settle all claims asserted in the class action lawsuit. On September 20, 2010, the court granted a preliminary approval of the settlement. The deadline for filing objections to the Settlement, Plan of Distribution of settlement proceeds, and attorneys' fee and expense request by Lead Plaintiff's counsel expired on January 7, 2011, and no such objections were filed by Class Members.

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On June 7, 2011, the court granted final approval of the settlement and entered a final judgment resolving the case. The settlement amount is within the limit of our applicable insurance policies, and the settlement is not expected to have any significant impact on our financial position, results of operation or cash flows.

24. Segment Reporting

The Company is an international agricultural company that it has three reportable segments which are China Seeds, International seeds, and AgriServices. China seed business consists primarily of research and development, production, marketing and distribution of three types of seeds: field corn seeds, edible corn seeds and vegetable seeds. International Seeds business through PGW's AgriTech division, which comprises of seeds, nutrition and grain businesses. AgriServices business through PGW's AgriServices division, which provides complimentary agricultural products and services to New Zealand and South American customers and international distributors. AgriServices comprises of retail, livestock, insurance, real estate, irrigation and pumping, wool and training. The Company's chief operating decision maker evaluates segment performance based on revenue and operating income (loss) by segment. The Company reports and classifies its corporate expenses and certain assets as either Regional Corporate (New Zealand) or Central Corporate (China).

The Company had no customers which accounted for 10% or more of the Company's revenues for the periods presented in the consolidated financial statements.

Operating Segment Information

	Year ended December 31, 2010	Six months ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013	Year ended June 30, 2013
	RMB'000	RMB'000	RMB'000	RMB'000	USD'000
Revenue					
China Seeds	29,022	60,829	52,772	104,382	17,008
International Seeds	—	353,034	2,235,571	2,140,530	348,768
AgriServices	—	612,305	4,630,464	3,651,050	594,885
Total	29,022	1,026,168	6,918,807	5,895,962	960,661
Operating income (loss)					
China Seeds	5,158	19,758	1,717	3,714	605
Impairment loss on land use rights and non-current prepayments	—	—	—	(357,248)	(58,208)
Goodwill impairment loss	—	—	—	(318)	(52)
Total China Seeds	5,158	19,758	1,717	(353,852)	(57,655)
International Seeds	—	7,807	127,798	105,055	17,117
Goodwill impairment loss	—	—	—	(882,874)	(143,851)
Total International Seeds	—	7,807	127,798	(777,819)	(126,734)
AgriServices	—	21,297	228,313	209,103	34,071
Regional Corporate	—	(29,128)	(143,872)	(159,946)	(26,061)
Central Corporate	(92,266)	(50,824)	(71,449)	(47,898)	(7,805)
Total	(87,108)	(31,090)	142,507	(1,130,412)	(184,184)
Depreciation and amortization					
China Seeds	5,408	2,831	1,162	4,066	662
International Seeds	—	1,080	18,530	17,566	2,862
AgriServices	—	3,284	11,793	12,663	2,063
Regional Corporate	—	2,284	12,482	8,806	1,435
Central Corporate	22,580	9,085	19,297	9,054	1,476
Total	27,988	18,564	63,264	52,155	8,498
Expenditure for additions to long lived assets					
China Seeds	473	12,235	13,501	12,057	1,965
International Seeds	—	1,482	54,018	16,575	2,701
AgriServices	—	1,203	13,711	11,774	1,918
Regional Corporate	—	3,288	(2,065)	10,895	1,775

Central Corporate	<u>95</u>	<u>52</u>	<u>297</u>	<u>185</u>	<u>30</u>
Total	<u>568</u>	<u>18,260</u>	<u>79,462</u>	<u>51,486</u>	<u>8,389</u>

	<u>As at June 30, 2011</u>	<u>As at June 30, 2012</u>	<u>As at June 30, 2013</u>	<u>As at June 30, 2013</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>USD'000</u>
Segment assets				
China Seeds	107,222	182,935	252,623	41,162
International Seeds	2,149,864	2,036,031	1,530,102	249,308
AgriServices	885,140	994,918	1,064,898	173,510
Regional Corporate	3,011,052	299,134	406,405	66,218
Central Corporate	1,890,847	1,718,577	407,228	66,352
Total	<u>8,044,125</u>	<u>5,231,595</u>	<u>3,661,256</u>	<u>596,550</u>

Segment liabilities				
China Seeds	58,194	108,363	163,105	26,576
International Seeds	1,204,116	1,049,835	713,622	116,275
AgriService	922,367	843,806	550,465	89,690
Regional Corporate	2,425,367	198,717	521,436	84,961
Central Corporate	788,998	447,770	466,104	75,945
Total	<u>5,399,042</u>	<u>2,648,491</u>	<u>2,414,732</u>	<u>393,447</u>

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24. Segment Reporting (continued)

Geographic Segment Information

In presenting information on the basis of geographical segments, segment revenues are attributed to countries based on location of customers. Segment assets are based on the geographical location of the assets.

Revenues

	Year ended December 31, 2010	Six months ended June 30, 2011 *	Year ended June 30, 2012	Year ended June 30, 2013	Year ended June 30, 2013
	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
China	29,022	60,829	52,772	104,382	17,008
New Zealand	—	798,541	5,861,534	4,742,827	772,774
Australia	—	61,385	405,133	442,588	72,113
South America	—	104,326	597,469	606,165	98,766
United Kingdom	—	1,087	1,899	—	—
Total	29,022	1,026,168	6,918,807	5,895,962	960,661

Long-Lived Assets

	As at June 30, 2011	As at June 30, 2012	As at June 30, 2013	As at June 30, 2013
	RMB'000	RMB'000	RMB'000	US\$'000
China	448,189	453,937	40,442	6,589
New Zealand	418,290	443,095	469,881	76,560
Australia	122,883	93,485	76,847	12,521
South America	21,058	43,738	31,513	5,135
United Kingdom	1,453	—	—	—
Total	1,011,872	1,034,255	618,683	100,805

* Revenue from countries other than China represents only two months results as a result of PGW acquisition.

25. Fair Value Measurement

ASC 820-10 "Fair Value Measurements and Disclosures: Overall" establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1— Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2— Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3— Unobservable inputs which are supported by little or no market activity.

ASC 820-10 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Through April, 2011, in accordance with ASC 820-10, the Company elected to measure its investment in PGW at fair value. The investment in PGW was classified within Level 1 because it is valued based on PGW's quoted trading price.

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	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Year 2013				
Assets				
Derivative financial instruments	—	3,176	—	3,176
Other investments	52,855	—	—	52,855
	<u>52,855</u>	<u>3,176</u>	<u>—</u>	<u>56,031</u>
Liabilities				
Derivative financial instruments	—	14,681	—	14,681
	<u>—</u>	<u>14,681</u>	<u>—</u>	<u>14,681</u>
Year 2012				
Assets				
Derivative financial instruments	—	17,274	—	17,274
Other investments	35,384	—	—	35,384
	<u>35,384</u>	<u>17,274</u>	<u>—</u>	<u>52,658</u>
Liabilities				
Derivative financial instruments	—	8,780	—	8,780
	<u>—</u>	<u>8,780</u>	<u>—</u>	<u>8,780</u>

26. Contingent liability:
Guarantees

The Company has a guarantee in respect of certain loans acquired by Heartland Building Society as part of the PGG Wrightson Finance Limited sale transaction on August 31, 2011. The value of the guaranteed loans as at June 30, 2013 was approximately RMB22.4 million (\$3.7 million). The guarantee is contingent upon individual loans becoming impaired and put back to PGW during the three year guarantee period. Remaining guarantees are provided to banks of subsidiary companies for borrowings and to various other third parties.

PGG Wrightson Loyalty Reward Programme

The PGG Wrightson Loyalty Reward Programme is run in conjunction with the co-branded American Express card (currently being transitioned to the new co-branded ASB Visa reward card). A provision is retained for the expected level of points redemption. The contingent liability represents the balance of live points that are not provided for. No losses are expected to arise from these contingent liabilities.

AGRIA CORPORATION

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27. Prior year information comparable to transition period (unaudited)

Condensed Consolidated Balance Sheet as of June 30, 2010 (unaudited)

	June 30, 2010
	(RMB'000)
ASSETS	
Current assets:	
Cash and cash equivalents	604,892
Accounts receivable	247
Inventories	15,166
Prepayments and other current assets	7,067
Assets held for sale-current	278,103
Total current assets	905,475
Non-current assets:	
Property, plant and equipment, net	24,370
Investment at fair value	511,899
Investment under equity method	6,995
Intangible assets, net	364,464
Goodwill	10,135
Non-current prepayments	40,247
Deferred tax assets	3,480
Assets held for sale-noncurrent	170,779
Total non-current assets	1,132,369
Total assets	2,037,844
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Short-term bank borrowings	122,236
Income tax payable	2,477
Accounts payable	145
Accrued expenses and other liabilities	52,421
Liabilities classified as held for sale	55,960
Total current liabilities	233,239
Non-current liabilities:	
Deferred tax liability	191,154
Total non-current liabilities	191,154
Total liabilities	424,393
Shareholders' equity:	
Share capital (par value US\$0.0000001 per share; 450,000,000,000 ordinary and 50,000,000,000 preferred shares authorized; 125,160,000 ordinary shares issued and outstanding at June 30, 2010)	—
Additional paid-in capital	2,390,036
Statutory reserves	76,954
Accumulated other comprehensive loss	(80,808)
Accumulated deficit	(772,731)
Total shareholders' equity	1,613,451
Total liabilities and shareholders' equity	2,037,844

AGRIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

27. Prior year information comparable to transition period (unaudited) (continued)

Condensed Consolidated Income Statement for 6 months ended June 30, 2010 (unaudited)

	For 6 months ended June 30 2010 <u>(RMB'000)</u>
Revenue	21,506
Cost of revenue	<u>(12,670)</u>
Gross profit	8,836
Operating expenses:	
Selling, general and administrative expenses	(49,192)
Research and development expenses	(20)
Total operating expenses	<u>(49,212)</u>
Operating loss	(40,376)
Other income(expense)	
Interest income	6,483
Interest expense	(1,667)
Exchange loss	(4,893)
Unrealized loss in investment	(65,086)
Other income	<u>1,784</u>
Loss before income tax	(103,755)
Income tax	<u>(128)</u>
Loss from continuing operations	(103,883)
Loss from discontinued operations	<u>(1,314)</u>
Net loss	<u>(105,197)</u>
Loss per ordinary share:	
Loss per share from continuing operations – basic and diluted	<u>(0.83)</u>
Loss per share from discontinued operations – basic and diluted	<u>(0.01)</u>
Net Loss per share – basic and diluted	<u>(0.84)</u>
Weighted average number of ordinary shares outstanding:	
Basic and diluted	<u>125,160,000</u>

AGRIA CORPORATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

27. Prior year information comparable to transition period(unaudited) (continued)**Condensed Consolidated Cash flow statement for 6 months ended June 30, 2010 (unaudited)**

Cash flows from operating activities:	
Net loss	(103,755)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Unrealized loss in investment	65,091
Share-based compensation	8,659
Depreciation and amortization	15,178
Changes in operating assets and liabilities:	
Accounts receivable	154
Inventories	7,824
Income tax payable	2,477
Accounts payable	(1,555)
Changes in other operating assets and liabilities	8,366
Net cash provided by operating activities	2,439
Cash flows from investing activities:	
Payment for Investment in PGW convertible redeemable note (Note 3)	(169,646)
Acquisition of property, plant and equipment and other assets	(184)
Payment for acquisition of Beiao	(663)
Cash disposed of with the P3A disposal	(84,617)
Net cash used in investing activities	(255,110)
Cash flows from financing activities:	
Proceeds from short-term borrowings	122,236
Net cash provided by financing activities	122,236
Effect of exchange rate changes on cash and cash equivalents	(2,498)
Net decrease in cash and cash equivalents	(132,933)
Cash and cash equivalents at the beginning of year	737,825
Cash and cash equivalents at the end of year	604,892

Discontinued operation:

Taiyuan Primalights III Agriculture Development Co., Ltd ("P3A"), a company incorporated under the laws of the People's Republic of China (the "PRC") on April 20, 2000, is involved in the development, production and sale of corn seeds, sheep products and seedlings. In October 2003, China Victory International Holdings Limited ("China Victory"), a company incorporated under the laws of Hong Kong, entered into a purchase agreement (the "Acquisition") with the shareholders of P3A to acquire all of the dividend and voting rights in P3A without obtaining legal ownership over its ordinary shares. The

Acquisition was structured in this manner because of the aforementioned legal restrictions placed on foreign ownership.

In June 2007, China Victory underwent certain restructuring events wherein it transferred its voting rights in P3A into its newly incorporated and wholly-owned subsidiary, Aero Biotech Science & Technology Co., Ltd (the "WOFE" or "Agria China"). In addition, the WOFE entered into an equity pledge agreement, exclusive call option agreement, power of attorney agreements and exclusive consultancy service, technology license and other service agreements (collectively, the "Contractual Agreements") with P3A and its shareholders. Together, these contractual agreements enable the WOFE to: a) exercise effective control over P3A through its ability to exercise all the rights of P3A's shareholders, including voting and transfer rights; b) receive substantially all of the earnings and other economic benefits to the extent permissible under PRC law and the management of the Company intends to do so; and c) have an exclusive option to purchase all or part of the equity interests in P3A held by the shareholders, to the extent permitted under PRC law for the higher of RMB100,000 or the minimum amount of consideration permitted by PRC law. The power of attorney agreements allow the WOFE to cause P3A to change the terms of the consultancy service, technology license and other service agreements at any time. In addition, P3A's shareholders have entered into an agreement to remit all of the dividends and other distributions received from P3A to the WOFE, subject to satisfaction of P3A shareholders' personal income tax and other statutory obligations arising from receiving such dividends or other distributions. During 2008, the number of shareholders in P3A changed from 4 individuals to 5 individuals, all of whom have entered into the Contractual Agreements. Agria China has a legal obligation to provide funding for all losses incurred by P3A. On July 13, 2010, the Company completed the disposition of P3A to Mr. Frank Xue, the president and a director of P3A. As a result of the transaction, Agria acquired from Mr. Xue and cancelled shares representing 11.5% of its issued and outstanding share capital immediately prior to the transaction. These shares were then cancelled by the Company. The Company retained existing leases of nine parcels of land totaling approximately 13,500 acres previously held by P3A. P3A has been presented as discontinued operations for all periods

presented in the Company's consolidated financial statements. Mr. Xue was a related party of the Company since he is a director and president of P3A. Included in the loss from discontinued operations for the 6 months period ended June 30, 2010 is RMB20.3 million operating income from January 1, 2010 through the date of disposal and a RMB21.6 million loss on disposal, net of reversal deferred tax liabilities of approximately RMB 191.2 million.

AGRIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013
28. Condensed Financial Information of the Company

Under PRC laws and regulations, the Company's PRC subsidiaries and VIEs are restricted in its ability to transfer certain of its net assets to the Company in the form of dividend payments, loans, or advances. The amounts restricted include paid up capital, statutory reserve and net assets of the Company's PRC subsidiary and VIEs, as determined pursuant to PRC generally accepted accounting principles, totaled approximately RMB652.2 million (\$106.3 million) as of June 30, 2013.

Statements of operations

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Revenue	—	—	—	—	—
Cost of revenue	—	—	—	—	—
Gross profit	—	—	—	—	—
Operating expenses					
General and administrative expenses	(26,293)	(8,151)	(13,934)	(12,233)	(1,993)
Total operating expenses	(26,293)	(8,151)	(13,934)	(12,233)	(1,993)
Operating loss	(26,293)	(8,151)	(13,934)	(12,233)	(1,993)
Interest income	385	47	114	2	-
Interest expense	(21)	(15)	(23)	(11)	(2)
Exchange gain (loss)	(70)	(317)	(1,206)	(618)	(101)
Equity in loss of subsidiaries and variable interest entities	(48,345)	26,446	(1,700)	(836,352)	(136,271)
Other income, net	19,557	357	767	171	28
Loss before income tax	(54,787)	18,367	(15,982)	(849,041)	(138,339)
Income tax	(4,384)	—	—	—	—
Net loss	(59,171)	18,367	(15,982)	(849,041)	(138,339)
Net loss attributable to ordinary shareholders	(59,171)	18,367	(15,982)	(849,041)	(138,339)

AGRIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

28. Condensed Financial Information of the Company (continued)

Balance sheets	2011	2012	2013	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
ASSETS				
Cash and cash equivalents	13,627	2,252	295	48
Prepayments and other current assets	7,968	7,720	645	105
Investment in subsidiaries and variable interest entities	1,452,256	1,446,657	544,577	88,731
Total assets	1,473,850	1,456,629	545,518	88,884
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Accrued expenses and other liabilities	34,122	7,613	10,037	1,635
Total liabilities	34,122	7,613	10,037	1,635
Shareholders' equity				
Share capital (par value US\$0.0000001 per share; 450,000,000,000 ordinary and 50,000,000,000 preferred shares authorized; 125,160,000 and 110,766,600 ordinary shares issued and outstanding at December 31, 2009 and December 31, 2010, respectively)				
Additional paid-in capital	2,271,491	2,275,099	2,273,170	370,380
Accumulated other comprehensive loss	(123,187)	(97,843)	(159,784)	(26,034)
Accumulated deficit	(708,576)	(728,240)	(1,577,905)	(257,097)
Total shareholders' equity	1,439,728	1,449,016	535,481	87,249
Total liabilities and shareholders' equity	1,473,850	1,456,629	545,518	88,884
Statements of Cash flows	2010	2011	2012	2013
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Cash flows from operating activities:				
Net Income/(loss)	(59,171)	18,367	(15,982)	(849,041)
Adjustments to reconcile net loss to net cash provided by used in operating activities:				
Equity in loss of subsidiaries and variable interest entity	48,345	(26,446)	1,700	836,352
Change in operating assets and liabilities:				
Prepayments and other current assets	(6,271)	1,515	247	7,075
Tax payable	—	—	—	—
Amount due from related parties	(390)	390	—	—
Accrued expenses and other liabilities	1,883	22,587	(26,509)	2,424
Net cash provided by (used in) operating activities	(15,604)	16,413	(40,544)	(3,190)
Cash flows from investing activities:				
Investment in subsidiaries and variable interest entities	(38,852)	7,906	3,825	1,853
Net cash used in investing activities	(38,852)	7,906	3,825	1,853
Cash flows from financing activities:				
Repurchase of ordinary shares	—	—	—	—
Net cash used in financing activities.	—	—	—	—
Effect of exchange rate changes on cash and cash equivalents	(16,838)	(28,038)	25,344	(620)
Net decrease in cash and cash equivalents	(71,294)	(3,719)	(11,375)	(1,957)
Cash and cash equivalents at the beginning of year	88,640	17,346	13,627	2,252
Cash and cash equivalents at the end of year	17,346	13,627	2,252	48

AGRIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010, six months ended June 30, 2011, and the years ended June 30, 2012 and 2013

28. Condensed Financial Information of the Company (continued)

Basis of presentation

In the Company-only financial statements, the Company's investment in subsidiaries and variable interest entity is stated at cost plus equity in undistributed earnings of subsidiaries since inception. The Company-only financial statements should be read in conjunction with the Company's consolidated financial statements.

The Company records its investment in its subsidiaries and variable interest entities under the equity method of accounting as prescribed in ASC 323-10, "Investments-Equity Method and Joint Ventures: Overall" (Pre-codification: APB opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock"). Such investment is presented on the balance sheet as "Investment in subsidiaries and variable interest entities" and share of their profit or loss as "Equity in profit (loss) of subsidiaries and variable interest entities" on the statements of operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted.

LOAN CONTRACT

Party A (Lender): Agria Brother Biotech (Shenzhen) Co., Ltd.

Party B (Borrower): Lai Fulin with ID card number: [Redacted]

Party A and Party B have reached the following agreement in respect of the provision of a loan by Party A to Party B after friendly consultation:

1. Loan Amount: Party A shall lend to Party B a loan of Renminbi Three Million And Five Hundred Thousand (¥3,500,000).
 2. Term: The loan shall be for a term of three years from the date hereof, and may be extended upon its expiry after mutual consultation.
 3. Use of the Loan: Party B undertakes that the loan will be used for investment in Shenzhen Zhongguan Agricultural Group Co., Ltd., and shall be in compliance with the relevant laws and regulations. Otherwise, Party A shall have the right to discharge this Loan Contract unilaterally and request Party B to assume the liabilities for breach of contract.
 4. Equity Pledge: All equity interests owned by Party B in Shenzhen Zhongguan Agricultural Group Co., Ltd. shall be pledged as security.
 5. Liabilities for Breach of Contract: If a party violates this Contract, the other party shall have the right to discharge it and request the defaulting party to make compensation for any loss arising therefrom.
 6. Termination of this Contract: After the termination or discharge of this Contract, Party B shall return the loan to Party A within five working days. In the event of any late return, Party B shall pay to Party A any interest accrued thereon at a loan interest rate stipulated by banks for the corresponding period.
 7. Dispute Resolution: Any disputes arisen during the performance of this Contract shall be resolved by the parties through consultation. In the event that no agreement can be reached through consultation, such dispute shall be referred to China International Economic and Trade Arbitration Commission for arbitration. The seat of arbitration shall be Shenzhen. The arbitral award shall be final and binding upon the parties.
 8. If any provision of this Contract becomes invalid, it shall not affect the validity of the other provisions hereof.
 9. This Contract is executed in two originals and each of the parties shall keep one original. All of them shall have the same legal effect.
-

10. This Contract shall become effective after it is signed and sealed by Party A and signed by Party B.

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

[Chop of Agria Brother Biotech (Shenzhen) Co., Ltd. is affixed]

/s/

Party B: Lai Fulin

/s/ Lai Fulin

Date of execution: May 7, 2013

English Translation for Reference

EQUITY TRANSFER AGREEMENT

Transferor: Chen Jiezheng, with ID card number: [Redacted] (hereinafter referred to as “**Party A**”)

Transferee: Lai Fulin, with ID card number: [Redacted] (hereinafter referred to as “**Party B**”)

Shenzhen Guanli Agricultural Technology Co., Ltd. (hereinafter referred to as the “**Joint Venture**”) was established by Party A and Li Juan as an equity joint venture in Shenzhen on November 6, 2008 with a registered capital of RMB70 million, in which Party A owns 5% equity interest. Party A agrees to transfer its 5% equity interest in the Joint Venture to Party B and Party B agrees to accept such transfer; Party A agrees to transfer its 5% equity interest in the Joint Venture to Party B and Party B agrees to accept such transfer. Party A and Party B have unanimously reached the following agreement in respect of the equity transfer after mutual consultation subject to the approval of the shareholders meeting of the Joint Venture:

I. Equity Transfer Price, and its Payment Period and Method:

1. Party A owns 5% equity interest in the Joint Venture. In accordance with the requirements of the original articles of association of the Joint Venture, Party A shall contribute RMB3.5 million and has actually contributed RMB3.5 million. Party A hereby transfers its 5% equity interest in the Joint Venture to Party B at a price of RMB3.5 million.

2. Party B shall pay to Party A the equity transfer price in a lump sum by bank transfer in such currency and amount as prescribed in the preceding paragraph within 30 days from the date on which this Agreement becomes effective.

II. Party A guarantees that it has the full right to dispose of any equity interest proposed to be transferred to Party B. It also guarantees that no pledge has been created over such an equity interest and that the equity interest has not been seized and is free from any third party claims. Otherwise, Party A shall bear all economic and legal liabilities arising therefrom.

III. Sharing of Profits and Losses of the Joint Venture (Including Liabilities and Debts):

1. Party B shall be entitled to profits of the Joint Venture and undertake its risks and losses according to the equity ratio after this Agreement becomes effective.

2. If, at the time of signing this Agreement, Party A fails to notify Party B accurately of any liabilities undertaken by the Joint Venture prior to the equity transfer, and, as a result, Party B suffers losses after they become the shareholders of the Joint Venture, Party B shall have the right to make claims against Party A in respect of such losses.

IV. Liabilities for Breach:

1. The parties shall perform this Agreement on a voluntary basis once it becomes effective. Any party who fails to fully perform its/his/her obligations as required by this Agreement shall bear all liabilities according to law and the provisions hereof.

2. Should Party B fail to settle the equity transfer price as scheduled, they shall pay a default penalty that is equivalent to 0.03% of the portion of the equity transfer price that has been overdue for each day overdue. If Party A suffers any loss due to the breach of this Agreement by Party B, and the default penalty paid by Party B is lower than the actual amount of the loss, Party B shall make compensation in respect thereof.

3. If, due to the fault of Party A, Party B is unable to change the registration as scheduled, Party A shall pay to Party B a default penalty that is equivalent to 0.03% of the portion of the equity transfer price that has been paid by Party B for each day overdue. If Party B suffers any loss due to the breach of this Agreement by Party A, and the default penalty paid by Party A is lower than the actual amount of the loss, Party A shall make compensation in respect thereof.

V. Ways of Dispute Resolution:

Any dispute arising out of or in connection with this Agreement shall be resolved by Party A and Party B through friendly consultation. In the event that no agreement can be made, such dispute shall be resolved in the following ways (please select any one of the options listed below and only one option can be chosen. Please put a "✓" in the box next to the option you select): ☐ instituting a legal action in a people's court with competent jurisdiction; ☐ making an application to Shenzhen Arbitration Commission for arbitration.

VI. Modification or Discharge of this Agreement:

In any following circumstances, Party A and Party B may modify or discharge this Agreement after a unanimous agreement is made through mutual consultation. If this Agreement is to be modified or discharged after consultation, the two parties shall enter into a separate agreement for modification or discharge of this Agreement, and such an agreement shall be notarized by Shenzhen Notary Public Office (if the company is foreign-owned enterprise, it shall be submitted to related authorities for approval first) after becoming effective.

1. Due to the force majeure, the company is unable to perform this agreement.
2. Due to the circumstance has changed, both parties have reached an agreement after mutual consultation.

VII. Undertaking of Relevant Costs:

All costs incurred during the equity transfer (such as the costs in connection with notarization, appraisal or audit, and any change of registration with the administrative department for industry and commerce) shall be borne by Party A.

VIII. Conditions for this Agreement to Become Effective

This Agreement shall become effective once it is signed and sealed by Party A and Party B, respectively, and notarized by Shenzhen Notary Public Office. Each party shall complete the formalities in relation to the change of registration with Market Supervision Administration of Shenzhen Municipality according to law after this Agreement becomes effective.

IX. This Agreement is executed in 5 originals. Party A and Party B shall each keep one original, the Joint Venture shall keep one original and the remaining original shall be provided to the relevant government departments.

Transferor (Party A): /s/ Chen Jiezheng

Transferee (Party B): /s/ Lai Fulin

Made in Shenzhen on March 13, 2013

English Translation for Reference

NOTARIAL CERTIFICATE

(2013) Shen Zheng Zi No. 40376

Applicants:

Transferor (Party A): Chen Jiezheng, with ID card number: [Redacted].

Transferee (Party B): Lai Fulin, with ID card number: [Redacted]

Matter for Notarization: Equity Transfer Agreement

Party A, Party B and Party C made an application to us on March 13, 2013 for notarization of the *Equity Transfer Agreement* attached in front of this Certificate.

It is found after investigation that the parties entered into the *Equity Transfer Agreement* attached in front of this Certificate after a unanimous agreement is made through mutual consultation. The parties had the civil right and civil capacity as required by law at the time of signing the Agreement.

Shenzhen Guanli Agricultural Technology Co., Ltd. was established on November 6, 2008 with a registered capital of RMB70 million. Party A owns 5% equity interest in such company. Party A hereby transfers its 5% equity interest in such company to Party B at a price of RMB3.5 million. The Transferee agrees to accept the above equity interests at the prices mentioned above. This equity transfer transaction has been approved by other shareholders of this Company.

By signing the *Equity Transfer Agreement*, the parties express their real intention to make the equity transfer. The terms of this Agreement, such as the price for the equity transfer, its payment method and breach of liabilities, are specifically and clearly defined.

Based on the above facts, it is hereby certified that Chen Jiezheng (as Transferor (Party A)) and Lai Fulin (as Transferee (Party B)) entered into the *Equity Transfer Agreement* attached in front of this Certificate on March 7, 2013. The execution of the Agreement by the parties are in compliance with Article 55 of the *General Principles of the Civil Law of the People's Republic of China*, and the contents of the Agreement are in compliance with the relevant requirements of the *Company Law of the People's Republic of China* and the *Contract Law of the People's Republic of China*. The signature and common chop of the respective parties to the Agreement are real.

Shenzhen Notary Public Office, Guangdong Province,
the People's Republic of China

Notary: /s/ Liu Suimei

[Chop of Shenzhen Notary Public Office is affixed]

March 14, 2013

SUPPLEMENTAL AGREEMENT TO LOAN CONTRACT

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

Party B: Chen Jiezhen, with ID card number: [Redacted]

Party C: Lai Fulin, with ID card number: [Redacted]

WHEREAS:

1. Party A and Party B entered into the Loan Contracts on July 11, 2011 for an amount of RMB3,500,000;
2. Party A and Party C entered into the Loan Contracts on May 7, 2013 for an amount of RMB3,500,000;
3. Party B and Party C entered into the Equity Transfer Agreements on March 13, 2013 for transferring 5% shareholding of Shenzhen Zhongguan Agricultural Group Co., Ltd

Party A, Party B and Party C have reached the following agreement in respect of the provision of a loan by Party A to Party B after friendly consultation:

1. Pursuant to the Loan Contract dated July 11, 2011 between Party A and Party B, Party B shall return the loan of RMB3,500,000 to Party A when the Loan Contract terminated. Pursuant to the Equity Transfer Agreement dated March 13, 2013 between Party B and Party C, Party C shall pay Party A RMB3,500,000 for the equity transfer price of Shenzhen Zhongguan Agricultural Group Co., Ltd. Upon the agreement between Party B and Party C, Party C would undertake the loan liability from Party B to return Party A's loan.
 2. Party A agrees and accepts the loan liability of Party A would be undertaken by Party B, Party A and Party C would enter into a new Loan Contract. Simultaneously, after the completion of the transfer of Shenzhen Zhongguan Agricultural Group Co., Ltd's equity between Party B and Party C, the Loan Contract, Equity Pledge Contract and Exclusive Call Option Contract entered into on July 11, 2013, will be terminated.
 3. This Contract is executed in three originals and each of the parties shall keep one original. All of them shall have the same legal effect.
 4. This Contract shall become effective after it is signed and sealed by Party A and signed by Party B and Party C.
-

(This is the signature page)

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

[Chop of Agria Brother Biotech (Shenzhen) Co., Ltd. is affixed]

/s/

Party B: Chen Jiezheng

/s/ Chen Jiezheng

Party C: Lai Fulin

/s/ Lai Fulin

Date of execution: May 7, 2013

EQUITY PLEDGE CONTRACT

This Equity Pledge Contract (hereinafter referred to as “**this Contract**”) is made on May 7, 2013 in Shenzhen:

BETWEEN:

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd. (hereinafter also referred to as the “**Pledgee**”)

Party B: Lai Fulin, a citizen of the PRC with ID card number: [Redacted] (hereinafter also referred to as the “**Pledgor**”)

Party C: Shenzhen Zhongguan Agricultural Group Co., Ltd.

Address: Room 1501, Tower 1, Huarong Building, Mintian Road, Futian Center District, Shenzhen

WHEREAS:

- (1) The Pledgor is the legal and valid shareholder of Shenzhen Zhongguan Agricultural Group Co., Ltd. (“**Zhongguan**”), who holds 5% equity interest of Zhongguan according to laws;
- (2) The Pledgee is a wholly foreign-owned enterprise incorporated in Shenzhen under the laws of the People’s Republic of China (hereinafter referred to as the “**PRC**”, and for the purpose of this Contract, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan);
- (3) Zhongguan is a limited liability company established in Shenzhen under the laws of the PRC;
- (4) The Pledgee and Zhongguan entered into the *Exclusive Technology Development, Technology Support and Technology Services Contract* on November 7, 2008. The Pledgor agrees to pledge all of her equity interest in Zhongguan as security for the performance by Zhongguan of all of its obligations under the above contract;
- (5) The Pledgee, the Pledgor and Zhongguan entered into the *Exclusive Call Option Contract* on May 7, 2013, and the Pledgee and the Pledgor entered into the *Loan Contract* on May 7, 2013. The Pledgor agrees to pledge all of her equity interest in Zhongguan as security for the performance by the Pledgor and Zhongguan of all of their respective obligations under the above four contracts.

NOW, THEREFORE, IT IS AGREED as follows after friendly consultation:

1. Definitions

Unless otherwise required herein, the following terms shall have the meaning as follows:

- 1.1 “**Pledge Right**” refers to the full content of Article 2 hereof.
- 1.2 “**Equity Interest**” means the equity interest legally held by the Pledgor in Zhongguan.
- 1.3 “**Master Contract**” means the *Exclusive Technology Development, Technology Support and Technology Services Contract*, the *Exclusive Call Option Contract*, the *Loan Contract* and any amendment and supplement thereto.
- 1.4 “**Secured Party**” means any contractual party of each Master Contract other than the Pledgee.
- 1.5 “**Secured Debt**” means all contractual obligations of a Secured Party under each Master Contract, including (but not limited to) interest, default penalty, compensation, expenses incurred by the Pledgee in realizing debt.
- 1.6 “**Event of Default**” means any circumstances stated in Article 7.1 hereof.
- 1.7 “**Notice of Default**” means the notice of default issued by the Pledgee pursuant to this Contract, declaring the occurrence of an Event of Default.

2. Pledge Right

The Pledgor hereby pledges all of her Equity Interest in Zhongguan to the Pledgee as security for the performance by the Pledgor and Zhongguan of all of their respective obligations under the Master Contract. Therefore, the Pledgee is entitled to the Pledge Right in respect of all the Equity Interest of the Pledgor in Zhongguan. The “Pledge Right” means the right of priority to claim for any money converted from the Equity Interest pledged by the Pledgor to the Pledgee, or any proceeds from the auction or sale of such Equity Interest that is enjoyed by the Pledgee.

3. Registration of Pledge

- 3.1 Within one (1) week from the date hereof, Zhongguan shall, and the Pledgor shall procure Zhongguan to record the Pledge Right specified in Article 2 above on the register of members of Zhongguan, and deliver a copy of the register of members of Zhongguan with its common chop affixed thereon and the original of the equity contribution certificate to the Pledgee for custody.
- 3.2 After the execution hereof, the Pledgor shall, at the written request of the Pledgee at any time, complete the notarization jointly with the Pledgee in respect of this Contract, as well as the Pledge Right of the Pledgee recorded on the register of members and the equity contribution certificate as set forth in Article 3.1 at a notary public office of the place where Zhongguan is located.

- 3.3 The parties agree that they will make their best effort to register, and cause the pledge hereunder to be registered with an industrial and commercial administrative department of the place where Zhongguan is registered. The parties also confirm that, unless the registration of the pledge hereunder with the industrial and commercial administrative department is mandatory in law, the validity of this Contract and the Pledge Right specified in Article 2 above shall not be affected even if the parties fail to register the pledge hereunder with the industrial and commercial administrative department of the place where Zhongguan is registered after the execution of this Contract.

4. Rights of the Pledgee

- 4.1 When a Secured Party does not perform any of its obligations under the Master Contract, the Pledgee shall have the right of priority to claim for any money converted from Zhongguan's Equity Interest pledged by the Pledgor, or any proceeds from the auction or sale of such Equity Interest.
- 4.2 The Pledgee shall be entitled to receive any dividends (including bonuses) and other property distributions arising from the Equity Interest that is pledged.

5. Representations and Warranties of the Pledgor

- 5.1 The Pledgor is the legitimate owner of the Equity Interest;
- 5.2 The Pledgor fully understands the contents of the Master Contract. She signs and performs this Contract on a voluntary basis and all her actual meaning is truly expressed herein. The Pledgor is legally authorized to execute this Contract;
- 5.3 All documents, information, statements and evidence provided by the Pledgor to the Pledgee are accurate, true, complete and valid;
- 5.4 The Pledgor acknowledges that the Pledgee shall have the right to dispose of and transfer the Pledge Right in a manner stipulated herein and within the scope restricted by the PRC laws;
- 5.5 Except for the interest of the Pledgee, the Pledgor has not created other pledges, any other kinds of rights or any third party rights over the Equity Interest;
- 5.6 The Pledgor has obtained the consent of other shareholders of Zhongguan to pledge the Equity Interest, and the other shareholders have unanimously agreed that they will not interfere by any means and will give up the exercise of their pre-emptive right when the Pledgee actually exercises the Pledge Right.

6. Undertakings of the Pledgor

In addition to the obligations specified in the other provisions hereof, the Pledgor undertakes as follows:

- 6.1 During the term hereof, the Pledgor undertakes to the Pledgee for its benefit that:

- 6.1.1 save for the transfer of the Equity Interest to the Pledgee, the Pledgor shall not, without the prior written consent of the Pledgee, transfer the Equity Interest, nor create or permit the existence of any pledge which might affect the rights and interests of the Pledgee, nor procure any resolution in relation to the sale/transfer/pledge or disposal by other means of the legal and beneficial interest in any Equity Interest of Zhongguan or permitting the creation of any other security interests over it to be passed at a shareholders' meeting of the company; unless with the prior written consent of the Pledgee, the Pledgor shall vote at a shareholders' meeting of Zhongguan/procure any director of Zhongguan nominated by her to vote at a board meeting of Zhongguan and/or by other means to object Zhongguan to sell/transfer/pledge or otherwise dispose of any of its major assets, including (but not limited to) any intellectual property rights.
- 6.1.2 if the Equity Interest pledged hereunder is subject to any compulsory measures imposed by courts or other departments for any reasons, the Pledgor shall use all her efforts, including (without limitation) the provision of other security to courts or adoption of other measures, to remove the compulsory measures taken by courts or other departments in respect of the Equity Interest pledged.
- 6.1.3 the Pledgor shall comply with and implement all laws and regulations relevant to the pledge of rights. The Pledgor shall, within five (5) days of the receipt of any notices, orders or recommendations given or made by the competent authority with respect to the Pledge Right, present the above notices, orders or recommendations to the Pledgee, and shall comply with the same or raise objections and make representations in respect of the above matters as reasonably required by or with the consent of the Pledgee.
- 6.1.4 the Pledgor shall promptly notify the Pledgee of any event which might have effects on the Equity Interest of the Pledgor or any part of her right or any notice received in connection therewith, as well as any event which might change any warranty and obligation of the Pledgor as created by this Contract or might have effects on it or any notice received in connection therewith.
- 6.2 The Pledgor agrees that the Pledgee shall not be interrupted nor impeded by any legal proceedings instituted by the Pledgor or any successors of the Pledgor or any person authorized by the Pledgor or any other persons when it exercises its rights on the pledge pursuant to the provisions hereof and within the scope permitted by the PRC laws.
- 6.3 The Pledgor undertakes to the Pledgee that, in order to protect or improve the security for the repayment of the Secured Debt herein, she will honestly execute and procure other parties who have an interest in the Pledge Right to execute all title certificates and contracts required by the Pledgee, and/or perform and procure other interested parties to perform all acts required by the Pledgee, and facilitate the exercise of any right and authorization conferred to the Pledgee by this Contract.

- 6.4 The Pledgor undertakes to the Pledgee that she will execute all documents in relation to the change of share certificates (if applicable and necessary) with the Pledgee or any person designated by it (natural person/legal person), and shall provide the Pledgee with all notices, orders and decisions in relation to the Pledge Right which it thinks necessary within a reasonable time.
- 6.5 The Pledgor undertakes to the Pledgee that she will, for the interest of the Pledgee, observe and perform all warranties, undertakings, contracts, representations and conditions. If the Pledgor does not perform or fully perform her warranties, undertakings, contracts, representations and conditions, she will indemnify the Pledgee all losses suffered by it arising therefrom.

7. Event of Default

- 7.1 The following events shall be deemed as Events of Default:
- 7.1.1 the Secured Party fails to fully perform any of its Secured Debts under the Master Contract as scheduled;
 - 7.1.2 any representation or warranty made by the Pledgor in Article 5 hereof contains misleading or false information that is material, and/or the Pledgor violates the warranties set forth in Article 5 hereof;
 - 7.1.3 the Pledgor violates the undertakings set forth in Article 6 hereof;
 - 7.1.4 the Pledgor violates any other provisions of this Contract;
 - 7.1.5 the Pledgor gives up the pledged Equity Interest or transfers the pledged Equity Interest without the written consent of the Pledgee;
 - 7.1.6 any external loan, guarantee, compensation, undertaking or other debt liability of the Pledgor (1) is required to be repaid or performed prior to the scheduled date due to any breach of this Contract; (2) has been due but cannot be repaid or performed as scheduled, which in the opinion of the Pledgee, would have affected the ability of the Pledgor in performing her obligations hereunder;
 - 7.1.7 Zhongguan is incapable to repay the general debts or other debts;
 - 7.1.8 this Contract becomes illegal or the Pledgor fails to continue to perform her obligations hereunder due to any reasons other than “force majeure”;
 - 7.1.9 there has been any adverse change in the properties of the Pledgor, which, in the opinion of the Pledgee, would have affected the ability of the Pledgor in performing her obligations hereunder;

- 7.1.10 there occurs any material adverse change in the assets, operating result or financial situation of Zhongguan;
- 7.1.11 the successors or heirs of Zhongguan can only perform part of, or refuse to perform, the Master Contract;
- 7.1.12 the Pledgor violates any other provisions of this Contract through any act or omission to act.
- 7.2 If the Pledgor is aware or discovers that any event described in this Article 7 or any event which may possibly result in the aforesaid events has happened, she shall immediately notify the Pledgee in writing.
- 7.3 Unless the events of default listed in this Article 7.1 has been resolved to the satisfactory of the Pledgee, the Pledgee may serve a written Notice of Default to the Pledgor at any time when the Pledgor is in default or thereafter and require the Pledgor to pay any debts and other payables under the Master Contract or to dispose of the Pledge Right pursuant to Article 8 hereof.

8. Exercise of the Pledge Right

- 8.1 Subject to the requirement in Article 6.1.1 hereof, the Pledgor shall not transfer the pledged Equity Interest before the obligations of the Secured Party under the Master Contract have not been fully performed and without the written consent of the Pledgee.
- 8.2 The Pledgee shall serve Notice of Default to the Pledgor when exercising its Pledge Right.
- 8.3 Subject to the requirement in Article 7.3 hereof, the Pledgee may exercise the right to dispose of the Pledge Right at the time when the Notice of Default is given pursuant to Article 7.3 or at any time after such notice is given.
- 8.4 The Pledgee shall have the right of priority to claim for any money converted from all or part of the Equity Interest hereunder, or any proceeds from the auction or sale of such Equity Interest according to statutory procedures until the outstanding debts and all other payables of the Secured Party under the Master Contract are repaid.
- 8.5 When the Pledgee disposes of the Pledge Right in accordance with this Contract, the Pledgor shall not pose any obstacles, and shall offer necessary assistance in this regard so that the Pledgee can realize its Pledge Right.

9. Assignment of this Contract

- 9.1 Unless with the prior consent of the Pledgee, the Pledgor or Zhongguan shall have no right to transfer any of her/its rights or obligations hereunder.
- 9.2 This Contract shall be binding upon the Pledgor and her successors or heirs, and shall be valid and binding upon the Pledgee and each of its successors, heirs or permitted assignees.

9.3 The Pledgee may, at any time and to the extent permitted by laws, transfer all or any of its rights and obligations under the Master Contract to any person designated by it (natural person/legal person), in which case, the assignee shall be entitled to and undertake all rights and obligations of the Pledgee hereunder as if it should have been entitled to and undertaken such rights and obligations as a party to this Contract. When the Pledgee transfers its rights and obligations under the Master Contract, a written notice shall be only given by the Pledgee to the Pledgor, and the Pledgor shall, at the request of the Pledgee, execute and transfer the relevant contracts and/or documents in this regard.

9.4 A new pledge contract shall be signed between the new parties to the pledge after the change of the pledgee as a result of the transfer.

10. Effectiveness

This Contract is signed and shall become effective on the date first written above.

11. Termination

This Contract shall be terminated after the Secured Debt under the Master Contract has been fully repaid and the Pledgor has no longer undertaken any obligation under the Master Contract, and the Pledgee shall, within the earliest reasonable and practicable time, offer assistance to complete necessary formalities so as to release the pledge of the Equity Interest.

12. Handling Fees and Other Costs

12.1 All costs and actual expenses in connection with this Contract, including without limitation, legal fee, cost of production, stamp duty and any other taxes and charges, shall be borne by the Pledgee. If the relevant taxes are required by law to be paid by the Pledgor, the Pledgee shall fully indemnify the Pledgor such taxes paid by her.

12.2 If the Pledgee fails to pay any taxes or charges payable in accordance with this Contract or the Pledgor recovers such taxes or charges by any means or ways due to any other reasons, the Pledgee shall bear all costs arising therefrom (including without limitation, all taxes, handling fees, management fees, litigation cost, attorney's fees and various insurance premiums in connection with the handling of the Pledge Right).

13. Force Majeure

13.1 "Force Majeure" means any event that is beyond the reasonable control of a party and that is unavoidable even though the party so affected gives reasonable attention to it, including but not limited to act of government, act of nature, fire, explosion, typhoon, flood, earthquake, tidal, lightning or war. However, the shortage of credit, capital or financing shall not be deemed as events beyond the reasonable control of a party. Any party who is affected by "Force Majeure" shall notify the other party as soon as possible of the event, in respect of which the exemption from such obligations is sought.

- 13.2 When the performance of this Contract is delayed or prevented due to the “Force Majeure” defined above, the party so affected shall not be required to assume any liabilities hereunder to the extent that it is within the scope of the delay or prevention. It shall take appropriate measures to minimize or eliminate the impact of “Force Majeure” and shall make effort to resume the performance of any obligations that are delayed or prevented by the “Force Majeure”. Once the “Force Majeure” is removed, the parties agree to resume the performance of their respective obligations hereunder with their greatest efforts.

14. Confidentiality Obligation

The parties hereto acknowledge and confirm that any oral or written information exchanged between them in connection with this Contract shall be confidential information. The parties shall keep all such information confidential and shall not disclose any of the information to any third parties without the written consent of the other parties, except for the following: (a) the information that are or will be known to the public (provided that they are not disclosed to the public without authorization by the information receiving party); (b) the information required to be disclosed by applicable laws, or the rules or regulations of securities exchanges; or (c) the information required to be disclosed by a party to its legal or financial advisors with respect to the transaction mentioned herein, for which such legal or financial advisors shall also comply with the confidentiality obligation as similar as that described in this Article. Any divulgence of Confidential Information by the employees of either party or any organization engaged by it shall be deemed as the divulgence of Confidential Information by such party, and such party shall be liable for the breach pursuant to this Contract.

15. Dispute Resolution

- 15.1 This Contract shall be governed by and construed in accordance with the laws of the PRC;
- 15.2 Any disputes between the parties arising from the interpretation and performance of any provisions hereof shall be resolved in good faith by them through consultation. If no agreement can be reached in respect of a dispute, either party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in force. The seat of arbitration shall be Shenzhen. The arbitration shall be conducted in Chinese. The arbitral award shall be final and binding upon the parties.

16. Integrity of this Contract

Notwithstanding the requirement in Article 10 hereof, the parties confirm that, once this Contract becomes effective, it shall constitute the entire agreement and understanding between the parties hereto with respect to the contents of this Contract, and shall completely supersede all previous oral or/and written discussions, communications, understanding, agreements and arrangements between the parties hereto in connection with the contents of this Contract.

17. Severability of this Contract

If any provision of this Contract is invalid or unenforceable due to its inconsistency with the relevant laws, such provision shall be deemed to be invalid only to the extent within the scope of the related jurisdiction, and shall not affect the legal effect of the other provisions hereof.

18. Amendment and Supplement to this Contract

- 18.1 All amendments and supplements to this Contract shall be made by the parties in writing. Any amendment contracts and supplemental contracts hereto duly signed by the parties shall be an integral part of this Contract, and shall have the same legal effect as this Contract.
- 18.2 This Contract and any of its amendments, supplements or modification shall be made in writing and shall become effective once they are signed and sealed by the parties.

19. Counterpart

This Contract is executed in Chinese in six originals and each of them shall have the same legal effect. The Pledgee, the Pledgor and Zhongguan shall each keep one original and the remaining three originals shall be provided to the relevant government departments.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

[No text in this page]

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

Legal Representative/Authorized Representative: /s/

Common Chop: *[Chop of Agria Brother Biotech (Shenzhen) Co., Ltd. is affixed]*

Party B: Lai Fulin

Signature: /s/ Lai Fulin

Party C: Shenzhen Zhongguan Agricultural Group Co., Ltd.

Legal Representative/Authorized Representative: /s/

Common Chop: *[Chop of Shenzhen Zhongguan Agricultural Group Co., Ltd. is affixed]*

EXCLUSIVE CALL OPTION CONTRACT

This *Exclusive Call Option Contract* (hereinafter referred to as “**this Contract**”) is made on May 7, 2013 in Shenzhen:

BY AND AMONG:

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

Address: Unit 201, 2/F, Longyuan Building, Clear Water River Road, Luohu District, Shenzhen

Party B: Lai Fulin, a citizen of the PRC with ID card number: [Redacted]

Party C: Shenzhen Zhongguan Agricultural Group Co., Ltd.

Address: Room 1501, Tower 1, Huarong Building, Mintian Road, Futian Center District, Shenzhen

WHEREAS:

1. Party A is a wholly foreign-owned enterprise incorporated in Shenzhen under the laws of the People’s Republic of China (hereinafter referred to as the “**PRC**”, and for the purpose of this Contract, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan);
2. Party B is a citizen of the PRC, who holds 5% equity interest of Shenzhen Zhongguan Agricultural Group Co., Ltd. (“**Zhongguan**”);
3. Zhongguan is a limited liability company established in Shenzhen under the laws of the PRC;
4. Party B intends to grant to Party A an exclusive call option so that Party A may request Party B to sell her equity interest to it upon certain conditions are satisfied.

NOW, THEREFORE, IT IS AGREED as follows after mutual consultation:

CHAPTER 1 SALE AND PURCHASE OF EQUITY INTEREST**1.1 Grant of Option**

Party B hereby irrevocably grants to Party A an option to purchase or designate any person or persons (hereinafter referred to as the “**Designated Person**”) to purchase from Party B all or part of her equity interest in Zhongguan at any time according to the steps for exercise of the option as determined by Party A at its sole discretion to the extent permitted by the PRC laws and at the price specified in Article 1.3 hereof (hereinafter referred to as the “**Call Option**”). Except for Party A and/or the Designated Person, Party B shall not sell, offer to sell, transfer, offer as gift nor pledge any equity interest of Zhongguan to any other third parties. Zhongguan hereby agrees to the grant of the Call Option by Party B to Party A and/or the Designated Person. The term “person” specified in this Article and this Contract shall include individuals, corporations, joint ventures, partnerships, enterprises, trusts or non-corporate bodies.

1.2 Steps for Exercise of the Call Option

Subject to the provisions of the PRC laws and regulations, Party A and/or the Designated Person may exercise the Call Option by giving written notice to Party B (hereinafter referred to as the “**Equity Purchase Notice**”) and specifying the portion of equity interest to be purchased from Party B (hereinafter referred to as the “**Purchased Equity**”) and the manner in which the purchase is made.

1.3 Purchase Price

- 1.3.1 When Party A exercises its Call Option, unless an appraisal is required to be made in respect of the equity interest by applicable PRC laws and regulations then in effect or there are other restrictions imposed by such PRC laws and regulations on the price of equity interest, the purchase price payable by Party A to Party B in respect of all of the equity interest (hereinafter referred to as the “**Purchase Price**”) shall be RMB One (1). Party A shall also release the obligation of Party B to make repayment under the *Loan Contract* dated May 7, 2013 between Party A and Party B.
- 1.3.2 If an appraisal is required to be made in respect of the equity interest by the PRC laws and regulations that are applicable at the time when Party A exercises its Call Option or there are other restrictions imposed by such PRC laws and regulations on the price of equity interest, the parties agree that the Purchase Price shall be the minimum price permitted by applicable laws.
- 1.3.3 If Party A chooses to purchase part of the equity interest, the exercise price of the Call Option shall be adjusted according to the ratio of the Purchased Equity to the whole equity interests of Zhongguan.

1.4 Transfer of the Purchased Equity

For each exercise of the Call Option:

- 1.4.1 Party B shall cause Zhongguan to hold a shareholders’ meeting in a timely manner, during which a resolution approving the transfer of equity interest by Party B to Party A and/or the Designated Person shall be passed and she shall procure other shareholders to give up their right of first refusal in respect of the Purchased Equity in writing;
- 1.4.2 Party B shall sign an equity transfer contract in relation to each transfer with Party A and/or the Designated Person (as applicable) in accordance with the requirements of this Contract and the Equity Purchase Notice in connection with the Purchased Equity;
- 1.4.3 The relevant parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government approvals and consents, and take all necessary actions to grant the valid ownership of the Purchased Equity to Party A and/or the Designated Person without any security interest being attached thereto and procure Party A and/or the Designated Person to become the legal owner of the Purchased Equity. For the purpose of this Article and this Contract, “security interest” shall include guarantees, mortgages, pledges, third parties’ rights or interests, any share options, acquisition rights, right of first refusal, right to offset, ownership retention or other security arrangements but exclude any security interest arising from the *Equity Pledge Contract* dated March 13, 2013 by and among Party A, Party B and Zhongguan (hereinafter referred to as the “**Equity Pledge Contract**”).

1.5 Payment

The payment method of the Purchase Price or the exercise price of the Call Option shall be determined by Party A and/or the Designated Person and Party B through negotiation in accordance with the laws applicable at the time when the Call Option is exercised.

CHAPTER 2 UNDERTAKINGS RELATING TO EQUITY INTEREST

2.1 Joint undertakings relating to Zhongguan

Party B and Party C hereby jointly undertake as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association of Zhongguan, increase or decrease its registered capital, or otherwise change the structure of its registered capital;
- 2.1.2 Zhongguan shall maintain its corporate existence in accordance with good financial and business standards and practices by operating its business and handling its affairs in a prudent and efficient manner; it shall make its best endeavour to ensure that Zhongguan continues to own all permits, licenses and approvals that are necessary for its operation and that such permits, licenses and approvals will not be cancelled; it shall make its best endeavour to keep the current organizational structure and the senior management of the company unchanged, and to maintain the relationship with its customers so as to guarantee that there will not be any material adverse effect on the goodwill and operation of Zhongguan after the delivery of equity interest as agreed;
- 2.1.3 Without the prior written consent of Party A, Zhongguan shall not, at any time after the date hereof, sell, transfer, mortgage or otherwise dispose of the legal or beneficial interest in any assets, businesses or revenues of Zhongguan, nor allow any other security interest to be created thereon;
- 2.1.4 Without the prior written consent of Party A, Zhongguan shall not incur, inherit, guarantee or allow the existence of any debt, except for (i) debts incurred in the normal or ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 Zhongguan shall always operate all of its businesses during the ordinary course of business to maintain its asset value, and shall refrain from any action/omission that may affect its business operation and asset value;
- 2.1.6 Without the prior written consent of Party A, Zhongguan shall not enter into any material contract, except for those contracts that are entered into in the ordinary course of business (for the purpose of this paragraph, a contract with a value exceeding RMB One Million (1,000,000) shall be deemed as a material contract);
- 2.1.7 Without the prior written consent of Party A, Zhongguan shall not provide any loan or credit to any person;
- 2.1.8 Zhongguan shall, at the request of Party A, provide it with information relating to the business operation and financial condition of Zhongguan;
- 2.1.9 Zhongguan shall take out and maintain insurance from an insurance company recognized by Party A. The coverage and type of insurance shall be the same as those of the insurance typically taken out by other companies that operate businesses similar to Zhongguan in the same region and possess property or assets similar to Zhongguan;

- 2.10 Without the prior written consent of Party A, Zhongguan shall not merge or consolidate with, or acquire or invest in any person;
- 2.1.11 Zhongguan shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Zhongguan's assets, businesses and revenues;
- 2.1.12 To maintain the ownership by Zhongguan of all of its assets, it shall execute all necessary or appropriate documents, take all necessary or appropriate actions and make all necessary or appropriate claims or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, Zhongguan shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, it shall immediately distribute all or part of its distributable profits to its shareholders;
- 2.1.14 Within the term hereof, Zhongguan shall operate its business in compliance with all applicable laws, regulations, administrative rules and regulations of the PRC, and there will not be any material adverse effect on the business operation or assets of Zhongguan due to any breach of the above requirements;
- 2.1.15 If Party A exercises the Call Option according to the conditions of this Contract, Zhongguan shall make its best endeavour to obtain all government approvals and other consents (if applicable) that are necessary for the completion of the equity transfer as soon as possible;
- 2.1.16 At the request of Party A, they shall appoint any persons designated by Party A as directors of Zhongguan.

2.2 Undertakings relating to Party B

Party B hereby undertakes that:

- 2.2.1 Without the prior written consent of Party A, she will not, at any time after the date hereof, sell, transfer, mortgage or otherwise dispose of any legal or beneficial interest in the equity interest, nor allow any other security interest to be created thereon, except for the pledge right under the *Equity Pledge Contract*;
- 2.2.2 Without the prior written consent of Party A, she will not vote in favour of or support or execute any shareholders' resolution at a shareholders' meeting of Zhongguan to approve the sale, transfer, mortgage or disposal in any other manner of any legal or beneficial interest in the equity interest, nor allow any security interest to be created thereon, except for the same is made to Party A or any person designated by it;
- 2.2.3 Without the prior written consent of Party A, she will not vote in favour of or support or execute any shareholders' resolution at a shareholders' meeting of Zhongguan to approve the merger or consolidation of Zhongguan with any person, or the acquisition of or investment in any person;
- 2.2.4 She will immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interest held by her;
- 2.2.5 She will procure the shareholders' meeting of the company to vote in favour of the transfer of the Purchased Equity as set forth in this Contract;

- 2.2.6 To maintain her ownership in the equity interest, she will execute all necessary or appropriate documents, take all necessary or appropriate actions and make all necessary or appropriate claims or raise necessary and appropriate defenses against all claims;
- 2.2.7 At the request of Party A, she will appoint any persons designated by Party A as directors of Zhongguan;
- 2.2.8 At the request of Party A at any time, she will unconditionally and promptly transfer her equity interest to Party A and/or the Designated Person at any time, and give up her right of first refusal in respect of other equity interests to be transferred;
- 2.2.9 She will strictly observe the provisions of this Contract and other contracts jointly or separately executed by and among Party B, Zhongguan and Party A, perform her obligations hereunder and thereunder, and refrain from action/omission that may affect the effectiveness and enforceability thereof.

CHAPTER 3 REPRESENTATIONS AND WARRANTIES

Party B and Zhongguan hereby represent and warrant to Party A as of the date hereof and each date of transfer:

- 3.1 They have the right to execute and deliver this Contract and any equity transfer contracts to which they are a party and which are entered into in respect of each transfer of the Purchased Equity hereunder (each, a “**Transfer Contract**”), and to perform their respective obligations under this Contract and any Transfer Contracts. This Contract and the Transfer Contracts to which they are a party, once executed, will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 The execution and delivery of this Contract or any Transfer Contracts and the performance of their respective obligations under this Contract or any Transfer Contracts shall not: (i) result in any violation of any applicable PRC laws and regulations; (ii) be in conflict with their articles of association or other constituent documents; (iii) result in the violation of any contracts or documents to which they are a party or which are binding upon them, or constitute any breach under any contracts or documents to which they are a party or which are binding upon them; (iv) result in the violation of any conditions for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) result in the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.3 Zhongguan has a good and merchantable title to all of its assets. Zhongguan has not created any security interest on its assets;
- 3.4 Zhongguan does not have any outstanding debts, except for (i) debts incurred in the ordinary course of its business, and (ii) debts disclosed to Party A for which Party A’s written consent has been obtained;
- 3.5 Zhongguan has complied with all PRC laws and regulations applicable to the acquisition of assets;
- 3.6 There are no ongoing, pending or threatened litigation, arbitration or administrative proceedings relating to Zhongguan or the equity interest in or assets of Zhongguan; and

- 3.7 Party B has a good and merchantable title and a complete and valid disposal right to all of her equity interests (except for the restrictions under the PRC laws and regulations). Save for the security interests under the *Equity Pledge Contract*, she has not created any security interest on her equity interest and is free from any third party claims.

CHAPTER 4 ASSIGNMENT OF THIS CONTRACT

- 4.1 Unless with the prior written consent of Party A, Party B and Zhongguan shall not transfer their respective rights and obligations hereunder to any third parties.
- 4.2 Party B and Zhongguan hereby agree that Party A shall have the right to transfer its rights and obligations hereunder to any third parties when necessary. Party A shall only be required to serve written notice to Party B and Zhongguan when such transfer is made, and no consent shall be further required from Party B or Zhongguan in respect of such transfer.

CHAPTER 5 EFFECTIVENESS AND TERM

- 5.1 This Contract shall become effective as of the date first written above.
- 5.2 This Contract shall be automatically terminated only after Party A exercises its option to purchase all of the equity interests in Zhongguan pursuant to the requirements of this Contract, except for the early termination by this Contract or pursuant to the provisions of the relevant agreements separately signed by the parties hereto.
- 5.3 If, during the period stipulated in Article 5.2, the operation term of Party A or Zhongguan (including any extended term) expires or either party terminates due to other reasons, this Contract shall be terminated at the time of the termination of such party, except for the circumstances where Party A has transferred its rights and obligations pursuant to Article 4.2 hereof.

CHAPTER 6 APPLICABLE LAWS, DISPUTE RESOLUTION AND LIABILITIES FOR BREACH

6.1 Applicable Laws

The formation of this Contract, its effectiveness, interpretation and performance, as well as the dispute resolution hereunder shall be protected and governed by the laws of the PRC.

6.2 Dispute Resolution

Any disputes between the parties arising from the interpretation and performance of any provisions hereof shall be resolved in good faith by them through consultation. If no agreement can be reached within thirty (30) days after a Party proposes to resolve a dispute through consultation, either party may submit such dispute to China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in force. The seat of arbitration shall be Shenzhen. The arbitration shall be conducted in Chinese. The arbitral award shall be final and binding upon the parties.

6.3 Liabilities for Breach

A breach of this Contract shall be constituted if any party hereto violates the requirements of this Contract by failing to fully perform this Contract, or making any false information, or withholding or omitting significant facts in any undertaking, representation and warranty made by her/it in this Contract, or refusing to perform any of her/its undertakings, representations and warranties. The defaulting party shall bear the corresponding liabilities for the breach according to laws.

CHAPTER 7 TAXES AND FEES

Party A shall bear any and all transfer and registration tax and fees incurred by or levied on the parties in accordance with the laws of the PRC in connection with the preparation and execution of this Contract and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Contract and the Transfer Contracts.

CHAPTER 8 CONFIDENTIALITY OBLIGATION

The parties hereto acknowledge and confirm that any oral or written information exchanged between them in connection with this Contract shall be confidential information. The parties shall keep all such information confidential and shall not disclose any of the information to any third parties without the written consent of the other parties, except for the following:

- a. the information that are or will be known to the public (provided that they are not disclosed to the public without authorization by the information receiving party);
- b. the information required to be disclosed by applicable laws, or the rules or regulations of securities exchanges; or
- c. the information required to be disclosed by a party to its legal or financial advisors with respect to the transaction mentioned herein, for which such legal or financial advisors shall also comply with the confidentiality obligation as similar as that described in this Article. Any divulgence of confidential information by the employees of either party or any organization engaged by it shall be deemed as the divulgence of confidential information by such party, and such party shall be liable for the breach pursuant to this Contract. This article shall survive regardless of whether this Contract is invalid, discharged, terminated or cannot be operated due to any reason.

CHAPTER 9 FURTHER ASSURANCE

The parties agree to promptly execute such documents and take such further action as are reasonably required for or are conducive to the implementation of the provisions and purpose of this Contract.

CHAPTER 10 MISCELLANEOUS

10.1 Modification, Amendment and Supplement

All amendments and supplements to this Contract shall be made by the parties in writing. Any amendment contracts and supplemental contracts hereto duly signed by the parties shall be an integral part of this Contract, and shall have the same legal effect as this Contract.

10.2 Integrity of this Contract

The parties confirm that, once this Contract becomes effective, it shall constitute the entire agreement and understanding between the parties hereto with respect to the contents of this Contract, and shall completely supersede all previous oral or/and written agreement and understanding between the parties hereto in connection with the contents of this Contract.

10.3 Severability of this Contract

If any provision or provisions of this Contract is/are held to be invalid, illegal or unenforceable in any respect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or impaired in any respect. The parties shall, through amicable negotiations, strive to replace those invalid, illegal or unenforceable provision or provisions with valid provision or provisions, and the economic effect of such valid provision or provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provision or provisions.

10.4 Headings

The headings of this Contract are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Contract.

10.5 Language and Counterpart

This Contract is executed in Chinese in six originals and each of them shall have the same legal effect. Each party shall keep one original and the remaining three originals shall be provided to the relevant government departments.

10.6 Successors

This Contract shall be binding on and shall inure to the interest of the respective successors or heirs of the parties and the permitted assignees of such parties.

10.7 Survival

Any obligations that occur or are due as a result of this Contract prior to the expiration or early termination of this Contract shall survive the expiration or early termination hereof. The provisions of Chapters 6 and 8 and this Article 10.7 hereof shall survive the termination of this Contract.

10.8 Waivers

Any party may waive the terms and conditions of this Contract, provided that such a waiver must be provided in writing and shall require the signatures of the parties. No waiver by any party in certain circumstances with respect to a breach by other parties shall operate as a waiver by such a party with respect to any similar breach by other parties in other circumstances.

[No text in this page]

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the day first above written.

Party A: Agria Brother Biotech (Shenzhen) Co., Ltd.

Legal Representative/Authorized Representative: /s/

Common Chop: *[Chop of Agria Brother Biotech (Shenzhen) Co., Ltd. is affixed]*

Party B: Lai Fulin

Signature: /s/ Lai Fulin

Party C: Shenzhen Zhongguan Agricultural Group Co., Ltd.

Legal Representative/Authorized Representative: /s/

Common Chop: *[Chop of Shenzhen Zhongguan Agricultural Group Co., Ltd. is affixed]*

LETTER OF UNDERTAKING

IT IS HEREBY UNDERTAKEN THAT:

Lai Fulin, a citizen of the People's Republic of China (hereinafter referred to as “**China**”), with the Chinese ID card number: [Redacted], holds 5% equity interest of Shenzhen Zhongguan Agricultural Group Co., Ltd. (hereinafter referred to as “Zhongguan”);

The above shareholder hereby irrevocably undertakes to Agria Brother Biotech (Shenzhen) Co., Ltd. (hereinafter referred to as “**Agria Brother**”) as follows:

Once I, as a shareholder of Zhongguan, receive any dividends, bonuses or other distributions from Zhongguan, I shall transfer all such incomes remaining after the deduction of any taxes payable thereon, without compensation, to Agria Brother and/or any person designated by it unless this is restricted by laws, regulations or judicial proceedings.

Undertaken by (Signature):

/s/ Lai Fulin

May 7, 2013

POWER OF ATTORNEY

I, Lai Fulin, a citizen of the People's Republic of China (hereinafter referred to as “**China**”), with the Chinese ID card number: [Redacted], am a shareholder of Shenzhen Zhongguan Agricultural Group Co., Ltd. (hereinafter referred to as “**Zhongguan**”), holding 5% equity interest of Zhongguan. I hereby irrevocably authorize Mr. GUANGLIN LAI to exercise the following rights within the term of this Power of Attorney:

I authorize Mr. GUANGLIN LAI (passport number: [Redacted]) to represent me with full power to exercise any shareholder's rights, including voting rights, to which I shall be entitled under the laws of China and the Articles of Association of Zhongguan at shareholders' meetings of Zhongguan, including but without limited to execute legal documents in relation to the sale or transfer of all or part of my equity interest in Zhongguan, and to act as my authorized representative at shareholders' meetings of Zhongguan to designate and appoint a general manager of Zhongguan.

The above authorization and designation are conditional upon Mr. GUANGLIN LAI being a director of Agria Brother Biotech (Shenzhen) Co., Ltd. (hereinafter referred to as “**Agria Brother**”) and Agria Brother granting its consent to the above authorization and designation. Once Mr. GUANGLIN LAI leaves Agria Brother or Agria Brother notifies me of the termination of the above authorization and designation, I will immediately withdraw the authorization and designation made herein, and will designate and authorize any other personnel nominated by Agria Brother to exercise all my shareholder’s rights, including voting rights, to which I shall be entitled at shareholders’ meetings of Zhongguan.

During the validly existing period of Zhongguan, except for the early termination of the Exclusive Call Option Contract jointly signed by me, Agria Brother and Zhongguan for any reasons, this Power of Attorney shall remain effective throughout the operating period of Zhongguan from the date hereof.

/s/ Lai Fulin

May 7, 2013

STATEMENT OF SPOUSE

Name: Jiang Liling

ID Card Number: [Redacted]

This is to confirm that I, as the spouse of Lai Fulin, hereby unconditionally and irrevocably represent to Shenzhen Zhongguan Agricultural Group Co., Ltd. and Agria Brother Biotech (Shenzhen) Co., Ltd. that:

the equity interest held by Lai Fulin in Shenzhen Zhongguan Agricultural Group Co., Ltd. and any dividends, bonuses or other distributions received by him in respect of the equity interest are the personal property of Lai Fulin, and shall not be the husband-and-wife common property of Lai Fulin and myself at any time.

Signature: /s/ Jiang Liling

Date: May 7, 2013

List of Subsidiaries

As of June 30, 2013

Subsidiaries of the Registrant:

Name	Place of Incorporation
Aero Biotech Science & Technology Co., Ltd.	PRC
Agria Group Limited (formerly known as Aero-Biotech Group Limited)	British Virgin Islands
China Victory International Holdings Limited	Hong Kong
Agria Asia International Limited	Hong Kong
Agria Hong Kong Limited	Hong Kong
Agria Brother Biotech (Shenzhen) Co., Ltd.	PRC
Agria Biotech Overseas Limited	Hong Kong
Agria Asia Investments Limited (formerly known as Southrich Limited)	British Virgin Islands
Agria (Singapore) Pte. Ltd	British Virgin Islands
Agria Corporation (New Zealand) Limited	New Zealand
PGG Wrightson Investments Limited	New Zealand
Agriculture New Zealand Limited	New Zealand
Agri-feeds Limited	New Zealand
AgriTech South America Limited (formerly known as PGG Wrightson Investment Limited)	New Zealand
Grasslands Innovation Limited	New Zealand
PGG Wrightson Consortia Research Limited	New Zealand
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand
PGW AgriTech Holdings Limited	New Zealand
PGW Rural Capital Limited	New Zealand
PGW AgriTech New Zealand Limited	New Zealand
AgriServices South America Limited	New Zealand
PGG Wrightson Real Estate Limited	New Zealand
PGG Wrightson Seeds Limited	New Zealand
PGG Wrightson Trustee Limited	New Zealand
PGW Corporate Trustee Limited	New Zealand
Agricom Limited	New Zealand
PGG Wrightson Genomics Limited	New Zealand
PGG Wrightson Wool Limited	New Zealand
Wrightson Seeds Limited	New Zealand
New Zealand Wool Handlers Limited	New Zealand
Bloch & Behrens Wool (NZ) Limited	New Zealand
PGG Wrightson Employee Benefits Plan Limited	New Zealand
PGW AgriTech Australia Pty Limited	Australia
PGG AgriServices Australia Pty Limited (formerly known as PGG Wrightson Real Estate Australia Pty Limited)	Australia
PGG Wrightson Seeds (Australia) Pty Limited	Australia

Name	Place of Incorporation
AusWest Seeds Pty Limited	Australia
Stephen Pasture Seeds Pty Limited	Australia
Agricom Australia Seeds Pty Limited	Australia
Agricom Australia Pty Limited	Australia
Juzay S.A.	Uruguay
Wrightson Pas S.A. Limited	Uruguay
PGG Wrightson Uruguay Limited	Uruguay
PGW AgriTech South America SA	Uruguay
Hunker S.A. (t/a Rural Centre)	Uruguay
Lanelle S.A. (t/a Riegoriental)	Uruguay
Afinlux S.A. (t/a Romualdo Rodriguez)	Uruguay
Idogal S.A. (t/a Veterinaria Lasplaces)	Uruguay
Agrosan S.A.	Uruguay
Kroslyn SA Limited	Uruguay
Guarneri y Ghilino Ltda	Uruguay
Escritorio Romualdo Rodriguez Ltda	Uruguay
Alfalfares S.R.L.	Argentina
NZ Ruralco Participacoes Ltda	Brazil

Variable interest entities of the Registrant and their consolidated subsidiaries:

Name	Place of Incorporation
Shenzhen Zhongguan Agricultural Group Co., Ltd. (formerly known as Shenzhen Guanli Agricultural Technology Co., Ltd.)	PRC
Agria NKY Seeds Co., Ltd. (formerly known as Beijing NKY Seeding Development Co., Ltd.)	PRC
Shenzhen NKY Seeds Co., Ltd. (formerly known as Shenzhen Agria Agricultural Co., Ltd.)	PRC
Shenzhen PGW Seeds Co., Ltd. (formerly known as Shenzhen Zhongyuan Agriculture Co., Ltd.)	PRC
Tianjin Beiao Seeds Technology Development Co., Ltd.	PRC
Wuwei NKY Seeds Co., Ltd.	PRC
Shanxi Jufeng Seeds Co., Ltd.	PRC
Zhuhai Agria NKY Seeds Co., Ltd.	PRC
Shenzhen Zhongguan Agri-tech Research Institute Co., Ltd.	PRC

**Certification by the Executive Chairman of the Board of Directors
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Guanglin Lai, certify that:

1. I have reviewed this annual report on Form 20-F of Agria Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 18, 2013

By: /s/ Guanglin Lai

Name: Guanglin Lai

Title: Executive Chairman of the Board of Directors

**Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Patrick Wai Yip Tsang, certify that:

1. I have reviewed this annual report on Form 20-F of Agria Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 18, 2013

By: /s/ Patrick Wai Yip Tsang

Name: Patrick Wai Yip Tsang
Title: Chief Financial Officer

**Certification by the Executive Chairman of the Board of Directors
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Agria Corporation (the “Company”) on Form 20-F for the year ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Guanglin Lai, executive chairman of the board of directors of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 18, 2013

By: /s/ Guanglin Lai

Name: Guanglin Lai

Title: Executive Chairman of the Board of Directors

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Agria Corporation (the “Company”) on Form 20-F for the year ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patrick Wai Yip Tsang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 18, 2013

By: /s/ Patrick Wai Yip Tsang

Name: Patrick Wai Yip Tsang
Title: Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-153058) pertaining to the 2007 Share Incentive Plan of Agria Corporation of our report dated October 18, 2013, on the consolidated financial statements of Agria Corporation, which report appears in this Annual Report on Form 20-F for the year ended June 30, 2013.

/s/ GHP Horwath, P.C.

GHP Horwath, P.C.
Denver, Colorado
October 18, 2013
