SUMMARY OF BUSINESS PLAN

1. Business Concept

„AGRODAVA GRUP" JSC had launched on the Ungheni region, in the Republic of Moldova, the investment Project „**Integrated zoo-technical complex for production of 1800 tons of pork meat (live weight) per year".**

The Project Concept envisages reanimation of existing farm, construction of two new farms, three bioenergetically installations, one mixed feed mill, and establishment of a slaughter-house in Free Economic Zone Ungheni.

Bioenergetically installations will permit to recycle animal waste into electrical and thermal energy, including obtaining valuable organic fertilizers, which will be used for the whole feed required for production program in the framework of organic farming, what will serve as the first step for achieving the core objective of the Company – ***growing of ecological pure zoo-technical products.***

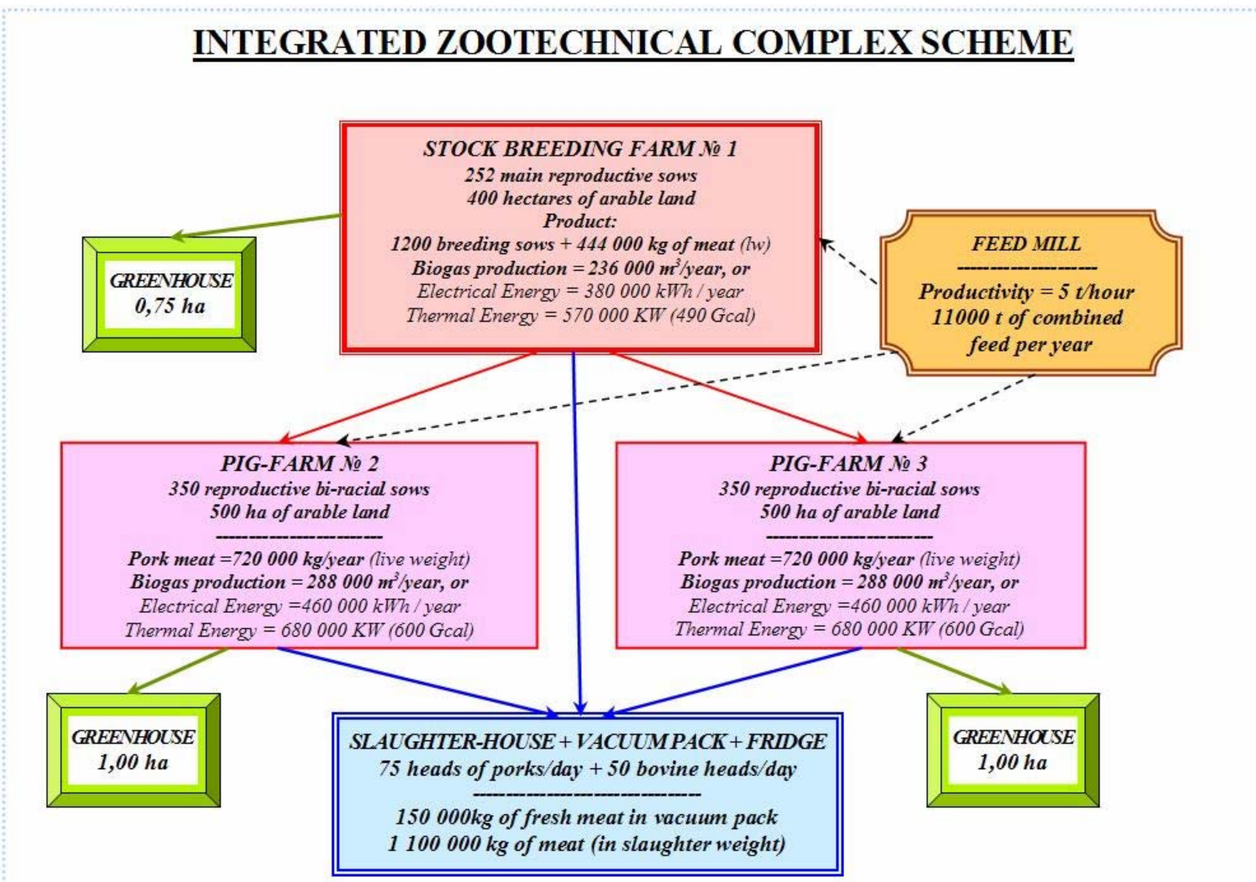
Components of Integrated Complex are the following:

- Reproductive farm specializing in growing racy reproductive material for 252 basic sows;
- Two farms for growing of pork meat for 700 reproductive bi-racial sows;
- Mixed Feed mill with the productivity of 5 tons/hour
- A Slaughter-house for 75 porcine heads per day and 50 bovine heads/day;
- One cold store with the storing space of at least 800 m^3;
- One technological line for vacuum packing of 150 tons of meat processed within one year.

Besides, each firm will be equipped with one bioenergetically installation for recycling of animal waste, that will permit to obtain and generate the following products:

- Solid organic fertilizers – 7800 m^3/year
- Liquid organic fertilizers – 21700 m^3/year
- Biogas – 810 000 m^3/year, or
  - Electrical energy – 1 300 000 KWhour/year
  - Thermal energy – 1690 Gcal/year

Thus generated electrical energy will cover all needs of the complex, while the surplus of electrical and thermo energy will maintain temperature condition in three green houses of the surface of 0,75-1,00 hectares, constructed near each farm.



In order to obtain the highest parameters of profitableness in pork growing we use qualitative technologies of cattle-breeding and equipment of world leader in pork-growing domain – German company „Big Dutchman".

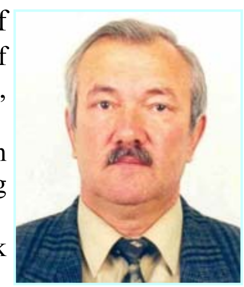
The cardinal problem of big zoo-technical complexes - disuse of animal waste, which alongside with the entering into design growing objectives, will accumulate 23600 cubic meters per year - will be solved via implementation of advanced technologies of Austrian company „Bauer" (or similar), which permits collection of biogas and generation of electrical and thermal energy, as well as separating solid and liquid fractions, both representing valuable organic fertilizer with rich contents of nitrogen, phosphorus and potassium with further commercialization, first of all for agricultural firms which will grow for C.S. „AGRODAVA GRUP" JSC cereals necessary for production of own mixed feed.

2. Project implementation team.

Joint Stock Company «Agrodava Group» was established at the beginning of current year especially for the implementation of investment project "Integrated zoo-technical complex".

Currently governing body consists of 3 persons responsible for the implementation of the project.

- **Mr. Constantin PURCEL,** 50 years, President of Board of Directors – Coordinator of investment cycle, responsible for due construction works, installation works, and commissioning.
  Starting from 1994 Mr. Purcel was involved in LPG business.
  Has rich experience in investment project implementation. Within 1997-2001 in Ungheni Mr. Purcel as a managing director implemented Moldovan - Russian investment in the amount of 2,5 million USD related to the construction of railway terminal for storage, bottling, and transshipment of liquefied gas in volume of 2000 м3.
  Also has rich experience in agriculture. Within 1987-94 Mr. Purcel was a Director of agricultural company «Biruinta», keeping 4000 ha of plough-lands, pig-breeding farm for production of 450 tons of pork meat per year, and milk-production farm for 2500-3000 tons of milk per year.
  Qualification - agronomist



- **Mr. Iov DONICA**, 56 years, Doctor of agricultural sciences, Member of Board of Directors – Coordinator of the program for breeding and growing of pigs. Responsible for scientific organization of works in breeding, hybridization, growing and feeding of all livestock.
  During 21 years Mr. Donica had been working at Moldovan Scientific Research Institute for animal husbandry and veterinary medicine, pig-breeding department.
  Since 2004 works as a chief of department of science at state livestock breeding company «Moldsuinhibrid».
  Qualification - veterinarian.

- **Mr. Pavel GARSTEA**, 52 years, Member of Board of Directors, Executive Director – General Project Coordinator, responsible for financial part of the project and its implementation in conformity with approved indicators of business plan.
  Within 1993-2001 works as a manager of several companies in Moldova and Romania, specialized in import and distribution of liquefied gas.
  Starting from 2002 Mr. Garstea works at securities market of Moldova as an expert in investment consulting. Successfully implemented several huge projects in corporate merger and restructuring, including investment attraction projects .
  Recent successful project implemented under his direction – creation and activation of National Information non-profit Centre for small shareholders in 2004-2005.
  For the purposes of project implementation, besides other means, attracted the grant in the amount of $28600, provided by Eurasia Foundation/USAID.
  Qualification - power engineering specialist.

3. Meat market in Moldova

Before 1990 Moldova was considered to be the leader in meat production due to zoo-technical methods in the USSR. In 1990 in Moldova there were at least 14 industrial complexes in pork growing, which produced circa 177,2 thousand tons of meat. Average weight increase in pork growing in zoo-technical complex reached in 1985-90 400-500 grams per day.

Within last 15 years Moldova experienced dramatic diminution in meat production, including pork meat production, in 2004 reaching absolute minimum quota – 41,3 [illegible] pork meat. (after slaughter)

While cattle breeding in individual (household) sect[illegible] was dramatic diminution of meat quotes produced at [illegible] from 77% in 1990, to 8% in 2004. As a result, [illegible] at the individual sector, without storing [illegible] commercialized.

Effic[illegible] daily weight [illegible] companies to [illegible] (€1,07–1,25).[illegible]

Indicators	1985	1990	1995	2000	2001	2002	2003	2004

[illegible]

[illegible] of 408 [illegible]ts, food [illegible]work.

[illegible]roduced at the [illegible]oduced at the [illegible]

4. Production program

Production Program of C.S. „Agrodava Grup” JSC plans to commercialize the first batch of meat from Farm nr.1 in the 11 th month from the beginning of the activity, and from Farms nr. 2 şi 3 – in the 21 st month of the activity.

Monthly production program with starting from the third year will consist in:

a) Breeding sows sold to the population – 100 heads/month (9000 kg live weight)
b) Bi-race porks for slaughtering (meat yield 60-65 %) – 337 heads/month (37000 kg live weight)
c) Tri-race porks for slaughtering (meat yield 65-70 %) – 1092 heads/month (120100 kg live weight)

Nr.	Indicators	Units of measure ment	Year I Total	Year II Total	Year III Total	Year IV Total	Year V Total	Year VI Total
1	2	3	8	9	10	11	11	11
1	Product' s name: BREEDING SOWS FOR SALE							
	Porcs sold to population	units	0	0	900	1 200	1 200	1 200
	Meat volume live stock sold	kg	0	0	81 000	[illegible]	108 000	108 000
	Selling price	Euro/kg	0	[illegible]	[illegible]	[illegible]	[illegible]	3.29
	RECEIPT FROM SALE OF PRODUCT	Euro	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	including: - VAT	Euro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Product's Name PORCS (HYBRID) FOR SLAUGHTERING							
	Porcs sold for slaughtering	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] to the [illegible] ton of [illegible]

[illegible] meat [illegible]

[illegible] be sold to the [illegible]

5. Investment program

Total investment cost of the Project constitutes €4.538.209. The implementation of the investments will be done on the echelonment base via two stages:

First stage (Years I – II) – construction of production units (farms and bioenergetically installations)

Second stage (Years III – IV) – construction of service units (feed mill, slaughter -house, cool chamber, etc.)

Schedule of investment implementation and value breakdown are represented in Table 1.

Table nr. 1
Thousand Euro

Nr.	Investment Article	Year I			Year II			Years III-IV	TOTAL
		term I	term II	Total	term I	term II	Total	Total	
1	2	3	4	5	6	7	8	9	10
1	Capital investments conform estimate	434.303	237.020	671.323	1.572.686	830.757	2.403.443	1 170 000	4 244 766
	a) Reconstruction Farm # 1	25.150	35.928	61.078	0	0	0	0	61 078
	b) Technological equipment Farm # 1	209.084	187.592	396.675	[illegible]	[illegible]	[illegible]	0	396 675
	c) System of use of animal waste	66.300	2.700	69.000	[illegible]	[illegible]	[illegible]	[illegible]	69 000
	d) Bioenergetical installation Farm # 1	118.800	10.800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	e) Construction Farm # 2 and 3	0	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	f) Technological equiomeent Farm # 2 andi 3	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	g) System of use of animal waste	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	h)Bioenergetical installation for Farm # 2 and 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	i) General infrastructure of farms	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	j) Construct[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	k) Technolo[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	l) Reconstru[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	m) Equipme[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	n) Reconst[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	o[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Ot[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	a[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	T[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] anking [illegible]

[illegible] „Big [illegible] 21-24 months, [illegible]

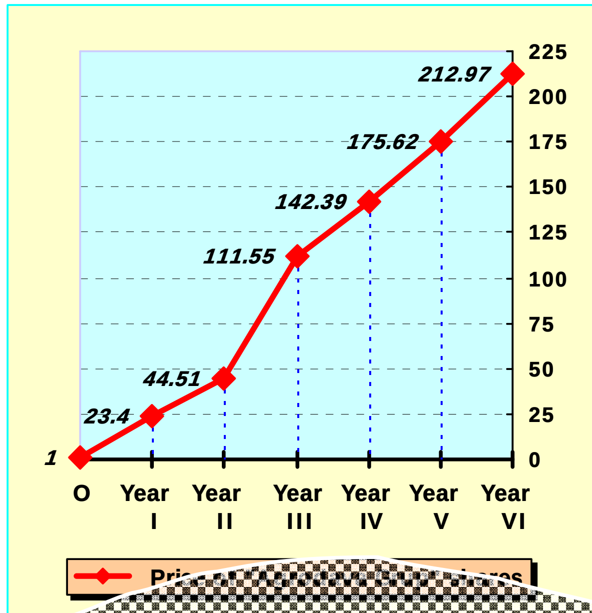
[illegible] ount of 23.440 [illegible] cal branch.

6. Investment profitableness forecast

According to the strategic development plan of the company, which provides reorganization of the company into joint-stock company of open type with further quotation of the company shares at the securities market, the forecasting of the evolution of market price of shares of the company is very important.

On our request the Rating & Evaluation Agency "ESTIMATOR-VM" Ltd. had effected the estimation of the price of the shares of "Agrodava Grup" S.A. basing on business-plan covering 6 years.

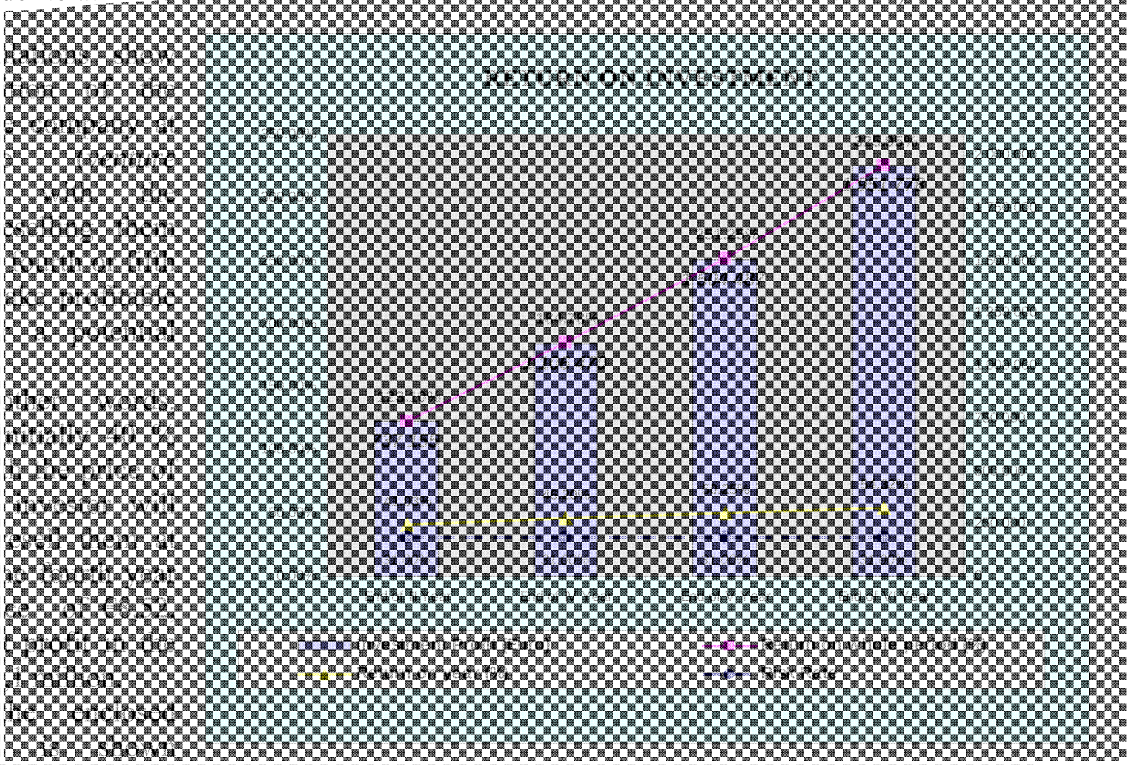
Estimative price evolution of shares of "Agrodava Grup" JSC is presented in diagram on the right. Price of share is calculated in Moldavians Lei, exchange rate constitutes 1 Euro = 16,7 MDL.



Basing on share price forecast, it is planned to effect 2 additional issue of voting ordinary shares of the company in the number of 200 000 shares, constituting share holding of 40 % from statutory capital, in order to attract direct investments in the amount of [illegible]

Calculations show that acquisition of the shares of the company at initial stage (*venture investment*) with the purpose of reselling them at the end of fourth or fifth year will make profitable business for a potential investor.

In other words, purchasing initially 40 % of shares with the price of €2.99/share, investor will be able to resell them at the end of the fourth year with the price of €6.52, obtaining net profit in the amount of €1.1 million.



In the enclosed diagram it is shown profitability of investments depending on the year of withdraw from business and selling of shares.

It is worth to mention, that rate of actualization taken for calculation in order to estimate the share of S.A. "AgroDava Grup" JSC is 21 % (bonds).

Thus diagram shows, that if ever selling the shares at the end of the third year, yearly profitability overlapping the value of rate of actualization, thus justifying the expectations of investor.

7. Forecast of Profit & Loss

Euro

Profit & Loss	Year I	Year II	Year III	Year IV	Year V	Year VI
Operating Revenues	8 920	731 714	2 828 224	3 034 087	3 034 087	3 034 087
Operating Expenses:						
Cost of revenue	15 160	460 575	1 515 097	1 497 576	1 501 319	1 501 319
Sales and marketing	3 054	23 946	60 611	[illegible]	92 766	92 766
General and administrative	32 728	92 136	[illegible]	[illegible]	[illegible]	75 988
Other	0	109 888	[illegible]	[illegible]	[illegible]	[illegible]
Operating income	(42 022)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment income and other	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income before income taxes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Income taxes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

8. Forecast of Cash Flow

Cash Flow	Year I	Year II	Year III	Year IV	Year V	Year VI
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4 210
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	187 126
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	773 675
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	260 412
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1 302 827
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2 563 239

9. Forecast of Balance Sheet

Euro

Balance Sheet	Year I	Year II	Year III	Year IV	Year V	Year VI
ASSETS						
Current assets						
Cash	39 938	367 412	882 023	[illegible]	[illegible]	1 922 429
Trade receivables	13 313	122 471	[illegible]	[illegible]	[illegible]	[illegible]
Stocks:	150 634	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short term investment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other current assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total current assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long-term [illegible]						
Fixed asse[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amortizati[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fi[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
L[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
O[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	...34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	...66
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4 998 021

LOOK OF THE FARM # 1

BIG DUTCHMAN FARM #1 LAYOUT