IMPORTANT: YOU MUST READ THE FOLLOWING DISCLAIMER BEFORE CONTINUING

(capitalised terms used in this disclaimer have the meanings ascribed to them in the rest of the sections)

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PURCARI WINERIES PUBLIC COMPANY LIMITED

(A public company incorporated under the laws of Cyprus)

Offering of up to 9,800,000 existing Shares in Purcari Wineries Public Company Limited by Lorimer Ventures Limited, Amboselt Universal Inc and the International Finance Corporation, member of the World Bank Group and admission of all Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange

Price Range: from RON 19 per Offer Share to RON 28 per Offer Share

This document has been approved by way of Decision 132 /26.01.2018 by the Romanian Financial Supervisory Authority (the "**FSA**"), which is the Romanian competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and of the relevant implementing measures in Romania, as a prospectus (the "**Prospectus**"), following the delegation of the authority to approve the Prospectus from the Cyprus Securities and Exchange Commission (the "**CySEC**") to the FSA by decision dated 30 November 2017 issued by CySEC, in accordance with section 26(8) of the Public Offers and Prospectus Law, Law No. 114(I)/2005 (as amended) (the "**Public Offers and Prospectus Law**"), Law no. 24/2017 on issuers of financial instruments and market operations (the "**Issuers and Market Operations Law**"), Regulation no. 1/2006 on issuers and operations with securities issued by the Romanian National Securities Commission (currently the FSA) (the "**Regulation no. 1/2006**") and Commission regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive (the "**Prospectus Regulation**"). The Prospectus has not been, and will not be, approved by CySEC or by any other competent authority of the European Economic Area (the "**EEA**"), except for the FSA.

This Prospectus relates to an offer (the "**Offer**") of an aggregate number of up to 9,800,000 ordinary shares (the "**Offer Shares**") in Purcari Wineries Public Company Limited, a public company incorporated and organised under the laws of Cyprus, registered with number HE201949, having an authorised share capital of EUR 200,000 divided into 20,000,000 ordinary shares of EUR 0.01 each, in registered form and certificated, dematerialized on the Listing Date, which are issued and fully paid (the "**Shares**"), with registered office in 1 Lampousas Street 1095 Nicosia, Cyprus (the "**Company**" or the "**Issuer**"), by each of Lorimer Ventures Limited, a private company registered and existing under the laws of Cyprus, registered with number HE 220254, with registered office in 1 Lampousas Street 1095 Nicosia, Cyprus (herein referred to as "**Lorimer**"), Amboselt Universal Inc., a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 1441862, with its registered office at 1ST Floor, Yamraj Building, P.O. Box 3321, Road Town, Tortola, British Virgin Islands (herein referred to as "**Amboselt")** and International Finance Corporation, member of the World Bank Group, an international organization established under its Articles of Agreement entered into force on July 20, 1956, acceded by the Romanian State under Law no. 28/1991 and headquartered at 2121 Pennsylvania Avenue, N.W., Washington D.C. 20433, USA (herein referred to as "**IFC**" and together with Lorimer and Amboselt, as the "**Selling Shareholders**") as follows: (i) up to 8,171,080 existing Shares in the Company by Lorimer; (ii) up to 1,000,000 existing Shares in the Company by Amboselt and (iii) up to 628,920 existing Shares in the Company by IFC. The Shares being offered by the Selling Shareholders are herein referred to as the "**Offer Shares**".

The final Offer price shall be within the limits of the Price Range, shall be determined as per the mechanics set out in section "*Subscription and Sale*" (the "**Final Offer Price**") and is expected to be made public on or about 9 February 2018.

After the Successful Closing (as defined below) of the Offer, the Company intends to apply for admission of the Shares to trading on the spot regulated market operated by Bursa de Valori Bucuresti S.A. (in English "**the Bucharest Stock Exchange**") (the "**BSE**"), under the market symbol "WINE" (the „**Admission**"). The BSE is a regulated market in the EEA for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "**Directive on Markets in Financial Instruments**"). No application is currently intended to be made for the Offer Shares to be admitted to listing or dealt with on any other exchange. Prior to the Offer, there has been no public market for the Shares.

The Offer Shares are being offered: (i) in Romania to Retail Investors and Qualified Investors, as defined and detailed in the section "*Subscription and Sale*"; and (ii) outside Romania to Qualified Investors only. The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares in any jurisdiction or to any person to whom it would be unlawful to do so.

In connection with the Offer, the Selling Shareholders have agreed that Raiffeisen Bank S.A. will retain 10% of the gross proceeds obtained by the Selling Shareholders from the Offer (the "**Stabilisation Proceeds**") to act as Stabilising Manager and will use such proceeds for the purposes of engaging in stabilisation activities in the Shares to stabilise the market price of the Shares at a level higher than that which would otherwise prevail, during the Stabilisation Period (as defined below). Stabilization will not be executed above the Final Offer Price. The Stabilising Manager and its agents are not required to engage in any of these stabilisation activities and, as such, there is no assurance that these activities will be undertaken or will bring the expected results; if undertaken, the Stabilising Manager and its agents may discontinue any of these activities at any time and they must terminate before the end of the Stabilisation Period.

An investment in the Offer Shares involves substantial risks and uncertainties. Prospective investors should read the entire document, and, in particular, should see section *"Risk Factors"* beginning on page 16 for a discussion of certain factors that investors should consider prior to making an investment in the Shares. Prospective investors must be able to bear the economic risk of an investment in the Offer Shares and should be able to sustain a partial or total loss of their investment. See sections *"Summary—Section D—Risks"* and *"Risk Factors"* of this Prospectus.

THIS PROSPECTUS HAS BEEN APPROVED BY THE ROMANIAN FINANCIAL SUPERVISORY AUTHORITY. THE APPROVAL VISA APPLIED ON THIS PROSPECTUS DOES NOT CONSTITUTE A GUARANTEE OR ANY KIND OF ASSESSMENT BY THE ROMANIAN FINANCIAL SUPERVISORY AUTHORITY WITH REGARD TO THE OPPORTUNITY, ADVANTAGES OR DISADVANTAGES, PROFIT OR RISKS INVOLVED IN ACCEPTING THE OFFER, OBJECT OF THE APPROVAL DECISION; THE APPROVAL CERTIFIES ONLY THE CONFORMITY OF THIS PROSPECTUS WITH THE LEGAL REQUIREMENTS AND THE RULES ADOPTED FOR THE APPLICATION THEREOF.

Sole Global Coordinator and Joint Bookrunner

Raiffeisen Bank S.A.

Joint Bookrunner

Swiss Capital S.A.

The date of this Prospectus: 26 January 2018

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Responsibility Statement

In accordance with article 15 of the Issuers and Market Operations Law, the Company accepts responsibility for the information contained in this Prospectus. The description of each Selling Shareholder and its respective shareholding in the Company has been drafted on the basis of the information provided by each Selling Shareholder. Each Selling Shareholder assumes responsibility for the provided information (and only this information) it provided in the Prospectus.

Having taken all reasonable care to ensure that such is the case, the Company (for the entirety of this Prospectus) and each of the Selling Shareholders (only with respect to the information it provided for which it assumes responsibility) attests that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers by the FSA or under the Romanian regulatory regime or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Managers do not accept any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness and verification or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Offer Shares or the Offer.

Prospectus Approval

In accordance with section 26(8) of the Public Offers and Prospectus Law, Law No. 114(I)/2005 (as amended), the Issuers and Markets Operations Law and the Regulation no. 1/2006, each of CySEC and the FSA approved the delegation of authority to approve the Prospectus from CySEC to the FSA, as confirmed through the CySEC letter dated 30 November 2017 addressed to the Company. The decision of CySEC also concerns any supplement to the Prospectus, if the case, but does not concern any other prospectuses that the Company may issue in the future. In view of the transfer of the approval authority for the Prospectus, CySEC will not be the supervisory authority that will approve the Prospectus and as a result, it will not be responsible for any notification of a certificate of approval of the Prospectus to other host Member States of the EEA ("**Member States**"), if the case.

This Prospectus has been prepared in Romanian, which is the version approved by the FSA, and unofficially translated into English. Such translation of the Prospectus from Romanian into English is not a substitute for the original Romanian version of the Prospectus, has not been reviewed or approved by the FSA. The accuracy or completeness of the unofficial English language translation of the Prospectus is not guaranteed.

Supplement to the Prospectus

The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. In accordance with the law, the Company must publish a supplement to the Prospectus in the event of a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares during the period from the date of approval of the Prospectus to the Listing Date, as defined below. Any supplement is subject to approval by the FSA and must be made public in the same manner as this Prospectus.

In the event that the Company is required to publish a supplement to the Prospectus, investors who have applied to purchase Offer Shares in the Offer will have two clear Business Days following the publication of the supplement to the Prospectus within which they may withdraw their offer to acquire Offer Shares in the Offer. Details of the submission, processing and validation requirements for the withdrawal of subscriptions are set out in section "*Subscription and Sale*" of this document.

Without prejudice to the legal obligation to publish a supplement to the Prospectus, neither the delivery of this Prospectus nor any purchase made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Group (as defined below) since, or that information contained herein is correct as at, any time subsequent to the date of this Prospectus. By accepting delivery of this Prospectus, each prospective investor agrees to the foregoing.

Availability of the Prospectus

Subject to the selling and transfer restrictions set out under sub-section "*Notices to Investors and Selling Restrictions*" below, this Prospectus is available to investors in electronic format on the website of the Company at www.purcari.wine, on the website of the Managers at www.raiffeisen.ro and www.swisscapital.ro, as well as on the website of the BSE at www.bvb.ro. Pricing information and other related disclosures are expected to be also published on these websites.

Printed hard copies of the Prospectus are made available to investors at no cost, upon request, at the premises of Raiffeisen Bank S.A., located in By Tower Building, 246 D Calea Floreasca, Bucharest, Romania, and Swiss Capital S.A. P, located in 20 Dacia Boulevard, Romana Offices Building, 4th floor, Sector 1, Bucharest, Romania during the business hours 9 – 17.

The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Information on the Company's website (www.purcari.wine) or any other website does not form part of the Prospectus.

Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, except where its contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the Offer Shares, is prohibited.

Other Company Information and Documentation

The Articles of Association of the Company are registered at the Companies Registry in Cyprus and are open to inspection to any person conducting a search against the Company at the Cyprus Companies Registry. Every person is able upon payment of the prescribed fees to obtain a certified copy of the Articles of Association from the Companies Registry.

A copy of the Company's most recent Articles of Association is also electronically available as detailed in sub-section "*Documents Available for Inspection*" of section "*General Information*" of this Prospectus.

As a listed company in Romania, the Company must publish annual, half-yearly and quarterly financial reports, as well as other reports, as briefly presented in section "*Disclosure and reporting obligations*" below. These reports will be made publicly available as per the provisions of the law, including on the Company's website.

Service of Process and enforcement of civil liabilities

The Company is a public company incorporated under the laws of Cyprus, having a limited liability. Most of its directors and members of its management live outside the United States and a majority of the Company's assets and of the assets of these individuals are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon these individuals or the Company or to enforce against them judgments obtained in the United States based on the civil liability provisions of the U.S. securities laws. There is uncertainty as to the enforceability in Cyprus, the Republic of Moldova or Romania of original actions or actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

Notices to investors and selling restrictions

NOTICE TO ALL INVESTORS

In making an investment decision, investors should determine for themselves the relevance of the information contained in this Prospectus and must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Offer and the contents of this Prospectus, including the merits and the risks involved. Any purchase of the Offer Shares should be based on the assessments that an investor may deem necessary, including the legal basis and consequences of the Offer and possible tax consequences that may apply, before deciding whether or not to invest in the Offer Shares. In addition to their own assessment of the Company and of the terms of the Offer, investors should rely only on the information contained in this Prospectus, including the risk factors described herein.

Prospective investors should not consider any information in this Prospectus to be investment, legal or tax advice. Each prospective investor should consult its own legal counsel, financial adviser, accountant and other advisers for legal, tax, business, financial and related advice regarding subscription for, or purchase of, any Offer Shares. Each prospective investor should also make its own determination of the suitability of any investment in the Offer Shares, with particular reference to its own investment objectives and experience and any other factors that may be relevant to the investor.

Investors must acknowledge that: (i) they have not relied on the Managers or any person affiliated with the Managers in connection with any investigation of the accuracy of any information contained in this Prospectus; (ii) they have relied only on the information contained in this Prospectus, and (iii) that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholders or the Managers. Furthermore, the Company did not and does not consent to the use of the Prospectus for subsequent resale or final placement of the Shares by financial intermediaries or by any other third party.

This Prospectus is being provided by the Company and by the Selling Shareholders for the purpose of enabling prospective investors to consider subscribing for and purchasing the Offer Shares. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholders or the Managers that any recipient of this Prospectus should subscribe for or purchase any of the Offer Shares.

None of the Company, the Selling Shareholders or the Managers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

The Managers are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offer, and will not be responsible to any other person to provide the protection afforded to their clients or advice in relation to the Offer.

In connection with the Offer, the Managers and their affiliates acting as investors for their own account(s) may subscribe for or purchase Offer Shares and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Managers or any of their affiliates acting as investors for their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Prospectus and the Offer may be restricted by law in certain jurisdictions and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

The Company, the Selling Shareholders and the Managers require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. None of the Company, the Selling Shareholders or the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Shares, of any such restrictions.

No action has been nor will be taken by the Company, the Selling Shareholders or the Managers that would permit, otherwise than in Romania pursuant to the Offer, an offer of any Offer Shares, or possession or distribution of this Prospectus or any other offering material or an application for admission of Shares to trading, in any jurisdiction where action for that purpose is required, other than in Romania for the Admission.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction in the United States and may not be offered or sold in the United States. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. The Offer Shares, this Prospectus and any material related to the Offer will not and may not be distributed, offered or marketed in or into the United States.

Neither the United States Securities and Exchange Commission (the "**SEC**") nor any state securities commission or any non-US securities authority, except for the FSA, has approved or disapproved the Prospectus, or the distribution or the selling of the Offer Shares, or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offence.

NOTICE TO INVESTORS IN THE EEA

This Prospectus has been prepared on the basis that all offers of Offer Shares (other than in Romania) will be made pursuant to an exemption under article 3.2 of the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers and admission to trading of shares. Accordingly, any person making or intending to make any offer of Shares or seeking admission of Shares to trading on a spot regulated market within the EEA should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders, the Managers or any other person to produce a prospectus for such offer or application to trading. No public offer of Offer Shares shall be made in Cyprus.

None of the Company, the Selling Shareholders or the Managers has authorised, nor do they authorise, the making of any offer of the Shares through any financial intermediary, other than offers made by the Managers, which constitute the final placement of the Offer Shares contemplated in this Prospectus, nor have any of them authorised any application of admission of Shares to trading on a regulated markets other than the spot regulated market operated by the BSE.

Notwithstanding the foregoing, in relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any Offer Shares may be made in that Relevant Members State:

- to entities which are Qualified Investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than Qualified Investors as defined in the Prospectus

Directive) subject to obtaining the prior consent of the Managers for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive, if applicable,

provided that no such offer of Offer Shares shall require the Company or any Selling Shareholders to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice to investors, the expression "an offer of (Offered) Shares in any Relevant Member State" means the communication in any form and by any means of sufficient information on the terms of the Offer and the Shares to be offered so as to enable an investor to decide to subscribe for or purchase the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each purchaser of Offer Shares in the Offer located within a Member State of the EEA (other than in Romania) will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor. The Company, the Selling Shareholders, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

NOTICE TO INVESTORS IN BRITISH VIRGIN ISLANDS

The Offer Shares may not be offered in the British Virgin Islands unless the Company or the person offering the Offer Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The Offer Shares may be offered to British Virgin Islands business companies (from outside the British Virgin Islands) without restriction. A British Virgin Islands business company is a company formed under or otherwise governed by the BVI Business Companies Act (British Virgin Islands).

NOTICE TO INVESTORS IN THE REPUBLIC OF MOLDOVA

The offering of the Offer Shares pursuant to the Offer is not deemed to be made on the capital market of the Republic of Moldova (whether on a regulated market or a multilateral trading facility, as such terms are defined under Article 6 of Law No. 171 dated 11 July 2012 on the capital market or by any other means) or otherwise in the Republic of Moldova, and the Company is not a "joint stock company" within the meaning of Law No. 1134 dated 2 April 1994 on joint stock companies or an "issuer" within the meaning of Law No. 171 dated 11 July 2012 on the capital market. The Offer Shares are not issued under Moldovan law and are not and will not be registered with the Moldovan National Commission for Financial Markets or any entity in the Republic of Moldova.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Offers of the Offer Shares pursuant to the Offer are only being made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the U.K. Financial Services and Markets Act 2000, as amended.

Any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with, persons who (i) are investment professionals falling within article 19(5) or (ii) fall within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "relevant persons"). Persons who are not relevant persons should not take any action on the basis of the Prospectus and should not act or rely on it.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking statements" within the meaning of securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including statements preceded by, followed by or that include the words "may", "will", "would", "should", "expect", "intend", "estimate", "forecast", "anticipate", "project", "believe", "seek", "plan", "predict", "continue", "commit", "undertake", "is expected" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout this Prospectus. Forward-looking statements include statements regarding intentions, beliefs or current expectations concerning, among other things, results of operations, prospects, growth, strategies and dividend policy and the industry in which the Company operates.

Forward looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based unless required to do so by any applicable regulatory regime.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed in or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those in "*Operating and Financial Review", "Business", "Risk Factors"* and elsewhere in this Prospectus. These factors include, but are not limited to:

- the Company's ability to successfully anticipate and identify trends in consumer preferences;
- fluctuations in currency exchange rates;
- competitive pressures;
- the Company's dependence on several significant IKA and distributors;
- the success of the Group's key products and performance of its new products and new variants of existing products;
- tax increases;
- changes in the Group's distribution channels;
- failure to comply with applicable legislation;
- changes to the regulatory environment or specific government action that adversely impacts the markets in which the Group operates;
- general economic conditions in the Group's key markets;
- litigation the Group may be involved in from time to time;

- other risks associated with the Shares and the Offer discussed under the section "*Risk Factors*" of this Prospectus.

These risks and others described under the section "*Risk Factors*" of this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Company's results of operations, financial condition and the development of the industry in which the Group operates. New risks affecting the Group's operations and business can emerge from time to time, and it is not possible for the Company to predict all such risks, nor can the Company assess the impact of all such risks or the extent to which any such risks, or combination of such risks and other factors, may cause actual results to differ materially from those contained in any forward looking statements.

When reviewing forward looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates.

Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The Company is a holding company which is, directly or indirectly, the shareholder of Crama Ceptura, Vinaria Purcari, Vinaria Bardar and Vinaria Bostavan (each as defined in the section "*Definitions and Glossary of Selected Items*"), the subsidiaries through which the Group carries out the operations. The consolidated financial information in this Prospectus, unless otherwise stated, has been derived or extracted from:

- the unaudited condensed consolidated interim financial information of the Group as of and for the nine month period ended September 30, 2017; and
- the audited non-statutory consolidated financial statements of the Group as of and for the years ended December 31, 2014, 2015 and 2016;

(together, the "**Consolidated Financial Statements**")

(Vinăria Purcari, Vinăria Bardar and Vinăria Bostavan together „**Moldovan Subsidiaries**")

The unaudited condensed consolidated interim financial information of the Group as of and for the nine month period ended September 30, 2017 has been prepared in accordance with International Accounting Standard (IAS 34) *Interim Financial Reporting* as endorsed by the European Union and have been reviewed by KPMG Audit S.R.L.

The audited non-statutory consolidated financial statements of the Group as of and for the years ended December 31, 2014, 2015 and 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and have been audited by KPMG Audit S.R.L.

The Consolidated Financial Statements included herein are presented in Romanian lei. The Company's financial year runs from January 1st to December 31st.

Financial information published by the Company after admission to trading on the BSE, in furtherance of its on-going disclosure obligations, will include consolidated financial statements of the Group in accordance with IFRS-EU.

Where financial information in this Prospectus is labelled "audited" or is not labelled, this means that it has been extracted from the audited consolidated financial statements of the Group for the financial years ended December 31, 2014, 2015 and 2016. The label "unaudited" is used in this Prospectus to indicate financial information that was not taken from the audited consolidated financial statements mentioned above but has been extracted or derived from the Group's accounting records. Where the financial and/or operating information in the tables or charts in the Prospectus is "unaudited", we have specifically indicated that the information is "unaudited."

Non-IFRS measures

The Company has included certain measures and ratios in this Prospectus that are not measures defined or required by, or presented in accordance with, IFRS or IFRS-EU, such as:

- Gross Profit Margin, calculated as the ratio of gross profit to revenues;
- Sales, General and Administrative expenses, calculated as sum of Marketing and Sales expenses and General and Administrative expenses;

- EBITDA, calculated as consolidated profit (loss) and adding back (i) consolidated depreciation, amortisation, (ii) consolidated net finance (cost)/income, (iii) consolidated income tax (as disclosed in the consolidated financial statements);

- EBITDA Margin, calculated as the ratio of EBITDA to revenues;

- Days of Sales calculated as the average of Trade and other receivables at the beginning and end of period divided by Revenue for the period and multiplied to 360 days. It is a measure of the average number of days that it takes a company to collect payment after a sale has been made;

- Trade Payables Days calculated as the average of Trade and other payables at the beginning and end of period divided by Cost of Sales for the period and multiplied to 360 days. It is a measure of the average number of days that it takes a company to pay its liabilities from operating activity;

- Inventory Days calculated as the average of current portion of Inventories at the beginning and end of period divided by Cost of Sales for the period and multiplied to 360 days. It is a measure of the average number of days that it takes a company to turn its inventory (including goods that are a work in progress, if applicable) into sales;

- Net Working Capital calculated as the sum of current portion of Inventories, Biological assets, Trade and other receivables and Other current assets (as the sum of Current tax assets, Prepayments and Other current assets) at the period end minus the sum of Trade and other payables and Other current liabilities (as the sum of current portion of Deferred income, Current tax liabilities and Employee benefits) at the period end. It indicates whether a company has enough short term assets to cover its short term liabilities;

- Debt/ EBITDA ratio calculated as Total Borrowings and finance lease at the period end divided by EBITDA for the period. It is a measure of a company's ability to pay off its debt;

- Current Ratio calculated as Total Current Assets at the period end divided by Total Current Liabilities at the period end. It is a measure of a company's ability to pay short- term obligations;

- Quick Ratio calculated as the result from Total Current Assets minus current portion of Inventories and Biological assets at the period end divided by Total Current Liabilities at the period end. It is a measure of a company's short-term liquidity and its ability to meet its short-term obligations with its most liquid assets; and

- Cash Ratio calculated as Cash and Cash Equivalents at the period end divided by Total Current Liabilities at the period end. It is a measure of a company's liquidity.

The Company presents these non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. EBITDA is a widely recognized benchmark for measuring profitability and cashflows in the wine industry and therefore, we closely monitor the Group's EBITDA as key measure of its financial performance.

These non-IFRS measures are not presented in accordance with IFRS or IFRS-EU and the Company's use of them may vary from others in the Group's industry. These non-IFRS measures have limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information as reported under IFRS. In particular, you should not consider these non-IFRS measures as an alternative to performance measures derived in accordance with IFRS or IFRS-EU or as an alternative to cash flow from operating activities or as a measure of the Group's liquidity.

Industry and market data

The Prospectus includes market share, economic and industry data which were obtained by the Company from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. In particular, we have cited the following sources in this Prospectus: the National Bank of Romania (the "**NBR**"), the European Commission (via Eurostat), Euromonitor, Nielsen (as defined in the section "*Definitions and Glossary of Selected Terms*"), International Organization of Vine and Wine ("**OIV**")" World Bank, International Monetary Fund ("**IMF**"), European Central Bank, www.tradingeconomics.com, www.pwc.com, www.finanse.mf.gov.pl, Financial Administration Slovak Republic, Ukrainian Tax Code, www.monitorul.fisc.md, Wine of Moldova, Romanian National Prognosis Institute, Romanian National Institute of Statistics, National Bureau of Statistics of the Republic of Moldova, Numbeo (https://www.numbeo.com/cost-of-living/), Oficina de Estudios y Políticas Agrarias – Ministrerio de Argicultura de Chile ("**ODEPA**"), Ministry of Agriculture in Spain, Agrifrance 2017 Rural Report, www.vinetur.com, www.larioja.org, http://www.lomejordelvinoderioja.com, www.vivastreet.cl, www.Globalpetrolprices.com, www.exchangerates.org.uk, www.elobservador.com.uy, Kirin Holding, Instagram, Vivino, Decanter, www.concoursmondial.com, www.IWSC.net, www.challengeduvin.com, www.statista.com, Gallup US Consumer Survey and Xplane Market Research Agency.

The information in this Prospectus on the wine market is partially sourced from independent market research carried out by Euromonitor International Limited but should not be relied upon in making or refraining from making any investment decision.

The third party sources the Company has used generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, or to the statistical information and economic indicators contained in these third-party sources, the Company is unable to verify such information. Thus while such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading, the Company cannot guarantee its overall accuracy or completeness.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon the Company's best estimates, which are in turn based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which the Company competes, information published by competitors, and the Company's own experience and knowledge of conditions and trends in the markets in which it operates.

The Company cannot assure you that any of the assumptions that it has made while compiling this data from third party sources are accurate or correctly reflect the Company's position in the industry and none of our internal estimates has been verified by any independent sources. None of the Company, the Selling Shareholders or the Managers makes any representation or warrants as to the accuracy or completeness of this information. None of the Company, the Selling Shareholders or the Managers has independently verified this information and, while the Company believes it to be reliable, none of the Company, the Selling Shareholders or the Managers can guarantee its accuracy.

The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

Rounding

Certain data included in this Prospectus have been subject to rounding adjustments; accordingly: (i) figures shown for the same category presented in different tables may vary slightly; (ii) figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them; (iii) percentages in tables have been rounded and accordingly may not add up to 100%; and (iv) the calculations, variations and other percentages may differ slightly from their actual calculations due to roundings of underlying financial, statistical and operating information.

References to the Company, definitions and glossary

In this Prospectus, the "Company" and "Purcari" refer to Purcari Wineries Public Company Limited, and the terms "we", "us", "our", and the "Group" refer to Purcari Wineries Public Company Limited and its consolidated subsidiaries, taken as a whole, unless the context otherwise requires. The term "the Group's subsidiaries" refers to the consolidated subsidiaries of the Company.

Certain terms used in this document, including all capitalized terms and certain technical and other items, are defined and explained in the section "*Definitions and Glossary of Selected Terms*" of this Prospectus.

Legal references

Except where expressly mentioned otherwise, a reference in this Prospectus to a legal provision is considered a reference to the respective provision as it was amended and/or republished and in force as at the date of this Prospectus.

Incorporation of Certain Information by Reference

No information is incorporated by reference in this Prospectus.

Exchange rates

The Company prepares its Consolidated Financial Statements in Romanian leu.

Unless otherwise indicated: (i) all references in this document to "euro", "cents", "EUR" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; (ii) all references to "RON", "Romanian leu", "leu" (singular) or "lei" (plural) are to the lawful currency of Romania; (iii) all references to the "Moldovan leu" are to the lawful currency of the Republic of Moldova; and (iv) all references to "U.S. dollars" or "US $" are to the lawful currency of the United States.

No representation is made that any specific currency amount in this Prospectus could have been converted into any of the other currencies presented in this Prospectus at any particular rate or at all. There are limited markets for the Romanian leu outside Romania, and for the Moldovan leu outside the Republic of Moldova. The limited availability of such currencies may lead to volatility of exchange rates.

The following table sets out the period end, high, average and low exchange rates for the periods and dates indicated, of the euro against the Romanian leu, the Moldovan leu and the U.S. dollar, in each case as published by the National Bank of Romania. The columns titled "Average" in the tables below show the average of the daily reference rates for the respective periods.

Year	High	Low	Average	Period End
		(RON per USD)		
2014 …………………………………….	3.6885	3.1799	3.3487	3.6868
2015…………………………………….	4.2220	3.7742	4.0062	4.1477
2016…………………………………….	4.3504	3.8697	4.0569	4.3033
2017 (through September 30, 2017)	4.3408	3.8116	4.0935	3.8977

Source: NBR

		(*RON per EUR*)		
2014…………………………………….	4.5447	4.3845	4.4440	4.4821
2015…………………………………….	4.5381	4.3965	4.4446	4.5245
2016…………………………………….	4.5411	4.4444	4.4900	4.5411
2017 (through September 30, 2017)	4.5991	4.4888	4.5520	4.5991

Source: NBR

		(*RON per Moldovan leu*)		
2014…………………………………….	0.2559	0.2275	0.2386	0.2359
2015…………………………………….	0.2396	0.1853	0.2133	0.2107
2016…………………………………….	0.2175	0.1959	0.2036	0.2174
2017 (through September 30, 2017)	0.2258	0.2077	0.2173	0.2217

Source: NBR

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the note "not applicable".

Section A—Introduction and warnings	
A.1	*Warning.*
	This summary should be read as an introduction to the Prospectus; Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor; Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.
A.2	*Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.*
	Not applicable. Purcari Wineries Public Company Limited did not and does not consent to the use of the Prospectus for the subsequent resale or final placement of securities by financial intermediaries.
Section B—Issuer and any guarantor	
B.1	*The legal and commercial name of the issuer.*
	The legal and commercial name of the issuer is Purcari Wineries Public Company Limited.
B.2	*The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.*
	The Company is a public company incorporated and organized under the laws of Cyprus, registered with number HE 201949. The corporate seat of the Company is in in 1 Lampousas Street 1095 Nicosia, Cyprus. The Company operates in accordance with Cypriot law, the Memorandum of Association and the Articles of Association.

B.3	*A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.*
	The Company is a holding company of the Group (Vinaria Purcari, Crama Ceptura, Vinaria Bostavan and Vinaria Bardar) that produces and sells wine under the corresponding brands, namely Purcari, Crama Ceptura and Bostavan and brandy under the Bardar brand. The Group is an important player in the wine and brandy segments in the CEE region. The Group has a range of wine brands across all price segments in the still and sparkling wine segments and a brand in the popular premium brandy segment. The Company's largest markets are Romania, the Republic of Moldova and Poland which jointly accounted for a 64% share of the total revenue in 2016 and 73% in the nine months of 2017. The Group operates in the wine and brandy segments, representing a 86% and a 14% share of revenues respectively in 2016 and in the nine months of 2017. The Group operates four production platforms in Romania and Moldova, three of which are dedicated to wine production using grapes from own vineyards and from third-party suppliers and one dedicated to brandy production.
B.4a	*A description of the most significant recent trends affecting the issuer and the industries in which it operates.*
	The Group's sales depend on the consumer preferences, which in turn are affected by the macro-economic context in the Group's markets. Wine consumption in the Group's core markets grew at the expense of beer and spirits segments, the total volume sales of wine increasing, according to Euromonitor, at a higher pace compared to beer and spirits in all the key markets of the Group, except for Slovakia and Romania. In Romania, wine volume sales grew 7.4% on a CAGR level in 2014-2016, comparable with the spirits volume sales growth but at a higher pace than beer volume sales. Euromonitor expects the shift of consumer preferences towards wine to continue during 2016-2020, as the projected growth of wine sales should exceed the growth of beer and spirits sales, also in the traditionally strong markets for beer or spirits like the Czech Republic, Romania or Poland. The Group is also benefiting from the rebalancing of the supply-demand equation, with production decreasing globally, which had the effect of driving up the prices. As regards the macro-economic context, the Group's core CEE markets present a favourable macroeconomic environment for the Group to develop, supported by strong GDP growth relative to the EU28 average and a positive macroeconomic outlook. The demand for Company's products is sustained by rising private consumption in these markets, which is largely driven by increasing wages across the board and relatively low unemployment rates in the range of 5% to 9%.
B.5	*If the issuer is part of a group, a description of the group and the issuer's position within the group.*
	The Company is a holding company for the Group, which comprises three subsidiaries in the wine segment, Vinaria Purcari, Crama Ceptura and Vinaria Bostavan and one subsidiary in the brandy segment, Vinaria Bardar. Vinaria Bardar is held through two other subsidiaries, Vinorum Holdings and West Circle. The Company has also minority participations, through the shares held by Vinaria Purcari in Glass Container Company, the leading Moldovan glass bottle producer and the shares held by Crama Ceptura in Ecosmart Union, a company responsible for recycling management. The shareholders of the Company are: • Lorimer Ventures Limited;

- International Finance Corporation, member of the World Bank Group;
- Amboselt Universal Inc.;
- Inter Jura Cy (Directors) Limited;
- Inter Jura Cy (Management) Limited;
- Inter Jura Cy (Nominees) Limited;
- Inter Jura Cy (Holdings) Limited;

Ultimately, Lorimer Ventures Limited is owned by Emerging Europe Growth Fund II, L.P, a limited partnership formed in the State of Delaware, USA, managed by Horizon Capital Associates II, LLC (**HCA II**), while Amboselt Universal Inc. is owned by Mr. Victor Bostan (83.5%), Mr. Sergey Glukhov (15%) and Mr. Marcel Grajdieru (1.5%).

B.6 *In so far as is known, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control.*

On the date of the Prospectus, no voting rights in the Company are notifiable according to the Cypriot law. The shareholders' structure of the Company on the date of the Prospectus is the following:

Shareholder	**Number of shares**	**Percentage of voting rights**
Lorimer	12,710,313	63.551565 %
IFC	1,283,511	6.417555 %
Amboselt	6,006,172	30.03086 %
Inter Jura Cy (Directors) Limited	1	0.000005 %
Inter Jura Cy (Management) Limited	1	0.000005 %
Inter Jura Cy (Nominees) Limited	1	0.000005 %
Inter Jura Cy (Holdings) Limited	1	0.000005 %
Total	20,000,000	100.00%

Given the provisions of the Investment Agreement entered into between the Selling Shareholders, which will terminate on the Listing Date, and the above mentioned structure, it may be deemed that Lorimer controls over the Company. Despite the significant shareholding that Lorimer holds in the share capital of the Company, there are certain provisions of Cyprus law offering shareholders of the Company some protection, under certain circumstances against exercise by the controlling shareholder of its rights in an oppressive manner. The shareholders of the Company have equal voting rights.

According to the Transparency Law, the shareholders and other persons who control voting shares in a Cypriot public company admitted to trading on a regulated market within the EU are subject to certain notification requirements whenever their holding (as defined below in the section "*Description of Share Capital and Corporate structure*") of voting rights in the company concerned reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the company's total voting rights, as a result of an acquisition or disposal of company shares (or control over such shares) or as a result of events changing the breakdown of the company's voting rights.

B.7 *Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-*

end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.

The financial information set forth below for the years ended 31 December 2014, 2015 and 2016 has been extracted from the audited consolidated financial statements of the Group as of and for the years ended December 31, 2014, 2015 and 2016 and the financial information set forth below for the nine month period ended 30 September 2017 has been extracted from the unaudited condensed consolidated interim financial information of the Group as of and for the nine months ended September 30, 2017:

Consolidated profit or loss and other comprehensive income

The following table presents the Consolidated Profit or Loss and Other Comprehensive Income of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 In RON (unaudited)	**2016 in RON**	**2015 in RON**	**2014 in RON**
Revenue	94,585,800	106,760,242	71,249,539	59,644,226
Cost of sales	(50,644,207)	(53,471,103)	(42,460,466)	(39,499,790)
Gross profit	**43,941,593**	**53,289,139**	**28,789,073**	**20,144,436**
Other operating income	170,504	1,223,583	680,766	810,431
Marketing and sales expenses	(5,026,686)	(9,562,730)	(7,401,627)	(5,152,486)
General and administrative expenses	(10,412,002)	(11,801,203)	(9,450,373)	(9,925,301)
Other operating expenses	(2,261,260)	(1,449,118)	(1,006,984)	(3,647,924)
Result from operating activities	**26,412,149**	**31,699,671**	**11,610,855**	**2,229,156**
Finance income	1,324,174	158,309	156,222	130,619
Finance costs	(2,305,534)	(4,884,140)	(11,566,028)	(10,332,842)
Net finance costs	**(981,360)**	**(4,725,831)**	**(11,409,806)**	**(10,202,223)**
Share of profit of equity-accounted investees, net of tax	819,690	-	-	-
Profit / (loss) before tax	**26,250,479**	**26,973,840**	**201,049**	**(7,973,067)**
Income tax benefit/ (expense)	(4,171,552)	(3,861,453)	(34,840)	91,002
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Profit / (loss) attributable to:				
Owners of the Company	19,238,230	19,741,620	(578,250)	(8,234,304)
Non-controlling interests	2,840,697	3,370,767	744,459	352,239
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Other comprehensive income/ (loss)				
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences	2,647,986	1,966,015	(2,286,939)	760,179
Other comprehensive income/ (loss) for the period	**2,647,986**	**1,966,015**	**(2,286,939)**	**760,179**
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Total comprehensive income / (loss) attributable to:				
Owners of the Company	21,263,311	21,377,845	(2,171,123)	(7,134,985)
Non-controlling interests	3,463,602	3,700,557	50,393	13,099
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share	**4.05**	**4.15**	**(0.12)**	**(1.73)**

Consolidated financial position

The following table presents the Consolidated Financial Position of the Group as of 31 December 2014, 2015 and 2016, and at 30 September 2017.

	30 September 2017 in RON (unaudited)	31 December 2016 in RON	31 December 2015 in RON	31 December 2014 in RON
Assets				
Property, plant and equipment	70,995,200	64,931,515	65,640,644	74,594,686
Intangible assets	1,046,075	1,058,552	968,119	977,573
Loans receivable	2,531,906	2,840,953	2,508,102	2,192,651
Equity-accounted investees	7,467,727	-	-	-
Inventories	11,444,470	7,756,212	11,704,718	20,208,545
Other non-current assets	19,579	9,441	24,006	-
Total non-current assets	**93,504,957**	**76,596,673**	**80,845,589**	**97,973,455**
Inventories	52,893,573	42,977,342	34,841,984	24,317,930
Biological assets	7,073,125	-	-	-
Trade and other receivables	36,446,738	30,416,981	23,262,727	18,356,780
Cash and cash equivalents	6,354,511	13,267,974	1,466,304	574,203
Current tax assets	66,470	380,377	1,907	26,917
Prepayments	3,392,139	3,239,507	390,845	472,708
Other current assets	63,693	77,373	63,397	29,879
Total current assets	**106,290,249**	**90,359,554**	**60,027,164**	**43,778,417**
Total assets	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**
Equity				
Share capital	34,838	34,838	34,838	34,838
Share premium	123,685,006	123,685,006	123,685,006	123,685,006
Contributions by owners	8,916,387	8,916,387	8,916,387	6,660,057
Translation reserve	2,709,995	909,278	(726,947)	865,926
Accumulated losses	(46,741,753)	(67,154,895)	(86,896,515)	(86,318,265)
Equity attributable to owners of the Company	**88,604,473**	**66,390,614**	**45,012,769**	**44,927,562**
Non-controlling interests	**10,587,512**	**10,395,478**	**6,682,077**	**6,631,684**
Total equity	**99,191,985**	**76,786,092**	**51,694,846**	**51,559,246**
Liabilities				
Borrowings and finance lease	12,582,747	11,098,108	3,748,264	464,124
Deferred income	586,413	47,861	41,054	404,910
Deferred tax liability	4,948,366	5,066,408	5,328,688	5,921,751
Total non-current liabilities	**18,117,526**	**16,212,377**	**9,118,006**	**6,790,785**
Borrowings and finance lease	45,448,961	47,534,071	55,559,230	58,124,023
Deferred income	61,962	76,156	365,603	330,437
Current tax liabilities	2,825,087	3,033,139	1,353,675	895,313
Employee benefits	1,834,554	1,200,080	943,290	935,657
Trade and other payables	27,216,507	18,667,278	20,480,416	22,322,160
Provisions	5,098,624	3,447,034	1,357,687	794,251
Total current liabilities	**82,485,695**	**73,957,758**	**80,059,901**	**83,401,841**
Total liabilities	**100,603,221**	**90,170,135**	**89,177,907**	**90,192,626**
Total equity and liabilities	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**

Consolidated cash flows

The following table presents the Consolidated Cash Flows of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 in RON (unaudited)	2016 in RON	2015 in RON	2014 in RON
Cash flow from operating activities				
Profit/ (loss) for the period	22,078,927	23,112,387	166,209	(7,882,065)
Adjustments for:				
Depreciation and amortization	4,104,544	5,383,473	6,043,676	6,988,330
Loss/ (gain) on disposal of property, plant and equipment and intangible assets	(18,905)	(166,671)	(249,695)	(164,546)
Impairment of property, plant and equipment, net	(168,966)	(116,126)	(60,847)	(58,584)
Write-down of inventories, net	234,540	164,951	354,388	(181,996)
Impairment of loans receivable, net	(26,281)	(73,739)	(924,960)	(432,884)
Impairment of trade receivables, net	578,554	440,013	777,162	1,867,444
Impairment of other receivables, net	-	(82,637)	(162,051)	(47,796)
Release of deferred income	(40,256)	(405,810)	(364,699)	(360,739)
Gains on write-off of trade and other payables	-	(263,056)	(174,020)	(191,182)
Share of profit of equity-accounted investees	(819,690)	-	-	-
Adjustment to fair value of biological assets	(367,746)	(942,530)	283,091	1,063,268
Change in provisions, net	2,078,121	1,922,786	448,254	721,522
Income tax expense/ (benefit)	4,171,552	3,861,453	34,840	(91,002)
Net finance costs	981,360	4,725,831	11,409,806	10,202,223
	32,785,754	**37,560,325**	**17,581,154**	**11,431,993**
Changes in:				
Inventories	(14,525,735)	(2,477,269)	(6,554,363)	(3,360,966)
Biological assets	(6,984,652)	-	-	-
Trade and other receivables	(6,945,974)	(5,454,777)	(4,269,972)	(826,522)
Prepayments	330,391	(2,755,864)	34,040	507,869
Other assets	3,729	1,745	(60,510)	36,302
Employee benefits	(48,251)	226,511	104,713	202,024
Trade and other payables	8,966,967	(2,599,650)	(762,505)	(1,808,511)
Deferred income	553,287	122,242	42,577	-
Cash generated from operating activities	**14,135,516**	**24,623,263**	**6,115,134**	**6,182,189**
Income tax paid	(3,464,936)	(2,995,345)	-	-
Interest paid	(1,881,013)	(4,054,678)	(4,774,734)	(4,836,265)
Net cash generated from operating activities	**8,789,567**	**17,573,240**	**1,340,400**	**1,345,924**
Cash flows from investing activities				
Payments for acquisition of intangible assets	(40,391)	(137,660)	(118,945)	(42,481)
Payments for acquisition of property, plant and equipment	(8,410,793)	(3,981,187)	(4,641,437)	(2,017,166)
Loans granted	-	(450,259)	(240,562)	-
Collections from loans granted	-	450,259	-	413,532
Payments for acquisition of interests in equity-accounted investees	(6,514,685)	-	-	-
Proceeds from sale of property, plant and equipment	112,285	792,132	585,381	510,321
Net cash used in investing activities	**(14,853,584)**	**(3,326,715)**	**(4,415,563)**	**(1,135,794)**
Cash flows from financing activities				
Payments for acquisition of non-controlling interests	(102,453)	-	-	-
Receipt of borrowings	23,207,953	19,607,450	22,421,297	17,813,236
Repayment of borrowings and finance lease	(23,847,863)	(22,438,697)	(18,310,131)	(18,007,811)
Proceeds from issue of shares in subsidiaries	-	12,844	-	-
Dividends paid to non-controlling interests	(4,053)	-	-	-

Net cash generated from/ (used in) financing activities	**(746,416)**	**(2,818,403)**	**4,111,166**	**(194,575)**
Net increase /(decrease) in cash and cash equivalents	**(6,810,433)**	**11,428,122**	**1,036,003**	**15,555**
Cash and cash equivalents at 1 January	13,267,974	1,466,304	574,203	840,524
Effect of movements in exchange rates on cash held	(103,030)	373,548	(143,902)	(281,876)
Cash and cash equivalents at period end	**6,354,511**	**13,267,974**	**1,466,304**	**574,203**

B.8	*Selected key pro forma financial information, identified as such.* *The selected key pro forma financial information must clearly state the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.*
	Not applicable.
B.9	*Where a profit forecast or estimate is made, state the figure.*
	Not applicable. The Prospectus does not include a profit forecast or estimate by the Company.
B.10	*A description of the nature of any qualifications in the audit report on the historical financial information.*
	Not applicable. The audit report did not include any qualification.
B.11	*If the issuer's working capital is not sufficient for the issuer's present requirements, an explanation should be included.*
	Not applicable. The management of the Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.
Section C—Securities	
C.1	*A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.*
	The Offer comprises an offer by the Selling Shareholders of up to 9,800,000 existing Shares, offered as follows: (i) up to 8,171,080 existing Shares by Lorimer; (ii) up to 1,000,000 existing Shares by Amboselt and (iii) up to 628,920 existing Shares by IFC. In case of successful closing of the Offer, application will be made for the admission of the Shares to trading on the spot regulated market operated by the BSE. The security identification numbers of the Shares are: ISIN: CY0107600716; CFI: ESVUFR; LEI: 2138004WTEJACWP9GT35; BSE market symbol: WINE
C.2	*Currency of the securities issue.*
	The Offer Shares are denominated in EUR and will be quoted on the BSE in RON.

C.3	*The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value.*
	As at the date of the Prospectus, the Company's authorised share capital comprises 20,000,000 shares with a par value of EUR 0.01, while the issued share capital comprises 20,000,000 shares, each of which is fully paid and has a par value of EUR 0.01.
C.4	*A description of the rights attached to the securities.*
	Each Offer Share is an ordinary share with a par value of EUR 0.01 carrying similar rights. All shareholders are to be treated equally to other shareholders that own the same type of Shares, with the material rights set forth below: • the preemption right of the shareholders to subscribe for any issue of new shares on a pro rata basis (apart from shares issued for a non-cash consideration), unless such preemptive right is limited by the GMS in accordance with the law; • the right to vote and participate in the general meetings of the shareholders; • the right to receive dividends; • the right to add new items on the agenda; • the right to request the convening of the GMS, in case of shareholders holding severally or jointly at least 5% of the share capital giving voting rights; • other rights provided under the Articles of Association and other pieces of legislation and regulations currently in force.
C.5	*A description of any restrictions on the free transferability of the securities.*
	As of the Listing Date, the Shares will be freely transferable, with the observance of the rules of the spot regulated market operated by the BSE and the clearing and settlement rules of the Romanian CSD.
C.6	*An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.*
	Once the Offer is successfully closed and the underlying transactions of the Offer are settled, the intention is to have the shares issued by the Company admitted to trading on the spot regulated market operated by the BSE.
C.7	*A description of dividend policy.*
	Given that the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The dividends are limited to the amount of the results of the Company's last financial year, increased by the profits brought forward at the end of the last financial year and sums drawn from reserves available for this purpose, reduced however by the amount of losses brought forward from previous financial years and the sums placed to reserve in accordance with the law or the Articles of Association. According to the dividend policy adopted by the Company, in the absence of exceptional market conditions or financing needs, for future years, the Board intends to recommend to the general

	meeting of shareholders that the Company distributes 50% of its distributable profits each year, subject to any legal restrictions. As at December 31, 2016, according to its statutory standalone financial statements, the Company has accumulated losses of USD 14,377,333 and until those losses plus any other incurred by the Company after this date are covered, the Company will be unable to pay any dividends. The Company is contemplating a process of offsetting such losses with capital reserves involving, in the near future, a decrease in its share premium following court approval.
Section D—Risks	
D.1	*Key information on the key risks that are specific to the issuer or its industry.*
	Risks Relating to the Issuer, the Group's Business and Industry • The Group operates in a highly competitive industry and competitive pressures could have a material adverse effect on its business; • Demand for wine products may be adversely affected by changes in consumer preferences; • If the social acceptability of the Group's products declines, its revenue could decrease and business could be materially adversely affected; • Changes in the shopping habits of end consumers may have a negative impact on the Group's sales; • The Group's business and production facilities are subject to significant governmental regulation and failure to comply with such regulations or any changes in such regulations could result in increased costs and interruptions in supply; • The Group's results depend on the macroeconomic situation in countries in which the Group operates; • Failure to protect the Group's brand names and trademarks and ensure the continuity of the ownership over such brands and trademarks could materially affect its business; • We rely on certain products and services supplied by third parties. The supply chain may be materially disrupted, while increases in suppliers' prices or other operating costs could decrease our operating profit margin; • We may be unable to attract or retain sufficient qualified personnel, including due to increased labour costs; • We are dependent on our management and key personnel; • The Group is subject to the risk and associated cost of doing business internationally; • In the absence of hedging arrangements in place, the Group is exposed to the risk of currency exchange fluctuations between multiple currencies; • The Group may be unable to obtain additional financing or generate sufficient cash flow to make additional investments or fund potential acquisitions; • We may fail to acquire other businesses, effectively integrate acquired businesses or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such acquisitions; • The Group may incur liabilities that are not covered by insurance; • A strike or other labour disruption may have a material adverse effect on our business; • We have newly appointed Board members which are not yet familiarised with our business and generally our management team and the Board members have limited experience in managing and governing a public company; • A few key products in a limited number of geographical markets contribute to a significant portion of the Group's revenue, and any reduction in revenue from these products could have a material adverse effect on the Group's business, financial condition, operating results and prospects; • New products and new variants of existing products are an important part of the Group's growth strategy, and the success of new products and new variants of existing products is

	inherently uncertain; • Disruptions to the production or delivery of our products (including the risk of being out of stock) could impact our ability to attract new customers and retain existing customers; • The Group is subject to counterparty credit risk of its clients; • A significant portion of the Group's revenue is derived from a small number of key customers and the Group may fail to maintain these relationships; • The Group's business might be affected by competition from illegally sold and unlicensed alcoholic beverages and from home consumption of wine; • The Group may not be able to grow or effectively manage its growth; • The adverse weather patterns could have a material adverse effect on the Group's business; • The Group's wine production could be adversely affected by any crop pathogenes; • Failure to properly operate the vinification equipment could have a material adverse effect on the Group's operations; • The Group's wine production could be materially affected if it is unable to secure grapes from third party growers; • Failure to maintain the quality of the Group's products could have a material adverse effect on the Group's business and inconsistent quality could harm the integrity of, or customer support for, the Group's brands and adversely affect the sales of those brands; • Damage to any of our facilities could cause a production disruption; • Increases in taxes, particularly increases to excise duty rates, could adversely affect demand for the Group's products; • Changes in the tax systems in the countries of Groups operations, or arbitrary or unforeseen application of existing rules could materially adversely affect our financial condition and results of operations; • The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on the Group; • We may be exposed to claims or disputes in the ordinary course of business; • The Group is subject to personal data protection legislation in different jurisdictions and failures to comply with such rules could expose the Group to liability; • Some agricultural land lease agreements in the Republic of Moldova could be affected by issues like lack of enforceability against third parties; • Failure to comply with the competition laws could have a material adverse effect on our business; • The Group may encounter difficulties in complying with certain environmental and fire safety regulations; • The use of the vines in Romania is based on agreements with a company currently undergoing insolvency proceedings; • The Issuer's interest expenses may not be deductible; • The Group's external financing facilities contain certain restrictions and covenants and, in the event of their breach, may be repayable on demand; • The Company will be subject to additional regulatory obligations and incur additional costs as a consequence of the admission of Shares to trading; • Adverse decisions of tax authorities could have a material adverse effect on our results of operations and cash flow; • The Issuer may be deemed to be a tax resident outside of Cyprus; • The Issuer may be subject to defence tax in Cyprus; • Certain decisions passed by the Board of the Issuer in the past may not be enforceable because of the Board not having the necessary number of members; **Country-Specific and Regional Risks** • Investing in developing markets, including Romania and Republic of Moldova, including exposure to key export markets like Poland, Czech Republic, Slovakia, Ukraine or China,

	entails certain macro-economic risks, which may be greater than risks inherent in more developed markets; • Recent political unrest in Romania risks weakening market confidence; • The political crises and the geopolitical context could undermine the prospects of the Moldovan economy; • The Romanian legal system and Romanian legislation continue to develop, which may create an uncertain environment for investment and for business activity; • Deterioration in fiscal policies threatens growth in Romania; • Deficient and poor-quality infrastructure in Romania and the Republic of Moldova limits investments; • Corruption could affect the business climate in Romania; • The failure of the Republic of Moldova in its fight against corruption could materially impact our business; • Administrative and judicial inefficiency in Moldova may impact our business; • The Moldovan legal framework is undergoing reform, which may create an uncertain environment for investment and for business activity; • EU may apply sanctions if Romania fails to meet its post-accession obligations; • The current and upcoming social, political and military conflicts in the region of our operations may have consequences which may materially adversely affect our business; • The UK referendum resulting in a vote to have the United Kingdom leave the European Union could create political and economic uncertainty and risk which may negatively affect the markets in which we operate and our business; • Possible break-up of the European Union could have a material adverse effect on the operations of the Group; • The Group's assets may be subject to expropriation and confiscation.
D.3	*Key information on the key risks that are specific to the securities.*
	Risks relating to the Shares • The Issuer is established and organized under Cyprus law and rights of shareholders may be limited under the law of Cyprus; • Restrictions relating to the exercise of pre-emptive rights in relation to future issuances of ordinary shares in the Issuer; • The Offer may not result in an active or liquid trading market and investors may be unable to resell their Shares at or above the Final Offer Price; • The Offer Shares may not be admitted to trading on the BSE; • The current shareholders of the Company will retain a significant influence over the Company after the Offer, and their interests may not be aligned with those of the other shareholders of the Company; • Trading on the BSE may be suspended; • The Shares may be de-listed from the BSE; • The Company is a holding company with limited operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and to pay dividends; • Foreign shareholders may be subject to exchange rate risk; • The Shares may be subject to price volatility; • The prevailing trading price of the Shares could be adversely affected by future sales, or the real or perceived possibility of sales, of a significant number of the Shares in the public market; • Orders of investors participating in the Offer may be reduced and investors may buy no Offer Shares; • There is no central counterparty for the spot market in Romania;

	• Holders of the Shares in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and their ownership interests may therefore be diluted.
Section E—Offer	
E.1	*The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.*
	The Company will not receive any proceeds from the Offer. The total estimated net proceeds obtained by the Selling Shareholders from the sale of the Offer Shares in the Offer, after deduction of all fees and charges incurred with the Offer, will be of approximately RON 265,900,000 (assuming that all Offer Shares will be sold at the maximum price of the Price Range and no proceeds will be used for stabilisation activities). The total estimated fees and charges payable by the Selling Shareholders in connection with the Offer are expected to be in the range of RON 8,500,000 (assuming that all Offer Shares will be sold at the maximum price of the Price Range). The total fees and charges payable by the Company in connection with the Offer are expected to be in the range of RON 1,440,000. No commissions, fees or expenses in connection with the Offer will be charged to investors by the Company or by any Selling Shareholder. However, the investors shall be charged costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any brokerage commissions payable by the institutional investors under any relevant agreements or pursuant to the regulations of the entity accepting such purchase orders.
E.2a	*Reasons for the offer, use of proceeds, estimated net amount of the proceeds.*
	The Offer is being conducted in order to allow the Selling Shareholders to dispose of a portion of their shareholdings, while raising the Company's profile with the international investment community and establishing a market for the Shares, which may benefit the Company if it desires to access the equity markets in the future. The total estimated net proceeds obtained by the Selling Shareholders from the sale of the Offer Shares in the Offer, after deduction of all fees and charges incurred with the Offer, will be of approximately RON 265,900,000 (assuming that all Offer Shares will be sold at the maximum price of the price range and no proceeds will be used for stabilisation activities).
E.3	*A description of the terms and conditions of the offer.*
	The Offer comprises an offer by the Selling Shareholders of up to 9,800,000 existing Shares, offered as follows: (i) up to 8,171,080 existing Shares by Lorimer; (ii) up to 1,000,000 existing Shares by Amboselt and (iii) up to 628,920 existing Shares by IFC. The Offer is structured as an offer of the Offer Shares: (i) in Romania to Retail Investors and Qualified Investors, as defined and detailed in the section "*Subscription and Sale*"; and (ii) outside Romania to Qualified Investors only, which are non-US, in "offshore transactions'' as defined in and as permitted by Regulation S under the Securities Act. The Offer is split into two tranches (the "**Offer Tranches**") as follows: • 10% of the Offer Shares (980,000 Offer Shares) will be initially offered to retail investors (as defined below) (the "**retail tranche**"); and • The remaining Offer Shares (8,820,000 Offer Shares) will be offered to institutional investors (as defined below) (the "**institutional tranche**"). "**Institutional Investors**" means qualified investors within the meaning of Article 2(1)(e) of the

	Prospectus Directive as implemented by Article 2 (21) of the Issuers and Markets Operations Law; and "**Retail Investors**" means any individual or legal entity who does not meet the above criteria to qualify as an Institutional Investor. The final size of each Offer Tranche will be determined by the Selling Shareholders, in consultation with the Joint Bookrunners, based on the volume and price of subscriptions from investors, on the Allocation Date and there shall be no minimum size for the Offer Tranches. In consultation with the Joint Bookrunners, the Selling Shareholders may decide to re-allocate Offer Shares from one Offer Tranche to the other Offer Tranche on the basis of the subscription levels in each Offer Tranche. The reallocation of Shares from one Offer Tranche to the other will be made without altering the respective proportions of shares for Lorimer, Amboselt and IFC in the total number of shares of each Offer Tranche. A re-allocation between tranches shall neither require nor be deemed as an amendment to the Prospectus. Subscriptions can be made during the Offer Period, namely from 29 January 2017 to 8 February inclusively (nine Business Days). The Selling Shareholders and the Company, in consultation with the Joint Bookrunners, may: (i) extend the Offer Period; (ii) decide on the early closing of the Offer in case the Offer is fully subscribed; any early closing of the Offer Period will be publicly announced using the same methods as the announcement of the Final Offer Price, and the dates for each of pricing, allocation, publication of the Final Price, results of the Offer and trading in Shares will in such case be adjusted accordingly; or (iii) change other dates related to the Offer, in each case in compliance with the Romanian legislation. Retail Investors must subscribe for Offer Shares at the fixed price of RON 28 (namely the top of the Price Range). Institutional Investors may validly subscribe for Offer Shares at any price within the Price Range (including the bottom and the top of the price range). The price tick for the subscription of Offer Shares by Institutional Investors is RON 0.5. The Offer Shares will be offered at the Price Range that is RON 19 to RON 28 and will be sold at the Final Offer Price determined in RON by the Selling Shareholders in close consultation with the Joint Bookrunners, at the latest on the Business Day following the Allocation Date, on the basis of the expressions of interest made by the Institutional Investors during the bookbuilding process. The Selling Shareholders have agreed that the Stabilising Manager will retain 10% out of the gross proceeds obtained by the Selling Shareholders from the Offer to finance stabilising actions during the Stabilisation Period for the purpose of supporting the market price of the Shares at a level higher than that which might otherwise prevail in an open market for a limited period. Therefore the Selling Shareholders have agreed to grant to the Stabilising Manager a put option according to which a number of up to 980,000 Shares shall be transferred to the Selling Shareholders by the Stabilising Manager but not more than the actual number of Shares bought by the Stabilising Manager on the BSE for the stabilisation purposes. Stabilization will not be executed above the Final Offer Price. The Stabilising Manager and its agents are not required to engage in any of these stabilisation activities and, as such, there is no assurance that these activities will be undertaken or will bring the expected results; if undertaken, the Stabilising Manager and its agents may discontinue any of these activities at any time and they must terminate before the end of the Stabilisation Period.
E.4	*A description of any interest that is material to the issue/offer including conflicting interests.*
	The Managers and their respective affiliates may have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for the Company, the Selling Shareholders and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company, the

	Selling Shareholders and their respective affiliates in the future. In connection with the Offer, each of the Managers and any affiliate, acting as an investor for its own account may take up the Offer Shares and in that capacity may retain, purchase or sell for its own account such Offer Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Managers and any affiliate acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offer, any of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.
E.5	*Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock up.*
	The Selling Shareholders are: (a) Lorimer Ventures Limited, a limited liability company registered and existing under the laws of Cyprus, registered under number HE 220254, with its registered office at 1 Lampousas street, 1095, Nicosia, Cyprus; (b) Amboselt Universal Inc., a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 1441862 with its registered office at 1st Floor, Yamraj Building, P.O. Box 3321, Road Town, Tortola, British Virgin Islands; (c) International Finance Corporation, member of the World Bank Group, an international organization established under the Agreement on International Finance Corporation accepted by the Romanian State under Law no. 28/1991 headquartered at 2121 Pennsylvania Avenue, N.W., Washington D.C. 20433, USA. The Selling Shareholders will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days, as regards Lorimer and Amboselt, and 180 days, as regards IFC, from the Listng Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by delivery of Shares or such other securities, in cash or otherwise. The Company will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days from the Listing Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by

	delivery of Shares or such other securities, in cash or otherwise. The lock up restrictions do not apply to takeover offers, rights issues, schemes of arrangement, share buy-backs and the vesting of awards under employee share schemes.
E.6	*The amount and percentage of immediate dilution resulting from the offer. In case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.*
	Not applicable. There will be no dilution resulting from the Offer.
E.7	*Estimated expenses charged to the investor by the issuer or the offeror*.
	No commissions, fees or expenses in connection with the Offer will be charged to investors by the Company or by any Selling Shareholder, except for the costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any brokerage commissions payable by the institutional investors under any relevant agreements or pursuant to the regulations of the entity accepting such purchase orders, which may not be estimated at the date of this Prospectus.

RISK FACTORS

The Offer and an investment in the Offer Shares involve a high degree of risk. You should carefully consider the following risks and uncertainties, together with other information contained elsewhere in this Prospectus including our Consolidated Financial Statements and the related notes, before deciding whether to purchase Offer Shares. If any of the following risks or uncertainties actually occurs, our business, financial condition and results of operations could be materially adversely affected. Consequently, the price of the Offer Shares could decline and you could lose all or a part of your investment in the Offer Shares.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only ones relating to the Company, the Group or the Offer Shares. Additional risks and uncertainties, including those of which we are currently not aware or which we deem immaterial, could also have a material adverse effect on our business, financial condition, results of operations or prospects, and could negatively affect the price of the Offer Shares.

You should read and carefully review the entire Prospectus and should reach your own views before making an investment decision with respect to any Offer Shares. Furthermore, before making an investment decision with respect to any Offer Shares, you should consult your own stockbroker, bank managers, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Offer Shares and consider such an investment decision in light of your personal circumstances.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively.

Risks Relating to Our Business and Industry

The Group operates in a highly competitive industry and competitive pressures could have a material adverse effect on its business

The alcoholic beverage production and distribution industry in the geographic markets in which the Group operates is intensely competitive. The main competitive factors in this industry include product range, pricing, product quality, distribution capabilities and responsiveness to changing consumer preferences and demand, with varying emphasis on these factors depending on the market and the product.

As a wine producer and distributor in the CEE region (especially in the Group's core geographic and product markets in Romania, the Republic of Moldova and Poland), the Group faces competition from both local and international producers and distributors. Other market participants have sought to increase their sales and distribution capabilities by, for example, introducing new products, including products that directly compete with Purcari, Crama Ceptura and Bostavan wines, as well as Bardar brandies. Although the Group endeavours to establish an emotional connection between the customers and its brands and build consumer loyalty to the brand portfolio, as well as to launch new products under those brands, the Group's revenue and market share could suffer if such new competing products perform well, or if competing products are offered at prices that are lower than the prices of the Group's products. In addition, while there is a growing number of products from which the costumers may choose, the shelf space offered by the retailers did not increase proportionally and therefore the competition for such space may become more intense in the future, making it difficult for the Group to successfully sell the products through the retailers.

The Group may also face increased competition from multinational alcoholic beverage companies seeking to enter the Group's core markets by introducing their own brands or by acquiring local brands. Furthermore, a decline in consumer demand in the Group's core markets could intensify competition in the regions in which the Group operates. Increased competition and unanticipated actions by competitors, including aggressive pricing policies and high levels of sales through discounters (which constitute part of the modern trade distribution channel), could lead to downward pressure on prices or a decline in the Group's market share, which may materially adversely affect the Group's operations and hinder its growth potential. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

Demand for wine products may be adversely affected by changes in consumer preferences

The Group's success depends on maintaining the reputation of its brands including by adapting to the changing needs and preferences of its customers and ultimately end consumers. Consumer preferences may shift due to a variety of factors that are difficult to predict and over which the Group has no control, including changes in demographic and social trends, public health regulations or economic conditions. For example there may be a shift in consumer preferences and the consumption of certain beverages resulting in a decrease in the consumption of wine as a whole, or one category of alcoholic products becoming more popular than another. Any such shift could have a material adverse impact on the Group if, for example, the shift is to a category of products with lower profitability or to a category of products which the Group does not produce or distribute or for which the Group does not have a competitive advantage. Any significant changes in consumer preferences or any failure to anticipate and react to such changes could result in reduced demand for the Group's products and weaken its competitive position, which may negatively impact the Group's business. The impact of any such change could be exacerbated if any such shift affects a key brand of the Group (such as Purcari).

If the social acceptability of the Group's products declines, its revenue could decrease and business could be materially adversely affected

In some countries in Europe, the consumption of certain beverages with alcohol content has declined due to a variety of factors that have affected society's perception towards drinking and governmental policies that follow from such perception. These include increasing general health consciousness, awareness of the social cost of excessive drinking and underage drinking, drinking and driving regulations, a trend toward healthier or low calorie beverages such as diet soft beverages, juices and mineral water products and, in some jurisdictions, increased national and local taxes on alcoholic beverages. These factors could affect the social acceptability of alcoholic beverages and increase governmental regulation of the industry in the markets in which the Group operates. Alcohol critics and anti-alcohol lobbyists increasingly seek governmental measures to make alcoholic beverages more expensive, less available and more difficult to advertise and promote, including through the passing of more onerous labelling legal requirements. Negative publicity regarding the health and dietary effects of alcohol consumption, regulatory action or any litigation or customer complaints against companies in the industry may negatively impact the social acceptability of the Group's products, especially if future research indicates more widespread serious health risks associated with alcohol consumption. This may have a material adverse effect on the Group's prospects, results of operations and financial condition.

Changes in the shopping habits of end consumers may have a negative impact on the Group's sales

In recent years, food and beverage manufacturers have observed changes in the shopping habits of end consumers, with the distribution channels of fast-developing retail and HoReCa chains becoming more attractive to the detriment of independent convenience stores. The Group tries to adequately adjust its marketing, production and sales strategy to selling in particular channels, engage a sales force specialised in servicing particular channels and adapts its sales force to suit the structure of the customers' preference and demand. In its core markets, the Group operates across different channels and continuously monitors end consumer behaviour to understand changing trends. The changes in the shopping habits of end consumers, if not properly and timely recognised and properly addressed, may have a material adverse impact on the Group's operations, prospects and financial results.

In addition, the distribution channels preferred by customers tend to put pressure on prices and to resist price increases. This means that it will be more difficult to transfer increases in (among other things) prices of raw materials or labour to end consumers. As a consequence, this might impact the margins realised on the sale of the Group's products. These risks could have a material adverse effect on the Group's business, financial condition and the results of operations.

The Group's business and production facilities are subject to significant governmental regulation and failure to comply with such regulations or any changes in such regulations could result in increased costs and interruptions in supply

In the countries in which the Group operates, the production, trade and distribution of alcohol are subject to strict regulations and the Group is required to obtain various administrative permits and approvals to carry out its business. Failure to comply with applicable regulations, including tax regulations, can result in criminal sanctions and loss of the permits or approvals required to operate the Group's business. The enactment of more stringent regulations could in the future result in increased compliance costs. In addition, the Group's production and bottling facilities are subject to varying levels of government regulation.

The Group is also subject to numerous environmental, occupational and health and safety laws and regulations in the countries in which it operates. The Group may incur significant costs to ensure compliance with increasingly stringent environmental and occupational, health and safety requirements, or to defend challenges or investigations relating to such requirements. A failure by the Group to comply with regulations which apply to it could result in personal injury and/or financial loss and expose the Group to liability or sanction from governmental authorities. Specifically, the Group's failure to comply with health and safety requirements in Romania and Moldova can trigger criminal liability for the respective Group company if such noncompliance has caused a situation of imminent danger of work accidents or a risk of professional diseases. It could also expose the Group to negative publicity and the Group's reputation could suffer. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

The Group's results depend on the macroeconomic situation in countries in which the Group operates

The economic position of the Group is closely correlated with the economic situation in Romania, the Republic of Moldova and Poland, which are the most important markets for the sale of the Group's products. Macroeconomic factors such as GDP growth, unemployment rate, growth of wages (nominal and real), level of interest rates, availability of consumer loans and/or the economic outlook translate into the willingness of the residents of these countries to purchase the products manufactured by the Group as well as consumption patterns.

In consequence, consumers' behaviour and spending patterns in those countries may affect the sales of the Group's products. For instance, if the disposable income of the population in those countries was to decrease, this could decrease the sales of the Group's products and would adversely affect the Group's revenues. The Group endeavours to decrease the influence of the macroeconomic situation on its results by offering products from higher, medium and lower pricing product categories, improving distribution and increasing the availability of products, as well as constantly trying to strengthen its brands.

In addition, the policies adopted by the governments and central banks of the countries where the Group operates could adversely affect exchange rates, interest rates and the financial markets and could hinder access to new sources of financing by e.g. having an impact on the availability of credit facilities. This could hinder the extension of short-term credit facilities or the possibility to obtain new facilities to finance investments. This in turn could hamper the Group's day-to-day operations and the planned investment program.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition and results of operations.

Failure to protect the Group's brand names and trademarks and ensure the continuity of the ownership

over such brands and trademarks could materially affect its business

The Group's main brand names and trademarks (such as Purcari, Crama Ceptura, Bostavan and Bardar) are key assets of its business and the Group's success depends upon its ability to protect its intellectual property rights, including over such assets. The Group relies upon laws to establish and protect its intellectual property rights, but cannot be certain that the actions it has taken or will take in the future will be adequate to prevent violation of such rights of the Group.

Although the Group undertakes efforts to protect the Group's trademarks in the countries of export of the Group's branded wines and brandies, there are nevertheless trademarks for which such protection has not been requested, or has not yet been obtained or has been refused (see section "*Business*" for details on this). In addition, three important trademarks of the Group (namely Rosu de Purcari, Negru de Purcari and Черный Доктор trademarks) have been pledged until the end of May 2019 for securing the financing obligations undertaken by two of the Moldovan Subsidiaries of the Group (see section *"Material Contracts"* for details). Although the sales of these brands did not account for a very significant part of the Group sales in the nine months of 2017 (circa 3% of volumes), in the event of default under such obligations and enforcement of the pledge, the Group may lose its ownership right over the mentioned key trademarks and this could damage our brand awareness. The lack of protection or the loss by bank enforcement of relevant intellectual property rights could create impediments for the placement of the Group's products on certain markets.

In addition, litigation may be necessary to enforce the Group's trademark or proprietary rights or to defend the Group against claimed infringement of the rights of third parties. Adverse publicity, legal action or other similar factors could lead to substantial erosion in the value of the Group's brands, which could lead to decreased consumer demand and could have a material adverse effect on the Group's business, financial condition and results of operations.

We rely on certain products and services supplied by third parties. The supply chain may be materially disrupted, while increases in suppliers' prices or other operating costs could decrease our operating profit margin

The Group relies on certain goods for its products, such as grapes, bottles, corks, oenological materials, bulk wine and distillates. While the Group endeavours to adopt best practices, there may be ingredient or product availability or quality issues with these materials that cannot be eliminated or managed, which may adversely affect actual or potential sales of its products. Also, any significant increase in the price or reduction in the availability of those ingredients could have a material adverse effect on the Group's business.

In addition, the overall cost of these materials depends on several factors, including global supply and demand, new product offerings, weather conditions and fluctuations in energy costs, all of which are outside the Group's control and make the Group susceptible to fluctuations in the price of its supplies. The Group is also faced with other operating costs, including labour and rent, which are also outside its control. Due to the competitive nature of the wine industry, the Group may be unable or fail to compensate any increase of its commodities, supplies and generally operating costs by cost savings or product price increases. Such inability or failure may have a material adverse effect on our business, results of operations and financial condition.

We may be unable to attract or retain sufficient qualified personnel, including due to increased labour costs

The Group's sales force engaged in marketing and selling its products, as well as its wine specialists, are key to the success of the Group's sales and marketing efforts. A loss of the services of, or a failure to recruit, key sales personnel and wine specialists could have a material adverse effect on the Group's business, financial condition and the results of operations.

The Group's future success will also depend on its continued ability to attract, train, retain and motivate highly qualified sales, production, technical, customer support, financial and accounting, marketing, promotional and managerial personnel. Although the Group attempts to structure compensation packages in a manner consistent with or above the standards of the particular market, the Group may be unable to retain or attract the necessary personnel.

The failure to successfully manage or predict the Group's personnel needs could materially adversely affect the Group's continued operation and growth strategy.

Furthermore, due to the significant increases of the wages in the recent years in both Romania and the Republic of Moldova, the Group may not be able to further increase the wages of its employees and thus be unable to attract and retain sufficient workforce for its agricultural activities. The inability of the Group to further increase the wages of its employees, in the context of a rapid increase of wages in Romania and the Republic of Moldova, may lead to work stoppages that could have a material adverse effect on the Group's operations.

We are dependent on our management and key personnel

The Group's success depends, in part, upon the continued services of the key members of its management and the other key personnel mentioned in the "*Management*" section below. The Group executives' and managers' knowledge of the market and the Group's business represents a key strength which cannot be easily replicated. The success of the Group's business strategy and its future growth also depend on its ability to retain and motivate its key personnel and management.

The loss of one or more of the Group's key management, wine specialists or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to the risk and associated cost of doing business internationally

The Group produces and distributes its products in several jurisdictions. In the future, the Group may expand its presence and operations to other countries and regions. The Group may not be able to market its existing products or develop new products successfully for such new markets. In addition, the Group currently incurs costs in complying with numerous regulatory regimes and these costs may increase as it expands into new countries. The Group may also encounter other risks of doing business internationally, including: difficulties and additional costs associated with complying with a variety of complex domestic and foreign laws and regulations; changes in legislative or regulatory requirements; price and currency exchange controls; tax restrictions, including transfer pricing (regulated in detail for taxpayers who carry out transactions with affiliated parties and which are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request); political instability, including nationalisation and expropriation; trade restrictions, including timing delays associated with customs procedures, tariffs and import or export licensing requirements; taxes; and difficulties in enforcing the Group's intellectual property rights.

There is no assurance that the political, fiscal or legal regimes in countries in which the Group operates will be favourable to the Group or its products in the future. These risks may affect the Group customers' inventory levels and consumers' purchasing and pricing, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

In the absence of hedging arrangements in place, the Group is exposed to the risk of currency exchange fluctuations between multiple currencies

The results of the Group are subject to fluctuations in the foreign exchange rates of EUR and USD against the local currencies (especially RON and Moldovan Leu). Thus, the Group's operating subsidiaries in Romania and the Republic of Moldova generate revenue and record their financial results in RON and MDL, respectively, while the Group earns a significant share of revenues from EUR and USD linked contracts. In the current structure of the Group's business, the Group is benefiting from the weakening of MDL and Crama Ceptura is effectively undertaking the foreign exchange risk between RON and Moldovan Leu. The Group manages its currency exchange risk exposure in a limited manner and there is no hedging arrangement at Group level designed or implemented to this end. The Group may implement in the future a hedging policy, but there is no guarantee that the Group will be able to hedge all the currency risks, in particular over longer periods. Also, given that the Republic of Moldova is a restrictive market which does not effectively provide for sufficient liquidity and instruments to cover foreign exchange risk, the Group's efforts to cover for this risk are focused on the business in Romania, without, however, having proper cash pooling, treasury or similar arrangements in place. As a consequence, any unfavourable shift in exchange rates could have a material adverse effect on the Group's business, financial condition and the results of operations.

The Group may be unable to obtain additional financing or generate sufficient cash flow to make additional investments or fund potential acquisitions.

The Group may need to raise additional funds in the future in order to invest in or acquire businesses, brands or products. Additional financing may not be available on acceptable terms, or at all. If the Issuer raises additional funds by issuing equity securities, investors may experience further dilution of their ownership interest. If the Group raises additional funds by issuing debt securities or obtaining loans from third parties, the terms of those debt securities or financing arrangements may include covenants or other restrictions on the Group's business that could impair the Group's operational flexibility and would also require the Group to fund additional interest expense. If financing is not available in part or at all, or is not available on acceptable terms when required, the Group may be unable to successfully develop a further presence in the region, which could materially adversely affect the Group's business, the results of operations and financial condition.

We may fail to acquire other businesses, effectively integrate acquired businesses or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such acquisitions

Our strategy is to participate in the consolidation of the wine market in the CEE region and regularly evaluate acquisition opportunities. The success of this strategy depends on our ability to identify suitable targets. We may not complete future acquisitions at all, or not on the terms as contemplated, due to lack of financing, antitrust constraints or for other reasons. For example, the purchase price demanded for a future acquisition, or the costs relating to such acquisition may turn out to be higher than justified. We also may not achieve the integration of future acquisitions as expeditiously as expected and may not be able to realize anticipated cost savings, synergies, future earnings or other benefits that we intend to achieve from acquisitions.

Our ability to integrate and manage acquired businesses effectively and to handle any future growth will depend upon a number of factors including the size of the acquired businesses, the quality of the acquired management, the nature and geographical locations of their operations, and the resulting complexity of integrating their operations. We cannot guarantee that any future acquisition will yield benefits that would be sufficient to justify the expenses we incur. Any inability to successfully integrate acquired businesses could have a material adverse effect on the implementation of our strategy.

Acquisitions could also give rise to a number of other risks, such as: (i) unexpected loss of key employees of the acquired operations, or impairing our relationship with current employees or employees of such acquired operations; (ii) extraordinary or unexpected legal, regulatory, contractual or other costs; (iii) difficulties in integrating the financial, operational and managerial standards, processes, procedures and controls of the acquired business with those of our existing operations; (iv) challenges in managing the increased scope, geographical diversity and complexity of our operations (including technologies, product lines and personnel); (v) mitigating contingent and/or assumed liabilities; (vi) loss of customers and/or suppliers; and (vii) control issues in relation to acquisitions through joint ventures and other arrangements where we do not exercise sole control.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may incur liabilities that are not covered by insurance

The Group has certain insurances in place for some of its main assets. Oher than as required under existing credit arrangements where the insurance rights are assigned to the respective creditors, the Group does not have in place insurance policies for the business risks, its harvests and all the machineries used in the Republic of Moldova (see section "*Business*" in this respect). Therefore, if any of the uninsured risks materialises, the Group may incur significant costs which could have a material adverse effect on its business. In addition, there can be no assurance that the insurance policies maintained by the Group will continue to be available on acceptable terms or that their coverage will be sufficient or effective under all circumstances and against all liabilities to which it may be subject. The Group could, for example, be subject to substantial claims for damages upon the occurrence of several events within one calendar year. In addition, the Group's insurance costs may increase over time in response to any negative development in its claims history or due to material price increases in the insurance market in general. There is also a risk that damage to a site caused by floods, fire or failed information technology processes and systems could result in business interruption or a material adverse effect on the day-to-day operation of the Group's business or maintenance of its supply chain, which may adversely affect the Group's business, financial condition and results of operations.

A strike or other labour disruption may have a material adverse effect on our business

The Group's initiatives to reduce costs and improve production efficiencies may include in the future the reduction of its workforce. In the event that agreements cannot be reached with the employees' representatives for the method through which the workforce reduction occurs, this part of management initiative may fail, as it could be impaired by strikes, threats of strikes or other work stoppages which could materially affect our business.

We have newly appointed Board members which are not yet familiarised with our business and generally our management team and the Board members have limited experience in managing and governing a company whose shares are admitted to trading

Our management team has limited experience managing a publicly-traded company or complying with the increasingly complex laws pertaining to public companies. In addition, most of our Directors have no relevant experience serving on the boards of public companies and two independent Directors have recently joined our Group, with their mandates entering into force on the Listing Date. In order to have an effective Board, these new independent Directors will need to integrate with our other Board members and management and become familiar with our operations and growth strategies. Failure of our new Board members to integrate and the failure of our Board members to comply with the legal framework governing the public companies once admitted to trading may have a material adverse effect on the Group's business.

A few key products in a limited number of geographical markets contribute to a significant portion of the Group's revenue, and any reduction in revenue from these products could have a material adverse effect on the Group's business, financial condition, operating results and prospects

The wine sold under the Purcari brand accounts for an important part of the Group's sales, while a significant percentage of the Group's revenue was historically derived from the core geographic markets: Romania, the Republic of Moldova and Poland.

Adverse economic trends or other factors that affect the Group's core markets, whether such factors are demographic trends, governmental actions or others, or any factors adversely affecting the sale of key products or having other impact on customer selection, individually or collectively, could have a material adverse effect on the Group's prospects, results of operations and financial condition.

New products and new variants of existing products are an important part of the Group's growth strategy, and the success of new products and new variants of existing products is inherently uncertain

Product innovation is a significant part of the Group's operations. However, the launch of new products and new variants of existing products is an inherently uncertain process. The profitable lifespan of those products is also uncertain and it largely depends on the consumer reaction to such products. For example, an unsuccessful launch of a new product may give rise to inventory write-offs, as well as have an adverse impact on consumer perception of other more established brands of the Group, and thus the success of a new product could reduce revenue from other existing Group brands.

In addition, the Group cannot guarantee that it will continuously develop successful new products or new variants of existing products nor predict how consumers will react to new products. Failure to successfully launch new products and/or new variants of existing products could hinder the Group's growth potential and cause the Group to lose market share. The introduction of new products and/or new variants of existing products could also lead to reduced sales of the Group's existing products. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

Disruptions to the production or delivery of our products (including the risk of being out of stock) could impact our ability to attract new customers and retain existing customers

Our ability to produce and deliver our products on time and in the required quantities is a significant element in attracting new customers and retaining existing customers and is particularly important to our large retail and wholesale customers. Our ability to deliver products on time and maintain the required stock for such products may be adversely affected by events or circumstances beyond our control, including, but not limited to, unforeseen events causing the shutdown of one or more of our production facilities, our inability to calibrate production to customers' demand, our inability to properly and timely source for our production, delayed wine fermentation process, unforeseen increases in order volumes as a result of changes to the competitive landscape or otherwise, the failure of third-party freight carriers to meet scheduled delivery times, any prolonged shortage of freight capacity or other extended disruption of transport services or transportation infrastructure, disruptions in the electricity supply to our production facilities, etc. If we are unable to produce and deliver our products in accordance with the time table and quantitative requests of our customers we may be unable to attract new customers or retain existing customers. In addition, the failure to produce and deliver our products in the required quantities may lead to our products being delisted by the retailers and/or our HoReCa partners. Should this risk materialise, the Group's business may be materially adversely affected.

The Group is subject to counterparty credit risk of its clients

In conducting its trade activity, the Group realises most of its sales to its clients with deferred payments. Although we endeavour to mitigate the risk by including in most of the agreements concluded with our clients a short term for the payments and a maximum amount that can be deferred, the Group is still exposed to the credit risk of the respective counterparty's failure to pay for the delivered products or services. Any loss of revenue from a major client or clients of significant value could have a material adverse effect on the Group's business, financial condition and the results of operations.

A significant portion of the Group's revenue is derived from a small number of key customers and the Group may fail to maintain these relationships

A significant portion of the Group's revenue in its core markets is derived from a small number of IKA and distributors. For details of the exact percentages, please see section *"Business*" and for the terms of the relationships, please see section "*Material Contracts*" of this Prospectus.

The Group may not be able to maintain these customer relationships or renegotiate any agreements with its customers on reasonable terms, if at all, when they expire. Moreover, consolidation among the Group's customers may increase the Group's dependence on a smaller number of customers.

If any of the Group's key customers terminates its trading relationship with the Group or if the Group is unable to maintain agreements with such customers on favourable terms, it could have a material adverse effect on the Group's prospects, results of operations and financial condition.

The Group's business might be affected by competition from illegally sold and unlicensed alcoholic beverages and from homemade wine

There are risks associated with the illegal and unlicensed production of alcohol in some of the countries in which the Group operates. This parallel market for the production and sale of illegal and unlicensed alcoholic beverages is known as the "black market". Operators in the "black market" can offer products at a reduced price level because such operators do not pay excise duty or other taxes on their products, thereby putting downward pressure on product prices. Increases in the excise duty rate applicable to alcoholic beverages may cause an increase in the size of the "black market". In addition, such increases in the taxes on the alcoholic products could determine an increase of the consumption of homemade which accounts for an important part of the markets in which the Group operates. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

The Group may not be able to grow or effectively manage its growth

The Group's future growth will depend on a number of factors which include, among others, the ability to: execute its strategy; introduce new brands and products; maintain or develop new and existing customer relationships; identify and consummate desirable acquisitions, joint ventures or strategic alliances; identify and capitalise on opportunities in new markets; successfully adapt to changing market conditions, such as changes to the regulatory framework; successfully manage the Group's liquidity and obtain the required financing for existing and new operations; secure necessary third party service providers; and attract, hire and retain qualified personnel. In addition, there can be no assurance that existing personnel will be adequate or qualified to carry out the Company's strategy, or that the Company will be able to hire or retain experienced, qualified employees to carry out the Company's strategy. A deficiency in any of these factors could adversely affect the Group's ability to achieve anticipated growth or realise other anticipated benefits. Future investments could result in the Group incurring additional indebtedness and liabilities that could have a material adverse effect on the Group's profitability.

In addition, the Group's current operating and financial systems may not be adequate to support its growth, and any attempts to improve these systems may be ineffective. Failure to execute the Group's strategy or to manage growth effectively could adversely affect the Group's business, operations, cash flow and financial condition. In addition, even if the Group successfully implements its strategy, it may not improve its operations. Furthermore, the Group may decide to alter or discontinue aspects of its strategy and may adopt alternative or additional strategies in response to changes in the operating environment, competitive situation, or other factors or events beyond the Group's control. These risks could have a material adverse effect on the Group's business, financial condition and the results of operations.

The adverse weather patterns could have a material adverse effect on the Group's business

Grape yields and quality can be affected by certain adverse weather patterns including without limitation late frosts, lack of sunshine during the flowering period, lack of rain and hail storms. While the Group has been able to put in place measures to mitigate to a certain extent the risks pertaining to late frosts, there are difficulties in reducing the impact of the hail storms, due to their unpredictable nature. For instance, in 2015 Vinaria Purcari lost a material part of its yield as a result of some significant hail storms. Although the Group uses mitigating factors such as acquiring grapes from third party producers and geographically spreading its vine area to cover against localised climatic impacts, the risk of future grape yields being affected by unfavourable (adverse) weather patterns cannot be eliminated. Should the quantity or quality of future yields be affected by these factors, the operations of the Group could be adversely impacted.

The Group's wine production could be adversely affected by any crop pathogenes

Commercial viticulture, as any agricultural activity, is prone to pathogens. Despite the fact that historically there was no significant pressure from fatal diseases threatening vineyards in the Republic of Moldova or Romania and that the Group has policies in place to manage this risk, such as a crop protection system, acquisition from third party producers and geographical spread of the vine area, the grape yields may be affected by such adverse events. For example, the grape yields of Crama Ceptura decreased in 2017 by approximately 30% because of a combination of factors, which also included pathogens effect. Any failure of the Group to compensate the losses produced by such occurences could have a material adverse effect on the Group's business.

Failure to properly operate the vinification equipment could have a material adverse effect on the Group's operations

The Company has invested and will continue to invest in new vinification equipment including without limitation fermentation tanks, barrels, cellar temperature control systems and wine presses. There are risks associated with these investments in the form of delays in construction, higher construction costs than anticipated and the recruitment and retention of skilled staff to operate the equipment. Any of the foregoing could have a material adverse effect on the Group's prospects and results of operations.

The Group's wine production could be materially affected if it is unable to secure grapes from third party growers

The Group produces a range of wines using own grapes, but also grapes from third party growers. Therefore, the future results of the Company also partially depend upon the grape production of such third party growers who may also be subject to the same climatic and pathogen risks described above. It is an established practice in Romania and in the Republic of Moldova for growers to sell a portion of their grapes each year, following the annual harvest to producers who then produce the wine. Such grape transactions are sometimes based on understandings between established wine producers, rather than governed by long-term sale and purchase contracts. It is therefore possible that the Group will not be able to offer for sale the same selection and quantities of wines from year to year and this could have a material adverse effect on the Group's business.

In addition, the Group will only acquire grapes to the extent that it can secure finance for this purpose at that time. Despite the Group's current low level of indebtedness, in the event that it is unable to secure such finance, the Group's ability to make such acquisitions may be materially adversely impacted and such would, ultimately, materially negatively affect the Group's business.

Failure to maintain the quality of the Group's products could have a material adverse effect on the Group's business and inconsistent quality could harm the integrity of, or customer support for, the Group's brands and adversely affect the sales of those brands

The Company believes that its future revenue growth depends, among others, on the Group's ability to maintain a quality level of its products that meets customer expectations. If the Group is unable to meet these expectations, it could face customer dissatisfaction, decreased overall demand and loss of revenue. In addition, the Group's inability to meet customer expectations may damage its reputation. The materialisation of these risks could have a material adverse effect on the Group's prospects, results of operations and financial condition.

Also, the success of the Group's brands depends upon the positive image that consumers have of those brands. A lack of consistency in the quality of products or contamination of the Group's products, whether occurring accidentally or through deliberate third-party action, could harm the integrity of, or consumer support for, those brands and could adversely affect their sales. Further, a lack of consistency in the quality of or contamination of products similar to the Group's products or in the same categories as the Group's products howsoever arising could, by association, harm the integrity of or consumer support for the Group's brands, and could adversely affect sales.

In addition, the Group purchases materials for the production and the packaging of its products from third-party producers or on the open market. It may be subject to liability if contaminants in those materials, mislabelling of materials or defects in the distillation or bottling process lead to low beverage quality or illness or injury to consumers. In addition, the Group may voluntarily recall or withhold from distribution, or be required to recall or withhold from distribution, products in the event of contamination or damage. Although no harm to consumers in certain cases is likely, this or similar incidents may affect the Group's reputation and its financial results. A significant product liability judgment or a widespread product recall may negatively impact the reputation of the affected product or of all of the Group's brands for a period of time depending on product availability, competitive reaction and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the resulting negative publicity could adversely affect the Group's reputation and brand image, which may have a material adverse effect on the Group's prospects, results of operations and financial condition.

Damage to any of our facilities could cause a production disruption

The production at any of our plants could be adversely affected by extraordinary events, including fire, explosion, structural collapse, machinery failure, extended or extraordinary maintenance, road construction or closures of primary access routes, earthquake, flood, windstorm or other severe weather conditions.

Should such a disruption event occur at one or more of these production facilities, we could experience temporary or permanent shortfalls in production, an increase in our production costs, or quality issues, which could have a material adverse effect on our results of operations.

Increases in taxes, particularly increases to excise duty rates, could adversely affect demand for the Group's products

Wine and spirits are subject to excise duties and other taxes (including VAT) in most of the countries in which the Group operates. Governments in these countries may increase such taxes. Demand for the Group's products is generally sensitive to fluctuations in excise duties, since excise duties generally constitute an important component of the sales price of our products in some of our main markets. The duty and excise regimes applicable to the Group's operations could result (and have in the past resulted) in temporary increases or decreases in revenue that are responsive to the timing of any changes in excise duties.

Changes in the tax systems in the countries of Groups operations, or arbitrary or unforeseen application of existing rules could materially adversely affect our financial condition and results of operations.

Adverse decisions of tax authorities or changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our results of operations and cash flow. There have been significant changes to the taxation systems across CEE countries, where the Group companies and the Company are incorporated, including Romania, Republic of Moldova and Cyprus. Tax authorities in these countries may treat very conservatively the tax laws and their many ambiguities. Tax declarations/returns, together with other legal compliance areas (for example, customs and currency control matters), are subject to review and investigation by a number of authorities, which are authorised by law to impose substantial fines, penalties and interest charges. Technical violations of contradictory laws and regulations, many of which are relatively new and have not been subject to extensive application or interpretation, can lead to penalties. High-profile companies can be particularly vulnerable to aggressive application of unclear requirements. Many companies must negotiate their tax bills with tax inspectors who may demand higher taxes than applicable law appears to provide. As a result, our tax liability may become greater than the estimated amount that we have expensed to date and paid or accrued on our balance sheets.

The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on the Group

In recent years, central banks around the world have engaged in an unprecedented set of monetary policy measures generally referred to as quantitative easing. Such measures generally consist of central bank purchases of government and other securities held by commercial banks and other private sector entities to stimulate the economy by increasing the amount of liquidity available to banks for onward lending to businesses. By engaging in quantitative easing and pegging interest rates at historically low levels, central banks have created an environment that has benefited companies in a variety of ways, for example by making it easier and cheaper to raise new financing and to refinance its existing liabilities. However, some central banks have already reversed course and begun to gradually tighten monetary policy and others are expected to follow. Any such action is likely to eventually raise interest rates to levels that are more in line with historical averages. For example, the NBR has recently increased the monetary policy interest rate from 1.75% to 2%. When that happens, the Group's business is likely to be affected in a number of ways. The cost at which the Group is able to raise new financing and refinance its existing liabilities will increase. Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact the sales of the Group. Therefore, if central banks begin to tighten monetary policy, the Group's could be materially adversely affected.

We may be exposed to claims or disputes in the ordinary course of business

We are involved in claims, disputes and legal proceedings from time to time in the ordinary course of business, such as claims of the Group’s former employees for allegedly unlawful termination of the individual labour contacts, third party debt orders and other claims from public authorities. At the date of this Prospectus, the Group is involved in one material litigation which could materially impact the business of one of the Company’s subsidiaries, as described below in the “*Legal proceedings*” section of this Prospectus. However, there is no guarantee that the Group will not be exposed in the future to other material litigation or disputes which may have a material adverse effect on its reputation, business, results of operations and financial condition.

The Group is subject to personal data protection legislation in different jurisdictions and failures to comply with such rules could expose the Group to liability

We accumulate, store and use in our operations data which may be protected by data protection laws. The Group has launched for Romania and the Republic of Moldova data protection registration procedures and has commenced strengthening its internal privacy protection rules, but the procedure is still ongoing. Although we take precautions to protect customer and employee personal data in accordance with the applicable privacy requirements, the Group may have breached or be in breach of its legal obligations and there might be data leakages in the future. In addition, we work with third-party service providers, such as certain software companies, which may not fully comply with the relevant contractual terms and all data protection obligations imposed on them. If such a breach were to occur and be either ascertained by the relevant data protection authority following a down raid or raised in litigation in court by the personal data subject, the Group could face liability under data protection laws, sanctions or fines from the relevant authorities, could suffer reputational damage and consequently suffer damage to its brands. In particular, under the new personal data protection regime to become effective in the European Union in 2018, fines for infringements of the data protection regulations will become very material, with levels of up to the higher of 4% of annual worldwide turnover and EUR 20 million (e.g. for breach of requirements relating to international transfers or the basic principles for processing, such as conditions for consent). Infringements of data protection regulations at the level of any Group subsidiary could have a material adverse effect on the Group’s business, results of operations, financial performance or prospects.

Some agricultural land lease agreements in the Republic of Moldova could be affected by issues like lack of enforceability against third parties

The Moldovan Subsidiaries rely extensively on agricultural land held under land lease agreements entered into with third parties. In an effort to enhance its protection and replace a patchwork of older lease agreements, the Moldovan Subsidiaries recently concluded new lease agreements with Victoriavin for a period of 29 years, expiring in 2047, and covering a material portion of the leased lands where the Group's Moldovan vineyards are located. However, although the new lease agreements have been submitted for registration with the Moldovan Registry of Immovable Assets, the process of perfecting such registrations is still underway due to the significant number of legally distinct land plots to be processed by the relevant registrar. Until completion of the registration process, it is not the registration of the new lease agreements that that is enforceable against third parties, but the registration of the previous lease agreements that were the object of replacement.

Out of such previous lease agreements, there are certain agreements and/or amendments thereto (pertaining to approximately 216 ha of the Group's Moldovan vineyards) that are not registered with the Moldovan Registry of Immovable Assets. This lack of registration makes the rights of the relevant Moldovan Subsidiaries with regard to such vineyards not enforceable against third parties, which effectively means that the rights of the respective Moldovan Subsidiaries may be ignored if, for example, the leased land is sold to a new owner.

If any of the above mentioned risks materialises this could have a material adverse effect on the Group's operations and business in the Republic of Moldova.

Failure to comply with the competition laws could have a material adverse effect on our business

An important part of the Group's business is related to the distribution agreements concluded by the Group's companies with IKA and other distributors. The distribution agreements are subject to strict competition regulations both in Romania and the Republic of Moldova, as well as in the other countries where the Group sells its products. While the Group is committed to respecting all the relevant provisions prohibiting anti-competitive practices, the management believes that the distribution agreements entered into by the Group's companies in the past contain certain restrictions which could be found to be in breach of the relevant competition laws of the countries in which the Group carries out its business or sell its products. If the Group is found to have breached the relevant competition laws, the triggered fines may be of up to 10% of the turnover obtained in the previous year. In addition, there is no guarantee that the measures implemented by the Group in order to comply with all the relevant competition laws will suffice, or that there will be no breach of the competition laws in the future.

The past or the future failure by the Group to comply with the competition laws in the markets where it operates could have a material adverse effect on our business.

The Group may encounter difficulties in complying with certain environmental and fire safety regulations

Although the Group strives to meet all environmental and safety standards applicable in the Republic of Moldova, not all plants operated by the Moldovan Subsidiaries hold valid special water use authorizations. In particular, two of the Group's plants are currently unable to secure such authorizations due to such plants requiring certain waste management infrastructure improvements, but the management intends to obtain these authorizations in 2018. This could potentially expose the relevant Moldovan Subsidiaries to administrative and, depending on the extent of non-compliance, criminal fines and, as the case may be, the full or partial closing of the relevant plants. Additionally, the Onesti primary grapes processing plant does not currently hold a valid fire safety permit, but the management's plan is to perform the necessary works and obtain such in 2018. The lack of authorisations could potentially expose the relevant Moldovan subsidiary of the Company to administrative fines and, depending on the assessment of the fire safety authority, the full or partial closing of the relevant plant.

Additionally, due to the ongoing reform of Moldovan waste management laws, the Moldovan Subsidiaries are required to significantly amend their waste management procedures and practices to fit the new regulatory framework. Failure to comply in a timely manner with such rules may lead to the relevant Moldovan Subsidiaries being subjected to administrative fines and, as the case may be, the full or partial closing of the Group's plants in the Republic of Moldova.

Any of the foregoing could have a material adverse effect on the Group's operations in the Republic of Moldova.

The use of the vines in Romania is based on agreements with a company currently undergoing insolvency proceedings

Crama Ceptura currently uses vines in Romania under a joint venture agreement and a lease agreement concluded with Vie Vin Podgoria Valea Calugareasca S.R.L ("**Vie Vin**") which is currently under judicial reorganisation (i.e. restructuring based on a restructuring plan) in accordance with the provisions of the Romanian insolvency law. In this context, the judicial administrator of Vie Vin has the legal right to terminate or ask for the amendment of the above mentioned agreements and, as a result, Crama Ceptura could lose its rights to use the respective vines. Furthermore, if the judicial reorganisation of Vie Vin is not successful, the bankruptcy proceedings may be opened against it and this will lead to the liquidation of its assets, which could ultimately lead to Crama Ceptura losing the right to use such vines. Although the grapes produced by these vines represented only a portion of 609 tones out of the total of 2,937 tones processed by Crama Ceptura and 23,490 tones by the Group in 2017, the materialisation of this risk could lead to the situation where Crama Ceptura would no longer operate these particular vines in Romania and this may negatively impact the Group's brand and perception in Romania, further affecting its business and operations.

The Issuer's interest expenses may not be deductible

In May 2012, the House of Representatives of Cyprus enacted laws, effective as of January 1, 2012, which provide that if a Cyprus parent company incurs an interest expense on the acquisition of shares of a company that is a wholly-owned subsidiary (whether directly or indirectly and irrespective of whether the subsidiary is a Cyprus or foreign company), the interest expense will not be deductible for tax purposes by the parent company. This deduction will only be available provided the subsidiary owns assets that are used in its business and the amount of interest deducted is limited and proportionate to the amount and value of assets used in the business. If the Issuer is unable to deduct its interest expenses for tax purposes, its results of operations and financial conditions may be materially adversely affected.

The Group's external financing facilities contain certain restrictions and covenants and, in the event of their breach, may be repayable on demand

The Group's loan agreements contain a number of restrictive covenants that impose certain operating restrictions on the Group, including restrictions on the Group's ability to take actions that may be in the Group's best interest in the longer term, particularly in connection with future acquisitions. These restrictions include, among others, the following: (i) the requirement to request consent for any amendment of statutory documents; (ii) the prohibition to make payments of dividends or distribute profits; (iii) the prohibition to do business with other banks (including, in some cases, on taking loans from any third parties); (iv) the prohibitions on granting loans or guarantees of any kind for the benefit of third parties; (v) the prohibition to create subsidiary companies; (vi) in some cases, prohibition to make investments in fixed assets (except where such investments are planned in advance); (vii) the prohibition to change the management and amend the constitutive documents without the prior written consent of the bank; (viii) the requirement to request prior consent for entry into intra-group transactions exceeding a threshold; (ix) cross-default, etc. Additionally, the Group's loan agreements contain covenants requiring the Group to substantially comply with material laws applicable to it, in particular any licensing and authorization, as well as any environmental and safety requirements. Given the restrictive nature of such covenants, the Moldovan

Subsidiaries have been in breach of some of such covenants and thus defaulted under the respective credit arrangements, but have obtained waivers for all such defaults.

There can be no assurance that the Group will be able to comply with the covenants under its loan agreements in the future, and failure to comply may result in defaults for which the Group may not be able to obtain waivers again. Defaulting on a loan agreement can result in, among other things, incurring expenses associated with curing defaults, obligations to provide additional security, acceleration of payments under the loan agreements, together with fees and accrued interest, cross-defaults under other agreements, which may result in additional payment obligations for the Group, limitation of future borrowing ability, or damages. The occurrence of any such event can have a material adverse effect on the Group's business, results or financial condition.

The Company will be subject to additional regulatory obligations and incur additional costs as a consequence of the admission of Shares to trading

We may incur significant costs to ensure compliance with new corporate governance, transparency and reporting requirements that will become applicable to us following the admission of Shares to trading on the BSE. Also, we may not successfully or efficiently manage to comply with the requirements associated with being a company with shares admitted to trading on a stock exchange. Our failure to comply with all applicable requirements could lead to the imposition of fines and penalties, distract our management team from attending to the administration of our business, result in a loss of investor confidence in our financial reports, which could have a material adverse effect on our business, results of operations and financial condition, as well as on the price of the Shares.

Adverse decisions of tax authorities could have a material adverse effect on our results of operations and cash flow

The tax laws and regulations in Romania, Moldova and Cyprus may be subject to change, and there may be changes in interpretation and enforcement of tax law. The tax systems in these countries can be characterized by numerous taxes and frequently changing legislation, which may also in certain cases be applied retroactively, open to wide interpretation and in some cases are conflicting. In many instances there is insufficient practice and guidelines for companies and individuals to properly assess the tax characterisation of certain of their operations and practices. Also, the changes in tax law and/or interpretation and enforcement of the tax law may be difficult for the Group to predict, and the Group may therefore be unprepared for these changes.

In this context, certain practices of the Group (in particular past practices of the Group which led to the creation of provisions in the financial statements), despite the management assessment at the time, could be interpreted differently by the tax authorities and this could lead to an increase the tax related liability of the Group and to other legal consequences.

The Group regularly makes assessment of tax risks and establishes tax provisions, which represent management's best estimate, also based on consultations with relevant tax advisors. Management believes that it has adequately provided for tax liabilities based on interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Country-Specific and Regional Risks

Investing in developing markets, including Romania and Republic of Moldova, including exposure to key export markets like Poland, Czech Republic, Slovakia, Ukraine or China, entails certain macro-economic risks, which may be greater than risks inherent in more developed markets

Even though, according to the data published by the Romanian National Institute of Statistics, during the third quarter of 2017 the gross domestic product (GDP) increased by 8.8% (estimated data) as compared to the third quarter of 2016, Romania is still lagging behind on a number of important economic indicators that contribute to sustainable future growth. Imports are being fostered by robust domestic demand, while exports continued to grow, especially in the services sector. Fiscal incentives facilitated by the Romanian authorities in the last years are expected to continue to sustain the real GDP growth during 2018- 2020, forecasted by the Romanian National Prognosis Institute to more than 5%. These measures combined with accelerating wage growth will add further to the already robust domestic demand. At the same time, policy measures on the supply side of the economy, such as investment in innovation and infrastructure or improvements to the business environment and public administration, remain limited. The main challenge will be to ensure a balanced and durable growth in the future.

In terms of capital markets, BSE is still on the list of frontier markets, according to the classification made by the rating agency of London Stock Exchange FTSE Russell. A possible promotion to emerging markets is hindered, among others, by the failure to meet the conditions regarding the market liquidity. The BSE entered the FTSE Russell monitoring list in September 2016 in order to be promoted to the status of emerging market. Generally, investments in developing countries, such as Romania, are only suitable for sophisticated investors who can fully appreciate the significance of the risks involved.

As regards the Republic of Moldova, the economy is recovering from the repercussions of a banking scandal resulting in the collapse of three banks in 2015. The GDP growth reached 4.1% in 2016, is forecasted by IMF at 3.5% in 2017, and 4% on medium term. Despite the rebound in growth and positive reform momentum, IMF continues to see significant risks, as shared in their 7 November 2017 staff remarks, including: political uncertainty given the upcoming parliamentary elections, macro-financial risks related to delays in decisively cleansing the financial sector, and risks to raising the sustainable growth rate stemming from the challenge of maintaining reform momentum for an extended period.

While the Group does not have production operations in Poland, Czech Republic, Slovakia, Ukraine or China, the Group is indeed highly reliant on these emerging markets as key export destination and thus, dependent on the macro-economic, socio-political and institutional developments in these countries, as well as the associated risks given their emerging market status. Any deterioration of the macro-economic stability in any of these countries could have a material adverse effect on the Group's operations.

Recent political unrest in Romania risks weakening market confidence

Romania has experienced periods with significant political instability. In particular, for the past several years, the political environment in Romania, our main market, has been unstable, dominated by political conflict and under significant pressure from street protests mainly aimed, in 2017, at legislative proposals of the Parliament and the Government to amend the Criminal Code and to decriminalize certain criminal acts, as well as at the amendments of the Fiscal Code.

The political situation worsened in June 2017, given that the PSD cabinet led by Sorin Grindeanu was voted out of office by way of a "no confidence" motion filed by its party and was replaced by the cabinet led by Mihai Tudose, sworn in as Prime Minister on 26 June 2017 and who resigned in January 2018. The political instability persists due to changes at the level of ministers and certain major legislative proposals (the amendment of the Fiscal Code and the amendment of the "Justice Laws") being widely contested by the business environment and the NGOs.

The further worsening of these political trends or the intensification of the social protests could have a material adverse effect on the Group's operations.

The political crises and the geopolitical context could undermine the prospects of the Moldovan economy

In 2016, Mr. Igor Dodon, leader of the Socialist Party, with 52% of the votes, won the country's first presidential election by universal suffrage for 20 years, with a political agenda favouring rapprochement with Russia and the Commonwealth of Independent States. However, the government is led by Pavel Filip from the Democrat Party, who is a supporter of the country's integration in the European Union which may lead to future political tensions. Furthermore, the uncertain evolution of the political landscape in the Republic of Moldova may be amplified by the parliamentary elections that will take place in 2018.

In addition, the secessionist ambitions of Transnistria, a region along the border with Ukraine and mostly populated by Russian-speakers could deteriorate the relations of Moldova with the Russian Federation. These relations could be further worsened in the future by the Republic of Moldova's EU accession talks. The Republic of Moldova signed an Association Agreement with the European Union in 2014 and they cooperate in the framework of the European Neighbourhood Policy and its eastern regional dimension, the Eastern Partnership.

If political instability in the Republic of Moldova continues or increases, it could have a material adverse effect on our business, results of operations and financial condition.

The Romanian legal system and Romanian legislation continue to develop, which may create an uncertain environment for investment and for business activity

The uncertainties relating to the Romanian legal and judicial system could have a negative effect on the economy and thus create an uncertain environment for investment and for business activity. Compared to more mature jurisdictions, the court system is underfunded. Romania is a civil law jurisdiction and judicial decisions under Romanian law generally have no precedential effect and courts are generally not bound by earlier court decisions taken under the same or similar circumstances, which can result in the inconsistent application of Romanian legislation to resolve the same or similar disputes. Though, the role of judicial decisions as guidelines in interpreting applicable Romanian legislation to the public at large is generally limited, all decisions of the High Court of Cassation and Justice are now available on line and judges and clerks are increasingly given access to court decisions from all other courts of the country, which may improve uniformity of decision making. Still, whilst the Romanian judicial system has gone through several reforms to modernise and strengthen the independence of the judiciary, these reforms do not go far enough to effectively tackle the problem of non-unified jurisprudence. Nonetheless, the new civil and criminal procedure codes introduce a new mechanism for unifying jurisprudence and effective measures to achieve the envisaged results are ongoing. Similarly, the uniform application of law is hindered by the quality (particularly clarity and transparency) and stability of the legal framework. Inconsistent interpretation and application of the law is also reflected in the public (e.g. fiscal) administration, but steps for improving this problem are being taken, including issuance by the competent institutions of decisions for the unitary interpretation and application of the relevant legal provisions. All these uncertainties pertaining to the Romanian legal and judicial system could have a negative effect on the economy and in turn on the Group's business, results of operations, financial condition and prospects.

Deterioration in fiscal policies threatens growth in Romania

The legal and fiscal framework within Romania is changing on a continuous basis. The latest example in a series of amendments of the fiscal framework is the amendment of the Fiscal Code by a government decree, in November 2017, without the usual prior public consultation, and which applies starting with January 2018. The amendments focused on the income tax and social security rates, the social contributions paid by the employer being transferred to the employee, the tax on micro-enterprises and aspects related to the corporate income tax. The amendments were criticised both by the business community and the labour unions with the latter organising protests against the amendments, due to the potential reduction of the wages in the private sector after the application of the new provisions. In addition, the current Government's 2017-2020 plan, published in June 2017, envisages additional significant tax cuts (e.g. a decrease of the VAT rate from 19% to 18% from 1 January 2019 and exclusion of a series of taxes). Furthermore, the Unified Wage Law effective as of 1 July 2017, introduced to eliminate distortions in the public remuneration system, provides for a significant increase in average public wages, from 1 January 2018.

According to the European Commission, the structural budget deficit will widen to 3.9% of GDP in 2017, which would represent an expansion of 3.3% of GDP in two years, contrary to national and EU fiscal rules. Romania is at risk of re-entering the EU Excessive Deficit Procedure in 2017 (the EU's detailed procedure to correct excessive deficit or debt levels). On 22 May 2017, the European Commission addressed a warning to Romania on the existence of a significant deviation from the adjustment path toward the medium-term budgetary objective in 2016 and recommends the European Council to adopt a recommendation for Romania to take appropriate measures in 2017 with a view to correcting this significant deviation.

Further steep tax cuts without accelerating efforts to improve revenue collection and an additional spike in public wages when the effectiveness of public sector reforms still lags, pose a significant risk of uncertainty with respect to the fiscal and income policy outlook, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Deficient and poor-quality infrastructure in Romania and the Republic of Moldova limits investments

Infrastructure in Romania and the Republic of Moldova, particularly the transportation system, is underdeveloped as compared to Western Europe. Romania currently has plans to undertake various development projects to improve infrastructure in the country and various financing plans have been proposed and attempted to further this infrastructure development, including the use of public private partnerships. However, there can be no assurances that infrastructure projects will be financed or constructed successfully or that continued poor Romanian physical infrastructure would not disrupt normal business activity of the Company.

Corruption could affect the business climate in Romania

Corruption in Romania is an important risk to our business. Corruption is present in many economic sectors and involves appointed and elected officials at all levels of government as well as civil servants and employees of public institutions. Although progress has been made in this direction, with prominent public figures from Romania being convicted in the recent years, local administration structures are lagging behind in terms of building up the necessary capacity to prevent corruption effectively. In addition, Romania is still listed among the most corrupt EU member states, according to the 2016 Transparency International Corruption Perceptions Index (ranking 57 among the 176 countries assessed).

Corruption materially affects the perception of a country's stability and quality of investment potential and thus impedes economic performance, which in turn adversely affects our business, results of operations and financial condition.

The failure of the Republic of Moldova in its fight against corruption could materially impact our business

According to the 2016 Transparency International Corruption Perceptions Index, the Republic of Moldova is ranked the 123th among 176 countries assessed. Despite the fact that the Republic of Moldova has in place a national strategy for anti-corruption, including by the deregulation agenda pushed by the Filip government, raising to place 44 in World Bank's Ease of Doing business ranking, one notch ahead of Romania, the country has to make huge progresses in order to be perceived as a country that prevents corruption effectively, as according to a study published by the Supreme Court of the Republic of Moldova, in 2016, 22% of the persons involved in the solved corruption cases were persons with responsibilities in the domain of justice.

Failure of the Republic of Moldova to make progresses on its fight against corruption or a deterioration of its policies against corruption could have a material adverse effect on the Group's operations in the Republic of Moldova.

Administrative and judicial inefficiency in Moldova may impact our business

Despite the efforts of the 2011-2016 Justice Sector Reform in the Republic of Moldova and various branch-specific twinning and modernization projects, the operation of courts and public authorities tasked with the interpretation and application of Moldovan laws remains affected by some inefficiency. Such inefficiency leads to the inconsistent and defective interpretation and application of Moldovan laws, the formation of contradictory and unfounded administrative practices and the unreliability of court precedent. The Moldovan Supreme Court of Justice issues explanatory resolutions and recommendations to address issues on inconsistent interpretation; however, these do not always provide uniform legal solutions and cover many technical areas of regulation (e.g. customs laws) insufficiently or not at all. Additionally, such inefficiency hampers the current process of transposing the laws of the European Union into the Moldovan legal system, as courts and public authorities are slow to adapt to legislation that is both more complex than and conceptually different from the previous legal framework.

The inefficient operation of Moldovan courts and public authorities could have a negative effect on the Moldovan economy and business environment, which in turn could negatively impact our business.

The Moldovan legal framework is undergoing reform, which may create an uncertain environment for investment and for business activity

The Moldovan legal framework is continuing to undergo reform for the purposes of bringing it in line with the laws of the European Union, as per the obligations of the Republic of Moldova under the 2014 Moldova – European Union Association Agreement. The reform affects certain areas with particular significance for the Moldovan Subsidiaries (such as food safety standards and waste management) and, due to the slow transition process, may lead to an uncertain regulatory environment. Moldovan companies affected by the uncertainty may encounter difficulties in complying with laws that have not been fully implemented (in particular due to a lack of subsidiary regulatory acts) and in the absence of developed regulatory practices with the relevant public authorities charged with enforcing the law.

This uncertainty could have a negative effect on the Moldovan economy and business environment, which in turn could negatively impact our business.

EU may apply sanctions if Romania fails to meet its post-accession obligations

Romania joined the EU in January 2007 and is subject to certain post-accession benchmarks mandated by the EU under the Cooperation and Verification Mechanism (CVM) to help Romania address shortcomings in judicial reform and the fight against corruption. The CVM will end when all benchmarks applying to Romania are satisfactorily met.

On 15 November 2017, the European Commission published its latest report on the progress of Romania under the CVM. The report shows that, despite some progress with respect to some of the European Commission's recommendations included in the January 2017 report, the reform momentum in the course of 2017 was lost overall, slowing down the fulfilment of the remaining recommendations, and with the risk of re-opening issues which the January 2017 report had considered as fulfilled.

If Romania fails to adequately address the recommendations of the European Commission regarding actions to be taken by the Romanian State, the EU is entitled to apply certain sanctions against Romania, including suspension of the obligation of other EU member states to recognise and enforce, under the conditions laid down in EU law, the decisions of Romanian courts. The application of any of the sanctions referred above may have a negative effect on investor confidence in Romania, which could have a material adverse effect on our business, results of operations and financial condition.

The current and upcoming social, political and military conflicts in the region of our operations may have consequences which may materially adversely affect our business.

Since early 2014, Ukraine, which borders both Romania and the Republic of Moldova, has been confronting a severe internal crisis in which the Russian Federation is also alleged to be heavily involved. During this crisis, Ukraine lost control over the peninsula of Crimea to the Russian Federation and lost control over a significant part of its other eastern territories to pro-Russian separatists. In response to the perceived heavy intervention (including military intervention) by the Russian Federation in Ukraine, the United States and the European Union have imposed several sets of economic sanctions and are threatening further sanctions in the future. The Russian Federation has denied its involvement and has imposed certain retaliatory economic sanctions.

Also, many EU countries have suffered from the recent massive migration of Middle East refugees, which has had an important impact on their economic, social and political environments.

An eventual escalation of such conflicts have the potential to cause materially adverse economic conditions, social turmoil or, in a worse case, military confrontation in the region. Effects are to a large extent unpredictable, but may include drop in investments caused by uncertainty, further economic sanctions which may negatively affect the economies of our countries of operation, significant currency fluctuations, increases in interest rates, decreases in the availability of credit, trading and capital flows and increases in energy prices.

These and other unforeseen negative effects of the crises in the region could have a material adverse effect on our business, prospects, results of operations and financial condition.

The UK referendum resulting in a vote to have the United Kingdom leave the European Union could create political and economic uncertainty and risk which may negatively affect the markets in which we operate and our business.

The UK referendum resulting in a vote for the United Kingdom to leave the European Union ("Brexit"), has created volatility in the global financial markets and could contribute to prolonged uncertainty around certain aspects of the European and global economies as well as European companies and consumers. Brexit is likely to continue to adversely affect European and worldwide economic conditions and could contribute to greater instability in the global financial markets before and after the terms of the United Kingdom's future relationship with the European Union are settled. Brexit could also affect the general political environment in the European Union as well as the stability and standing of the European Union as a single market.

Until more clarity is available around the legal, political and economic realities and requirements for having the United Kingdom leave the European Union, political and economic uncertainty, notably in European markets, may occur, which could lead to a downturn in the markets in which we operate and a decrease in spending and investment. Additionally, this uncertainty can lead to an increase in costs for us due to legal and regulatory changes as well as currency exchange rate fluctuations between the euro and Romanian leu and the U.S. dollar. These effects could have an adverse effect on our business, investments and potential growth into Europe. These factors could increase our operating costs, delay capital expenditure programs, or place additional regulatory burdens on us that could have a material adverse effect on our business, prospects, results of operations and financial condition. Furthermore, as a result of this uncertainty, financial markets could experience significant volatility which could adversely affect the price of our Shares.

In addition, Brexit has led to general volatility in the currency exchange market. Increased volatility in the currency exchange market as a result of Brexit could also materially adversely affect the Group's results of operations as the Group may be unable to implement adequate strategies to protect against currency exchange risk.

Possible break-up of the European Union could have a material adverse effect on the operations of the Group

It is uncertain whether the political landscape in certain European Union countries will move towards a direction in which certain countries decide to exit the Eurozone and reintroduce national currencies. An exit of one or more countries from the European Monetary Union will likely have adverse consequences which are potentially severe and hard to predict both for the economies of exiting members of the Eurozone as well as for the economies of remaining members of the Eurozone and the European Union and could potentially lead to significant changes in the financial markets and further uncertainty in the financial markets. This would directly impact the Group which has significant exposure to Euros. The impact of any such development could be detrimental to the Group's businesses, operations and profitability, solvency and the solvency of their counterparties, customers and service providers and/or the value and liquidity of the Shares.

The Group's assets may be subject to expropriation and confiscation

Subject to certain specific requirements under local law (such as the necessity for properties in certain circumstances to be used in local national interest) and subject to prior fair compensation having been paid to the Group's relevant subsidiary, certain Governments may enforce policies of expropriating part or all of a property owned by the Group's subsidiaries. However, there can be no certainty that such fair compensation shall equal the respective property's full market value. Expropriation or confiscation of the companies in which the Group invests, their assets or portions thereof, potentially with inadequate compensation, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations depending on the relevant property involved.

Risks relating to the Issuer and the Shares

The Issuer is established and organized under Cyprus law and rights of shareholders may be limited under the law of Cyprus

The Issuer is a company organized and existing under the laws of Cyprus. The rights of holders of the Shares, including the Offer Shares, are governed by the Company's Articles of Association and by the laws of Cyprus (For more details, see section "*Description of share capital and corporate structure"*). Accordingly, the Issuer's corporate structure and the rights and obligations of its shareholders may be different from the rights and obligations of shareholders in Romanian companies listed on the BSE. The exercise of certain shareholders' rights by investors in a Cyprus company may be more difficult and costly than the exercise of rights in a Romanian company. Resolutions of the General Meeting may be taken with majorities different from the majorities required for the adoption of equivalent resolutions in Romanian companies.

In addition, Cyprus will be the home Member State of the Issuer for the purpose of the EU securities regulations regarding the transparency requirements and Romania will be its host Member State. The EU directives provide different competences for home Member States and host Member States with respect to the rights and obligations of the investors in publicly listed companies, depending on the subject of the regulations, including, for example, protection in respect of takeovers. In addition, the directives are not always implemented in the proper manner at the national level. Consequently, investors in the Shares may be forced to seek legal advice in order to comply with all regulations when exercising their rights or when fulfilling their obligations. If an investor fails to fulfil his or her obligations or violates the law when exercising rights relating to the Shares, he or she may be fined or sentenced for such noncompliance or be unable to exercise his or her rights as a holder of the Shares.

Restrictions relating to the exercise of pre-emptive rights in relation to future issuances of ordinary shares in the Issuer

To raise funding in the future, the Company may issue additional Shares, including in the form of ordinary shares. Generally, existing holders of shares in Cypriot public companies are entitled by law to pre-emptive rights on the issue of new shares in that company (provided that such shares are paid in cash and the pre-emption rights have not been disapplied). Shareholders may not be able to exercise pre-emptive rights for shares in the Company where there is an issue of shares for a non-cash consideration or where pre-emption rights are disapplied. Accordingly, shareholders may not be able to exercise their pre-emptive rights on future issuances of shares in the Company, and, as a result, their percentage ownership interest in the Company would be reduced.

The Issuer may be deemed to be a tax resident outside of Cyprus

According to the provisions of the Cyprus income tax legislation, a company is considered to be a resident of Cyprus for tax purposes if its management and control are exercised in Cyprus. The concept of "management and control" is not defined in the Cypriot tax legislation. However, certain criteria are generally considered as having to be taken into account in order to determine whether a company will be considered as being a tax resident of Cyprus: (i) whether the company is incorporated in Cyprus and is a tax resident only in Cyprus; (ii) whether the Company's Board has a decision making power that is exercised in Cyprus in respect of key management, strategic and commercial decisions necessary for the company's operations and general policies and, specifically, whether the majority of the Board meetings take place in Cyprus and, also, whether the majority of the Board members are tax residents of Cyprus; (iii) whether the shareholders' meetings take place in Cyprus; (iv) whether the company has issued general powers of attorney delegating the board's power to exercise control and make decisions; (v) whether the corporate filings and reporting functions are performed by representatives located in Cyprus; (vi) whether the agreements relating to the company's business or assets are executed or signed in Cyprus.

Where the majority of the Company's Board is comprised of tax residents of Romania, there may be increased risk that the Company is not managed and controlled in Cyprus and, therefore, not a tax resident in Cyprus. If the Company is deemed not to be a tax resident in Cyprus, the Company may not be subject to the Cypriot tax regime other than in respect of Cyprus sourced income and it may be subject to the tax regime of the country in which it is deemed to be a tax resident. Further, the Company would not be eligible for benefits under the tax treaties entered into between Cyprus and other countries. Where the majority of the Company's Board comprises tax residents or citizens of Romania, this may pose a risk that the Company, even if it is managed and controlled in Cyprus and therefore a tax resident in Cyprus, may be deemed to have a permanent establishment in Romania or elsewhere. Such a permanent establishment could be subject to taxation of the jurisdiction of the permanent establishment on the profits allocable to the permanent establishment. If the Company is tax resident in a jurisdiction outside of Cyprus or is deemed to have a permanent establishment in Romania or elsewhere, its tax burden may increase significantly, which, in turn, may materially adversely affect its business, financial condition and results of operations.

The Issuer may be subject to defence tax in Cyprus

Cypriot companies must pay a Special Contribution for the Defence Fund of the Republic of Cyprus, or the defense tax, at a rate of 17% on deemed dividend distributions to the extent that their ultimate beneficial owners are Cypriot tax residents. A Cypriot company that does not distribute at least 70% of its after-tax profits within two years from the end of the year in which the profits arose, is deemed to have distributed this amount as a dividend two years after that year end. The amount of this deemed dividend distribution, subject to the defence tax, is reduced by any actual dividend paid out of the profits of the relevant year at any time up to the date of the deemed distribution and the resulting balance of profits will be subject to the defence tax to the extent of the appropriation of shares held in the company at that time by Cyprus tax residents. The profits to be taken into account in determining the deemed dividend do not include fair value adjustments to any movable or immovable property.

The defence tax payable as a result of a deemed dividend distribution is paid in the first instance by the Company which may recover such payment from its Cypriot shareholders by deducting the amount from an actual dividend paid to such shareholders from the relevant profits. To the extent that the Company is unable to recover this amount due to a change in shareholders or no actual dividend is ever paid out of the relevant profits, it will suffer the cost of this defence tax. Imposition of this tax could have a material adverse effect on its business, financial condition and operating results if it is unable to recover the tax from shareholders as described above.

Certain decisions passed by the Board of the Issuer in the past may not be enforceable because of the Board not having the necessary number of members

The Company has been operating with an inquorate board of directors between 1 June 2010 and 27 November 2017, in the sense that it should have had two members and it only had one. Despite the decisions taken by the Board during such period having been ratified by the general meeting of shareholders („**GMS**") on 4 January 2018, such ratification is subject to the general provisions of Cyprus law that an act done by one person on behalf of another, without such other person's authority, which if done with authority, would have the effect of subjecting a third person to damages, or of terminating any right or interest of a third person, cannot, by ratification, be made to have such effect. Therefore, such decisions passed by the Board may not be enforceable by the Company.

The Offer may not result in an active or liquid trading market and investors may be unable to resell their Shares at or above the Final Offer Price

Prior to the Offer, there has been no public market for the Shares. Following the successful closing of the Offer and admission of Shares to trading on the BSE, an active trading market for the Shares may not develop or, if it develops, may not be sustained or be liquid. Active, liquid trading markets generally result in lower price volatility, and more efficient execution of trading orders for investors. If a liquid trading market for the Shares does not develop, the price of the Shares may be more volatile and it may be more difficult to execute trades in Shares.

The Final Offer Price will be determined by the Company and the Selling Shareholders in consultation with the Joint Bookrunners and may not be indicative of the price at which the Shares will trade following the admission of Shares to trading on the spot regulated market operated by the BSE. Furthermore, sales of a substantial number of Shares after the admission thereof to trading or the perception that these sales may occur, could have a material adverse effect on the price of the Shares.

The Offer Shares may not be admitted to trading on the BSE

Though the BSE has issued an approval in principle for the Admission, the Admission requires that the BSE approve the trading thereon. Admission of the Offer Shares to trading on the Regulated Spot Market of the BSE is subject to certain requirements. We intend to take all necessary steps to ensure that the Offer Shares are admitted to trading on the Regulated Spot Market of the BSE as soon as possible after the closing of the Offer. However, there is no guarantee that, should the admission conditions for the approval by the BSE change, all such listing and/or trading conditions will be met. Consequently there is no assurance that the Offer Shares will be admitted to trading on the Regulated Spot Market of the BSE on the estimated date or at all. If the Offer Shares are not admitted to trading on the Regulated Spot Market of the BSE the price of the Offer Shares and the ability to transfer them would be materially adversely affected.

The current shareholders of the Company will retain a significant influence over the Company after the Offer, and their interests may not be aligned with those of the other shareholders of the Company

Immediately after the Offer, the current shareholders of the Company will still own more than 50% of the Shares. As a result, although each acting independently, they may be able to exercise significant influence over the Group and over matters requiring shareholder approval, including election of directors, business strategy, dividend distribution and significant corporate transactions, including acquisitions of participations in other entities. Complying with such decisions could lead to significant capital expenditure or may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination. Therefore, there can be no assurance that any matter which is to be put to the shareholders for decision will be resolved in a manner that other holders of the Shares would consider to be in their best interest. In addition, the current shareholders, although each acting independently, may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investment, even though such transactions may involve risks to other holders of the

Shares. Differences between the interests of each of the current shareholders of the Company and the other future shareholders of the Company may lead to conflicts or may restrict the Group's ability to implement its business strategy, which may have a material adverse effect on our business, results of operations and financial condition.

Trading on the BSE may be suspended

The FSA is authorized to suspend securities from trading or to request the BSE to suspend the trading of securities of a company listed on the BSE if such continuation of trading would negatively affect investors' interests or to the extent the relevant issuer is in breach of its obligations under the relevant securities laws and regulations. Also, the BSE is entitled to suspend from trading securities of a listed company in other circumstances, in accordance with its regulations. Any suspension could affect our Shares' trading price and would impair the transfer of the Offer Shares.

The Shares may be de-listed from the BSE

If the Company fails to fulfil certain requirements or obligations under the laws and regulations applicable to companies the shares of which are listed on the BSE, or if the orderly stock exchange trading, the safety of trading thereon or investors' interests are endangered, the Shares can, subject to certain conditions being fulfilled, be excluded from trading on the stock exchange. There can be no assurance that such event will not occur in relation to the Shares. All these risks would, if they materialise, have a material adverse effect on the price of the Shares and on the ability of the investors to sell their Shares on the stock exchange.

The Company is a holding company with limited operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and to pay dividends

The Company is a holding company with no material direct operations. The Company's principal assets are the equity interests that the Company holds directly or indirectly in its subsidiaries and which own the Group's operating assets. As a result, the Company will be dependent on, among other things, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and to pay dividends on the Offer Shares. The Company's subsidiaries are legally distinct from the Company and may be prohibited or restricted from paying dividends or otherwise making funds available to the Company under certain conditions. If the Company is unable to obtain funds from its subsidiaries, the Company is unlikely to be able to pay dividends on the Offer Shares.

Foreign shareholders may be subject to exchange rate risk

The Offer Shares are denominated in euro, but traded in RON. An investment in the Offer Shares by an investor whose principal currency is not the RON exposes the investor to foreign currency exchange rate risk. Any depreciation of the RON in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms. In addition, we are required, under Romanian law, to pay our dividends through the system operated by the Romanian CSD. Currently, for securities for which the currency of corporate action payments, including dividend payments, is the same with the currency in which the underlying shares trade and settle on the regulated market, the Romanian CSD, in its role as Issuer's depository, processes and settles payments in either RON or EUR, as the case may be, in compliance with European Market Standards for Corporate Action Processing.

In case dividends are paid in a currency which is different from the one in which the underlying shares are traded and settled, the Romanian CSD processes the respective payments in a non-standard manner which may result in higher costs, e.g. bank charges. This may mean that some or all of our future dividends may have to be paid in RON and together with the RON trade and settlement of the underlying shares would expose investors whose principal currency is not the RON to foreign currency exchange rate risk.

The Shares may be subject to price volatility

The share price of listed companies can be highly volatile. As well as being affected by the Company's actual or forecast operating results, the market price of the Offer Shares may also fluctuate significantly as a result of factors beyond the Company's control, including, among others:

- changes in research analysts' recommendations or estimates of earnings or financial performance of the Company or the industry, or the failure to meet expectations of research analysts;
- fluctuations in stock market prices and volumes, and general market volatility;
- changes in laws, rules and regulations applicable to the Group, its operations and the operations in which members of the Group have interests, and involvement in litigation; and
- general economic and political conditions, including in Romania.

Other factors, such as the general economic, political or regulatory outlook, movements in or the outlook for interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital may affect equity market conditions. Trading in the Offer Shares by other investors, such as large purchases or sales of Offer Shares, may also affect the price of the Offer Shares. Accordingly, the market price of the Offer Shares may not reflect the underlying value of the Company's investments and the price at which investors may dispose of their Offer Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others may be outside the Group's control. Investors should not expect that they will necessarily be able to realise, within a period that they would regard as reasonable, their investment in the Offer Shares. The trading price of the Offer Shares may be adversely affected if the Company's consolidated results and prospects from time to time are below the expectations of market analysts and investors.

The prevailing trading price of the Shares could be adversely affected by future sales, or the real or perceived possibility of sales, of a significant number of the Shares in the public market

Following the expiry of the applicable lock up period, or earlier in the event of a waiver of the provisions of the lock up, the Company's shareholders, who would be otherwise subject to the lock up, may sell Shares and the Company may undertake a public or private offering of Shares.

The market price of the Shares could be adversely affected if the Company's existing shareholders were to sell, or the Company were to issue and sell, a substantial number of Shares in the public market. Sales by the Company's existing shareholders could also make it more difficult for the Company to sell Shares in the future at a time and price that it deems appropriate. As mentioned, such parties may effect transactions upon the expiry of the applicable lock up periods or earlier in case of a waiver of the provisions of the lock up. The sale of a significant amount of Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Shares.

Orders of investors participating in the Offer may be reduced and investors may buy no Offer Shares

The Selling Shareholders reserve the right to allocate the Offer Shares between groups of investors and among institutional investors at their absolute discretion, following consultation with the Joint Bookrunners. Furthermore, in case of an oversubscription by Retail Investors compared with the final number of the Offer Shares to be allotted to them, allocations will be reduced pro rata to the size of each order placed.

There is no central counterparty for the spot market in Romania

The Romanian CSD acts as agent in the settlement of the financial instruments traded on the BSE and, in that capacity, implements measures and procedures to mitigate the risk of settlement failure. The settlement guarantee measures instituted by the Romanian CSD are not sufficient to fully ensure the timely settlement in the event a participant with a large payment obligation is unable to settle, due to the inadequate size of the guarantee fund and of the settlement limit.

Furthermore, the settlement of the transactions related to a public offering of securities is not covered by the Settlement Guarantee Fund.

A central counterparty clearing house (**CCP**) is an entity whose purpose is to reduce settlement risk. A CCP becomes the counterparty to the buyer and the seller and guarantees the terms of a trade when a party defaults. The CCP collects money from each buyer and seller to cover potential losses incurred in case of failure to comply with the terms of the agreement, resulting in the CCP replacing the trade at the current market price. To date, there is no CCP established in Romania to manage the counterparty risk.

Holders of the Shares in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and their ownership interests may therefore be diluted

In order to raise funding in the future, the Company may issue additional shares. Whilst existing holders of ordinary shares in Cypriot companies are in certain circumstances entitled to pre-emptive rights on the issue of new ordinary shares in that company as described in “Description of Share Capital and Corporate Structure” subject always to what is stated above under the heading “Restrictions relating to the exercise of pre-emptive rights in relation to future issuances of ordinary shares in the Issuer”), holders of the Shares in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights with respect to any new equity issuances by the Company unless the applicable securities law requirements in such jurisdiction (including, in the United States, in some circumstances the filing of a registration statement under the Securities Act) are adhered to or an exemption from such requirements is available. The Company is unlikely to adhere to such requirements and an exemption may not be available. Accordingly, such holders may not be able to exercise their pre-emptive rights on future issuances of the Shares, and, as a result, their percentage ownership interests in the Company would be reduced.

THE OFFER

The Company	Purcari Wineries Public Company Limited
The Selling Shareholders	Lorimer, Amboselt and IFC
The Offer	The Offer comprises an Offer by the Selling Shareholders of up to 9,800,000 existing Shares, representing 49% of the Company's share capital. The Offer is structured as an offering of the Offer Shares: (i) in Romania to Retail Investors and Qualified Investors, as defined and detailed in the section "*Subscription and Sale*"; and (ii) outside Romania to Qualified Investors only, which are non-US, in ''offshore transactions'' as defined in, and as permitted by, Regulation S under the Securities Act.
Sole Global Coordinator and Joint Bookrunner	Raiffeisen Bank S.A.
Joint Bookrunner	Swiss Capital S.A.
Offer Tranches	The Offer is split into two tranches (the "**Offer Tranches"**) as follows: 1. 10% of the Offer Shares (980,000 Offer Shares) will be initially offered to retail investors (as defined below) (the "**retail tranche**"); and 2. The remaining Offer Shares (8,820,000 Offer Shares) will be offered to institutional investors (as defined below) (the "**institutional tranche**"). • "**Institutional Investors**" means qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive as implemented by article 2 (21) of the Issuers and Market Operations Law; and • "**Retail Investors**" means any individual or legal entity who does not meet the above criteria to qualify as an Institutional Investor. All Shares have been created under, and conform to, Cyprus law.
Offer Shares	Up to 9,800,000 ordinary Shares of Euro 0.01 each.
Currency	The Offer Shares are denominated in EUR and will be quoted on the BSE in RON.
Underlying legislation of Share issuance	Cypriot law
Share registry	The Company itself keeps its register of members where the Shares held by each Shareholder are recorded. Once the Shares issued by the Company will be admitted to trading, the register of members will be held by Depozitarul Central S.A., with the registered office in 34-36 Bulevardul Carol I, 3rd, 8th and 9th floors, District 2, postal code 020922, Bucharest, Romania.
Offer Period	9 Business Days, from and including 29 January 2018 and to and including 8

	February 2018.
Allocation Date	8 February 2018
Successful Closing	The Successful Closing of the Offer will be subject, *inter alia*, to the determination of the Final Offer Price and each of the Company's, the Selling Shareholders' and the Joint Bookrunners' decisions to proceed with the Offering, the satisfaction of conditions contained in the Placement Agreement and to the Placement Agreement not having been terminated.
Price Range	RON 19 per Offered Share to RON 28 per Offered Share
Final Offer Price	The Final Offer Price shall be determined in RON at the latest on the Business Day following the Allocation Date. See "*Subscription and Sale*".
Intermediation method	Best efforts
Distribution Group	Units of the distribution network of Raiffeisen Bank S.A., as identified in Schedule 1 (*Distribution Network of Raiffeisen Bank S.A.*) to this Prospectus.
Listing and Trading	Application will be made to the BSE for the admission of Shares to trading on the spot regulated market operated by it, in international shares tier. The BSE has already issued an agreement in principle regarding the Admission. The BSE is a regulated market for the purposes of the Directive on Markets in Financial Instruments. The security identification numbers and trading symbols of the Shares are (expected to be) as follows: ISIN: CY0107600716; CFI: ESVUFR; LEI: 2138004WTEJACWP9GT35; BSE Share trading symbol: WINE
Settlement and Transfer	Payment for the Offer Shares is expected to be made in RON through RoClear (Romanian Clearing Settlement, Custody, Depository and Registration System), which is managed by the Romanian CSD. Transfers of Shares within the Offer and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian CSD, in accordance with applicable Romanian regulations.
Stabilising Manager	Raiffeisen Bank S.A.
Lock-Up	The Selling Shareholders will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days, as regards Lorimer and Amboselt, and 180 days, as regards IFC, from the Listing Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or

dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by delivery of Shares or such other securities, in cash or otherwise.

The Company will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days from the Listing Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by delivery of Shares or such other securities, in cash or otherwise.

The lock up restrictions do not apply to takeover offers, rights issues, schemes of arrangement, share buy-backs and the vesting of awards under employee share schemes.

Use of Proceeds	The Company will not receive any proceeds from the Offer. The Offer is being conducted in order to allow each Selling Shareholder to dispose of a portion of its shares, while raising the Company's profile with the international investment community and establishing a market for the Shares, which may benefit the Company if it desires to access the equity markets in the future.
Taxation	For a discussion of certain tax consequences of purchasing and holding the Shares, see "*Taxation*".
Dividend Policy	According to the Company's dividend policy, it is the Company's intention to pay dividends, subject to applicable law and commercial considerations (including, without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions, the Group's future projects and plans). Under the current legislation and in accordance with the Company's Articles of Association, each fully paid Share gives its owner (other than the Company) the right to receive dividends. Dividends are distributed to the shareholders on a pro-rata basis proportionately to their participation in the paid-up share capital of the Company. In absence of exceptional market conditions or circumstances, for future years the Board intends to recommend to the GMS that the Company distributes 50% of its distributable profits each year, subject to any restrictions due to Cypriot legal and taxation regulation. As at December 31, 2016 the Company has accumulated losses and until those losses are made up, as well as any other losses incurred by the Company, the Company will be unable to pay any dividends. See "*Dividend Policy*" and "*Description of Share Capital and Corporate Structure*".
Voting Rights	Each Share carries one vote for the purposes of shareholder meetings. See

	"*Description of Share Capital and Corporate Structure*".
Selling and Transfer Restrictions	The Shares will be freely transferable, subject to certain restrictions as described under "*Important Information About this Prospectus*".
Risk Factors	Investors should carefully consider certain risks discussed under "*Risk Factors*".

USE OF PROCEEDS

The Company will not receive any proceeds from the Offer.

The estimated gross income obtained by the Selling Shareholders from the sale of the Offer Shares in the Offer will be of approximately RON 274,400,000 (assuming that all Offer Shares will be sold at the maximum price of the Price Range and no proceeds will be used for stabilisation activities).

The total estimated net proceeds obtained by the Selling Shareholders from the sale of the Offer Shares in the Offer, after deduction of all fees and charges incurred with the Offer, will be of approximately RON 265,900,000 (assuming that all Offer Shares will be sold at the maximum price of the Price Range and no proceeds will be used for stabilisation activities).

The total estimated fees and charges payable by the Selling Shareholders in connection with the Offer are expected to be in the range of RON 8,500,000(assuming that all Offer Shares will be sold at the maximum price of the Price Range).

The total fees and charges payable by the Company in connection with the Offer are expected to be in the range of RON 1,440,000.

No commissions, fees or expenses in connection with the Offer will be charged to investors by the Company or by the Selling Shareholders. However, the investors shall be charged costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any brokerage commissions payable under any relevant agreements or pursuant to the regulations of the entity accepting such purchase orders.

The Offer is being conducted in order to allow the Selling Shareholders to dispose of a portion of their shareholdings, while raising the Company's profile with the international investment community and establishing a market for the Shares, which may benefit the Company if it desires to access the equity markets in the future.

DIVIDEND POLICY

According to the Company’s dividend policy, it is the Company’s intention to pay dividends, subject to applicable law and commercial considerations (including, without limitation, applicable regulations, restrictions, the Group’s results of operations, financial condition, cash requirements, contractual restrictions, the Group’s future projects and plans).

The GMS has the power to decide on the distribution of dividends based on the recommendation of the Board. Dividends are distributed pro rata to the contribution to the paid-in share capital (Shares owned by the Company's shareholders bearing equal and full rights to dividends) and are limited to the amount of the results of the Company’s last financial year, increased by the profits brought forward at the end of the last financial year and sums drawn from reserves available for this purpose, reduced however by the amount of losses brought forward from previous financial years and by the sums placed to reserve in accordance with the law or the Articles of Association.

Subject to the provisions of the Companies Law, the Board may from time to time pay to shareholders such interim dividends as appear to the Board to be justified by the Company’s profits but no dividend will be paid otherwise than out of profits. The Companies Law provides that a public company, such as the Company, shall be allowed to pay interim dividends only if the following conditions apply: (a) the interim financial statements show that the funds available for distribution are sufficient; and (b) the amount to be distributed cannot exceed the amount of profits made since the end of the last financial year, the annual accounts of which have been finalised, increased by the profits which have been transferred from the last financial year and sums drawn from reserves available for this purpose and reduced by the losses of the previous financial years, as well as by the sums to be placed in reserve pursuant to the requirements of the Companies Law or the Articles of Association.

Also, the Board may, before recommending any dividend, set aside out of the Company’s profits such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the Company’s profits may be properly applied, and pending such application may, at the like discretion, either be employed in the Company’s business or be invested in such investments (other than the Company’s shares) as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

In addition, given that the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

The maximum dividend payable by the Company’s subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to Romanian, Moldovan and Gibraltar laws. As regards Crama Ceptura, dividends, if any, are declared and recorded (and included in the revenues of the Company) in the year subsequent to the year in which the profits of such company are recorded, creating therefore a time gap between the moment when dividends from Crama Ceptura are paid to the Company and the year when the profits of Crama Ceptura are recorded. In case of Vinaria Purcari, Vinaria Bardar and Vinaria Bostavan, net profit accrued during the year by the companies may be distributed annually, by the decision of the general meeting of shareholders. At the same time, Moldovan law provides for the possibility of limited liability companies, such as Vinaria Purcari and Vinaria Bostavan, to distribute interim dividends, provided that their charters are amended so as to reflect such possibility. As regards Vinaria Bardar, as a joint stock company, it can distribute both annual dividends, by resolution of its general meeting of shareholders and in line with proposals made by its board of directors, as well as interim dividends, by decision of its board of directors. Please also see “*Risk Factors — Risks Related to Issuer and the Shares — The Company is a holding company with limited operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations and to pay dividends*”.

According to the dividend policy adopted by the Company, in the absence of exceptional market conditions or financing needs, for future years, the Board intends to recommend to the general meeting of shareholders that the Company distributes 50% of its distributable profits each year, subject to any legal restrictions.

However, as at December 31, 2016, according to its statutory standalone financial statements, the Company has accumulated losses of USD 14,377,333 and until those losses plus any other incurred by the Company after this date are covered, the Company will be unable to pay any dividends. The Company is contemplating a process of offsetting such losses with capital reserves involving, in the near future, a decrease in its share premium following court approval.

Also, the distribution of dividends by the Company and by other Group companies is subject to restrictions included in the Group's loan facilities contracts. Please see a description of these restrictions in section "*Material Contracts—Financing Facilities*".

Pursuant to the Articles, all unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. No dividend shall bear interest against the Company. Any dividend which has remained unclaimed for a period of ten years from the date of declaration thereof shall, if the directors so resolve, be forfeited and cease to be owed by the Company and shall thenceforth belong to the Company absolutely. According to the Companies Law, any distribution made in contravention of its provisions must be returned by the shareholders who received it, if the company proves that the said shareholders were either aware of the irregularity of the distributions made in their favour or could not in view of the circumstances have been unaware of it.

The Company’s financial year begins on 1 January and ends on 31 December.

Since the Company was incorporated, no dividends have been paid to date.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalization and indebtedness of the Group as at 31 December 2017. The following tables should be read in conjunction with "*Selected Financial and Operating Information*", "*Use of Proceeds*", "*Operating and Financial Review*", "*Business*", the Consolidated Financial Statements and the related notes thereto.

Total capitalization is calculated as the sum of total equity and interest-bearing loans and borrowings.

	As at 31 December 2017 (RON thousand)
Equity	
Issued capital	929
Share premium	122,791
Contributions by owners*	8,916
Accumulated losses	(40,390)
Foreign currency translation reserve*	2,710
Equity attributable to equity holders of the parent	**94,956**
Non-controlling interests	**11,936**
Total equity	**106,892**
Interest-bearing loans and borrowings	
Current debt	42,500
Non-current debt	31,700
Total Interest-bearing loans and borrowings	**74,200**
- of which: Unsecured portion of loans and borrowings	-
Total Capitalization	**181,092**

Source: Management preliminary data, unaudited

**) The amounts for the contribution by owners and foreign currency translation reserve are as of 30 September 2017 and do not include any changes that took place during the 1 October – 31 December 2017 period.*

After 30 September 2017 the Company increased significantly its share capital by issuing bonus shares from share premium reserve.

The management states that no material changes in the contributions by owners and foreign currency translation reserve have occurred since 30 September 2017.

The following table sets forth net financial indebtedness of the Company as at 31 December 2017.

Net debt is calculated as the difference between the interest-bearing loans and borrowings and the cash and short-term deposits.

	As at 31 December 2017 (RON thousand)
Interest-bearing loans and borrowings	74,200
Cash and short-term deposits	21,700
Net debt	**52,500**

Source: Management preliminary data, unaudited

The management of the Company declares that, as of 31 December 2017, the total value of interest-bearing loans and borrowings was RON 74,200,000, the total value of its capitalization was RON 181,092,000, while the value of its net debt was RON 52,500,000.

There has been an increase in the total capitalization of the Company by 15% since 30 September 2017.

The management of the Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.

SELECTED FINANCIAL AND OPERATING INFORMATION

The summary historical financial and operating information as of and for the years ended 31 December 2014, 2015 and 2016 and as of and for the nine months ended 30 September 2017 has been derived from the Consolidated Financial Statements included elsewhere in this Prospectus.

The summary financial and operating information should be read in conjunction with "Operating and Financial Review", "Presentation of Financial and Other Information", as well as with the Consolidated Financial Statements and the notes thereto contained elsewhere in this Prospectus.

Summary of the consolidated profit or loss and other comprehensive income

The following table presents the summary of the Consolidated Profit or Loss and Other Comprehensive Income of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 in RON (unaudited)	**2016 in RON**	**2015 in RON**	**2014 in RON**
Revenue	94,585,800	106,760,242	71,249,539	59,644,226
Cost of sales	(50,644,207)	(53,471,103)	(42,460,466)	(39,499,790)
Gross profit	**43,941,593**	**53,289,139**	**28,789,073**	**20,144,436**
Other operating income	170,504	1,223,583	680,766	810,431
Marketing and sales expenses	(5,026,686)	(9,562,730)	(7,401,627)	(5,152,486)
General and administrative expenses	(10,412,002)	(11,801,203)	(9,450,373)	(9,925,301)
Other operating expenses	(2,261,260)	(1,449,118)	(1,006,984)	(3,647,924)
Result from operating activities	**26,412,149**	**31,699,671**	**11,610,855**	**2,229,156**
Finance income	1,324,174	158,309	156,222	130,619
Finance costs	(2,305,534)	(4,884,140)	(11,566,028)	(10,332,842)
Net finance costs	**(981,360)**	**(4,725,831)**	**(11,409,806)**	**(10,202,223)**
Share of profit of equity-accounted investees, net of ta:	819,690	-	-	-
Profit / (loss) before tax	**26,250,479**	**26,973,840**	**201,049**	**(7,973,067)**
Income tax benefit/ (expense)	(4,171,552)	(3,861,453)	(34,840)	91,002
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Profit / (loss) attributable to:				
Owners of the Company	19,238,230	19,741,620	(578,250)	(8,234,304)
Non-controlling interests	2,840,697	3,370,767	744,459	352,239
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Other comprehensive income/ (loss)				
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences	2,647,986	1,966,015	(2,286,939)	760,179
Other comprehensive income/ (loss) for the period	**2,647,986**	**1,966,015**	**(2,286,939)**	**760,179**
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Total comprehensive income / (loss) attributable to:				
Owners of the Company	21,263,311	21,377,845	(2,171,123)	(7,134,985)
Non-controlling interests	3,463,602	3,700,557	50,393	13,099
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share	**4.05**	**4.15**	**(0.12)**	**(1.73)**

Summary of the consolidated financial position

The following table presents the summary of the Consolidated Financial Position of the Group as of 31 December 2014, 2015 and 2016, and at 30 September 2017.

	30 September 2017 in RON (unaudited)	31 December 2016 in RON	31 December 2015 in RON	31 December 2014 in RON
Assets				
Property, plant and equipment	70,995,200	64,931,515	65,640,644	74,594,686
Intangible assets	1,046,075	1,058,552	968,119	977,573
Loans receivable	2,531,906	2,840,953	2,508,102	2,192,651
Equity-accounted investees	7,467,727	-	-	-
Inventories	11,444,470	7,756,212	11,704,718	20,208,545
Other non-current assets	19,579	9,441	24,006	-
Total non-current assets	**93,504,957**	**76,596,673**	**80,845,589**	**97,973,455**
Inventories	52,893,573	42,977,342	34,841,984	24,317,930
Biological assets	7,073,125	-	-	-
Trade and other receivables	36,446,738	30,416,981	23,262,727	18,356,780
Cash and cash equivalents	6,354,511	13,267,974	1,466,304	574,203
Current tax assets	66,470	380,377	1,907	26,917
Prepayments	3,392,139	3,239,507	390,845	472,708
Other current assets	63,693	77,373	63,397	29,879
Total current assets	**106,290,249**	**90,359,554**	**60,027,164**	**43,778,417**
Total assets	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**
Equity				
Share capital	34,838	34,838	34,838	34,838
Share premium	123,685,006	123,685,006	123,685,006	123,685,006
Contributions by owners	8,916,387	8,916,387	8,916,387	6,660,057
Translation reserve	2,709,995	909,278	(726,947)	865,926
Accumulated losses	(46,741,753)	(67,154,895)	(86,896,515)	(86,318,265)
Equity attributable to owners of the Company	**88,604,473**	**66,390,614**	**45,012,769**	**44,927,562**
Non-controlling interests	**10,587,512**	**10,395,478**	**6,682,077**	**6,631,684**
Total equity	**99,191,985**	**76,786,092**	**51,694,846**	**51,559,246**
Liabilities				
Borrowings and finance lease	12,582,747	11,098,108	3,748,264	464,124
Deferred income	586,413	47,861	41,054	404,910
Deferred tax liability	4,948,366	5,066,408	5,328,688	5,921,751
Total non-current liabilities	**18,117,526**	**16,212,377**	**9,118,006**	**6,790,785**
Borrowings and finance lease	45,448,961	47,534,071	55,559,230	58,124,023
Deferred income	61,962	76,156	365,603	330,437
Current tax liabilities	2,825,087	3,033,139	1,353,675	895,313
Employee benefits	1,834,554	1,200,080	943,290	935,657
Trade and other payables	27,216,507	18,667,278	20,480,416	22,322,160
Provisions	5,098,624	3,447,034	1,357,687	794,251
Total current liabilities	**82,485,695**	**73,957,758**	**80,059,901**	**83,401,841**
Total liabilities	**100,603,221**	**90,170,135**	**89,177,907**	**90,192,626**
Total equity and liabilities	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**

Summary of the consolidated cash flows

The following table presents the summary of the Consolidated Cash Flows of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 in RON (unaudited)	2016 in RON	2015 in RON	2014 in RON
Cash flow from operating activities				
Profit/ (loss) for the period	22,078,927	23,112,387	166,209	(7,882,065)
Adjustments for:				
Depreciation and amortization	4,104,544	5,383,473	6,043,676	6,988,330
Loss/ (gain) on disposal of property, plant and equipment and intangible assets	(18,905)	(166,671)	(249,695)	(164,546)
Impairment of property, plant and equipment, net	(168,966)	(116,126)	(60,847)	(58,584)
Write-down of inventories, net	234,540	164,951	354,388	(181,996)
Impairment of loans receivable, net	(26,281)	(73,739)	(924,960)	(432,884)

Impairment of trade receivables, net	578,554	440,013	777,162	1,867,444
Impairment of other receivables, net	-	(82,637)	(162,051)	(47,796)
Release of deferred income	(40,256)	(405,810)	(364,699)	(360,739)
Gains on write-off of trade and other payables	-	(263,056)	(174,020)	(191,182)
Share of profit of equity-accounted investees	(819,690)	-	-	-
Adjustment to fair value of biological assets	(367,746)	(942,530)	283,091	1,063,268
Change in provisions, net	2,078,121	1,922,786	448,254	721,522
Income tax expense/ (benefit)	4,171,552	3,861,453	34,840	(91,002)
Net finance costs	981,360	4,725,831	11,409,806	10,202,223
	32,785,754	**37,560,325**	**17,581,154**	**11,431,993**
Changes in:				
Inventories	(14,525,735)	(2,477,269)	(6,554,363)	(3,360,966)
Biological assets	(6,984,652)	-	-	-
Trade and other receivables	(6,945,974)	(5,454,777)	(4,269,972)	(826,522)
Prepayments	330,391	(2,755,864)	34,040	507,869
Other assets	3,729	1,745	(60,510)	36,302
Employee benefits	(48,251)	226,511	104,713	202,024
Trade and other payables	8,966,967	(2,599,650)	(762,505)	(1,808,511)
Deferred income	553,287	122,242	42,577	-
Cash generated from operating activities	**14,135,516**	**24,623,263**	**6,115,134**	**6,182,189**
Income tax paid	(3,464,936)	(2,995,345)	-	-
Interest paid	(1,881,013)	(4,054,678)	(4,774,734)	(4,836,265)
Net cash generated from operating activities	**8,789,567**	**17,573,240**	**1,340,400**	**1,345,924**
Cash flows from investing activities				
Payments for acquisition of intangible assets	(40,391)	(137,660)	(118,945)	(42,481)
Payments for acquisition of property, plant and equipment	(8,410,793)	(3,981,187)	(4,641,437)	(2,017,166)
Loans granted	-	(450,259)	(240,562)	-
Collections from loans granted	-	450,259	-	413,532
Payments for acquisition of interests in equity-accounted investees	(6,514,685)	-	-	-
Proceeds from sale of property, plant and equipment	112,285	792,132	585,381	510,321
Net cash used in investing activities	**(14,853,584)**	**(3,326,715)**	**(4,415,563)**	**(1,135,794)**
Cash flows from financing activities				
Payments for acquisition of non-controlling interests	(102,453)	-	-	-
Receipt of borrowings	23,207,953	19,607,450	22,421,297	17,813,236
Repayment of borrowings and finance lease	(23,847,863)	(22,438,697)	(18,310,131)	(18,007,811)
Proceeds from issue of shares in subsidiaries	-	12,844	-	-
Dividends paid to non-controlling interests	(4,053)	-	-	-
Net cash generated from/ (used in) financing activities	**(746,416)**	**(2,818,403)**	**4,111,166**	**(194,575)**
Net increase/(decrease) in cash and cash equivalents	**(6,810,433)**	**11,428,122**	**1,036,003**	**15,555**
Cash and cash equivalents at 1 January	13,267,974	1,466,304	574,203	840,524
Effect of movements in exchange rates on cash held	(103,030)	373,548	(143,902)	(281,876)
Cash and cash equivalents at period end	**6,354,511**	**13,267,974**	**1,466,304**	**574,203**

OPERATING AND FINANCIAL REVIEW

Investors should read the following discussion of our financial condition and results of operations together with the Consolidated Financial Statements and the notes thereto included elsewhere in this Prospectus. The information contained in the discussion set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this Prospectus. Investors should read the whole of this Prospectus and not just rely upon summarised information.

Overview

Purcari winery was established in 1827 and it gained international recognition when Negru de Purcari won the gold medal at a closed wine tasting at the Paris World Exhibition, beating the best of Bordeaux in 1878. The new era of the Group was opened by Mr. Victor Bostan, the Group's founder, who brought the Purcari, Bostavan, Crama Ceptura and Bardar assets into a single holding, during the mid-2000s, via a series of acquisitions.

Since then, the Group evolved from a local producer of wine into a leading player in the wine and brandy segment in the CEE region. Its core markets include Romania, Moldova, Poland, Czech Republic, Slovakia and Ukraine, followed by an increasing focus on China.

The Group's revenue grew 34% CAGR during 2014-2016 to reach RON106.8 million in 2016 and 35% compared to prior period to reach RON 94.6 million in the nine months of 2017. The Group enjoyed profitability improvement from 16% EBITDA Margin in 2014 to 35% in 2016 and 33% in the nine months of 2017 as it encompassed on the premiumization trend at its core markets, while growing the share of revenue from sale of finished goods generated from the premium Purcari wines from 22% in 2014 to 32% in 2016 and 37% in the nine months of 2017.

The Group carries RON58 million financial debt as of nine months of 2017, which was raised mostly pre-2014 to finance capital investments in agricultural and production assets. During 2014-2016, the Group has financed its working capital and capacity expansion needs primarily with operational cash flows. In 2016, the Group's leverage was at 1.6 times Debt/EBITDA.

Trends and key factors impacting the results of Group's operations

The results of Group's operations have been and will continue to be affected by a variety of factors, many of which are beyond the Group's control. Below is the description of the factors which the management identified and believed to have had a material effect on the Group's' results during 2014-2016, as well as those considered likely to impact the Group's operations going forward.

Macro-economic conditions in our markets

The Group's core CEE markets present a favourable macroeconomic environment for the Group to develop, supported by strong GDP growth relative to the EU28 average and a positive macroeconomic outlook. At the same time, the economic recovery in Ukraine, along with a robust wine market in China, offer significant opportunities for growth.

In CEE, Romania has enjoyed an accelerated economic growth in the recent years compared to the other EU member states in the CEE, with GDP growth of 4.6% in 2016 and projected 5.7% growth for 2017, according to the European Commission. Romania is expected by Eurostat to record the highest economic growth, 4.4% in 2018 and 4.1% in 2019, followed by Slovakia 3.8% in 2018 and 4.0% in 2019, Poland 3.8% in 2018 and 3.4% in 2019, Czech Republic 3.0% in 2018 and 2.9% in 2019. According to the International

Monetary Fund (IMF), the Republic of Moldova enjoyed a 4.1% GDP growth in 2016, with the growth rate for 2017 estimated at 3.5%, while on mid-term at 4%

The demand for Group's products is sustained by rising private consumption in the Group's core CEE markets, which is largely driven by increasing wages across the board and relatively low unemployment rates in the range of 5% to 9%, both factors are projected to last through 2019, based on the statistics published by Eurostat, World bank and the European Commission.

Competitive environment

The alcoholic beverage production and distribution industry in the geographic markets in which the Group operates is intensely competitive, particularly in respect of product range, pricing, product quality, distribution capabilities and responsiveness to changing consumer preferences and demand. As a wine producer and distributor in the CEE region (especially in the Group's core geographic and product markets in Romania, the Republic of Moldova and Poland), the Group faces competition from both local and international producers and distributors. The Group may also face increased competition from multinational alcoholic beverage companies seeking to enter the Group's core markets by introducing their own brands or by acquiring local brands. Furthermore, a decline in consumer demand in the Group's core markets could intensify competition in the regions in which the Group operates. Increased competition and unanticipated actions by competitors, including aggressive pricing policies and high levels of sales through discounters (which constitute part of the modern trade distribution channel), could lead to downward pressure on prices or a decline in the Group's market share.

Secular shift from beer to wine, favourable for Group's operations

Overall, the Group may benefit from the increasing popularity of wine in the CEE markets, at the expense of alternative drinks, like beer or spirits. According to Euromonitor, the total volume sales of wine increased at a higher pace compared to beer and spirits in all the key markets of the Group, except for Slovakia and Romania. In Romania, wine volume sales grew 7.4% on a CAGR level in 2014-2016, comparable with the spirits volume sales growth but at a higher pace than beer volume sales. In Ukraine, where the challenging economic and geopolitical situation triggered a decline of the alcoholic beverages consumption across all segments, the wine segment contracted at a -1% volume CAGR in 2014-2016 versus a -19.1% and a -13.9% decline for spirits and beer, respectively. In terms of per capita consumption of wine, Poland, China and Ukraine are in the lower range of consumption, according to Euromonitor, which presents an opportunity for organic growth of the Group's sales as the wine culture in these markets evolves. In Romania, the Czech Republic and Slovakia, where the number of litres of wine consumption per capita is in the double-digit range, the Group pursues a targeted strategy of product innovation and premiumization to generate above-market sales growth both in volume and value terms. Such a market penetration approach resulted in a faster growth of the Group's sales versus the market in the Group's core markets (namely Romania, Poland, the Czech Republic, Slovakia, Moldova, China and Ukraine). According to Euromonitor, the shift of consumer preferences towards wine is expected to continue during 2016-2020, as the projected growth of wine sales should exceed the growth of beer and spirits sales, also in the traditionally strong markets for beer or spirits like the Czech Republic, Romania or Poland.

The growth of modern retail, the main distribution channel for the Group, favourably impacts performance

The Group distributes its products primarily via modern retail. The Group is already listed in leading international key accounts in Romania, including Auchan, Carrefour, Kauffland, Mega Image, Metro, REWE etc. Additional market penetration can be unlocked in Poland, the Czech Republic and Slovakia, as well as Moldova and Ukraine.

According to Euromonitor, the modern retail penetration reached a 79% share of retail turnover in Poland, an 83% share in the Czech Republic and an 88% share in Slovakia in 2016, after growing by a single-digit during 2014-2016. Based on the same Euromonitor source, In Romania and Ukraine, the share of modern retail stood at a lower, 53% and 58% share respectively, while growing at a higher pace, 13.7% and a 10.3% CAGR in 2014-2016 respectively.

Evolution of Modern retail in target countries

	Romania	Poland	Slovakia	Czech	Ukraine
Share of modern retail in total, 2016	53%	79%	88%	83%	58%
CAGR modern retail, 2014-2016	13.7%	6.6%	3.4%	4.8%	10.3%
Share of modern retail in total, 2020	56%	85%	89%	84%	68%
CAGR modern retail, 2016-2020	6.3%	6.1%	5.3%	3.0%	12.7%
CAGR traditional retail, 2016-2020	2.5%	-3.0%	1.9%	1.3%	1.1%

Sources: Source: Euromonitor International, retail value at current prices

According to Euromonitor, the share of modern retail is projected to grow in all of the Group's core markets, at the expense of traditional retail segment, as the former have greater consumer appeal, given the wider assortment of products at various price segments. The Group should benefit from this conversion trend to modern retail formats by increasing its numeric distribution in the core markets and by gaining access to a larger consumer pool.

The Group's harvest has been relatively resilient to weather fluctuations

The harvesting season is concentrated in the months of September and October. In 2017, the Group harvested 983 ha of its own vineyards in Romania and the Republic of Moldova. As illustrated below, the Group has progressively increased the yield, which reached 10.5 tons per hectares in 2017 versus 7.7 tons per hectares in 2013. Even in 2015, a year of relatively adverse weather conditions, the yield reached 8.8 tons per hectares.

Group's yield evolution

Harvest	2013	2014	2015	2016	2017	CAGR , 2013-2017
Output, tons	7,577	9,306	8,765	10,656	10,337	8.1%
Area, ha*	981	981	991	991	983	0.1%
Yield, tons/ha	7.7	9.5	8.8	10.8	10.5	8.0%

Sources: Company information
** Area used for calculation of average yield per hectare represents the number of hectares that were harvested. The difference between the total vineyards land under control and harvested land represents an effectiveness adjustment (for example loss of harvest at selected patches due to frost, etc).*

The Group was able to diversify the sourcing of grapes, beyond own cultivation

Group's own vineyards secured 100% of the wine base for the Purcari winery in the nine months of 2017, compared with 50% for the Bostavan winery and 27% for Crama Ceptura.

Due to growing demand, the Group acquired additional quantities of grapes and bulk from third party suppliers, lowering the share of own grapes to 39% in the 11 months of 2017. In particular, in 2017 the Group purchased grapes from third party suppliers for its Purcari brand needs, for the first time, and sourced almost 20% share of grapes volume to be processed in 2017 to meet the demand. For Crama Ceptura, the Group sourced from third parties almost 83% of raw material needs, while for Bostavan it sourced almost 63% of raw material needs. For Bardar the ratio was 100% of total needs supplied by the third parties, as the Group used a market opportunity to acquire significant quantities of high-quality third party distillates at competitive prices.

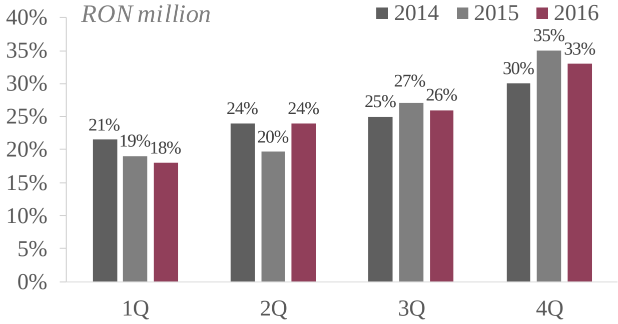
Seasonality has a meaningful effect on the Group's quarterly performance

The Group's business is affected by holiday and seasonal consumer purchasing habits during the year.

The Group's seasonal peak of sales is during the period before and during the Christmas holidays and the New Year celebrations, which explains the above-average portion of its revenue during the fourth quarter of each fiscal year.

At the same time, the share of sales generated during the first quarter of each fiscal year is generally below the average portion of the annual revenue. For example, the share of sales generated during the fourth quarter stood at 33% in 2016, compared to 18% in the first quarter. As the Group develops sales of its newly launched sparkling wine, the seasonality effect may become even more pronounced as demand for sparkling wines is generally higher during the period of Christmas holidays and the New Year celebrations.

Group's revenue split by quarters



Sources: Company information

Exchange rates

Group's financial performance is dependent on currency fluctuations

Currency fluctuations impact on the financial performance as reported by the Group. The Group's operating subsidiaries in Romania and the Republic of Moldova generate revenue and record their financial results in RON and MDL, respectively, while the reporting is done in RON. Generally, the Group benefits from the weakening of the MDL, which accounts for the largest portion of overall costs, while a strengthening of the MDL, on the contrary, negatively affects the profitability of the Group. Similarly, the Group earns a significant share of revenues from EUR and USD linked contracts, and the evolution of these currencies versus RON has a direct impact on the Group's financials. For further details on this impact please see "*Risk Factors— In the absence of hedging policies in place, the Group is exposed to the risk of currency exchange fluctuations between multiple currencies*."

Historic performance of currencies used for our operations

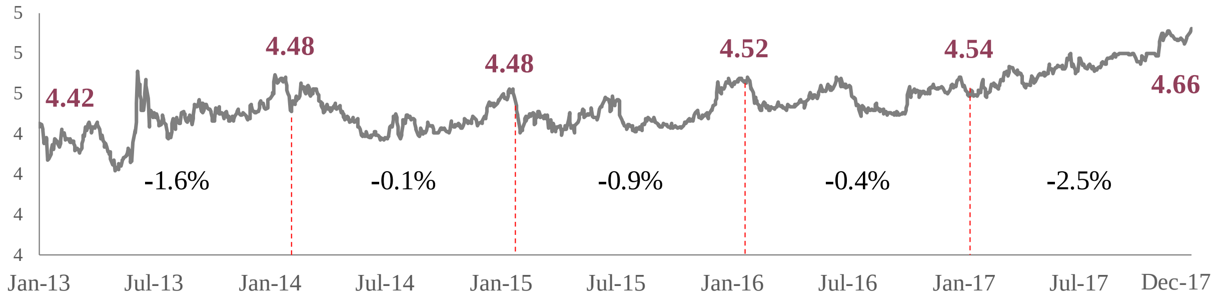
The fluctuations in currency exchange rates of the RON versus MDL, EUR and USD had and are likely to continue to have a significant impact on the Group's financial results.

According to information published by the NBR, during 2014-2017, RON depreciated by 4% and 16% versus EUR and USD, respectively, and appreciated by almost 9% versus MDL, which had a beneficial effect on the Group's price competitiveness in the export markets, and contributed to the EBITDA Margin improvement from 15.5% in 2014 to 34.7% in 2016. During 2017, RON appreciated versus USD by 11% but depreciated versus MDL by almost 5%, which contributed to EBITDA Margin decline to 33.1% in the nine months of 2017 versus 34.7% in the nine months of 2016, as some export contracts are denominated in USD while a large part of cost of sales are MDL based.

The following tables set out the fluctuations of RON versus EUR, USD and MDL in the period January 2013

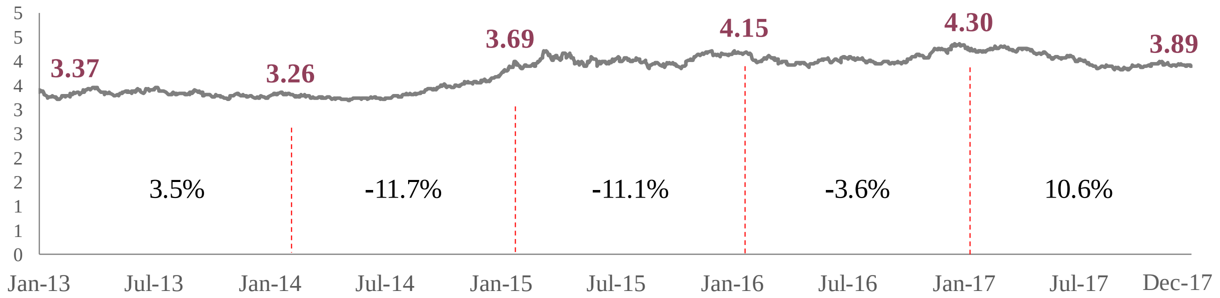
– December 2017. Please also see section "*Presentation of financial and other information*" including a table setting out the period end, high, average and low exchange rates, for the periods and dates indicated, of RON against EUR, the MDL and the USD, in each case as published by the National Bank of Romania.

RON/EUR



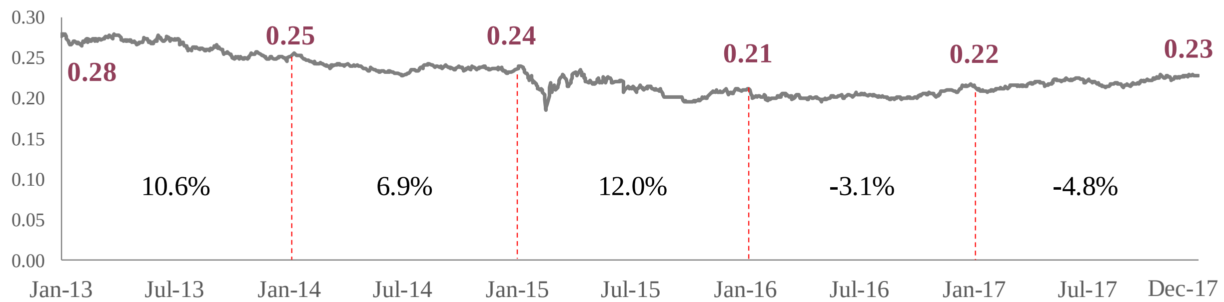
Sources: National Bank of Romania

RON/USD



Sources: National Bank of Romania

RON/MDL



Sources: National Bank of Romania

Liabilities denominated in MDL, EUR, RON and USD

As of September 30, 2017 the Group carries 16% of its financial debt in MDL, 26% in RON, 47% in EUR and 11% in USD, having built what the management considers to be a balanced mix of currencies. Thus, currency exchange rate variations did not have a material effect on the Group's capacity to service its debt, while the profitability improvement had a positive effect on the EBITDA/interest coverage ratio.

Excise duty and VAT in core markets impact Group's competitiveness and margins

The Group's target export countries are primarily EU-based and hence excise duties are regulated according to the EU legislation, which sets harmonised minimum rates, the Member States being able to apply a higher excise duty rates according to their national needs. The VAT and excise duty rates on wine and other alcoholic beverages have a direct impact on the Group's performance, particularly in terms of pricing. The VAT rates in the Group's core markets (as shown in the table below) are broadly comparable and stand in the range of 19% to 23%. In Romania, the VAT rate was reduced to 19% as of January 2017.

Tax regime in the Group's target countries

Country	VAT rate	Excise duty		
		Wine	**Sparkling wine**	**Cognac** *(calculated per unit of 100% alcohol)*
Romania	19%	RON 0	RON 47.38/hl	RON 3 307/hl
Poland	23%	PLN 158/hl	PLN 158/hl	PLN 5 704/hl
Czech	21%	CZK 0	CZK 2 340 /hl	CZK 28 500/hl
Slovakia	20%	EUR 0	EUR 54.16/hl to EUR 79.65/hl	EUR 1 080/hl
Ukraine	20%	UAH 0.01/ liter	UAH 11.65/ liter	UAH 126.96/liter
Moldova	20%	MDL 12.96/liter for import wine only	Lei 12.96/liter	Lei 90.12 /liter

Sources: tradingeconomics.com, pwc.com, www.finanse.mf.gov.pl, European Commission, Financial Administration Slovak Republic, Ukrainian Tax Code, Monitorul Fiscal FISC.MD

In terms of excise duty for still wine products, the Group operates in a generally favourable environment of zero excise duty rates in most of its core markets, such as Romania, the Czech Republic, Slovakia, Moldova, while Ukraine imposed an excise duty of less than 0.02%, calculated relative to the Group's average wholesale price for the country. Poland is the only country in the Group's target region that imposed excise duty on still wine, which stands at 25% for Bostavan brand and 7% for Purcari brand, calculated relative to the Group's average wholesale price for each brand. Volume based excise duties have generally a larger influence on the cheaper priced wines, as compared to the premium wines. In 2017, Moldova has introduced an excise duty on imported still wine as a protective measure to support local wine producers, a measure that is generally favourable to the Group's performance.

In 2017, the Group expanded into the sparkling wine segment, which is subject to excise duty in all the core markets, except for Moldova. The excise duty for sparkling wine varies substantially, from 5% in Romania to 44% in the Czech Republic, when calculated relative to an average price of Bostavan sparkling wine, and from 1% in Romania to 10% in the Czech Republic, when calculated relative to an average price of Purcari sparkling wine.

The excise duty and VAT in the core markets of the Group generally stand for a significantly smaller portion of the retail price of wine when compared to the beer and spirits segments, according to Euromonitor, therefore any material increase in excise duty and VAT may trigger a relatively lower retail price increase.

Regulation, including for advertising, affects the effectiveness of Group's marketing activities

Marketing and promotion of alcoholic beverages, including wine, is strictly regulated and the Group is subject to the limits imposed by each core market. In Poland the regulatory environment is very restrictive, with advertisement of wine products being prohibited altogether. Such limitations on marketing of wine and other alcoholic beverages constitute effective barriers to entry in selected countries, Poland being one of the examples. If such barriers were removed, more competing players could enter the market. Please also see "*Risk Factors - The Group's business and production facilities are subject to significant governmental* *regulation and failure to comply with such regulations or any changes in such regulations could result in increased costs and interruptions to supply”* and *“The Group is subject to the risk and associated cost of doing business internationally”.*

Summary of financial performance during period under review

Consolidated profit or loss and other comprehensive income

The following table presents the Consolidated Profit or Loss and Other Comprehensive Income of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 in RON (unaudited)	**2016 in RON**	**2015 in RON**	**2014 in RON**
Revenue	94,585,800	106,760,242	71,249,539	59,644,226
Cost of sales	(50,644,207)	(53,471,103)	(42,460,466)	(39,499,790)
Gross profit	**43,941,593**	**53,289,139**	**28,789,073**	**20,144,436**
Other operating income	170,504	1,223,583	680,766	810,431
Marketing and sales expenses	(5,026,686)	(9,562,730)	(7,401,627)	(5,152,486)
General and administrative expenses	(10,412,002)	(11,801,203)	(9,450,373)	(9,925,301)
Other operating expenses	(2,261,260)	(1,449,118)	(1,006,984)	(3,647,924)
Result from operating activities	**26,412,149**	**31,699,671**	**11,610,855**	**2,229,156**
Finance income	1,324,174	158,309	156,222	130,619
Finance costs	(2,305,534)	(4,884,140)	(11,566,028)	(10,332,842)
Net finance costs	**(981,360)**	**(4,725,831)**	**(11,409,806)**	**(10,202,223)**
Share of profit of equity-accounted investees, net of ta:	819,690	-	-	-
Profit / (loss) before tax	**26,250,479**	**26,973,840**	**201,049**	**(7,973,067)**
Income tax benefit/ (expense)	(4,171,552)	(3,861,453)	(34,840)	91,002
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Profit / (loss) attributable to:				
Owners of the Company	19,238,230	19,741,620	(578,250)	(8,234,304)
Non-controlling interests	2,840,697	3,370,767	744,459	352,239
Profit / (loss) for the period	**22,078,927**	**23,112,387**	**166,209**	**(7,882,065)**
Other comprehensive income/ (loss)				
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences	2,647,986	1,966,015	(2,286,939)	760,179
Other comprehensive income/ (loss) for the period	**2,647,986**	**1,966,015**	**(2,286,939)**	**760,179**
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Total comprehensive income / (loss) attributable to:				
Owners of the Company	21,263,311	21,377,845	(2,171,123)	(7,134,985)
Non-controlling interests	3,463,602	3,700,557	50,393	13,099
Total comprehensive income / (loss) for the period	**24,726,913**	**25,078,402**	**(2,120,730)**	**(7,121,886)**
Earnings / (loss) per share				
Basic and diluted earnings / (loss) per share	**4.05**	**4.15**	**(0.12)**	**(1.73)**

Revenue

The Group revenue increased by a 34% CAGR during 2014-2016 to reach RON 106.8 million in 2016. During the nine months of 2017, the revenue growth accelerated to 35% compared to prior period to reach RON 94.6 million.

Volume of sales was the main growth driver that explains revenue growth. Volume of sales increased by a 20% CAGR during 2014-2016 to reach 9.8 million litres in 2016 and by 22% compared to prior period to reach 8.1 million litres in the nine months of 2017.

Revenue from sale of finished goods by brand

	2014	2015	2016	9m2016	9m2017
Purcari	22%	29%	32%	33%	37%
Bostavan	52%	46%	39%	41%	34%
Crama Ceptura	15%	14%	14%	13%	15%
Bardar	11%	11%	14%	13%	14%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Volume split by brand

	2014	2015	2016	9m2016	9m2017
Purcari	8%	12%	14%	14%	16%
Bostavan	75%	66%	59%	60%	56%
Crama Ceptura	13%	16%	18%	17%	19%
Bardar	4%	6%	9%	8%	9%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Sources: Company information

In terms of revenue distribution by brand, the premium Purcari brand gained the most, with its share in revenue increasing from 22% in 2014 to 32% in 2016 and further to a 37% share in the nine months of 2017. The revenues contributed by the Purcari brand grew by a 60% CAGR during 2014-2016 and by 53% compared to prior period in the nine months of 2017.

The revenues contributed by the Bostavan brand grew by a 16% CAGR during 2014-2016 and by 13% compared to prior period in the nine months of 2017, as the Group prioritized the development of the premium segment. The share of Bostavan brand in total revenues declined from 52% in 2014 to 39% in 2016 and 34% in the nine months of 2017 as the Purcari brand revenues grew at a higher pace.

Crama Ceptura broadly maintained its share in revenue at 15% in 2014, 14% in 2016 and 15% in the nine months of 2017. However, the revenues contributed by the Crama Ceptura brand grew by a 32% CAGR during 2014-2016 and accelerated to 55% compared to prior period in the nine months of 2017 as the Group increased its efforts to promote the brand and fuelled by the strong demand in the Romanian market.

The Bardar brand grew its share of revenues from 11% in 2014 to 14% in the nine months of 2017. Although from a relatively low base, the revenues generated from the Bardar brand sales grew 51% CAGR during 2014-2016 and 47% compared to prior period in the nine months of 2017, as the Group focused on promoting the premium bottled brandy segment, at the expense of bulk sales.

Premiumization of portfolio

The Group has supported the premiumization trend with its Purcari still wine and, starting from 2017, with the extension of Purcari to the sparkling segment and re-positioning of its Crama Ceptura and Bardar brand to an emphasis on the popular premium price segments.

The contribution of the Purcari brand in revenue terms is notably higher at 32% of revenues in 2016 and 37% in the nine months of 2017, while in volume terms it represents 14% and 16% of volumes, respectively. The growing share of sales generated by the Purcari premium brand positively affected the Group's profitability.

A litre of premium Purcari brand is sold, on average, at circa four times the ex-works price of a litre of mainstream Bostavan brand, with a corresponding impact on margins. Premium Purcari sales have increased 2.5 times over the last two years, while the share of Purcari in total Group revenues has increased from 22% in 2014 to 32% in 2016 and 37% for the nine months of 2017.

The premiumization trend is active beyond Purcari alone, with Bostavan, Crama Ceptura and Bardar brands each broadening their premium offerings, including Dor series, by Bostavan, Alb and Negru de Ceptura, as well as 15 and 20 years old Bardar Silver and Gold offerings. As a result, the Group's revenue per litre of wine sold has increased from 8.9 RON in 2014 to 11.3 RON in the nine months of 2017.

Cost structure

The Group has improved its cost structure during 2014-2016, having reduced the cost of sales relative to revenue from 66% in 2014 to 50% in 2016 and the general and administrative expenses relative to revenue from 17% in 2014 to 11% in 2016. Partially, this was helped by a favourable weakening of the MDL versus other currencies. At the same time, the Group's marketing spending stood at 9% share relative to revenue during 2014-2016. Thus, the Group's Gross Margin improved from 34% in 2014 to 50% in 2016 and EBITDA Margin improved from 16% to 35% respectively.

During the nine months of 2017, the Group's cost structure remained comparable to that of 2016, though cost inflation for wine material and MDL appreciation versus RON explains the Gross Margin decline from 50% in 2016 to 47% in 2017 and corresponding EBITDA Margin contraction from 35% to 33%.

Cost of sales

The Group's cost of sales increased by a 16% CAGR during 2014-2016 lagging the 34% CAGR revenue growth in the same period. This evolution is explained by MDL depreciation versus RON, as well as an increasing share of premium wine in the sales mix.

For the nine months of 2017, the cost of sales increased 42% versus a corresponding increase of revenues of 35%, explained largely by cost of inflation for grapes and bulk wine base supplied by the third parties and the negative effect of MDL appreciation versus RON during the review period. The price of acquired grapes in 2016 agricultural season (which serve as inputs for the 2017 cost of sales) has increased by some 20% compared to previous year, both in Romania and Moldova. Additionally, in order to sustain high pace on sales increase, the Group sourced material quantities of bulk wine from the third-party producers, which usually is more expensive than the own production of wine base. During 2017 agricultural season, the Group built a significant inventory of own wine, also taking into account the record low global harvest and expected price increases, which may positively affect the Group; consequently, the share of bulk wine sourced from the third party suppliers in total may be lower in 2018. Secondly, a higher share of the Bardar brandy in total sales also contributed to cost of sales growth - brandy cost of sales increased 63% during the nine months of 2017, partially explained with increasing share of bottled brandy sales (as opposed to bulk sales) in the total mix.

Marketing and sales expenses

The Group has increasingly spent on the marketing of its products, particularly on the Purcari and Bostavan brands. The marketing costs grew by a 36% CAGR during 2014-2016, as the Group invested heavily in the re-launch of its brands, but they declined by 3% in the first nine months of 2017 versus the same period of 2016, as the Group used to a larger extent the large content library created in prior years for advertising purposes. Marketing costs stood at a 9.0% share of revenue in 2016 and 5.3% share of revenue in the nine months of 2017.

General and administrative expenses

The Group contained its general and administrative costs as the business scale increased. The share of general and administrative costs relative to revenue has declined from 17% in 2014 to 11% in 2016 and in the nine months of 2017.

Employee benefits expenses

Cost of labour is one of the largest expenses in the sales, general and administrative costs (SG&A), which stood at a 33% share of total SG&A costs in 2016 and a 46% share in the nine months of 2017.

The expenses related to the sales employees' benefits grew 29% CAGR during 2014-2016 and 43% compared to prior period for the nine months of 2017, largely correlating with the revenue growth. These expenses refer mainly to the bonuses paid to the sales personnel.

The expenses related to administrative employees' benefits grew 11% CAGR during 2014-2016 and 41% in the nine months of 2017 as the Group sought to retain and enhance its management talent pool during the periods under review.

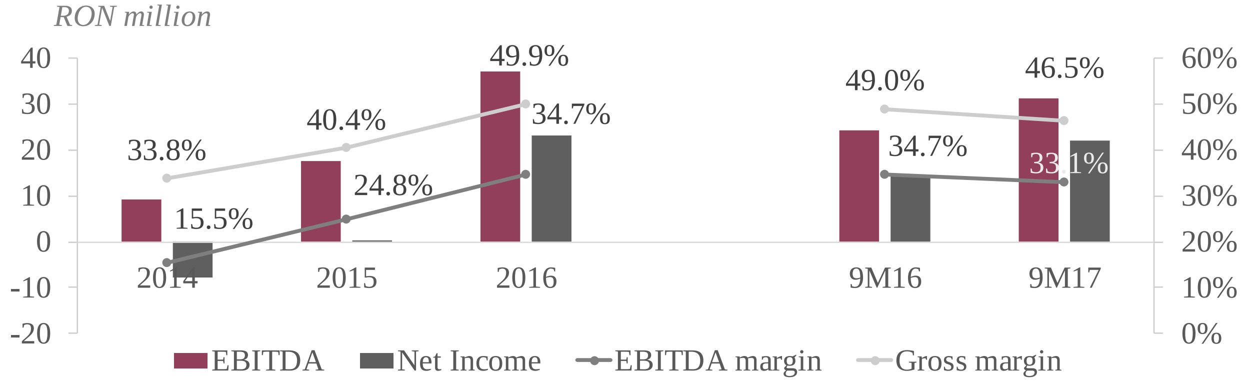
Factors that influence fluctuations in our labour costs include minimum wage and payroll tax legislation, performance of our business, expansion of geographical coverage and performance-based incentives system, particularly for the sales personnel.

EBITDA

The Group grew its EBITDA in each period under review, increasing from RON 9.2 million in 2014 to RON 37.1 million in 2016, which corresponds to a 100.6% CAGR in the reporting period, albeit from a low base. For the nine months of 2017, the EBITDA continued to grow by 29.2% compared to prior period, reaching RON 31.3 million.

EBITDA Margin improved from 15.5% to 34.7% during 2014-2016 and 33.1% in the nine months of 2017 respectively. Such a strengthening of profitability is the result of growing Gross Profit Margin, paired with control over the SG&A expenses as the business evolved.

Group's profitability evolution



Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Net financial expenses

During the review period, the Group incurred comparable interest expense of RON 4.8 million in 2014, RON 4.7 million in 2015 and RON 4.6 million in 2016, while the interest rates and debt balance remained practically unchanged.

During 2016, the Group has refinanced a part of its MDL debt portfolio with a less expensive RON debt, thus reducing the interest rate from 12% to 16% per annum on MDL debt to an average ROBOR 1M+1.95% to ROBOR ON +1.85% on RON debt. As a result, interest expense declined by 36.8% compared to prior period from RON 3.7 million to RON 2.3 million during the nine months of 2017.

At the same time, net financial expenses declined by a 31.9% CAGR during 2014-2016 and 74.9% compared to prior period in the nine months of 2017. This is explained with the negative financial currency effect during 2014-2015 and a positive financial currency effect during the nine months of 2017, when the Group booked a RON 1.2 million foreign exchange gain.

Financial and other costs analysis

	2014		2015		2016		9M2016		9M2017	
	RON million	*% from revenue*	*RON million*	*% from revenue*	*RON million*	*% from revenue*	*RON million*	*% from revenue*	*RON million*	*% from revenue*
EBITDA	**9.2**	**16%**	**17.7**	**25%**	**37.1**	**35%**	**24.3**	**35%**	**31.3**	**33%**
Depreciation and amortization	-7.0	12%	-6.0	8%	-5.4	5%	-4.0	6%	-4.1	4%
Financial income	0.1	0%	0.2	0%	0.2	0%	0.1	0%	1.3	1%
Financial expenses	-10.3	17%	-11.6	16%	-4.9	5%	-4.0	6%	-2.3	2%
Income tax	0.1	0%	0.0	0%	-3.9	4%	-2.0	3%	-4.2	4%
Net income	**-7.9**	**n/a**	**0.2**	**0%**	**23.1**	**22%**	**14.3**	**20%**	**22.1**	**23%**

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Profit tax

The Group improved profitability during 2014-2016, thus incurred RON 3.9 million in income tax during 2016. During the nine months of 2017, income tax doubled compared to prior period to RON 4.2 million, exceeding the full year of 2016 amount, reflecting the Group's profitability growth.

Effective tax rate has also increased over the review period, from 1.1% in 2014 to 14.3% in 2016 and 15.9% in the nine months of 2017. The effective corporate income tax rate is relatively higher than what could be inferred from the nominal corporate income tax rate of 12% applicable in the Republic of Moldova, 16% in Romania and 12.5% in Cyprus, due to the adjustments of taxable income with non-deductible expenses, in compliance with the applicable tax laws of Romania, Republic of Moldova and Cyprus.

Profit for the period

Net result improved from RON 7.9 million net loss reported in 2014 to RON 23.1 million net profit reported in 2016, corresponding to a 21.6% net margin. During the nine months of 2017, the Group's net profit increased by 54.5% compared to prior period to RON 22.1 million and the net profit margin grew further to 23.3% versus 20.5% in the same period of the prior year.

Consolidated cash flows

The following table presents the Consolidated Cash Flows of the Group for the years ended 31 December 2014, 2015 and 2016, and for the nine month period ended 30 September 2017.

	Nine month period ended 30 September 2017 in RON (unaudited)	2016 in RON	2015 in RON	2014 in RON
Cash flow from operating activities				
Profit/ (loss) for the period	22,078,927	23,112,387	166,209	(7,882,065)
Adjustments for:				
Depreciation and amortization	4,104,544	5,383,473	6,043,676	6,988,330

Loss/ (gain) on disposal of property, plant and equipment and intangible assets	(18,905)	(166,671)	(249,695)	(164,546)
Impairment of property, plant and equipment, net	(168,966)	(116,126)	(60,847)	(58,584)
Write-down of inventories, net	234,540	164,951	354,388	(181,996)
Impairment of loans receivable, net	(26,281)	(73,739)	(924,960)	(432,884)
Impairment of trade receivables, net	578,554	440,013	777,162	1,867,444
Impairment of other receivables, net	-	(82,637)	(162,051)	(47,796)
Release of deferred income	(40,256)	(405,810)	(364,699)	(360,739)
Gains on write-off of trade and other payables	-	(263,056)	(174,020)	(191,182)
Share of profit of equity-accounted investees	(819,690)	-	-	-
Adjustment to fair value of biological assets	(367,746)	(942,530)	283,091	1,063,268
Change in provisions, net	2,078,121	1,922,786	448,254	721,522
Income tax expense/ (benefit)	4,171,552	3,861,453	34,840	(91,002)
Net finance costs	981,360	4,725,831	11,409,806	10,202,223
	32,785,754	**37,560,325**	**17,581,154**	**11,431,993**
Changes in:				
Inventories	(14,525,735)	(2,477,269)	(6,554,363)	(3,360,966)
Biological assets	(6,984,652)	-	-	-
Trade and other receivables	(6,945,974)	(5,454,777)	(4,269,972)	(826,522)
Prepayments	330,391	(2,755,864)	34,040	507,869
Other assets	3,729	1,745	(60,510)	36,302
Employee benefits	(48,251)	226,511	104,713	202,024
Trade and other payables	8,966,967	(2,599,650)	(762,505)	(1,808,511)
Deferred income	553,287	122,242	42,577	-
Cash generated from operating activities	**14,135,516**	**24,623,263**	**6,115,134**	**6,182,189**
Income tax paid	(3,464,936)	(2,995,345)	-	-
Interest paid	(1,881,013)	(4,054,678)	(4,774,734)	(4,836,265)
Net cash generated from operating activities	**8,789,567**	**17,573,240**	**1,340,400**	**1,345,924**
Cash flows from investing activities				
Payments for acquisition of intangible assets	(40,391)	(137,660)	(118,945)	(42,481)
Payments for acquisition of property, plant and equipment	(8,410,793)	(3,981,187)	(4,641,437)	(2,017,166)
Loans granted	-	(450,259)	(240,562)	-
Collections from loans granted	-	450,259	-	413,532
Payments for acquisition of interests in equity-accounted investees	(6,514,685)	-	-	-
Proceeds from sale of property, plant and equipment	112,285	792,132	585,381	510,321
Net cash used in investing activities	**(14,853,584)**	**(3,326,715)**	**(4,415,563)**	**(1,135,794)**
Cash flows from financing activities				
Payments for acquisition of non-controlling interests	(102,453)	-	-	-
Receipt of borrowings	23,207,953	19,607,450	22,421,297	17,813,236
Repayment of borrowings and finance lease	(23,847,863)	(22,438,697)	(18,310,131)	(18,007,811)
Proceeds from issue of shares in subsidiaries	-	12,844	-	-
Dividends paid to non-controlling interests	(4,053)	-	-	-
Net cash generated from/ (used in) financing activities	**(746,416)**	**(2,818,403)**	**4,111,166**	**(194,575)**
Net increase/(decrease) in cash and cash equivalents	**(6,810,433)**	**11,428,122**	**1,036,003**	**15,555**
Cash and cash equivalents at 1 January	13,267,974	1,466,304	574,203	840,524
Effect of movements in exchange rates on cash held	(103,030)	373,548	(143,902)	(281,876)
Cash and cash equivalents at period end	**6,354,511**	**13,267,974**	**1,466,304**	**574,203**

Overview

During the review period, the Group's primary source of funds was its cash flows from operations, as it took a conservative approach to leveraging the business. The bank debt on the balance sheet has been raised in the earlier years of the Group's operations to finance capital expenditure on agricultural and production assets and to support working capital needs.

The bank debt remained at RON 58.6 million at 31 December 2016, unchanged versus 31 December 2014 debt balances. At the same time, the currency structure of the bank debt has changed in favour of a higher share of RON debt of 27% at 31 December 2016 versus 17% of the total bank debt balance at 31 December

2014, at the expense of reducing the share of EUR debt from 47% at 31 December 2014 to 36% at 31 December 2016, followed by reduction of MDL debt share from 26% to 23%, respectively during the same period. Such refinancing of the debt portfolio was justified by lower cost of the RON debt of 4.0% average (determined based on weighted average balance of debt and nominal interest rates as of 30 September 2017) versus an average 3.4% rate per annum on outstanding EUR debt except finance lease liabilities, 5.0% on outstanding USD and 9.8% rate on outstanding MDL, calculated as of 30 September 2017.

The Group's primary uses of cash were to fund working capital needs to support the sales growth and to finance capital expenditure including investments in upgrade of the Group's production facilities. During the 2014-2016 period, the Group has revised its approach to working capital management, focusing on increasing the trade receivables turnover, with days sales outstanding declining from 117 Days of Sales in 2014 to 91 days in 2016 and financed the decline in Trade Payables Days from 223 in 2014 to 132 in 2016, while increasing the size of the inventory of the semi-finished and finished products.

Going forward, the Group's principal future cash needs would be mainly in the financing of its working capital (for example, purchases of raw materials, packaging, etc.), maintenance of its production facilities, capital expenditures to add new production capacity to meet the sales growth opportunities in the wine and brandy segments, as well as development and marketing of new products and other investments. The Group plans to prudently maintain its debt leverage below 1.5 times EBITDA, in any given period in the future, while additional available cash will be considered for dividends distribution or, potentially, value-enhancing acquisitions.

The Group will target to meet its cash needs through cash from operations and, potentially, new borrowings from the banks, if it will become necessary to finance larger working capital needs or value-enhancing acquisitions.

The Group's net debt stood at RON 45.4 million as of 31 December 2016 and RON 51.7 million as of 30 September 2017, while cash and equivalents balance totaled RON 13.3 million and RON 6.4 million, respectively.

The Group used available cash to ramp up inventories by 27% to RON 64.3 million in the nine months of 2017 to minimize bulk purchases in 2018. Such decision is also based on the record poor harvest across traditional wine producers in 2017, with volumes down in Italy 23%, France 19%, Spain 15%, Germany 10% and Chile 6%, according to International Organization of Vine and Wine - "2017 World Vitiviniculture situation, OIV Statistical Report on World Vitiviniculture" by International Organization of Vine and Wine , 2017 ("**OIV**")" (though Romania and Moldova were an exception to the trend, both showing a strong harvest, up 64% and 20% respectively). Hence, the Group management, expecting a price increase for wine in international markets, including bulk wine, has made significant purchases of grapes from third party suppliers, to maximise own wine base and minimize potential reliance on more expensive third party bulk in 2018. The Net Working Capital increased from RON 54.1 million at 31 December 2016 to RON 68.0 million at 30 September 2017, while the Net Working Capital at 30 September 2017 share relative to revenue for the nine months 2017 stood at 72% , versus 51% share of Net Working Capital at 31 December 2016 to revenue for the year 2016.

Net cash generated from operating activities

The Group grew its cash from operations by a 261% CAGR during 2014-2016 to RON 17.6 million in 2016. In the nine months of 2017, cash from operations declined 35% compared to prior period to RON 8.8 million, as the Group invested in larger inventory in 2017 to meet expected demand as well as the Group incurred circa two times higher income tax, as its profitability improved.

Operating cash flow analysis

	2014	2015	2016	9m2016	9m2017
Cash beginning[1]	0.8	0.6	1.5	1.5	13.3
Effect of exchange rate fluctuations on cash held	-0.3	-0.1	0.4	0.1	-0.1
Cash from operating activity	1.3	1.3	17.6	13.5	8.8
Cash from investing activity	-1.1	-4.4	-3.3	-2.7	-14.9
Cash from financing activity	-0.2	4.1	-2.8	-0.6	-0.7
Cash ending	0.6	1.5	13.3	11.7	6.4

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Net cash (used in) / generated by investing activities

The Group invested in the technological upgrade of its production facilities, having spent RON 2.0 million on capital expenditures in 2014, RON 4.6 million in 2015 and RON 4.0 million in 2016.

During the nine months of 2017, the Group increased its capital expenditures to RON 8.4 million, gearing up for sales growth going forward. Use of funds included acquisition of storage tanks installed at the Bardar facility and the Bostavan's Onesti and Etulia facilities, acquisition of 500 new oak barrels for Purcari, acquisition of additional grape processing equipment and barrels installed at the Crama Ceptura facility etc.

Additionally, the Group invested RON 6.4 million to acquire a 31% share interest in Glass Container Company, a leading producer of glass bottles in Moldova and one of the Group's key suppliers of wine bottles, from the Moldovan state, part of a broad privatization program.

Net cash used in financing activities

The Group's net cash from financing was a positive RON 4.1 million in 2015 as the bank financing was raised to finance capital expenditure and working capital needs. Starting 2015, the Group's cash flow from financing activities turned negative as the debt repayment exceeded the debt inflows during each period under review.

The Group qualified and received government grants for capex financing. Once the government grant is approved, the Group records this amount in the statement of financial position as a liability and recognises it as income over the useful life of capex made. The Group recognised an amount of RON 0.04 million in 2015, RON 0.12 million in 2016 and RON 0.55 million for the nine months of 2017.

Consolidated financial position

The following table presents the Consolidated Financial Position of the Group as of 31 December 2014, 2015 and 2016, and at 30 September 2017.

	30 September 2017 in RON (unaudited)	31 December 2016 in RON	31 December 2015 in RON	31 December 2014 in RON
Assets				
Property, plant and equipment	70,995,200	64,931,515	65,640,644	74,594,686
Intangible assets	1,046,075	1,058,552	968,119	977,573

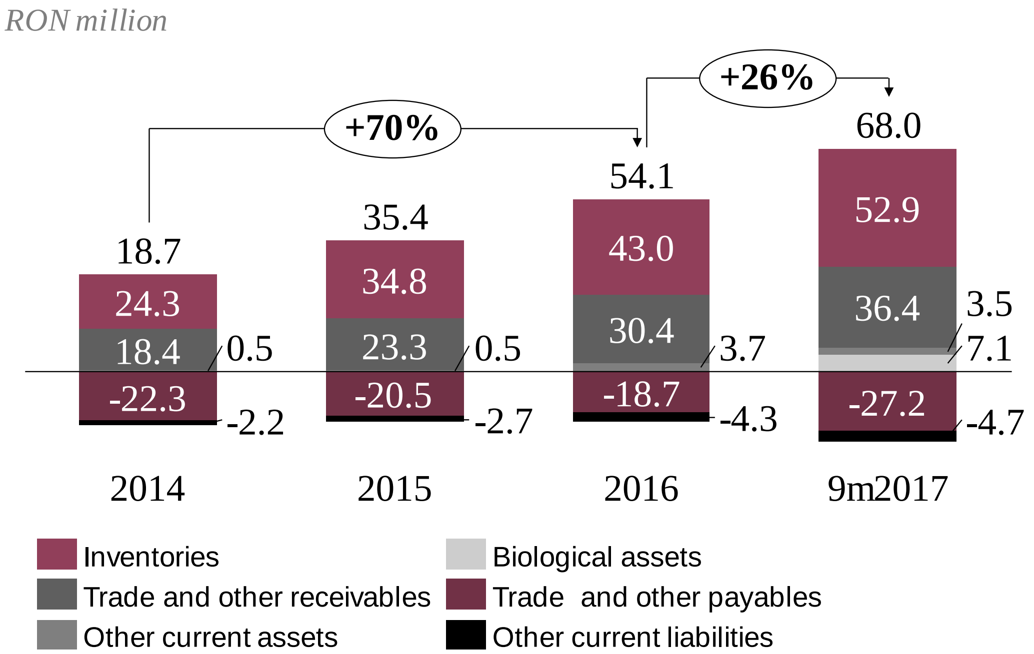
Loans receivable	2,531,906	2,840,953	2,508,102	2,192,651
Equity-accounted investees	7,467,727	-	-	-
Inventories	11,444,470	7,756,212	11,704,718	20,208,545
Other non-current assets	19,579	9,441	24,006	-
Total non-current assets	**93,504,957**	**76,596,673**	**80,845,589**	**97,973,455**
Inventories	52,893,573	42,977,342	34,841,984	24,317,930
Biological assets	7,073,125	-	-	-
Trade and other receivables	36,446,738	30,416,981	23,262,727	18,356,780
Cash and cash equivalents	6,354,511	13,267,974	1,466,304	574,203
Current tax assets	66,470	380,377	1,907	26,917
Prepayments	3,392,139	3,239,507	390,845	472,708
Other current assets	63,693	77,373	63,397	29,879
Total current assets	**106,290,249**	**90,359,554**	**60,027,164**	**43,778,417**
Total assets	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**
Equity				
Share capital	34,838	34,838	34,838	34,838
Share premium	123,685,006	123,685,006	123,685,006	123,685,006
Contributions by owners	8,916,387	8,916,387	8,916,387	6,660,057
Translation reserve	2,709,995	909,278	(726,947)	865,926
Accumulated losses	(46,741,753)	(67,154,895)	(86,896,515)	(86,318,265)
Equity attributable to owners of the Company	**88,604,473**	**66,390,614**	**45,012,769**	**44,927,562**
Non-controlling interests	**10,587,512**	**10,395,478**	**6,682,077**	**6,631,684**
Total equity	**99,191,985**	**76,786,092**	**51,694,846**	**51,559,246**
Liabilities				
Borrowings and finance lease	12,582,747	11,098,108	3,748,264	464,124
Deferred income	586,413	47,861	41,054	404,910
Deferred tax liability	4,948,366	5,066,408	5,328,688	5,921,751
Total non-current liabilities	**18,117,526**	**16,212,377**	**9,118,006**	**6,790,785**
Borrowings and finance lease	45,448,961	47,534,071	55,559,230	58,124,023
Deferred income	61,962	76,156	365,603	330,437
Current tax liabilities	2,825,087	3,033,139	1,353,675	895,313
Employee benefits	1,834,554	1,200,080	943,290	935,657
Trade and other payables	27,216,507	18,667,278	20,480,416	22,322,160
Provisions	5,098,624	3,447,034	1,357,687	794,251
Total current liabilities	**82,485,695**	**73,957,758**	**80,059,901**	**83,401,841**
Total liabilities	**100,603,221**	**90,170,135**	**89,177,907**	**90,192,626**
Total equity and liabilities	**199,795,206**	**166,956,227**	**140,872,753**	**141,751,872**

Working Capital and non-current portion of inventories

The Group's Net Working Capital is seasonal and fluctuates materially due to the seasonal build-up of inventories after grapes harvesting.

Inventory (including non-current portion which is not included in working capital) increased by a 7% CAGR during 2014-2016 period, reaching RON 50.7 million at 31 December 2016 and during the nine months of 2017the Group increased this inventory by 31% to RON 64.3 million as at 30 September 2017 as the Group geared up for sales growth and took advantage of expected price rises on the global wine market, as detailed in the *Overview* section.

Current assets and current liabilities evolution



Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

The long production cycle of wine and brandy products is the reason why the Group carries the majority of its total inventory in the semi-finished products (wine and brandy in stainless steel tanks, oak barrels or bottles set for maturation). The semi-finished product inventory grew by a 4% CAGR during 31 December 2014 to 31 December 2016 and 4% at 30 September 2017. The share of semi-finished products in total inventory decreased from 60% at 31 December 2014 to 57% at 31 December 2016 and further to 47% at 30 September 2017, as the Group ramped up inventories of raw materials by 61% to RON 16.6 million at 30 September 2017 to minimise price risks associated with purchasing distillates and bulk wine product in 2018 and take advantage of attractive sourcing prices in Romania and Moldova in 2017. The share of raw materials increased to 26% of total inventory at 30 Sepember 2017 versus 20% at 31 December 2016.

Group’s total inventory split

RON million	2014	2015	2016	CAGR, 2014-2016	9M2017	YoY
Raw materials	7.6	10.6	10.3	16%	16.6	61%
Other materials	6.6	6.6	8.0	10%	13.2	66%
Semi-finished production	26.9	25.3	29.0	4%	30.1	4%
Finished goods (bottled)	3.4	4.0	3.4	1%	4.4	27%
Total inventories	**44.5**	**46.5**	**50.7**	**7%**	**64.3**	**27%**

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Borrowings

As of 30 September 2017, the Group’s total borrowings and finance lease was RON 58.0 million, including RON 12.6 million non-current portion. The Group has financing mainly from three banks, while the terms of financing from all banks are customary for such type of current and non-current financing and contain no restrictions on the Group to conduct business as a going concern.

The following tables set forth, for the quarter ended September 30, 2017, our consolidated interest-bearing liabilities.

Group's outstanding bank borrowings maturing in 2017, 2018

RON thousands	Country	Contractual currency	Outstanding amount as of 3Q 2017	Interest rate	Repayment date
MAIB1)	Moldova	EUR	368	4.50%	2017
MAIB1)	Moldova	EUR	753	4.50%	2017
MAIB1)	Moldova	USD	54	5.00%	2017
MAIB1)	Moldova	MDL	665	9.75%	2017
UNCR2)	Romania	RON	8,630	ROBOR1m+2.65%	2018
MAIB1)	Moldova	MDL	559	9.75%	2018
MAIB1)	Moldova	MDL	2,769	9.75%	2018
MAIB1)	Moldova	EUR	3,169	4.50%	2018
MAIB1)	Moldova	EUR	2,573	4.50%	2018
MAIB1)	Moldova	USD	328	5.00%	2018
SocGen3)	Moldova	USD	1,611	6.00%	2018
UNCR2)	Romania	EUR	8,976	EURIBOR1m+1.6%	2018

Notes: 1)Moldova Agroindbank, 2)Unicredit Bank, 3)Mobiasbanca-Group Societe Generale
Sources: Company information

Group's outstanding bank borrowings maturing after 2018

RON thousands	Country	Contractual currency	Outstanding amount as of 3Q 2017	Interest rate	Repayment date
MAIB[1)]	Moldova	EUR	5,261	4.50%	2019
MAIB[1)]	Moldova	MDL	5,164	9.75%	2019
SocGen[2)]	Moldova	USD	774	5.00%	2019
MAIB[1)]	Moldova	EUR	457	4.35%	2020
SocGen[2)]	Moldova	USD	3,748	4.50%	2020
MinFin[4)]	Moldova	EUR	2,755	3.55%	2020
UNCR[3)]	Romania	RON	424	ROBOR1m+2.95%	2020
UNCR[3)]	Romania	RON	5,769	ROBOR1m+1.95%	2021
MinFin[4)]	Moldova	EUR	2,755	3.73%	2021

Notes: 1)Moldova Agroindbank, 2)Mobiasbanca-Group Societe Generale, 3)Unicredit Bank, 4)Ministry of Finance of Moldova
Sources: Company information

As of 31 December 2016, the Group held loans from BC Moldova Agroindbank ("**MAIB**"), Mobiasbanca (Group Societe Generale S.A.), Unicredit Bank S.A., and a loan from the Ministry of Finance of Moldova (project financed by EIB).

The Group has the largest exposure to MAIB, which held RON 22 million of loans, equivalent of 38% of the total loan portfolio of the Group.

Loans from ***MAIB*** nominated in MDL reached RON 9.1 million (outstanding balance as of 30 September 2017) with interest rates of 9.75%. Loans denominated in EUR reached RON 12.6 million with interest rates of 4.35%-4.5%. Majority of these loans mature in 2018-2019, while those loans maturing in December 2017 were rolled over.

Unicredit loans were issued in RON and EUR with the interest rates in a range from ROBOR + 1.85% to ROBOR +2.95% for loans in RON and EURIBOR1m+1.6% for loans in EUR. The outstanding balance was RON 14.8 million, and the loans mature in 2018-2021.

Mobiasbanca loans were issued exclusively in USD with the interest rate of 4.5% - 6% per annum. The outstanding balance was RON 6.1 million as of 30 September 2017. The loans mature in the second half of 2018.

The Group also held two loans for a total RON 5.5 million provided by the Ministry of Finance (financed by EIB). The loans were issued in EUR with the interest rates of 3.5%-3.73% per annum. The loans mature in 2020-2021.

The Group's EBITDA growth resulted in the substantial improvement of the Debt/EBITDA ratio, from 6.4 times in 2014 to 1.6 times in 2016.

Debt profile of the Group

RON million	2014	2015	2016
Debt	58.6	59.3	58.6
EBITDA	9.2	17.7	37.1
Debt/EBITDA	6.4x	3.4x	1.6x

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Liquidity ratios

The Group's approach to managing its liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations on time, including under stressed business conditions, without incurring losses or risks to its business reputation. The Group has put in place a structured approach to cash management and forecasting of business operations and reviews its cash positions and performance versus forecast on a regular basis. In addition, the Group monitors exposure to interest rates and foreign currency rates changes to optimise its cost of financing and currency risks.

Liquidity ratios

	2014	2015	2016	9m2017
Current Ratio	0.52	0.75	1.22	1.29
Quick Ratio	0.23	0.31	0.64	0.56
Cash Ratio	0.01	0.02	0.18	0.08

Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

INDUSTRY

Introduction

The global market of beverages with alcohol content is generally divided into wine, beer and spirits segments. The Group is primarily active in the wine segment with limited exposure to the spirits segment via its brandy product.

The wine segment can be broadly classified in grape and fruit wine segments (which includes rice wine), with the former conventionally split between still, sparkling and fortified wines (port, sherry, vermouth). The still grape wine category includes red, white and rose wines. The Group has been traditionally active in the still wine segment, having recently expanded into the sparkling segment.

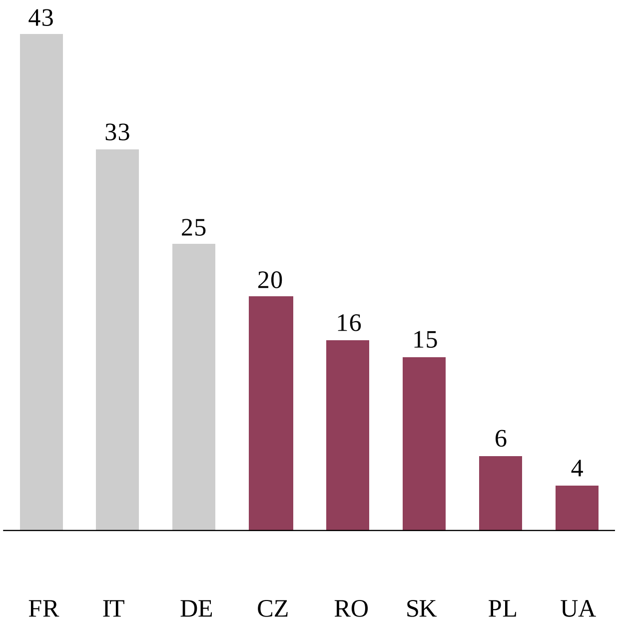
On a global basis, the pattern of consumption and the "share of throat" of these beverages categories vary materially from market to market, and are often influenced by the national traditions and culture.

The Group operates primarily in the wine market in the Central and Eastern European region and in China, though early inroads into other markets, including Western Europe, Scandinavia, North America and Africa are being made. The two markets the Group treats as domestic, Romania and Moldova, contributed to a 50.2% share of the Group's revenue from sales of finished goods in 2016 and 61.1% in the nine months of 2017. The Group carries a portfolio of three umbrella wine brands and one brandy brand. Within the wine brand portfolio, the Group offers full assortment of still white wine, rose and red wine, both mono-flavour and wine blends, which are tailored to the customers' tastes and various levels of purchasing power.

In terms of consumption per capita, the Group's core markets vary significantly, from a consumption of 20 litres per capita in the Czech Republic and 16 litres in Romania to a lower consumption of six litres per capita in Poland and four litres in Ukraine, according to Euromonitor. These are still relatively low levels when compared with an average consumption of 43 litres in France and 33 litres in Italy, according to the same source.

Wine consumption in CEE vs Western Europe

Litres per capita



Sources: Euromonitor (CZ, RO, SK, PL, UA), Statista, Kirin Holdings

Volume growth forecast by segment and country

2016-2020F, %

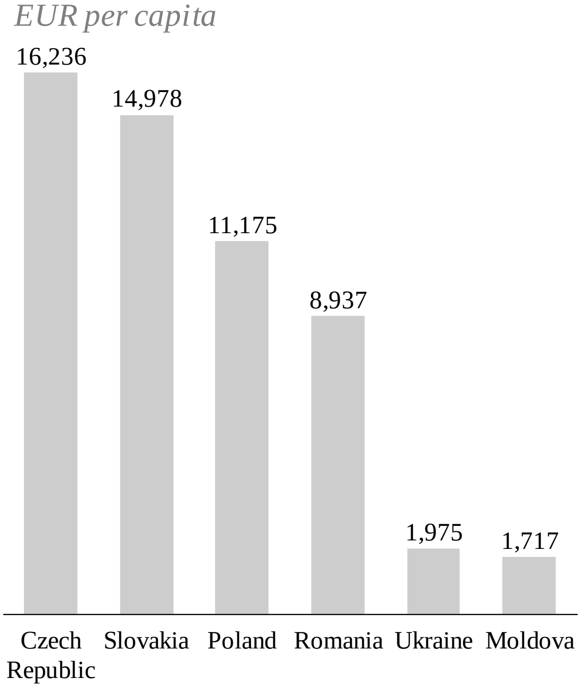
Sources: Euromonitor

During 2014-2016, the wine consumption in the Group's core markets grew at the expense of beer and spirits segments. However, the volume size of the wine segment remains substantially smaller than that of spirits and beer, from a 5.7 times and 7.4 times gap in Romania and the Czech Republic to as high as 17.8 times gap in Poland, according to the Euromonitor. The outlook for further growth of wine consumption is generally positive for the core markets of the Group, with growth expected both in volume and value terms during 2016-2020, according to Euromonitor. Romania is projected by the same source to remain the fastest growing market in the Group's target region with a volume growth forecast of 9.0% CAGR during 2016-2020.

Macroeconomic context for Group's operations

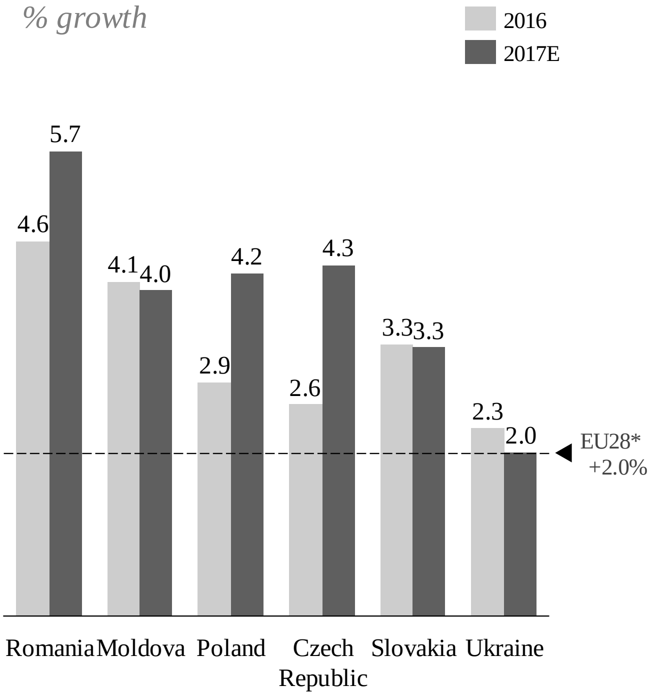
The Group's core CEE markets present a favourable macroeconomic environment for the Group to develop, supported by strong GDP growth relative to the EU28 average and positive macroeconomic outlook. Additionally, China offers significant opportunities for growth.

GDP per capita



Sources: Eurostat, World Bank, ECB

GDP growth 2016 versus 2017E



** EU28 growth is an average GDP growth projected for the group of EU28 countries for 2017*
Sources: IMF, European Commission, World Bank,

Romania has enjoyed an accelerated economic growth in the recent years compared to the other EU member states in the CEE, with GDP growth of 4.6% in 2016 and projected 5.7% growth for 2017, according to European Commission. The outlook for the Group's other CEE countries remains positive; the projected GDP growth may exceed that for the EU 28 countries of 2.1% in 2018 and 1.9% in 2019. According to the same source, Romania may record the highest growth, 4.4% in 2018 and 4.1% in 2019, followed by Slovakia 3.8% in 2018 and 4.0% in 2019, Poland 3.8% in 2018 and 3.4% in 2019, Czech Republic 3.0% in 2018 and 2.9% in 2019.

For the Republic of ***Moldova*** the GDP grew about 4.1% in 2016, mostly due to an increase in agricultural activity, which last through 2017 and outlook remains cautiously optimistic with a 3.7% GDP growth forecast by the Moldovan government and 4.0% by IMF for 2017.

In ***Ukraine***, the economy was publicly considered by governmental officials to have stabilised in 2016 after the political and economic turmoil during 2014-2015, with GDP growing 2.3 % and projected by IMF to grow 1.5% in 2017 and 3% during 2018-2019.

The demand for the Group's products is sustained by rising private consumption in the Group's core CEE markets, which is largely driven by increasing wages across the board and relatively low unemployment rates in the range of 5% to 9%, both factors are projected to last through 2019, based on the statistics published by Eurostat, World bank and the European Central Bank.

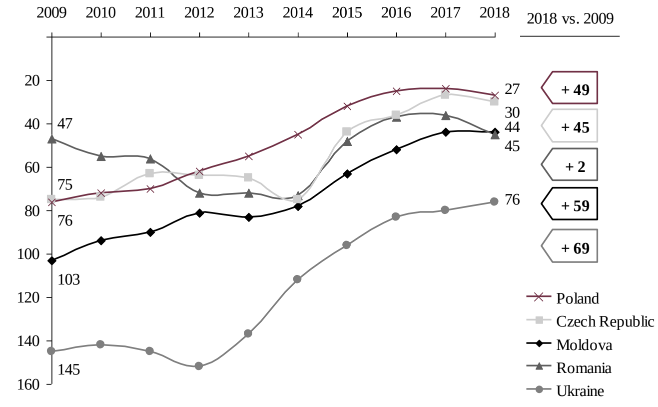
- ***Romania*** recorded the highest, among the Group's core geographies, private consumption growth of 7.4% compared to prior period in 2016; the outlook published by European Commission includes 8.6% compared to prior period growth in 2017, 4.8% compared to prior period in 2018 and 4.6% compared to prior period in 2019. Current level of private consumption in Romania is spurred by tax cuts and relatively low rates of inflation.
- Growth of private consumption in ***Poland*** stood at 3.9% compared to prior period in 2016, and is

projected by European Commission to reach 4.9% in 2017, 3.70% in 2018 and 3.20% in 2019.

- Growth of private consumption in ***Slovakia*** stood at 2.7% compared to prior period in 2016 and is projected by European Commission to accelerate to 3.3% compared to prior period in each year during 2017-2019.
- Growth of private consumption in ***Czech Republic*** stood at 3.6% compared to prior period in 2016, and is projected by European Commission to reach 3.5% compared to prior period in 2017, 3.0% compared to prior period in 2018 and 2.8% in 2019.

According to the Ease of Doing Business Index developed by World Bank, the Group's core CEE markets improved their rankings during 2014-2018, which implies improvements in the economic and regulatory environment and should favour an expansion of business operations in these countries, including those of the Group.

Ease of Doing Business Index evolution 2009-2018



Sources: World Bank

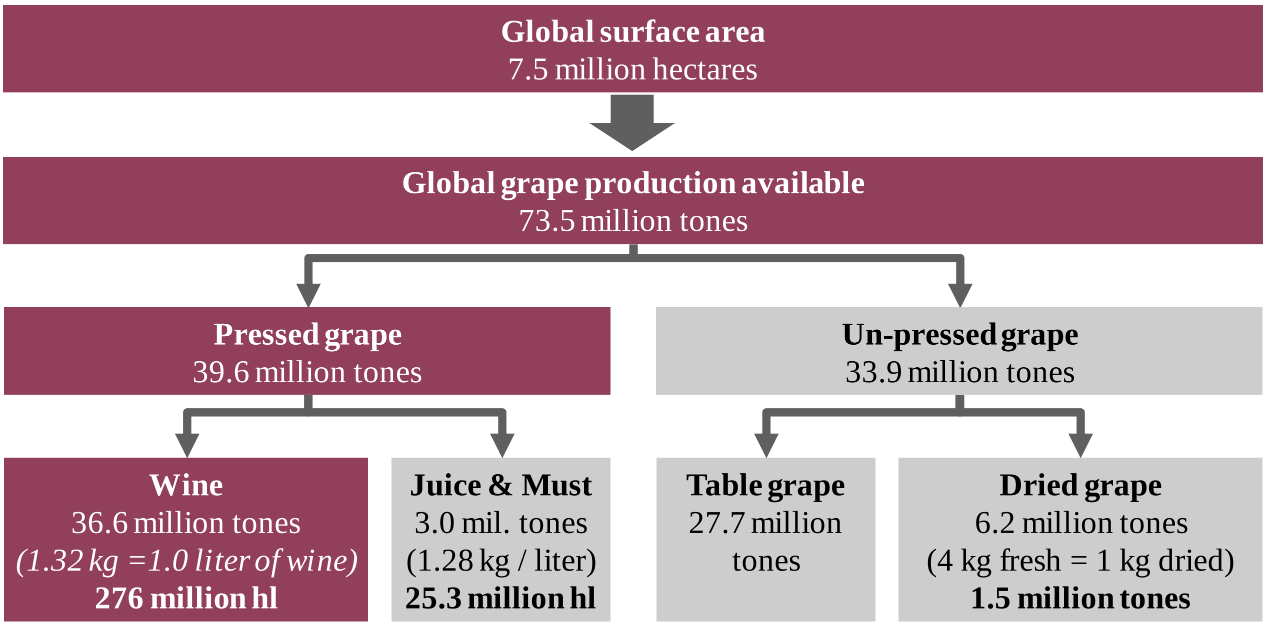
Overview of the global wine market

The production of wine is inherently tied to the growing of grapes, with wine production volumes broadly mirroring the vine areas under cultivation in a specific country. Nevertheless, some of the largest countries in terms of vineyard areas, are to a lesser extent large producers of wine, given that the most important part of the harvest is used as table or dried grapes, as is the case of China, India, Iran or Turkey. Continental Europe accounts for circa 53% of global vineyards, yet 65% of global wine production, according to OIV. The top three wine producing countries globally are Italy, France and Spain, with a combined production of circa 110 million hectolitres, or 44% of the world's output in 2017 (according to OIV). Romania and Moldova are respectively the 7th and the 12th producers of wine by volume in Europe and, combined, with 7.1 million hectolitres, the 5th largest, just behind Germany and roughly the size of the runner-ups, Hungary, Greece and Austria combined. In terms of vineyards, Romania (192,000 hectares as of 2016) and Moldova (140,000 hectares) jointly represent the 4th largest area under vine in Europe and the largest in the CEE, ahead of Portugal, more than triple the area in Greece or Germany and more than five times the size of other regional wine producers, like Hungary or Bulgaria. To that end, Group's management believes that Romania and Moldova are positioned as the natural platform to build a pan-CEE champion, given the significantly larger sourcing base than any of the other vine cultivating countries in the CEE.

The global wine consumption in 2017 is estimated by OIV at 243 million hectolitres, with a corresponding production of 247 million hectolitres, which is a significant departure from the structural over-supply that plagued the market for decades. For instance, the average global consumption to production ratio has been at 0.85, on average, between 1995 and 2004, based on OIV data. In the following decade, that ratio increased to 0.90, helped by an accelerated increase in consumption, which rose above production levels. For 2017, this ratio is estimated to be as high as 0.98, impacted by a poor harvest season across the globe, which is limiting the supply.

The rebalancing of the supply-demand equation has some secular characteristics, both on the production and consumption sides. The global area under vines has gradually decreased between 2000 and 2015 from 7,782 to 7,515 million hectares, according to OIV. Nevertheless, the corresponding share of wine grape production (versus other grape uses), has dropped from 57% to 47%, during the same period, from which one can infer an approximate 20% drop in vine surfaces used for wine grape cultivation. Much of the drop was driven by the EU, which implemented regulations limited planting rights and subsidized so called grubbing-up schemes, in an attempt to address the oversupply. The ongoing generational shift among small farmers and succession challenges may represent another factor.

Structure of global grapes/wine market, 2015

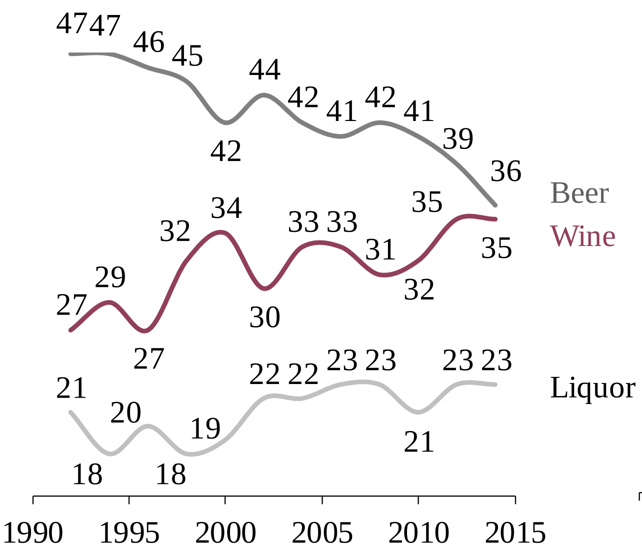


Source: International Organization of Vine and Wine

On the demand side, the global wine consumption has been growing moderately, from 226 million hectolitres in 2000 to 243 million hectolitres estimated by OIV in 2017, though still below the 2008 peak of 250 million hectolitres. At a more granular level, the consumption growth shows a more complex picture. Traditional wine markets, with an already high per capita level, like France, Italy, Spain or Argentina, show a stagnant or declining consumption. On the other side, North America, UK, Scandinavia, CEE and Asia have been driving the global consumption up. Indications exist that a gradual shift in consumption patterns may take place, with the so called millennial consumers showing higher propensity to drink wine as compared to beer and/or spirits. For instance, an US Gallup survey shows the percentage of consumers who mostly drink wine increasing from 27% in 1990 to 35% in 2015, while the proportion of those opting for beer declined from 47% to 36% during the same period.

US Gallup survey on consumer preferences

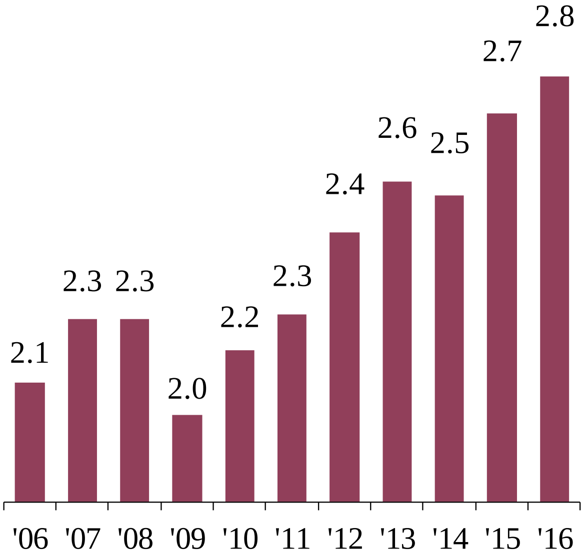
Do you most drink liquor, wine or beer? %



Sources: Gallup – US consumer survey

Evolution of wine prices

Average price per liter of traded wine, €



Sources: International Organization of Vine and Wine

The rebalancing of the global wine market has had a positive effect on traded wine prices, which increased, on average, from €2.1 per litre in 2006 (and as low as €2.0 in 2009) to €2.8 by 2016, according to OIV. Indeed, the trend seems to continue in 2017 too, as OIV projects a 8% drop in global output, with volumes down in Italy 23%, France 19%, Spain 15%, Germany 10% and Chile 6%, on record low harvest, pushing global wine prices up (though Romania and Moldova were an exception to the trend, both showing a strong harvest, up 64% and 20% respectively, putting both in a good position for 2018 margins).

Overview of the wine markets in the Group's core markets

The Group is currently active predominantly in the wine markets of Romania, Moldova, Poland, the Czech Republic, Slovakia, Ukraine and China, which constitute its core markets. The combined size of the wine markets stands at 10.3 million hectolitres in the CEE countries and 45.8 million hectolitres in China, according to Euromonitor. The CEE market size, excluding Ukraine and Moldova, grew 2.9% from EUR 3.16 billion in 2014 to EUR 3.37 billion in 2016. The Group's core markets differ substantially in terms of wine culture and consumption patterns, although in most of the core markets the off-trade consumption dominates.

In Romania, the Group's largest market, the wine segment grew by 7.4% CAGR during 2014-2016 (according to Euromonitor), exceeding the average growth pace of the wine segment in the Group's core markets as consumer habits are on gradual change from homemade wine to bottled wine. Nevertheless, in volume terms, the market size gap between the wine and beer & spirits segments remains substantial, with a 5.7 times difference in Romania, 11.5 times in Ukraine, and 17.8 times in Poland, based on 2016 results.

According to Euromonitor, the consumer shift from beer and spirits to wine is projected to continue in all core markets through 2020, which creates ample opportunities for competing wine producers to gain share at the expense of beer and spirits segments. The wine market is forecast to grow by a 9.0% CAGR in Romania, followed by 3.2% in Poland, 1.6% and 1.4% in the Czech Republic and Slovakia respectively.

Wine sector statistics across CEE markets

	Romania	Poland	Czech Republic	Slovakia	Ukraine
Market volume, *2016 [m liters]*	323	244	216	81	168
Market value, *2016 [m Euro]*	686	1,090	1,019	571	600
Share of premium & super-prem[1)], *2016 [%]*	8.8	21.6	20.9	22.6	25.0
Historical cons. growth, *CAGR '14-'16 [%]*	7.4	1.9	3.5	0.2	-1.0
Forecasted cons. growth, *CAGR '16-'20 [%]*	9.0	3.2	1.6	1.4	2.9
Wine consumption, *2016, [l/ capita]*	16.4	6.4	20.5	14.9	4.0
Beer consumption, *2016, [l/ capita]*	90.0	105.2	143.2	77.4	41.3
Spirits consumption, *2016, [l/ capita]*	3.1	9.3	6.0	7.8	4.2
Key competitors	Cramele Recas, Jidvei, Vincon, Cotnari	CEDC Intern., Ambra, Lidl	Bohemia Sekt, Soare Sekt, Templarske skl.	Vinarske Zav. Topolcianky, Vino Matysak, Vino Nitra spol	Inkerman, Koblevo, Shabo

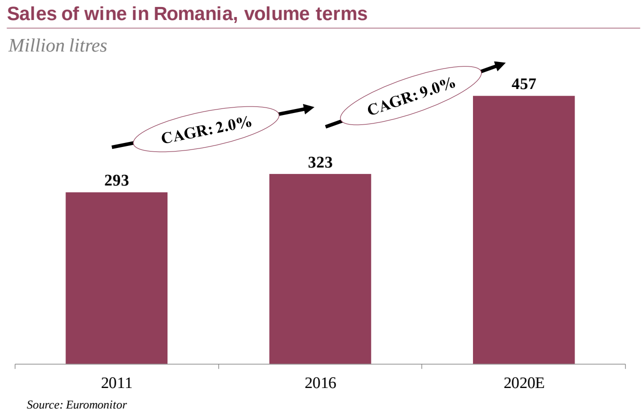
1) Sales of Still Red Wine by Price Segment: Off-trade Volume – Top 2 price brackets (RON 30+; PLN 24+; CZK 130+; EUR 8+; UAH 70+) Sources: Euromonitor

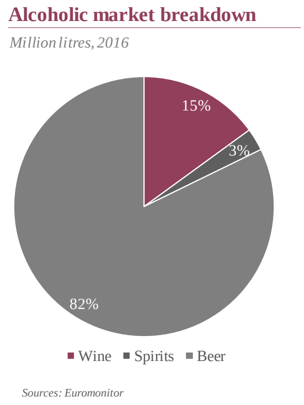
In terms of competitive environment, the Group operates in a largely fragmented market. For example, the top-three producers control a 7.5% share of volume sales in China in 2016, 10% in the Czech Republic, 18% in Poland and 35.7% in Ukraine, according to Euromonitor, leaving plenty of room for market consolidation by the competing players. However, in Slovakia, a country with a long history of wine making, the top-three local producers control a 53.1% share of sales, creating more substantial barriers to entry for international players.

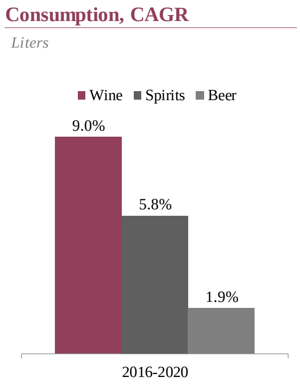
Romania

Romania is one of the largest wine producers globally and the 5th in Europe, with circa 5.3 million hectolitres in 2017, as estimated by OIV. In terms of vine plantations, Romania, with 192 thousand hectares, is the largest in the CEE and 5th in Europe, just behind Portugal and at about 30% of the area in Italy. Romania has a long-standing wine culture, with consumer preferences strongly favouring local wines as opposed to imports, according to Euromonitor, the volume of imported wines constituted 17.6% share of the total wine consumption in 2015.

According to Euromonitor, the market has grown to 323 million litres in 2016. In value terms, demand reached EUR 686 million. Still light grape wine accounted for 81.7% of all value sales, while sparkling and fortified wines, for 9.4% and 8.9% respectively.







A peculiar characteristic of the Romanian retail market is the predominance of white wines, which account for circa 62% of still wine consumed as of July 2017, according to Nielsen, while the share of red and rosé wines, stood at 30% and 8% respectively. Despite the low share of rosés, this is by far the fastest growing category, expanding 35% compared to prior period, as compared to increases of 18% and 6% for reds and whites respectively. In this respect, Romania is following a global trend of robust growth for rosé wines, which has been benefitting the Group, given the over-representation of rosé wines in the Group's sales.

In terms of price-point segmentation, the Romanian market is following a premiumization trend, with the segment priced at RON 30 per litre and above showing the fastest relative growth, expanding from 5.0% of white wine volumes in 2011 to 8.1% in 2016. While Euromonitor does not report the value share for this segment, market players estimate it to be substantially higher, given the higher per unit prices.

The growth of the wine market in volume terms stood at 8% according to Euromonitor, in 2016. Euromonitor projects robust growth for the category going forward, with volumes being forecast to grow by a 9.0% CAGR during 2016-2020. The growth of the wine category comes primarily as a result of switch from homemade wines to bottled wines produced by established wineries and, additionally, at the expense of beer and spirits segments, which may grow by 1.9% and 5.8% respectively, as the growth of spirits is projected to slow down substantially from 8.4% CAGR during 2014-2016, according to Euromonitor, which reflected a recovery from the downturn years prior to 2014. Beer represents a substantially larger market compared to wine in volume terms, based on 2016 data, with sales accounting for 1,775 million litres. The combined size of the beer and spirits markets is over five times the size of the wine market, leaving plenty of upside potential to gain share for wine players.

In terms of the competitive environment, accurate and reliable data for Romania can be difficult to come by and, therefore, reliance on public fiscal records, can serve as a useful proxy. Jidvei, Cotnari, Cramele Recas and Vincon Vrancea are, alongside the Group's subsidiary, Crama Ceptura, the leading players in terms of revenue in the Romanian market in 2016. All five players, have reported robust revenue growth year on year: Jidvei +16%, Cotnari +18%, Cramele Recas and Vincon Vrancea + 11% and Crama Ceptura +78%, according to the Ministry of Finance of Romania data, as calculated by the Group.

Poland

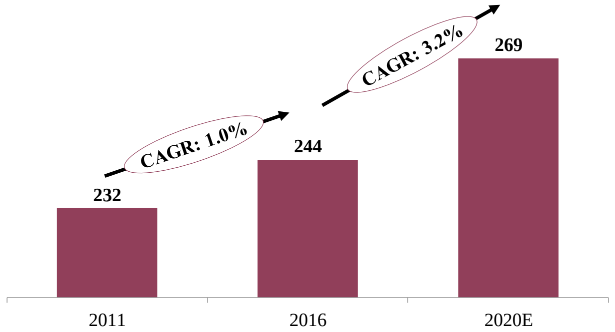
Poland relies on imported wines due to its climate condition for local wine production. In terms of origin of wine consumed in the country, imported wine mainly comes from Spain, Germany and Italy, while there is a rising volume of wine imported from Hungary, Bulgaria, Moldova and Georgia, according to Euromonitor.

According to the same source, the market has grown to 244 million litres in 2016. In value terms, demand reached EUR 1,091 million. Still grape wine accounted for 50% of all sales in terms of volumes, while sparkling and fortified wines, for 8% and 11% respectively. Non-grape wines, the second largest category by volume of sales, accounted for 30% of all sales, but its consumption declined 4.0% per year during the 2014-2016 period due to the growing popularity of still grape wine and fortified wines.

In Poland, there is a stronger preference for red wines, which account for circa 52% of wine consumed in 2016, according to Euromonitor, while the share of white and rose wines was of 46% and 2%, respectively.

Sales of wine in Poland, volume terms

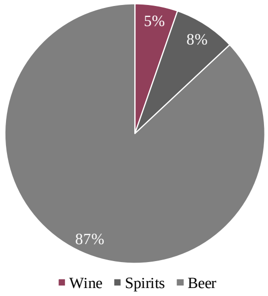
Million litres



Source: Euromonitor

Alcoholic market breakdown

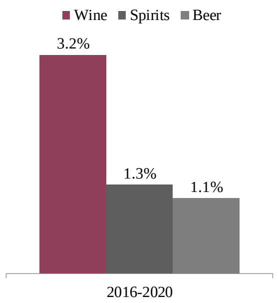
Million litres, 2016



Sources: Euromonitor

Consumption, CAGR

Liters



A peculiarity of the Polish market is the growing popularity of discounters, which, as a wine distribution channel, have extended their assortment of wines and now have a defining influence over the origin of wine consumed in the country via adjustment of their import sources on a yearly basis. The Group tapped this growing popularity of discounters to successfully develop the Polish market

In terms of price-point segmentation, in still red wine the mainstream segment priced at PLN 12 to PLN 24 per litre showed the fastest relative growth, expanding from 39% of sales in 2011 to 43% of sales in 2016 at the expense of the economy segment. The premiumization trend is less pronounced in Poland, when compared to Romania, for example – the segment priced above 33 PLN showed relative growth from 4.8% of sales in 2011 to 5.1% in 2016.

The growth of the wine market in volume terms stood at 2.2% according to Euromonitor, in 2016, all in the glass bottle wines segment, in which the Group plays. Euromonitor projects an acceleration of the growth going forward to a 3.2% CAGR in volume terms and a 4.1% CAGR in value terms during 2016-2020. Within the wine category, the fastest growth of 6.9% CAGR in volume terms is projected for sparkling wines, followed by a 5.9% CAGR for still grape wines during the same period. The growth of the wine category comes at the expense of beer and spirits segments, which may grow at 1.1% and 1.3% in volume terms respectively. Both beer and spirits, represent larger markets in volume terms than wine, based on 2016 data, at 3,988 million litres and 354 million litres in sales respectively, or, combined, over 17 times the size of the wine market, leaving significant upside potential for wine players to gain share.

In terms of the competitive environment, in still light grape wine segment, E&J Gallo Winery Inc is the largest player with a 8.2% share of volume sales, which, together with Marie Brizard & Roger and Bartex-Bartol Sp zoo Sp controlled a combined 18% share of volume sales in Poland in 2016, according to Euromonitor. The ten largest players controlled circa 42% share of sales, leaving a window of opportunity for competing players to grow market share.

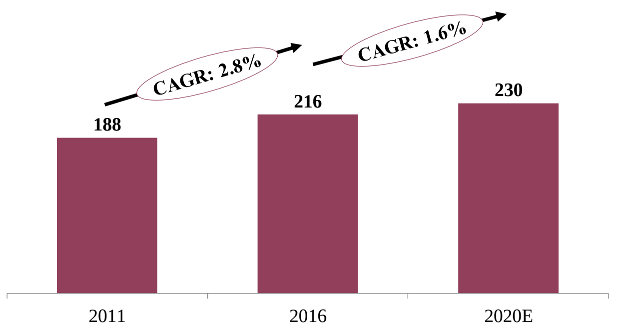
Czech Republic

The Czech Republic, despite a local wine tradition, relies largely on imported wines, which account for 68% of wine consumption in the country, according to Euromonitor in 2015. In terms of origin of wine, Germany, Hungary, Italy, Spain, Slovakia and Moldova, accounted for 84% share of wine imports in volume terms in 2015. The volume of imports from Moldova increased at 38% during 2014-2015, the highest pace among the above mentioned peer countries.

According to Euromonitor, the market has grown to 216 million litres in 2016. In value terms, demand reached EUR 1,018 million. Still light grape wine accounted for 88% of all sales volumes, followed by sparkling wine with a share of 7%, while fortified and non-grape wines accounted for 3% and 2% respectively.

Sales of wine in Czech Republic, volume terms

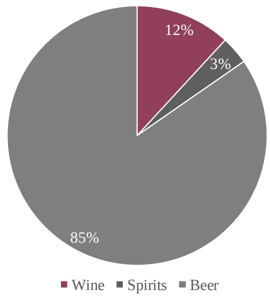
Million litres



Source: Euromonitor

Alcoholic market breakdown

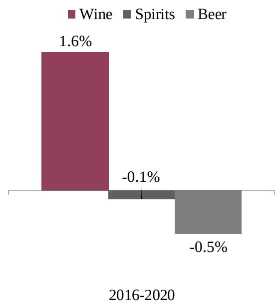
Million litres, 2016



Sources: Euromonitor

Consumption, CAGR

Liters



There is a stronger preference for still white wine, which accounted for circa 56% of still wine consumed in the Czech Republic in 2016, while the share of still red and rosé wines stood at 33% and 11% respectively, according to Euromonitor. During 2011-2016, the sales of rosé and white wines increased by a 6.6% CAGR and a 4.3% CAGR respectively, compared to a decline of 0.2% CAGR for red wines. Growth of still wine sales was generated also from an increased offering of the locally produced wines.

In terms of retail price-point segmentation, the Czech Republic market is concentrated in the mid-price segment of CZK 50-130 range per bottle of red wine, according to Euromonitor. The segment expanded from 58.3% of sales in 2011 to circa 61.9% of sales in 2016, at the expense of the economy segment priced at below CZK50 per bottle.

The growth of the wine market in volume terms stood at 3% in 2016, according to Euromonitor. Same source projects a 1.6% volumes CAGR for 2016-2020, with rosé and white wines forecast at 2.8% CAGR and 1.9% CAGR respectively. The growth of the wine category comes at the expense of beer and spirits segments, which may decline at 0.5% CAGR and 0.1% CAGR respectively during the same period. Beer and spirits account for 1,544 million litres and 64 million litres in sales respectively, or, combined, over seven times the size of the wine market, leaving upside potential for wine players to gain share.

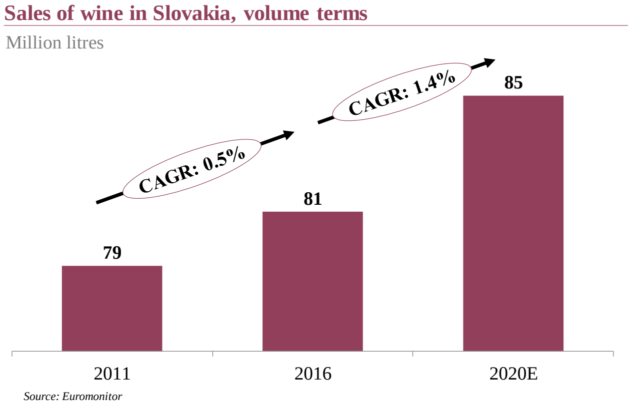
In terms of the competitive environment, according to Euromonitor, Oetker Gruppe is the largest player in the fragmented still wine segment with a 4.3% volume share of sales, while Sektkellerei Schloss Wachenheim AG has a 3.2% volume share. The top-three players in the still wine segment control a combined 10% volume share of sales, leaving plenty of room for market consolidation.

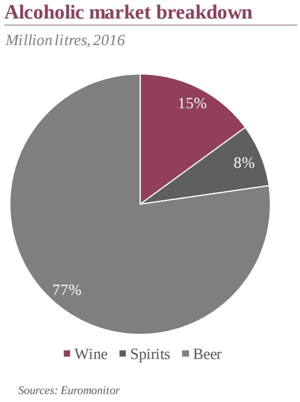
Slovakia

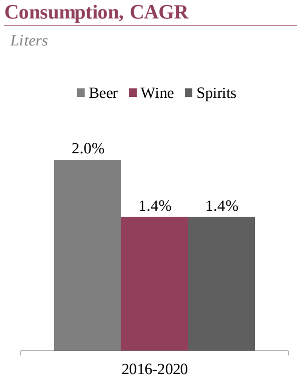
Slovakia has a long-standing wine culture, with consumer preferences strongly favouring local wines, which represented, according to Euromonitor, a 53% share of still grape wine sales in 2016. However, there is a strong culture of beer and spirits consumption too, with 1.9% and 2.3% CAGR market volume growth, respectively, during 2014-2016, according to Euromonitor.

According to the same source, the wine market reached 81 million litres in 2016 and has been stable in the past two years. In value terms, sales reached EUR 571 million. In terms of volume, still light grape wine accounted for 69% of all sales, while sparkling and fortified wines, for 21% and 7% respectively.

Rosé wine is the only growing category, expanding 3.5% compared to prior period in 2016, as compared to a decline of -0.8% and -0.6% for reds and whites respectively. In this respect, Slovakia is following a global trend of robust growth for rosé wines, which is benefitting the Group, given over-representation of rosé wines in Group's sales.







In terms of price-point segmentation, there is no notable premiumization trend, with the segment priced at EUR 7 and above for a bottle of red wine representing a share of 22.6% of sales in 2016. At the same time, high quality wines, primarily coming from international players, are gaining popularity as consumer purchasing power continues to rise.

The growth of the wine market in volume terms stood at 0.2% according to Euromonitor, in 2016. Euromonitor projects an acceleration of the growth for the category going forward, with a forecasted volumes CAGR for 2016-2020 of 1.4%. The growth of the wine category is projected on the back of the increasing interest of the consumers in high quality wines paired with macroeconomic growth, according to Euromonitor. Beer and spirits segments may grow at 2.0% and 1.4% respectively. The volume size gap between the wine market and the beer and spirits markets is smaller than in the other CEE markets, with beer and spirits market representing 418 million litres and 42 million litres in sales respectively, based on the 2016 data.

In terms of the competitive environment, the still wine market is already consolidated by the local players. The largest player is Víno Matyšák sro with 19.3% share of sales, followed by Vino Nitra spol sro and Vinarske Zavody Topolcianky sro with 18.6% and 15.2% respectively, according to Euromonitor. The ten largest producers cumulatively hold 81% share of sales, including the 5.4% share of the only international player, Oetker-Gruppe. In the other sparkling wine segment, international players dominate the market with a cumulative 77.6% share, including circa 70% by Oetker-Gruppe.

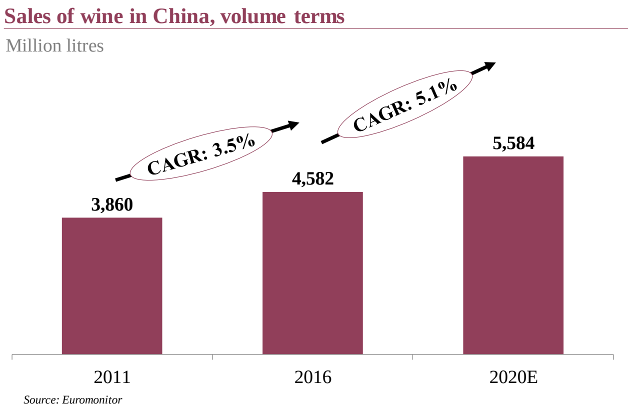
China

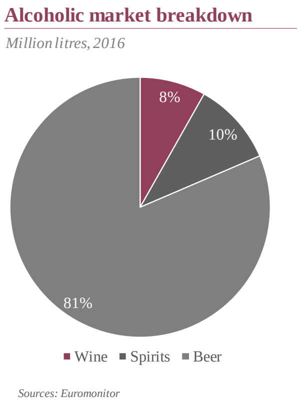
China is among the largest wine markets in the world. Its market is undergoing a gradual shift of consumer preferences towards still grape wine, which gained share, accounting for 48.4% of sales in volume terms in 2016. International players invested in customer education on variety and quality of wine in the past years, which started to generate positive results as wine imports increased with 45% in 2016, according to Euromonitor.

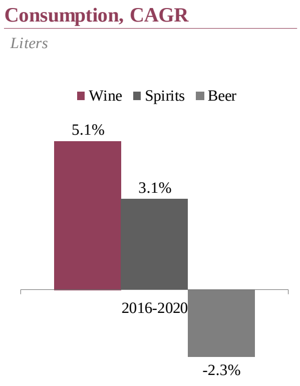
According to the same source, the market has grown to 4,582 million litres in 2016. In value terms, demand reached EUR 60.1 billion. In terms of volume, still light grape wine accounted for 48.4% of all sales, while non-grape and sparkling wines accounted for 51.3% and a mere 0.2% respectively. In value terms, still grape wine stood for 72% of all sales as it is priced in the premium segment.

A unique characteristic of the Chinese market is the 51% share of wine sales from non-grape wine, in particular rice wine, a traditional product in the region. International wine producers focus on the still grape wine segment, where the Group is also a player, which was estimated to grow from a 45% share of the total wine volume sales in 2011 to a 48% share in 2016. Still grape wine segment grew by a 4.8% CAGR during

2011-2016, twice as fast as the 2.3% CAGR of the non-grape wine segment sales.







In terms of price-point segmentation, 64.6% of still grape wine sales are generated in the premium segment priced at CNY 90+ per bottle of red wine. The segment demonstrated the fastest relative growth from a 62.8% share of sales in 2011, at the expense of the mass-market segment, priced at CNY50-90 per bottle. The main reason of this growth is the underlying growth of import of still grape wine. The growth of the wine market in volume terms stood at 5% according to Euromonitor, in 2016 and at 6.5% for the still grape wine segment. Euromonitor projects a comparable growth for the category going forward, with forecasted volumes CAGR for 2016-2020 of 5.1%; growth for the still grape wine category is forecast at 5.9% CAGR in the same period.

The growth of the wine category comes at the expense of beer, which may continue to decline by a 2.3% CAGR in 2016-2020, while the spirits segment may grow by a 3.1% CAGR, according to Euromonitor. Both beer and spirits, represent substantially larger markets in volume terms than wine, at 45.6 billion litres and 5.8 billion litres in sales respectively in 2016, or, combined, over eleven times the size of the wine market, leaving plenty of upside potential for international wine players to gain share.

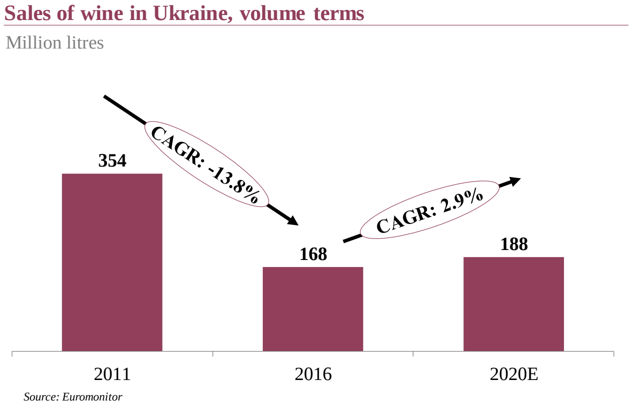
In terms of the competitive environment, still grape wine market in China is very fragmented. According to Euromonitor, two largest players – Yantai Changyu Group and China National Cereals & Oils & Foodstuffs Imp & Exp Corp (COFCO) controlled a 3.6% and a 3.0% share of sales in 2016, followed by another eight players with less than 1% share each and a cumulative 4.1% share for all. The largest international player in terms of market share in China is Viña Concha y Toro with a 0.5% share of sales.

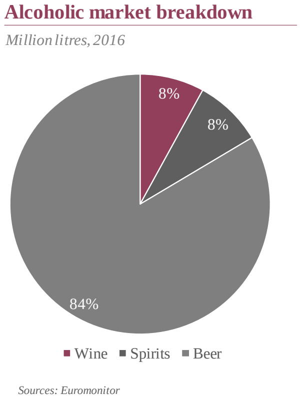
Ukraine

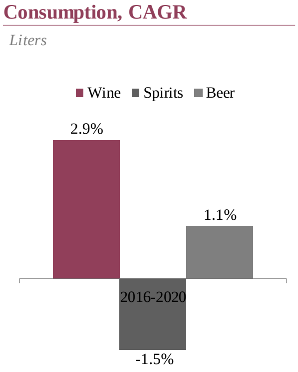
Ukraine market has been hit by the negative geopolitical developments during 2013-2014 and by the subsequent economic downturn. Wine market declined by circa 31% in volume terms over the 2013-2016 period, which is a reflection of the deteriorated consumer purchasing power and the loss of sales in Crimea, parts of Donetsk and Lugansk regions. Despite being a wine producing country, Ukraine still has an emerging culture, with consumer preferences favouring local wine as opposed to imports, also given the price advantage, with imports representing, according to Euromonitor, only 19% of apparent consumption in 2015.

According to the same source, the market reached 168 million litres in 2016. In value terms, demand reached EUR 601 million. Still light grape wine accounted for 54% of all sales in volume terms, while sparkling and fortified wines for 32% and 13% respectively. In value terms, the share of still light grape wine was 40% in 2016, while for sparkling and fortified wines 28% and 30% respectively, attesting to the large share of inexpensive local wines in total sales.

In terms of price-point segmentation, the Ukrainian consumers are price sensitive, given the low purchasing power in the country. The segment priced at below UAH 70 per bottle of still red wine accounted for 75% of sales in 2016. Although the segment priced above UAH70 per bottle expanded from 8% in 2011 to 25% in 2016, this reflects the price inflation triggered by the 70% local currency devaluation over the same period rather than the premiumization of the segment.







The growth of the still light grape wine market in volume terms stood at 3.6% according to Euromonitor, in 2016 while the total market declined 1% in the same period. Euromonitor projects gradual wine market recovery, with a forecasted volumes CAGR for 2016-2020 of 2.9%. For the still market segment, Euromonitor projects a faster growth of 4.8% CAGR to be supported by relatively low per capita consumption of still light grape wine and anticipated increasing popularity of wine, a trend that is pending recovery of the Ukrainian economy. The growth of the wine category comes at the expense of beer segment, which may grow at 1.1% CAGR and spirits segment, which may decline by a 1.5% CAGR during 2016-2020. Both beer and spirits, represent substantially larger markets in volume terms than wine, at 1,761 million litres and 178 million litres in sales respectively, or, combined, over eleven times the size of the wine market, leaving plenty of upside potential for wine players to gain share once the economic recovery starts.

In terms of the competitive environment in still light grape wine, Logos Corp (Inkerman brand) is the largest player with 13.4% share of volume sales in 2016, followed by Bayadera Holding with 12.1% share and Shabo with 10.2% share, according to Euromonitor. The ten largest players controlled a cumulative 76.9% share of volume sales in 2016. That being said, the market is undergoing a reformatting, following the annexation of Crimea, which accounted for circa half of the country’s vineyards.

Moldova

While having a millennial wine culture, going back to the Roman empire period and even beyond, Moldova has a relatively small industrial wine consumption tradition domestically. Most of the wine produced, circa 180 million litres according to OIV, is meant for export, on which metric Moldova is one of the significant players globally.

The wine remains the alcoholic drink of choice for Moldovans, but largely dominated by homemade wine, as opposed to industrially produced bottled wine. According to a “Piața vinurilor din Republica Moldova, November 2016” study published by Wine of Moldova, the production of home wine in Moldova constituted another 183 million litres, or circa 64 litres per person (aged 18 years and more), which would position the country, in terms of wine consumption propensity at the global top, above even countries like France, Spain or Italy. At the same time, the consumption of bottled wine, was estimated in 2016 by Wine of Moldova at only 2.7 litres per capita, or a ratio of nearly 1 to 24 compared to homemade wine. The same source points to the following incidence of consumption over the last 12 months for various drink categories: homemade wine – 73%, sparkling wine – 43%, brandy – 25%, bottled still wine – 19%. The larger volume difference as compared to incidence difference in the consumption of home versus bottled wine, points to the higher frequency of consumption of the former and/or the higher volumes per consumption. The data clearly shows the significant headroom enjoyed by the bottled wine segment, especially as the younger, urban generations increasingly opt for high quality bottled wine at the expense of homemade wine.

BUSINESS

Overview

The Company is a leading player in the wine and brandy segments in the CEE region. The Group has a range of wine brands across all price segments in the still and sparkling wine segments and a brand in the popular premium brandy segment, holding international and national IP rights on all its important brands.

The Group operates four production platforms in Romania and Moldova, three of which are dedicated to wine production and one dedicated to brandy production.

The Group distributes its products directly via key international retail chains ("**IKA**"), while coverage of the traditional retail is arranged primarily via the third-party distributors in each country where the Group is present. The Group has its own sales operations in Romania and Moldova. The Group primarily distributes in the off-trade channel, while it has built a solid presence on-trade in the HoReCa channel in Romania and Moldova, which it intends to replicate across the CEE region.

The Group reported revenues in the amount of RON 106.8 million and an EBITDA of RON 37.1 million for the financial year of 2016 and revenues in the amount of RON 94.6 million and an EBITDA of RON 31.3 million for the nine months of 2017, corresponding to a 34.7% and a 33.1% EBITDA Margin, respectively.

History of the Group

Purcari winery was established in 1827, when Russian Emperor Nicholas I issued a special decree that granted Purcari the status of the first specialized winery in Bessarabia. Its first international success came in 1878, when Negru de Purcari won the gold medal at a closed wine tasting at the Paris World Exhibition. This moment marked the beginning of Purcari's journey to achieve popularity both among common people as well as the European royal houses.

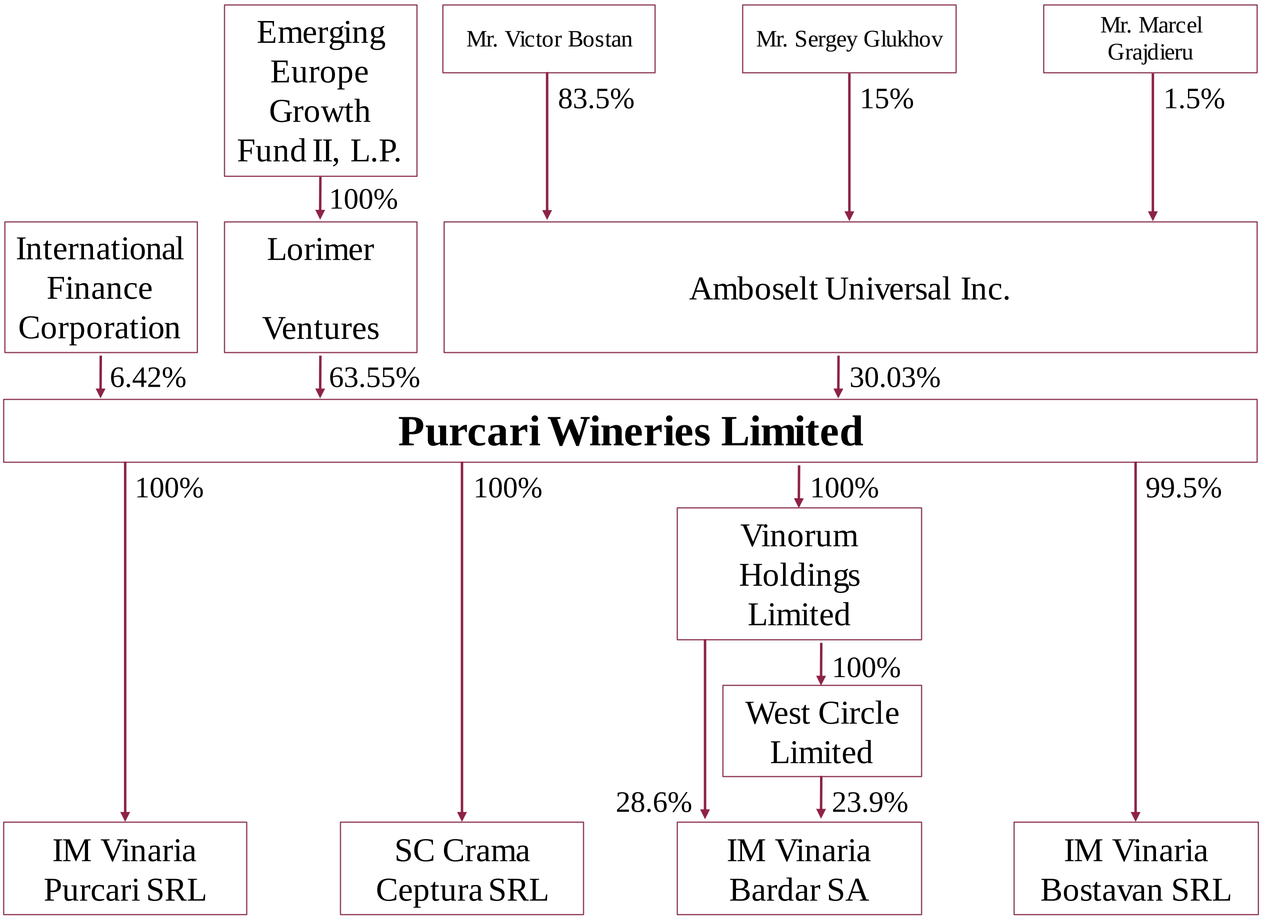
The new era of the Group was opened by Mr. Victor Bostan, the Group's founder, who brought the Purcari, Bostavan, Crama Ceptura and Bardar assets into a single holding, during the mid-2000s, via a series of acquisitions, and continues to lead the Group. All four production platforms have been re-equipped after years of decay and new vineyards were planted to ensure an adequate sourcing base. From outset, the strategy was focused largely on shipments to the large Russian market, taking advantage of a well-developed sales network. Mr. Bostan was very familiar with the Russian market following his acquisition of Kuban Vino, back in 1999, a struggling producer in Krasnodar region of Russia, which he turned into a leading player within three years, culminating with an exit in 2002. Kuban Vino, now part of Ariant group, is still the largest wine producer in Russia today. The proceeds from the Kuban Vino sale came to finance the establishment of the Group.

The Russia-centric strategy was put to test in 2006, when Russian authorities introduced embargos on the import of wines from Moldova and Georgia, two countries that dominated the market, which brought the Group under financial difficulties. IFC came in as minority investor in 2008 to help the Group supplement the working capital and strengthen its balance sheet. Subsequently, in 2010, Horizon Capital invested for a majority control in the Group, from their Emerging Europe Growth Fund II., L.P. Nevertheless, the good developments that followed were challenged again in 2013, when a new Russian embargo was put in place, stretching the financials of the Group, aggravated by the economic crises and regional devaluations across CIS, thus putting pressure on demand from markets like Kazakhstan, Ukraine and Belarus. Starting 2014, the Group focused on minimizing the share of Russia and Commonwealth of Independent States ("**CIS**") markets in portfolio and focusing primarily on the CEE region, with a particular emphasis on the Romanian market, which the Group treats as domestic.

The shift in geographic focus was complemented by an increasing prioritization of the premium segment, with a particular emphasis on the flagship Purcari brand. All four brand families of the Group – Purcari, Crama Ceptura, Bostavan and Bardar – were refreshed and their positioning and marketing communication upgraded, to make them more appealing to the shifting consumer tastes, including a special attention to the millennials' demographic.

Corporate structure

The following chart describes the corporate structure of the Company, presenting its direct shareholders, ultimate beneficial owners, as well as all subsidiaries controlled by the Company at the date of this Prospectus.



Sources: Company information; for the exact percentages owned by each of the Selling Shareholders and the nominee shareholders, please see section "Major Shareholders"

IM Vinaria Purcari SRL

Intreprinderea Mixta "Vinaria Purcari" S.R.L ("**Vinaria Purcari**") is a Moldovan subsidiary of the Company which produces Purcari, the Group's flagship brand, and is organised as a limited liability company existing under the laws of the Republic of Moldova, company identification number 1003600072948, having its registered office in Purcari village, Stefan Voda district, MD-4229, Republic of Moldova. The subsidiary controls 265 ha of vines in Purcari region (Republic of Moldova) and runs a modern production platform situated just in the middle of the vineyards, on the site of the old chateau. The Company used to own a 91% stake in Vinaria Purcari, yet that stake has been brought out to 100% in 2017 via a buyout of the other three minority shareholders, the last acquisition being registered in October 2017.

This subsidiary also has a 31% stake in Glass Container Company, the leading Moldovan glass bottle producer with a production capacity of 100,000 tons or 220 million bottles per year. Shares pertaining to

40% of the share capital of Glass Container Company are held by Western NIS Enterprise Fund, a 100% USA Government funded fund, ran by an independent board approved by the USA president. Horizon Capital, manages the Western NIS Enterprise Fund assets, but the ultimate decision making is with the board of Western NIS Enterprise Fund.

Crama Ceptura SRL

Crama Ceptura SRL ("**Crama Ceptura**") is the Romanian subsidiary of the Group, organised as a limited liability company existing under the laws of Romania, registered with the Prahova commercial registry under No. J29/1039/2003, sole registration code 15338540, EUID ROONRC.J29/1039/2003, headquartered in Comuna Ceptura, Village CEPTURA DE JOS, Prahova County. Crama Ceptura produces wine under Crama Ceptura brand, with a production platform in the Ceptura village, in famous Dealu Mare area, and controls 153 ha of vines in Calugareasca Valley (164 ha as of 31 December 2016). In addition, this subsidiary distributes the other Group brands in Romania, as well as exports to other EU and Asian markets.

The subsidiary has a 27% stake in ECOSMART UNION S.A., a Romanian company to which Crama Ceptura transferred its recycling related responsibilities in order to ensure the management of its recycling targets.

Vinorum Holdings Limited, West Circle Limited and IM Vinaria Bardar SA

Vinorum Holdings Limited and West Circle Limited are the companies directly and indirectly fully owned by the Company by which the latter owns 52.516 % of (Vinorum Holdings Limited owns 28.594% and West Circle Limited owns 23.922%) Intreprinderea Mixta Fabrica de Vinuri "Vinaria-Bardar" S.A. ("**Vinaria Bardar**") the Moldovan subsidiary of the Group that produces brandy under the Bardar brand, organised as a joint stock company existing under the laws of the Republic of Moldova, company identification number 1002601000626, having its registered office at 3 Uzinelor Street, Bardar village, MD-6811, Ialoveni district, Republic of Moldova.

Vinorum Holdings Limited ("**Vinorum Holdings**") is a private company limited by shares organised and existing under the laws of Gibraltar, incorporation number 75204, having its registered office at Suite 2B, 143 Main Street Gibraltar GX11 1AA, Gibraltar.

West Circle Limited ("**West Circle**") is a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 323089, with a registered office at Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands.

The rest of the shareholdings in Vinaria Bardar are owned as follows: (i) 36.92% owned by Bionica Marc SRL, a company organised under the laws of Moldova and controlled by Mr. Boris Duca, who has lifetime experience as a brandy maker and led Bardar prior to its integration into the Group; (ii) 3.82% treasury shares; and (iii) 6.74% owned by a fragmented group of 682 small shareholders (many of them individuals untraceable or deceased) plus "Agro-Halipa" SRL. At the present time, the shareholders Bionica Marc SRL and West Circle Limited launched a takeover bid governed by Moldovan law with the intention to acquire shares from such minority shareholders.

Vinaria Bardar operates a full cycle brandy production platform and does not own vineyards, instead relying on third party purchases of grapes and wine for distillation.

IM Vinaria Bostavan SRL

Intreprinderea Mixta "Vinaria Bostavan" S.R.L. is the Moldovan subsidiary of the Group that produces wine under the Bostavan brand and is organised as a limited liability company existing under the laws of the Republic of Moldova, company identification number 1002600043853, having its registered office in Etulia village, Vulcanesti district, Gagauzia Territorial Administrative Unit, MD-5352, Republic of Moldova. The subsidiary controls 631 ha of vines in the Republic of Moldova and operates two production facilities: a full cycle one, near Etulia village and a primary processing one, near Onesti.

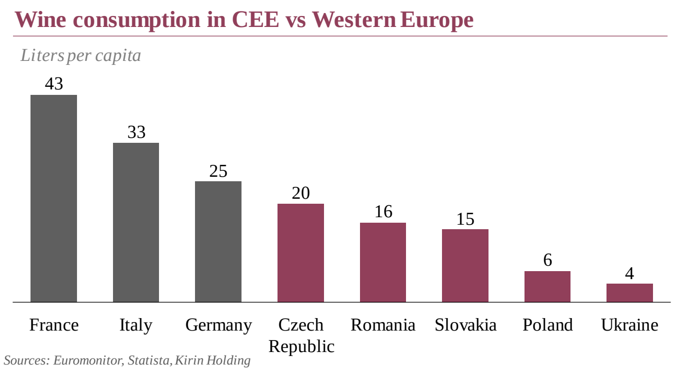
The Company owns 99.5% shares in Bostavan, while Mr. Ivan Coslet owns the remaining 0.5% stake.

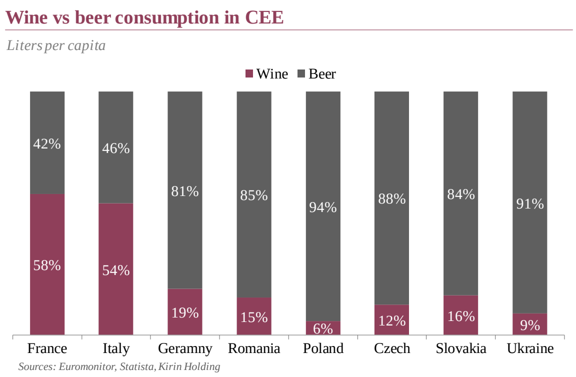
Competitive strengths

(a) Geographical proximity to the rapidly growing CEE markets offering plenty of room for further development

The growth pace of the wine consumption in the core CEE markets overall exceeded that of beer and spirits, evidencing a secular shift towards higher wine consumption. According to Euromonitor, the combined size of the wine market in the core CEE markets grew by a 2.1% CAGR in volume terms between 2014 and 2016 versus a decline of 1.2% and 3.2% for beer and spirits, respectively. According to Euromonitor, the combined size of wine market in the core CEE markets is projected to continue growing by a 3.7% CAGR in volume terms through 2020, with the still wine segment growing at 4.6% CAGR, while the sparkling wines segment is projected to grow at 2.6% CAGR.

Per capita wine consumption in the Group's core markets stands much lower versus the levels of Western European countries with a stronger wine culture. For example, per capita wine consumption stood at circa 6 litres in Poland and 16 litres in Romania versus 33 litres in Italy and 43 litres in France. In comparison to beer, the "share of throat" of wine stands at 6% volume share in Poland and 15% in Romania, according to Euromonitor, lagging behind 54% and 58% in Italy and France, respectively as outlined at the chart below. On both metrics, the Group's core markets offer plenty of catch up room to the levels in Western European countries.



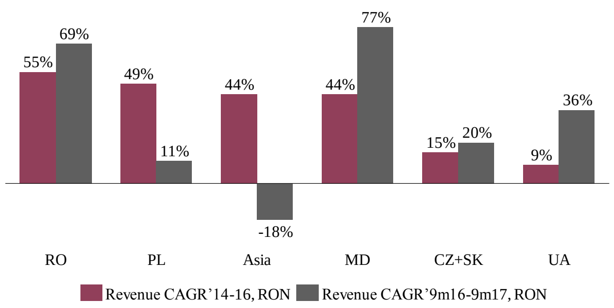


(b) Solid route to market and track record of accelerated growth across CEE

Romania and Moldova are treated by the Group as domestic markets, where the Group has its production base, while Poland, Czech Republic, Slovakia, and Ukraine are the core CEE export markets the Group focuses on. The Group has an extensive field sales force in Romania and Moldova, while relying on largely remote coordination of activities, via distributors and direct shipments to retail, in the export CEE markets.

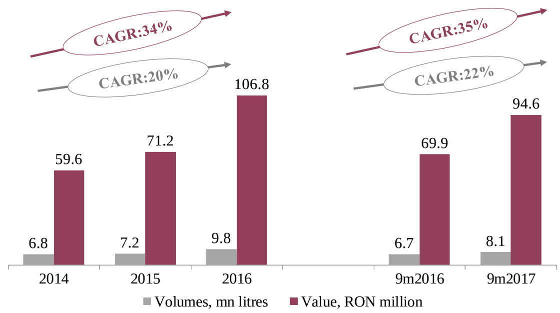
The Group's volumes shipped have increased on average by a 20.4% CAGR in 2014-2016 and 21.7% during the nine months of 2017 versus an average volume growth of 2.9% CAGR of the wine market in the core geographies. The Group's growth in revenues further outpaced volumes growth.

Sales growth in selected geographies



Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Revenue and volume growth evolution



Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited, Company information

The Group's performance has been driven by a strong and steady growth in Romania and Moldova, which contribute to a combined 50.2% share from sales of finished goods in 2016, coupled with good traction in the core export markets. The share of Romania and Moldova grew to 61.1% for the nine months of 2017.

In value terms, the Group grew its revenues at an average of 34% CAGR during 2014-2016, benefiting from its strong presence across CEE. The Group's revenue growth during 2014-2016 surpassed its volumes growth as the Group managed to push through price increases and to increase the share of sales derived from the premium Purcari brand, leading to a more premium mix. A similar revenue growth pace of 35% compared to prior period was maintained during the nine months of 2017.

The Group works with the major retailers across the region, including Ahold, Auchan, Biedronka, Carrefour, Eurocash, Kaufland, Lidl, Metro, Rewe, Selgros, Tesco etc, employing a mixed model of serving key accounts by direct to retail contracts or via distributors.

(c) Strong and diversified portfolio catering to complementary market segments

The Group's philosophy is that any businesses shall start with the consumer in mind, which subsequently cascades down into operations. To that end, the Group's operations are organized around its four core brands – Purcari, Crama Ceptura, Bostavan and Bardar – which cater to various consumer demographics and occasions. The table below summarized the positioning of each brand and its role in Group's portfolio.

Portfolio of Purcari Wineries

	Purcari	Crama Ceptura	Bostavan	Bardar
Summary	Flagship premium brand	Contemporary Romanian premium and mainstream wines	Value for money	Contemporary brandy brand
Marketing tagline	"Purcari, since 1827"	"14 days of extra sunshine"	"Taste It. Love it."	"Grapes, Oak and Patience"
Target audience	35+ old upper income	30+ old more traditional middle income	30+ old middle income	30+ old more traditional middle income
Brand Sales in 9M2017, % RON	**37%**	**15%**	**34%**	**14%**
Sales CAGR 2014-2016/ 9M16-9M17, %	**60 / 53%**	**32 / 55%**	**16 / 13%**	**51 / 47%**

Sources:
IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited, Company information

Premium: Purcari *("True values don't change with time. Since 1827")* is the Group's flagship brand, dating back to 1827. It achieved its first international success in 1878, winning the gold medal at the Paris World Exhibition with Negru de Purcari. Purcari is the most awarded Central and Eastern Europe winery at Decanter London in 2015-2016 with 16 medals.

In 2016, the Group received 23 medals from Decanter, IWCS, Challenge International du Vin Bordeaux and Concours Mondial de Bruxelles. Wine Enthusiast, a global wine publication, ranked 8 Purcari wines with 90+ points in 2015-2016.

Medium to premium: Crama Ceptura ("*14 days of extra sunshine*") was acquired in 2003. It is primarily distributed in Romania. Ceptura is situated in the Dealu Mare region, which is among the most recognized wine regions in Romania, having a premium image, which strengthens the brand's value proposition. The brand story is based on the unique climate of Dealu Mare micro-zone, with bountiful sunshine combined with the favorable topography of the hilly area, near the Carpathian slopes, allowing for optimal sun exposure. Since 2014, Crama Ceptura wines are offered in three price categories: premium *Cervus Magnus Monte*, medium-priced *Astrum Cervi*, and economy plus *Cervus Cepturum*.

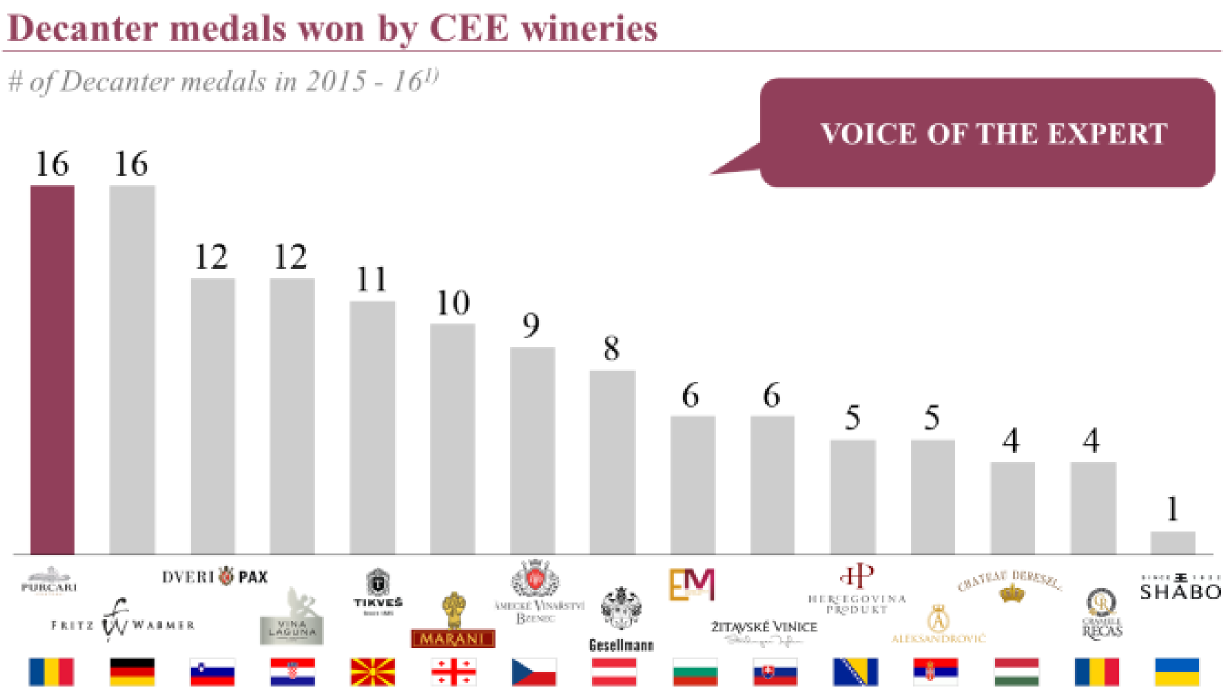
Economy plus to popular premium: Bostavan ("*Taste it. Love it.*") was launched in 2005. Since 2013, a unified Bostavan umbrella brand was launched to support a portfolio of sub-brands in the economy and medium-priced segments and build stronger brand recognition for the wide family of wines. Starting with 2016, the Group focused on the gradual premiumization of the Bostavan brand, with the launch of Dor series, riding a *cool-ethno* communication platform.

Medium to premium: Bardar ("*Only grapes, oak and patience*") is the Group's brandy offering. The brand was launched in 1929 with the foundation of the distillery by a German entrepreneur. Historically, the Group did not focus on pushing the branded sales of Bardar, relying predominantly on the sales of bulk brandy.

However, starting 2015 Bardar adopted a change in strategy, focusing on the sale of branded bottled products. The relaunch of Bardar as an aspirational, progressive brand has been a successful one turning it into a growth engine for the Group.

(d) Recognized product quality by both, experts and consumers

Purcari Winery has received 14 medals at a number of top international competitions in 2014, 15 medals in 2015 and 23 medals in 2016, while being the most awarded CEE winery at Decanter London in 2015-2016 with a total 16 medals.

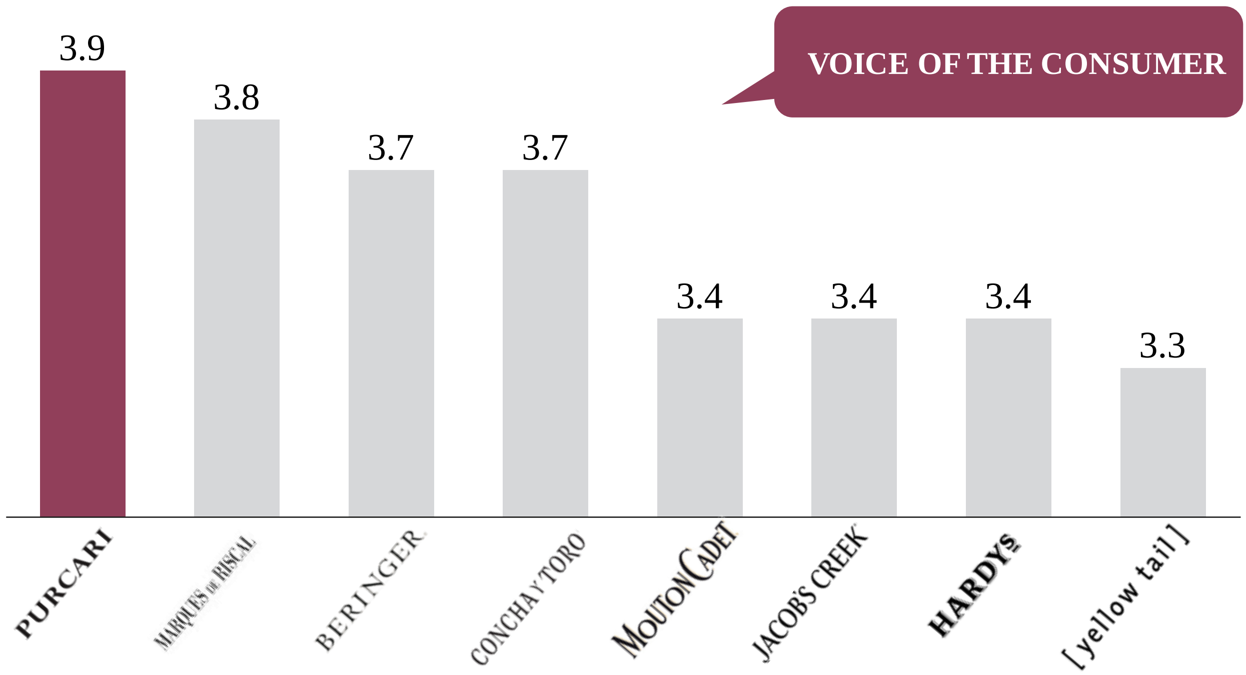


Notes: 1) Including most awarded wineries in each respective country. German and Austrian wineries added for comparison purposes only. In case of two wineries having the same amount of medals, the one more commended is favored (if amount commended is the same, the higher grade medal receiver is favored)
Sources: Decanter

The Group's products have also won the appreciation of consumers, with an average 3.9 score on Vivino, a wine rating mobile app based on over 13,000 individual scores. With the increasing role of millennial demographic in shaping consumption patterns, the role of applications such as Vivino will increase (not unlike services like Yelp or TripAdvisor have on the restaurants industry), hence the Group's close monitoring of similar technological innovations and focus on meeting the taste preferences of this demographic.

Average Vivino rating – proxy for millennial engagement

Average Vivino score, selected wineries, 1-5 scale

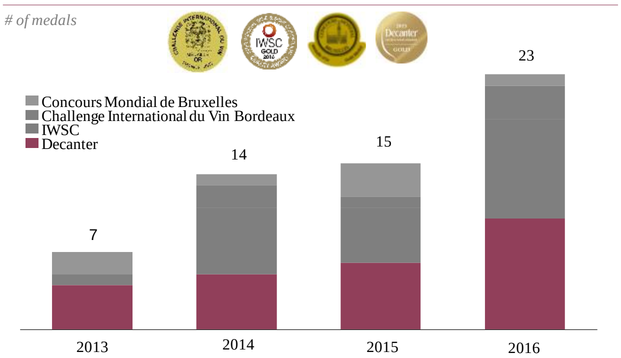


Source: Vivino

The Group has proven its ability to maintaining and striving to increase the level of quality, even as the business scales at a rapid pace. For instance, the score of Rose de Purcari, the most sold Purcari brand SKU, has improved gradually from 3.8 for the 2013 vintage, to 4.1 for 2016 one.

Increasing number of medals won from year to year

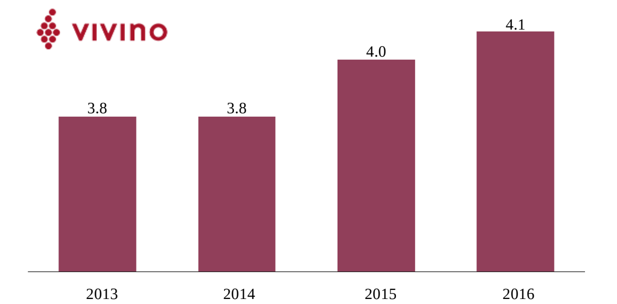
# of medals



Sources: Decanter, Concours Mondial, IWSC.net, challengeduvin.com

Wine quality vs business scaling

Vivino scores by vintage year, Rosé de Purcari (most sold Purcari SKU)

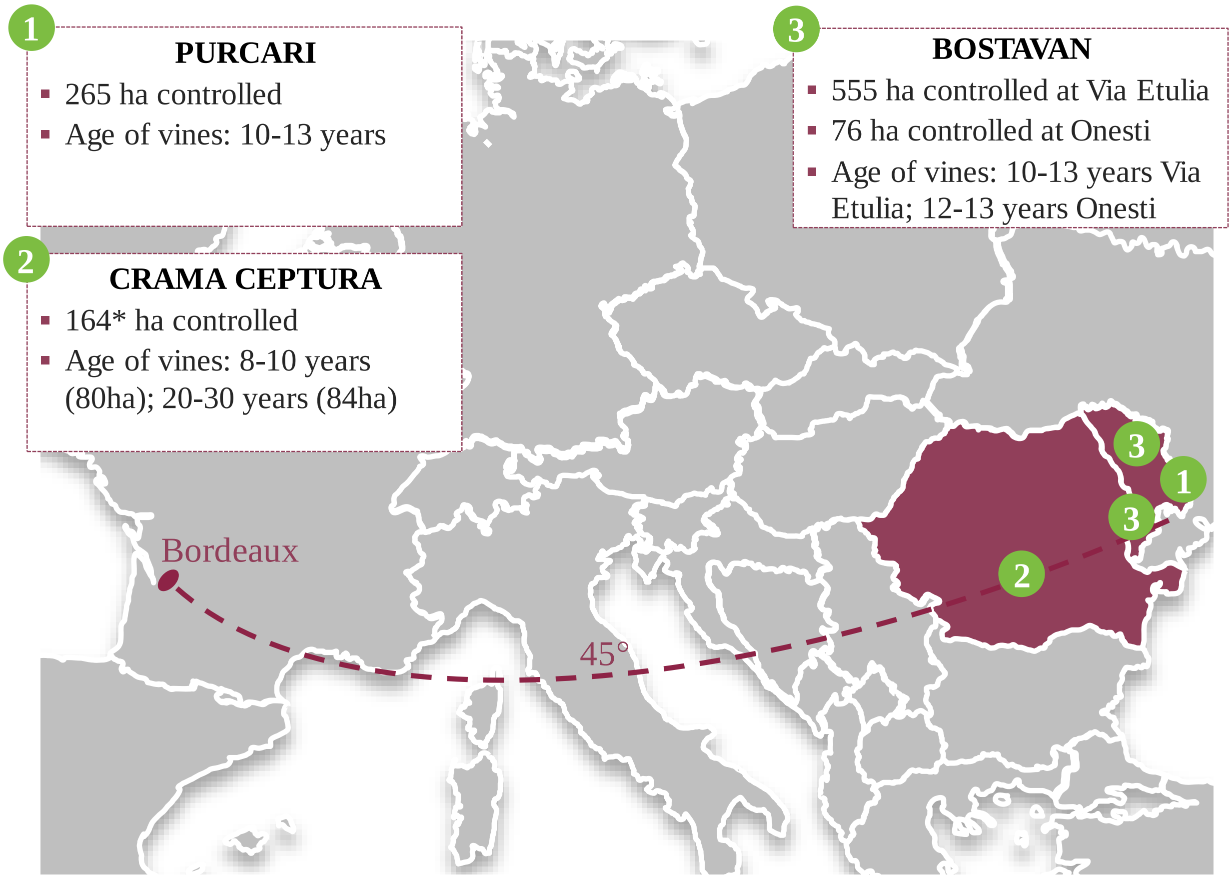


Sources: Vivino

(e) **Excellent asset base and sustainable cost advantage**

In 2016, the Group cultivated 1,060 hectares of vineyards, while in 2017 the Group cultivated 1,049 hectares of vineyards. The majority of the vineyards are in their prime age, being planted during 2004-2005 and are situated in favourable micro-zones for winemaking, along the 45th parallel, same as the Bordeaux region. Production assets are based in a region with 5,000+ years of vine growing history, a developed wine culture and vibrant wine-related ecosystem, resulting in a well-developed economic cluster spanning the entire wine value chain: from grape growing, to oenological research, to bottle and label manufacturing etc.

1,060 ha of prime vineyards in top winemaking regions



**153ha in 2017*

Sources: Company information

The Group management believes that the Group benefits from a sustainable cost advantage in the production of bottled wine, in both Romania and Republic of Moldova, versus other traditional wine players like France, Spain or Chile. The cost advantage stems from lower labour, energy, packaging as well as grape costs. Additionally, the transportation costs, which are meaningful in the wine distribution, rank favourable for shipments within CEE, including Romania and Poland, the two large regional wine markets.

High cost advantage
Average cost advantage
Cost disadvantage

	France	Spain	Chile	Romania	Moldova
Average net salary [€/ month]	1,913	1,288	646	573	213
Electricity [€/ kwh]	0.074	0.101	0.114	0.064	0.083
Diesel [€/ liter]	1.29	1.13	0.71	1.14	0.77
Bottle [€/ 0.75l]	0.25	0.30	0.15	0.18	0.15
Grapes[1)] [€/ kg]	0.90 Val de Loire	0.85-1.20 Rioja	0.30 Colchagua	0.30 Ceptura	0.24 Purcari
Vines[2)] [€/ ha]	25 k – 3.4 m	31 k – 50 k	27 k – 48 k	10k – 12k	4k – 9k

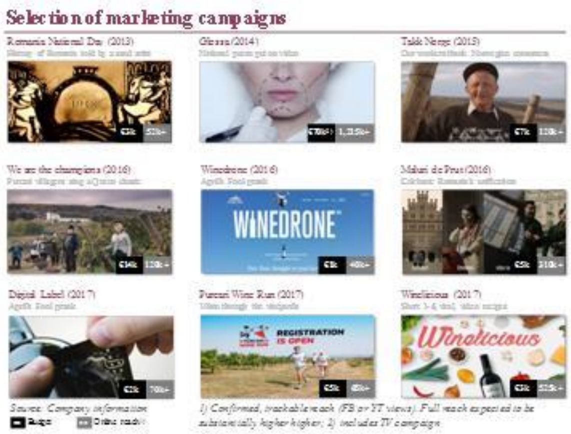
1) Quality comparable to Group's production 2) France (Bordeaux); France (Val de Loire, based on 10t/ha yield calculation); Spain (La Rioja, Pais Vasco); Chile (Colchagua); Romania (Crama Ceptura Winery, 2017); Moldova (Purcari Winery,2017)
Sources: Company data, Numbeo, Eurostat, ODEPA, Ministry of Agriculture of Spain, Agrifrance 2017 Rural Report, www.vinetur.com, www.larioja.org, http://www.lomejordelvinoderioja.com, www.vivastreet.cl, www.Globalpetrolprices.com, www.exchangerates.org.uk, www.elobservador.com.uy

The Group operates a suite of full cycle production facilities in Romania and Moldova, equipped with modern machinery and supplies including automatic sorters, four type of fermentation tanks, thermos-vinification, micro-oxigenation, nanofilters etc, from top global producers like Bucher, Siprem. Della Toffola, Padovan, MBF or Seguin Moreau. The Group invested RON 10.6 million in equipment and capacity expansion during 2014-2016. Utilization rate stood at an average blended capacity of 59% in 2016.

(f) **Strong marketing execution, tailored to new media and millennial consumers**

The Group has been taking a rather differentiated approach to marketing, which is based on the following principles:

1. Focus on digital versus traditional media;
2. Focus on engaging, consumer-friendly content versus. traditional "selling" advertising;
3. Focus on creative, low-budget campaigns with built in viral effect versus big budget traditional communication.

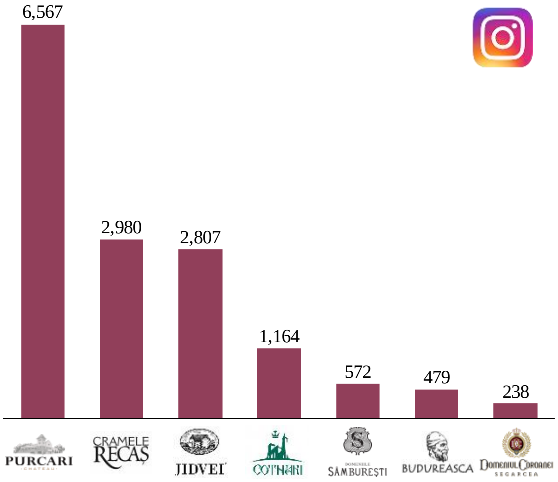


The Group has managed to produce some highly successful marketing campaigns, that captured the imagination of consumers and helped convey the value proposition of Group's brands. A recurring and signature feature of the Group's campaigns is the participation of Group's employees as key actors in the produced media, as is the case of "Takk Norge" campaign (a video that went viral where Purcari villagers thank the Norwegian consumers for choosing Purcari wines, indeed, in Norwegian language) or "We Are the Champions" (the classic Queen's hit, sang by Purcari employees, to celebrate the winery's success at Decanter). Similarly, the Group has been successful at instituting recurring campaigns, centred on a specific occasion, like the April's Fools day, which the Group used as an opportunity to "launch" technological breakthroughs in wine, like a NASA engineered "Purcari Zero Gravity Edition" (2015), the "WineDrone" service (2016) or the "Digital Label" (2017). All these low budget campaigns have achieved disproportionate impact in terms of audience reach, as they were being picked up by the mainstream publications and have spread via social media. In addition to helping increase the brands' awareness, such campaigns were meant to deepen the brand's engagement with consumers, building a higher level of loyalty towards Group's products and cultivating brand promoters.

The Group's marketing practices emphasize a very close communication with end consumers via social media, by addressing any incoming questions or concerns via a multitude of channels promptly and by aiming to react to each mentioning of Group's brands on social platforms like Instagram or Facebook, thus establishing a one-to-one feedback loop with consumers. Typically, a picture featuring the Purcari hashtag on Instagram (#purcari) is reacted to within a day, implicitly showing Group's gratitude for consumers' choice and, hopefully, deepening the personal bond with each of them and aiming to turn passive consumers into brand ambassadors.

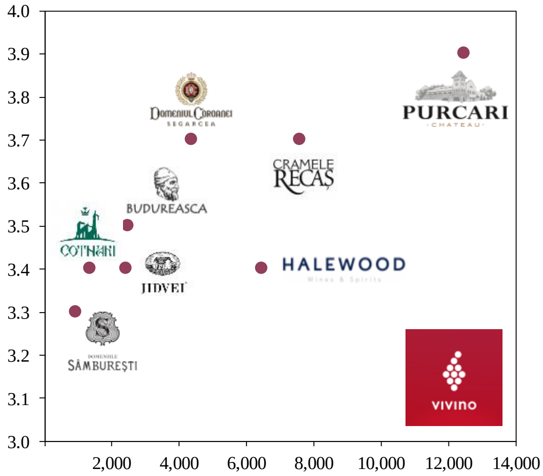
The Purcari brand is prominently featured on social media with consumers using the #purcari hashtag (for instance to showcase an occasion on which they consume the wines) significantly more frequently compared to hashtags for other leading Romanian wineries, which may serve as a proxy for deeper engagement with the millennial demographic. Similarly, the high number of ratings on Vivino (a leading wine rating app consumers used to take a picture of any wine label to get an instant quality score), as well as the above average score Purcari enjoys on Vivino, are an additional demonstration of Group's affinity with the technology friendly millennial consumers. Group's management believes technology and social media will play an increasingly important role in shaping consumer choices and is hence investing in building capabilities to embrace such new communication media.

Number of #brand uses on Instagram, by key Romanian brands



Sources: Instagram

Number of Vivino ratings (X axis) and average Vivino score (Y axis)



Sources: Vivino as of November 27 2017

(g) **Proven ability to identify and execute accretive acquisitions**

The Group was created via a number of acquisitions. In 2003, Group's founding shareholder acquired the assets forming the basis for the Bostavan winery and followed with the further acquisition of the Purcari assets (2003), Crama Ceptura (2003) and Bardar (2008). The typical recipe behind each of these acquisitions was based on (1) identifying underperforming or distressed assets, (2) acquiring them at attractive financial terms, (3) investing in rapid restructuring of operations ensuring a proper integration into the Group. Acquisitions made during 2004-2008 speak about the management's capacity to identify the right target, acquire and integrate it into the Group's structure and monetize synergies of operational and financial nature.

(h) **Driven management team, combining youth and experience**

The Group has a strong and experienced management team combining an extensive expertise in the wine market with an enthusiasm and clear determination to drive the business forward. Mr. Victor Bostan, the founder of the Group, has an university degree in Wine Technology and has grown through the ranks of the wine industry from entry level oenologist to general manager and owner. Most of the top management team have a cosmopolitan background, dual citizenship and speak at least three languages. The Group is proud of reliance predominantly on promotions from within, with key management personnel having been with the Group for a significant amount of time e.g. Chief Commercial Officer for over 10 years, CFO over 6 years, GM Production over 8 years, GM Romania over 13 years, Head Wine Maker for over 7 years etc. That being said, despite the significant experience, the Group management median age is still circa 40 years old, based on the top-10 managers.

(i) **Sound corporate governance, with Horizon Capital and IFC among shareholders**

The Group aims to adhere to high standards of corporate governance, including environmental and social standards. Since 2010, the Group's largest shareholder is Emerging Europe Growth Fund II, a fund managed by Horizon Capital, a fund manager with over $700 million under management, backed by over 40 institutional Limited Partners. IFC is a minority shareholder in the Group since 2008.

The Group's consolidated financial statements have been audited by one of the Big-4 audit firms since 2011.

Strategy

The Group's vision is to become the #1 wine player in the CEE region, acting as a consolidator of a fragmented industry. The Group's mission is to bring joy in people's lives, by offering them high quality, inspiring, ethical wines.

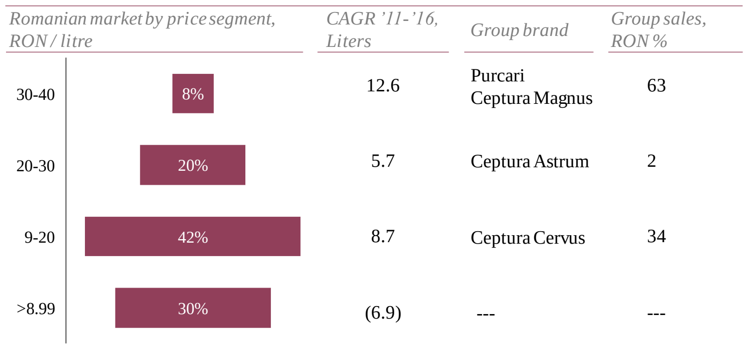
Group's strategy is centred around the following pillars:

(a) ***Focus on Romania as key domestic market to achieve undisputable leadership position***

The Group is already the fastest growing and the second most profitable among the major wine players on the Romanian market, according to the statutory accounts reported by the Ministry of Finance of Romania. The Group has grown its revenue from sales of finished goods in Romania by a 55% CAGR for 2014-2016 and was up 69% for the nine months of 2017 compared to prior period. Nevertheless, the total Group's sales of finished goods in Romania, accounting for RON 30.2 million in 2016 and RON 32.4 million in the nine months of 2017, remain a fraction of the fragmented Romanian market. The Group intends to continue growing fast in Romania by entering the price-segments it is missing in increasing retail penetration, boosting marketing investments for the Crama Ceptura brand and expanding to the sparkling segment.

The Group's management will continue to focus on growing its distribution and shelf presence, especially in the price segments where it is under-represented. Specifically, the Group will target the RON 20 to 30 retail selling price ("RSP") per litre segment, which accounts for approximately 20-23% of all market volumes, depending on variety, according to Euromonitor.

Group's sales by price segment in Romania

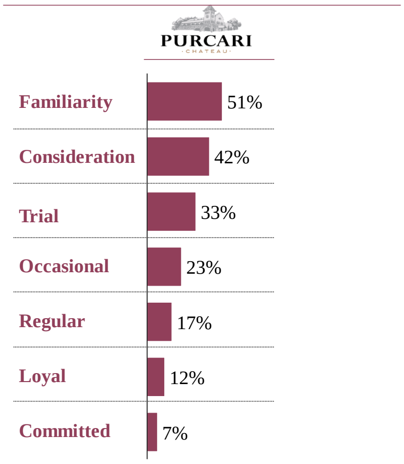


Sources: Euromonitor, Wine in Romania, June 2017; Company information

The Group has built a strong market position with Purcari, in the RON 30+/litre RSP segment and Crama Ceptura – Cervus line, in the RON 9-20 segment, but it is virtually missing in the crucial RON 20-30 segment, in which it recently launched the Crama Ceptura – Astrum line. Beyond portfolio, the Group intends to continue investing actively in marketing, with a focus on the Crama Ceptura brand. To that end, the Group launched a multi-channel media campaign in 2017, including TV, supporting Ceptura's differentiated "*14 days of extra sunshine*" positioning, with Mr. Florin Busuioc (known as "Busu"), a renowned weather anchor and celebrity as spokesperson.

The Purcari brand enjoys above average trial-to-regular conversion – circa one in two consumers who tried Purcari become regulars, as of Aug 2017, according to Xplane Market Research Agency. As a relative new entrant into the Romanian market, Purcari still has a weaker brand Familiarity compared to the more established wineries – circa 51% of premium wine consumers in large urban areas (target group) are familiar with Purcari. Thus, a significant upside remains, by increasing the awareness of Purcari brand, which should cascade down in higher numbers of regular consumers.

Strong conversion across brand pyramid, with room to grow



Sources: Romanian wine market study (Xplane Market Research Agency, Aug 2017; Research among premium wine drinkers, 20-65 years old, Bucharest, Brasov, Cluj, n=500)

The Group will focus on building a stronger presence in the under-represented channels and regions. For instance, only 30% of the Group's sales go via traditional trade, while the weight of this channel is estimated at 45% of all wine sales as of July 2017 by Nielsen. Similarly, the Group intends to expand its presence in the Centre, Nord-West and West economic regions, which account for circa 37% of the population, but only for 27% of the Group sales based on traditional trade data. Given these regions are relatively wealthier than the national median, the Group believes they may offer a higher propensity for consuming premium wines. Group's sales to these regions have been growing, using the traditional trade data, at 6 percentage points faster in the nine months 2017 versus the rest of the country.

Additionally, the Group intends to invest more actively in promoting the Crama Ceptura brand, building a stronger position in the large mainstream segment of the market. Despite the lower price point, the Crama Ceptura wines have an average monthly sales rate per point of sale of RON 217, versus the equivalent metric for Purcari of RON428, based on Group estimates for the nine months of 2017. Typically, the mainstream products have a substantially higher velocity of sales as compared to the more expensive premium products, leaving substantial room for improvement for Crama Ceptura.

Finally, the Group has started expansion to the fast-growing sparkling wine segment, under the Purcari brand, aiming to build a strong position in the Romanian market, capitalizing on the brand recognition of the Purcari brand as a high-quality wine producer.

(b) ***Build upon the Romanian success, to achieve market leading positions across CEE***

The Group intends to build on the strong track record in Romania and export the successful model to other core markets, starting with Poland and subsequently the Czech Republic, Slovakia, and Ukraine. This implies the following actions:

- Building a local sales organization, including account managers and area sales managers
- Strengthening the relationship with retail partners
- Investing more actively in local marketing activities, including trade marketing (listing, promotions etc)

In the first phase, the Group will focus on building up a stronger presence in Poland, taking advantage of the high fragmentation in the Polish market and the robust growth of the grape wine category. The Polish still light wine market volume has grown at a 6.4% CAGR between 2014-2016 and is forecasted to grow at 5.9% according to Euromonitor between 2016-2020. The Group has grown at a substantially higher rate historically, expanding in Poland at a 51% CAGR in volume terms between 2014-2016.

Currently, the Group operates in Poland via a number of distributors, which are very important for the success of the Group in the market, especially for the traditional retail channel. In addition to working with distributors, the Group has built direct relationships with four major Polish retail chains, jointly accounting for circa 870 points of sale. The Group intends to gradually expand the number and scope of direct-to-retail relationships, as the targeted retail chains with no direct relationship with the Group yet account for over 5,700 points of sale. To support this expansion, the Group plans building up a local sales organization, mirroring the Romanian model, starting with a small number of account managers, focused on the key accounts, to be expanded subsequently to area sales managers, focusing on the traditional retail channel.

Additionally, the Group will focus on growing the premium Purcari brand in the market, leveraging the successful Romanian recipe. The brand grew sales from RON 12.9 million in 2014, to RON 32.8 million in 2016 and RON 33.7 million in the nine months of 2017, an expansion by 2.5 times in three years. The PLN 33+/litre segment accounts for approximately 16 million bottles derived using input market data by Euromonitor, representing a sizeable enough segment for building a large premium brand with Purcari, helped by the positioning as the most awarded CEE winery at Decanter in 2015-2016 and very compelling value for money offering.

The Group considers market opportunities to acquire a logistics/distribution partner in Poland to strengthen its distribution capacity in the country, as it aims to build up a Romania-like sales organization.

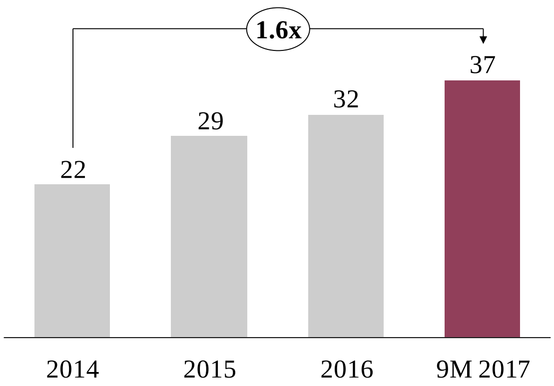
(c) ***Continue shift to premium***

The Group management believes a premiumization trend is underway in wine markets around the world, with consumers becoming increasingly more selective about the quality of wine they opt for. The Group has embraced this trend, putting an extra emphasis on the sale of premium wines, to cater to such shifting consumer preferences.

The economic case is also strong. A litre of premium Purcari brand is sold, on average, at circa four times the ex-works price of a litre of mainstream Bostavan brand, with a corresponding impact on margins. Premium Purcari sales have increased 2.5 times over the last three years, while the share of Purcari in total Group revenues from sales of finished goods has increased from 22% in 2014 to 32% in 2016 and 37% for the nine months of 2017. Furthermore, the Group's revenue per litre of wine sold has increased from RON 8.4 in 2014 to RON 11.3 in nine months 2017.

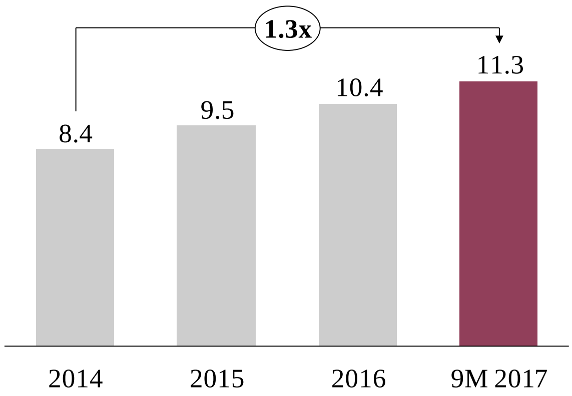
The Group management is focused on building on the premiumization momentum. The launch of Cuvée de Purcari, Group's sparkling wine innovation, may further strengthen Group's premium offering. Moreover, the premiumization focus is relevant also for the Crama Ceptura, Bostavan and Bardar brands. The latter, has launched 15 and 20 years' old brandies, at a significantly higher price-point, to cater to consumers' interest for highly discerning spirits. Similarly, Crama Ceptura has launched the Alb de Ceptura and Negru de Ceptura offerings, in the upper premium segment of the market. Finally, Bostavan has been pushing into the premium segment with their Dor series, including the Dor Ice Wine edition. Beyond catering to new consumer occasions and demographics, such extensions have the important role of brand-building and lifting the perception of the mainstream products of the Group.

Purcari sales as % of total Group sales



Sources: IFRS financials 2014-2016 audited, 9M 2016 unaudited and not reviewed – 9M 2017 unaudited

Group's revenue, RON/ litre



Sources: Company information

(d) ***Extend brand to adjacent categories***

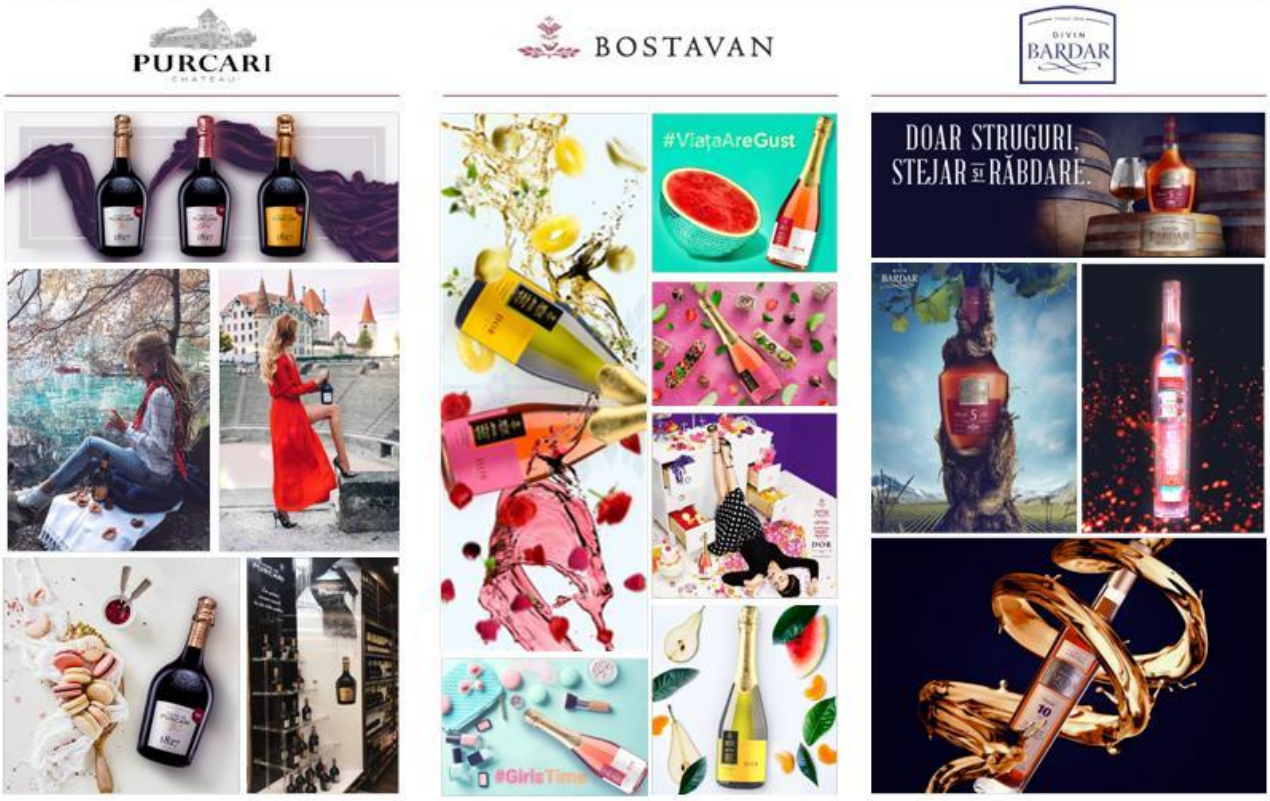
The Group has traditionally focused on the still wines segment. Group's strategy is to leverage the strength of its brands to expand beyond still wines alone, with sparkling wines and divins (grape made, cognac style brandy) as the priority expansion areas.

Brandy (Divins). The Group owns the Bardar asset since 2008, but Bardar's main focus was on sale of bulk, unbranded divins. In 2015, the Group adopted a shift in strategy with regard to Bardar, which was based on relaunching the Bardar brand as a sophisticated, high quality divin producer, focusing on the bottled, branded segment. Based on the results for nine months 2017, the share of brandy sales of total Group's revenues from sales of finished goods accounted for 14%. The price per litre of bottled brandy is higher than the price for bulk brandy, with a stronger margin profile, hence Group's strategy to gradually phase our completely the bulk brandy sales, boosting marginal contribution per litre sold.

Sparkling wines. In 2017 the Group has entered the sparkling wines segment, with the soft launch of Dor (Bostavan) brand in spring and Cuvée de Purcari in autumn. The Dor series target the mainstream segment, with a product based on the so called Charmat production method, while the Purcari sparkling, targets the super-premium segment, made according to the classical, Champenoise method of fermentation in bottle. Both brands have started on a strong note, being awarded a silver and gold medal respectively at the Effervescents du Monde in 2017, a highly selective international sparkling competition.

The Group will focus on building out both, the brandy and sparkling segments into a second and third pillar of growth for the Group, complementary to the current still wine business.

Selection of marketing campaigns to support sparkling & brandy launches



Sources: Company Information

(e) Pursue accretive acquisitions, building on a strong M&A track record

Group management believes the inherent peculiarities of the wine industry – significant fragmentation, large quantity of hobbyist wine-entrepreneurs, small average scale of wine enterprises – lead to an overall lower industry-level of management sophistication compared to other, more mature and concentrated drinks industries, like beer or spirits. To that end, Group management believes it may take advantage of acquiring under-managed assets, which could be brought to the operational standards of the Group and benefit from Group's scale, so that such assets are more valuable as part of the Group than standalone.

Group's track record of acquiring and building out Purcari, Bostavan, Crama Ceptura and Bardar assets, may serve as an indication of Group's ability to successfully identify, execute and integrate such acquisitions. Group's primary focus will be on underperforming assets (including strong brands, vineyards, production and distribution platforms) in Romania, Poland and Moldova, but also other markets will be considered for potential accretive bolt-ons.

(f) Invest in high ROI opex and capex to maximise cost advantage

The Group has been focusing on identifying high payback investments to further optimize the efficiency of its operations, aiming to further lower the production costs without compromising the quality. Examples of high return-on-investment (ROI) projects implemented by the Group have been the selective use of fertilizers, energy efficiency projects or equipping the transportation and agriworks fleet with GPS trackers. Going forward, the Group management is exploring a range of high payback projects, including investing in automated harvesting machinery, use of capillary irrigation, installation of thermovinification for the Bostavan plant or roll-out of field management software. Group management estimates such projects to have a payback as short as one to three years, yielding a high return on investment and further improving the cost structure.

The Group plans to continue investments in equipment, estimated at circa RON 55 million during 2018-2021, to accommodate output growth, including:

(i) *Phase I*: approx. RON 9 million investment in barrels and storage tanks for Vinaria Purcari and Vinaria Bostavan to sustain output growth to circa 25 million bottles in terms of grapes processing and bottling capacity and circa 27 million bottles in terms of storage capacity;

(ii) *Phase II*: approx. RON 24 million investment in the packaging and processing equipment for Vinaria Purcari and Vinaria Bostavan, and in the vinification processing, bottling and laboratory equipment and barrels for Crama Ceptura to sustain capacity of circa 26 million bottles in terms of grapes processing and bottling and circa 29 million bottles in terms of storage;

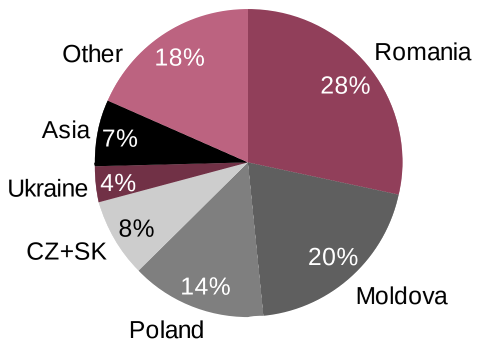
(iii) *Phase III:* approx. RON 22 million investment in barrels, tanks and bottling equipment for Vinaria Purcari and Vinaria Bostavan and in barrels for Crama Ceptura to sustain capacity of circa 27 million bottles in terms of grapes processing, circa 30 million bottles in terms of storage and circa 39 million bottles in terms of bottling.

Business Operations

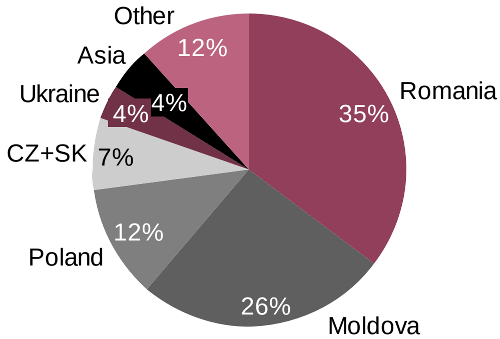
Key markets

The Group experienced a strong demand for its wines in the core markets, and grew its revenues 34% CAGR in 2014-2016 and further 35% compared to prior period during the nine months of 2017. Romania, Moldova and Poland are the Group’s largest markets, where the combined revenue from sales of finished goods increased by a 50% CAGR during 2014-2016, and continued to grow by 58% during the nine months of 2017. These three countries contributed with a 64% share in the total revenue from sales of finished goods in 2016 and 73% in the nine months of 2017.

Group’s sales of finished goods split by market, values

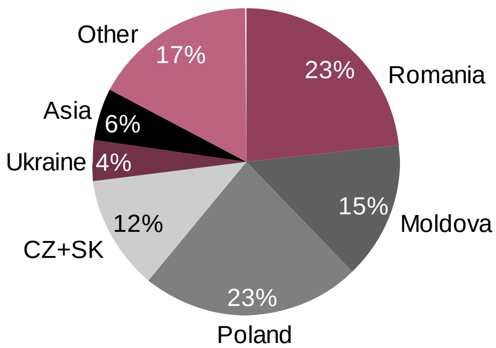


9M2016



9M2017

Group’s sales split by market, volumes



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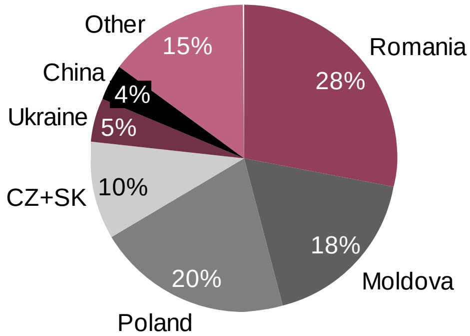


9M2017

Sources: Company information

Romania stands for a 35% share of Group’s revenues from sales of finished goods in the nine months of 2017 versus 22% share in 2014. Purcari is #1 premium brand in Romania by market share, based on the Group’s definition of RON30+/litre RSP, as of July 2017, according to Nielsen data. The Group has grown its revenue in Romania at a 55% CAGR for 2014-2016 and its volume sales at a 43% CAGR versus a 7.4% CAGR growth reported for the wine market, according to Euromonitor, but its sales still remain a fraction of the highly fragmented Romanian market. The Group relies on its sales team on the ground to cover direct sales to the key international retail accounts and, to a lesser extent, on the third-party distributors.

Poland stands for 12% share of Group’s revenues from sales of finished goods in the nine months of 2017, versus 11% share in 2014. The Group has grown its revenue in Poland at a 49% CAGR for 2014-2016 and its volume sales at a 51% CAGR versus a 1.9% growth reported for the wine market according to Euromonitor. The Group operates in Poland via a number of distributors, who are very important for the success of the Group in the market, especially for the traditional retail channel. Additionally, the Group has built direct relationships with four major Polish retail chains – Kaufland, Biedronka, Eurocash and Tesco, jointly accounting for circa 870 points of sale.

The Czech Republic and Slovakia stand for a combined 7.4% share of Group revenues from sales of finished goods in the nine months of 2017 versus 10.2% share in 2014. The Group has grown its revenue in the Czech Republic and Slovakia at a 17% CAGR during 2014-2016 and its volume sales at a 7% CAGR versus a 1.7% growth reported by Euromonitor for the combined wine market. The Group relies on a direct, pan regional relationship with Tesco, as well as third-party distributors to cover both key retail accounts and traditional retail.

Asia/China stands for a 4% share of Group's revenue from sales of finished goods in the nine months of 2017, versus 5% share in 2014. The Group has grown its revenue in Asia/China at a 44% CAGR during 2014-2016 and its volume sales at a 46% CAGR versus a 5.6% growth reported for the wine market according to Euromonitor. The Group relies on third-party distributors to cover Chinese market and has developed a network of eight trusted commercial partners, each responsible for a certain Chinese region or product line of the Group, including important distributors like China National Light Industrial Corporation. The Group sells predominantly on prepayment terms at the moment, which has as a drawback the long lead times for shipments to China. Currently the Group is exploring various options to shorten the lead times, including the possibility of creating an inventory stock closer to the end market. In terms of brand portfolio, the Group has a good progress with the Bostavan and Purcari wines, which it will use to expand its presence to brandy and sparkling wine segments in China.

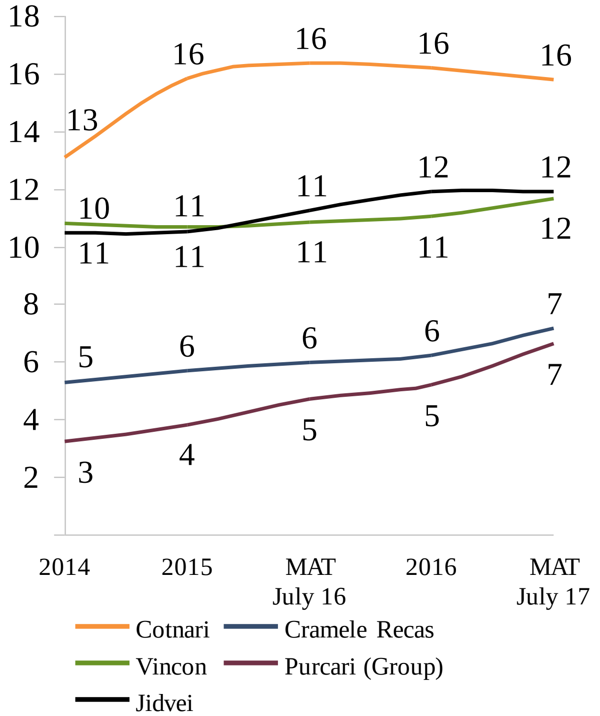
Ukraine stands for a 4% share of Group's revenue from sales of finished goods in the nine months of 2017 versus a 5% share in 2014. The Group has grown its revenue in Ukraine at a 9% CAGR during 2014-2016, while its volume sales declined at an 11% CAGR versus a 1.0% decline of the market, as the country was going through a geopolitical turmoil, territory loss and the local currency depreciated by close to 70% during the same period, making all imports much less affordable. The Group relies predominantly on third-party distributors to cover the market, with direct shipments to Fozzy Group, the largest supermarket network in Ukraine. The Group's near-term strategy is to focus on building out the Purcari and Bostavan brands in this large, high-potential market and expanding its presence to the sparkling segment, with particular focus on the HoReCa segment, navigating a structurally changing industry following the annexation of Crimea, which accounted for circa a half of Ukraine's vineyards.

Moldova stands for a 26% share of Group's revenue from sales of finished goods in the nine months of 2017 versus 18% share in 2014. The Group has grown its revenue at a 44% CAGR during 2014-2016 and its volume sales at a 24% CAGR versus 23% growth reported by the largest wine distributor Romatim, which carries all major Moldovan brands and stands as a proxy for the market, as Euromonitor does not provide relevant data for Moldova. While Moldova has a very rich wine tradition, it is largely dominated by the consumption of homemade wine, which was estimated by Wine of Moldova (November 2016 report) at 63.8 litres per capita versus 2.7 litres for consumption of bottled wine. Such consumption pattern leaves a lot to catch up for bottled wine producers as the popularity of high quality bottled wine grows. The Group will build on its leadership position in Moldova and nationwide sales presence to tap into growing popularity of bottled wine to expand sales, particularly beyond Chisinau and larger towns, where the consumption of home wine is the highest. Additionally, the Group will focus on continuing developing the Bardar brandy sales, a market in which it is still a distant runner-up with plenty of catch up potential versus the market leader, Calarasi.

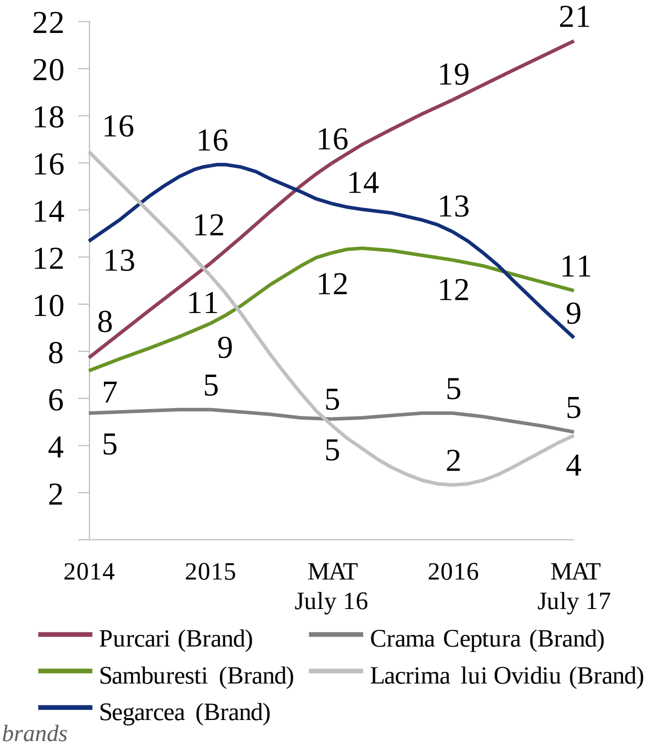
Key brands

The Group has a well-structured, diversified wine brand portfolio to appeal to consumers with various levels of purchasing power, tastes and consumption occasions. The Group offers its wines under the Purcari, Crama Ceptura and Bostavan brands. The premium Purcari brand accounts for 32% share of revenue from sales of finished goods in 2016, followed by the Crama Ceptura brand with 14% share of revenue from sales of finished goods and Bostavan with 39% share. In the nine months of 2017, the shares were 37%, 15% and 34% respectively. According to Nielsen, Purcari is the #1 premium wine brand in Romania (retail price of RON30 per litre and up). The Group has focused on the still wine segment until 2017, when it started to expand its product offering with sparkling wine. In the spirits segment, the Group offers its brandy under the Bardar brand, which accounts for 14% share of revenue from sales of finished goods based on the nine months of 2017 results. The Group intends to maintain the share of revenue contributed by the spirits segment at below 25% for as long as International Finance Corporation (IFC) remains the shareholder of the Group, to be compliant with the Policy Agreement concluded with IFC.

Value share of Total retail market, Romania, %



Value share of Premium Brands (RON 30+/liter) retail market, %



Notes: Purcari Group = Purcari, Crama Ceptura and Bostavan brands
Sources: Nielsen report

Key product categories

The Group operates in the wine and brandy segments, representing a 86% and a 14% share of revenues from sales of finished goods respectively in 2016 and the nine months of 2017. The Group wine revenue increased by a 31% CAGR during 2014-2016 and by a 34% compared to prior period during the nine months of 2017. All growth in these periods has been organic, via expansion of geographic offering and brand assortment, as the Group did not execute any meaningful acquisitions.

The Group's brandy revenue increased by 51% CAGR during 2014-2016 and by a 47% compared to prior period during the nine months of 2017. All growth in this segment has been achieved via increasing offering of the bottled product and expansion of geographic offering.

Operating model

Raw material supply

The Group chose to pursue a vertical integration strategy and produce its own wine base while also relying, as needed, on third party supplies of grapes or bulk wine.

Own grapes production: The Group farmed 1,060 hectares in Romania and the Republic of Moldova in 2016, which allowed the Group to satisfy 74% of wine base needs in 2016 and 53% for the nine months of 2017. In the 11 months of 2017, the Group sourced additional quantities of grapes and bulk wine from the third party to meet demand, reducing the share of own raw materials to 39% of total wine base needs. The table below elaborates on evolution of own harvest and third party supplies in the past five years.

Evolution of own harvest versus outsourced supplies

	2013	2014	2015	2016	11m2017
Own grapes, t	7,577	9,306	8,765	10,656	10,337
Purchased grapes, t	5,989	2,360	4,738	4,210	13,153
Purchased bulk, dal	278,611	16,776	43,873	102,940	302,147
Purchased distillates, dal a/a	0	0	27,017	1,363	67,000

Notes: DAL equals 10 litres; DAL a/a equals 10 litres in pure alcohol; 1 DAL of bulk equals 15.4 kg of grapes; 1 DAL of a/a (distillate) equals 130-140 kg of grapes; Total volumes are based on individual winery production volumes which differs from volumes based on brand. For example, Bardar usually purchases bulk from Bostavan and Purcari for distillation. But as such transactions are intragroup they are not reflected in the purchased bulk line in the Bardar table

Sources: Company information

Purcari vineyards are located in the Purcari region, on the high bank of Nistru River, 65km from the Black Sea. This is among the most renowned vine growing regions in Republic of Moldova due to its unique microclimate and soil conditions. The vineyard area consists of 265ha of black earth carbonate and colluvial soils. The vineyards are oriented South to South West to maximize the number of sun exposure days. The age of Purcari vines is of 10-13 years, and the total yield was approximately 2.2 thousand tons of grapes in 2017.

Crama Ceptura vineyards are located in Calugareasca Valley, near the slopes of Carpathian Mountains. The vineyards area consists of 153 (164 as of 31 December 2016) ha covering fragmented individual plots within 15 to 40km distance, located in reddish brown forest soils. As regards the age of the vines, out of the 164 ha, ~80ha are 8-10 years old and ~84ha are 20-30 years old, adding up to a total yield of approximately 0.6 thousand tons of grapes in 2017.

Bostavan vineries are located near Etulia, Valul lui Traian region (555ha) and Onesti, Codru Region (76ha).

The vineyards area is composed of various soils, including ordinary black, black earth carbonate, alluvial meadow-chernozem in Etulia. The weather conditions in Etulia are hot and dry, suitable for rich red grape wines, while Onesti with cooler temperatures weather is more favorable for quality white grape wines. The age of Bostavan vines is of 10-13 years in Etulia and 12-13 years in Onesti, which yield a total of approximately 7.5 thousand tons of grapes in 2017.

The Group grows a combination of European and indigenous grapes. The vineyards dedicated to the production of the top-five grapes by volume, mainly red grape varieties, make up 70% of the total area under cultivation. In terms of European grapes, Cabernet Sauvignon is the largest with a 26% share of land (265ha), followed by Merlot with an 18.8% share (190ha) and Chardonnay with a 13.3% share (134ha). A good balance between old and new vines as well as continuous efforts dedicated to soil and vine analysis allow the Group to produce high-quality wines that gained appreciation at regional and international levels.

Harvesting: the Group's vineyards are located at a short distance from the wineries, for example at circa 8km in Bostavan Etulia, 0.3km in Purcari, circa 3km in Bostavan Onesti and almost 10km in Crama Ceptura, which helps preserve the high quality of grapes during short-distance transportation. The Group uses modern harvesters (i.e. New Holland) to accelerate grape harvesting at three of its vineyards, while continuing to manually pick up grapes at the Purcari vineyard.

Third-party suppliers of grapes*:* The Group sourced 72% of its grapes from its own vineyards in 2016 and 44% in the nine months of 2017. Due to possible growth in demand in 2018 and anticipated rise of global bulk prices as result of historically low harvest across the globe (to which both, Romania and Moldova were an exception), the Group acquired additional quantities of grapes from the third party suppliers, lowering the share of own grapes to 39% in the 11 months of 2017.

For the Purcari brand needs, the grapes were sourced solely from the Group's own vineyards, historically. In 2017, the Group sourced almost 20% of grapes volume from the third party for its Purcari brand needs to meet the anticipated rise in demand. The management estimates that circa 1,000 hectares of vineyards in close proximity to Purcari are suitable for contracting to meet grape volume needs for its Purcari brand.

For Crama Ceptura and Bostavan brands, the Group uses a combination of grapes from own vineyards and from the third-party local farmers in the nearby regions, which often offer attractive prices compared to own production, this being an important factor for managing the cost of production of the medium and economy brands.

For the Bardar brand, the business model allows purchasing bulk wine base, given the fact that the majority of added value in the divin production comes from the distillation process which is in full control at this Group facility.

Wine and Divin production

Modern winemaking is a highly technological process that relies extensively on sophisticated equipment and expertise of the winemaker to achieve a consistently high quality of wine. Since the early days of operations, the Group has relied on the cooperation between its own in-house wine making professionals and reputable experienced industry professionals from Italy and France to benefit from the best industry expertise in vineyards management and new technologies in winemaking. In 2009, the Group has engaged Federico Giotto from Giotto Consulting to support the in-house team on process improvements throughout the value chain: from grape to bottle. In 2016, the Group has engaged Franck Mazy, the well-known French founder of the viticultural agency FCM Consultants, to be its new agricultural consultant to ensure a consistently healthy, high quality harvest from the Group's vineyards.

Available capacity The Group operates four production platforms, one for each of the four brands – Purcari, Crama Ceptura, Bostavan and Bardar. The production platforms are equipped for grapes processing to produce wine base and, subsequently, for further wine maturing and bottling.

Bostavan, as the largest of the four capacity-wise, is split between two sites: (i) Etulia, where both primary and secondary phase production take place and (ii) Onesti, where only the primary processing of grapes is being done. The Group ran at a blended 59% utilization rate of its wine production capacity which is equivalent to 11.9 million bottles output in 2016. Bardar facility is not included in this blended rate as it runs a different business model compared to wine – it processes grapes and bulk wine into distillates and has a different storage process.

In terms of each of the production stages, capacity utilisation varies by production site. Based on the production plan for 2017, the grapes processing capacity is utilised at approximately 92% at the Purcari and Crama Ceptura sites and at almost 100% at Bostavan site; while the storage of bulk wine is utilised at almost 100% at the Purcari and Crama Ceptura sites and 89% at Bostavan. At the bottling stage, the Group enjoys meaningful spare capacity to accommodate future growth, having utilised 42% of the installed capacity at Purcari, 69% at Crama Ceptura and 61% at Bostavan. The Group is increasing the capacity as required, for each stage of production: from grapes presses, to storage tanks, to bottling lines, to meet the volume growth expectations. Storage capacity, which is closest to full capacity across the board, is also the easiest to scale. Storage capacity means maximum volumes of wine that can be stored at a time; Utilization rate for storage capacity was calculated at the moment of peak load of warehouses (i.e. September – October). As an indication, market prices for a 30,000 litres storage tank, depending on specifications, size etc are around 5-7k EUR i.e. 17-23 cents per litre of storage, or ~12-17 cents per bottle. So, roughly speaking, it takes 120k-170k EUR to stock the equivalent volume for 1 million bottles of wine, assuming the winery is reliant solely on own wine base. Given winery also relies on third party bulk, which has a higher stock rotation (i.e. same storage capacity gets filled and cleared multiple times during the year, as bulk is bought, temporarily stored and bottled, then same process is repeated), the storage required for each 1m bottles is lower.

Wine production capacity in mn 0.75l bottles and utilization rates

Production capacity/ Utilization rate	PURCARI CHATEAU	CRAMA CEPTURA	BOSTAVAN
Processing[1]	3.8/92%	2.9/92%	13.6/100%
Storage[2]	3.9/100%	3.1/100%	15.6/89%
Bottling	6.0/42%	4.2/69%	14.4/61%

Notes: 1.Production capacity at each stage was translated in 0.75l bottles as of Dec 2017; Utilization rate calculations based on 2017 results (management estimates).Processing utilization rate was calculated at peak volume season (Sept-Oct).
2. Storage capacity means maximum volumes of wine that can be stored at a time. Utilization rate for the storage was calculated at the moment of peak load of warehouses (Sept-Oct). Wineries typically operate at close to maximum storage capacity, which is easily expandable, when needed.
Sources: Company information

Grapes treatment prior to processing: The Group employs two unique procedures of grapes treatment prior to grapes processing: 1) grapes used for the Purcari brand wines are chilled for 24 hours after harvesting, which helps improve the aroma of white and rosé wines; and 2) the grapes for the red wines are subject to thermovinification (at Purcari, Bostavan Etulia and Crama Ceptura wineries), which helps produce wine of a more intense colour and a fruitier flavour, both appreciated by consumers. According to the Group's management, such technologies are still used, if at all, by only a minority of competitors, putting the Group wines at an advantage with consumers.

Grape processing involves the heavy use of modern equipment from the best-in-class suppliers (for example, Vaslin Bucher, TFG) at all wineries of the Group, which helps them achieve a superior aroma and taste of wine. The Group uses its own technological know-how at this stage, which the Group management believes may provide a quality advantage versus peers.

Fermentation is a highly technological process that is run in fully automated temperature-controlled environment for up to 14 days. The Group uses equipment provided by reputable Italian suppliers (for example, TMCI Padovan) at all its wineries. Four type of fermentation tanks are used, tailored to peculiarities of which wines (e.g. a horizontal, gentle fermentation tank for the refined Pinot Noirs versus a vertical, pneumatic tank for the full-body Cabernet Sauvignon etc.)

Ageing of wines requires different equipment, depending on grape variety and style aimed at. High-quality barrels by Seguin Moreau (France) are used for the premium Purcari wines (circa 3,000 barrels in stock). For Crama Ceptura and Bostavan brands, the Group uses less expensive barrels, as well as steel tanks. However, ageing of wine is conducted in the fully conditioned storages in the Purcari and Etulia wineries, where the temperature is maintained within the 14C-16C range, in order to ensure the high quality of wines.

Filtering of wine is a critical quality-control process before bottling wines for retail distribution. The Group uses the most modern technological solution for membrane filtering that allows to minimise oxidation of wine at the last stage of filtering before the wine is bottled. Such equipment is installed at all wineries of the Group to help preserve flavour and aroma of the wines while bottling.

Bottling equipment provided by Italian suppliers was installed at the time the Group was established. The Group initiated an equipment upgrade for its bottling equipment targeting to fully replace the existing machines with the most advanced bottling machinery available at the market within the next 18 months.

Quality control and assurance

Each of the Group companies is certified to comply with the requirements of ISO 9001 (Quality Management) and/or ISO 22000 (Food Safety Management), and Crama Ceptura's facility is ISO 22000:2005 certified. International certification bodies perform regular surveillance audits confirming compliance of their management systems with the requirements of ISO 9001:2008 (Quality Management) and/or ISO 22000:2005 (Food Safety Management).

Grape production: The Group has implemented rigorous quality assurance procedures, compliant with the high international quality standards across its production sites and vineyards.

The Group follows a procedure of ongoing monitoring of soil organic matter and nutrient level via soil and plant tissue analysis, which allows the identification of any potential risks to grapes harvest quality early on. The Group engages the Italian AgroBio Laboratory to test its soil samples during the year and to ensure grape vines are supplied with sufficient essential nutrients from the soil. Additionally, the Group works with Giotto Consulting since 2009 on an extensive scope of engagement that includes technical consulting and consulting during harvesting and vinification phase, both via remote monitoring and during regular visits to the wineries. In September 2016, the Group has also engaged Franck Mazy from FCM Consultants, a reputable French viticultural agency, as the new agricultural consultant to further support the Group's inhouse team on vineyard quality and efficiency matters.

Wine and divin production: Each of the Group's production factories is certified by relevant international and national bodies, which attest to the high safety and quality standards followed by the Group.

Health & safety of employees: The employees of the Group are asked to follow the special working instructions regarding sanitary aspects at the Group's premises and on occupational health and safety policies, which have been implemented at the Group's production facilities. These instructions detail internal mandatory rules for the workers when servicing equipment and performing various technologies processes and operations, including first aid. To ensure awareness and adherence to, the Group management ensures there are introductory and periodic trainings and instructions for all employees. Medical examinations of all employees of Group production companies are conducted as required by the applicable legislation for each of its production sites.

Laboratory: The Group has its own laboratories at the level of each company which, routinely conduct chemical, microbiological and sensor tests of all the products that are produced or bottled at the premises. In addition, the laboratories test the raw materials that are used in production. The laboratory staff includes on regular basis 2-7 specialists who conduct multiple analyses per day. The Group's production facilities are ISO 9001 and ISO 22000 certified. The Group's laboratories obtained and maintain proper certificates of accreditation from the local authorized bodies, while Vinaria Bardar's laboratory is also certified in accordance with ISO 17025, all of which attest to the strict procedures followed by the companies for ensuring the accuracy of the lab results and analysis.

Distribution

The Group has established a broad distribution network in Romania and Republic of Moldova, its core markets, which it is looking to replicate in Poland as the next step. In Romania and Republic of Moldova, the distribution network includes its own sales team and direct contracts with the key international and local retail accounts, which ensures a high control over the Group's products merchandising and prevention of out-of-stocks. The strength of the Group's sales and distribution network and its coverage of the primary distribution channels have been key drivers of growth during the previous three years, particularly in Romania and Republic of Moldova.

In other core markets, the Group directly covers the key retail accounts, but increasingly relies on third-party distributors to service the market. The Group believes its current sales force and partners distribution network are sufficient to handle a larger portfolio of brands and SKUs (i.e. A stock keeping unit (SKU) is a product and service identification code for a store or product that helps track the item for inventory). For example, the Group's existing team successfully introduced the sparkling wines line in 2017.

Sales to end consumers in the wine industry take place through either on-trade or off-trade distribution. On-trade includes distribution to HoReCa channels. Off-trade sales and distribution in the core markets take place thought two major sales channels: (i) traditional trade channels such as small, local retailers; and (ii) modern trade channels, which include discounters and hypermarkets.

The Group is increasingly focused on maximizing the on-trade presence. In order to deliver targeted brand distribution, visibility and consumer activity, the Group segmented the HoReCa channel by type, achieving effective coverage of each type and maximizing brand building and volume potential. As a result, it has a targeted approach to the various sub-channels of HoReCa, such as pubs, high-end restaurants, night clubs and sports bars.

Tourism

The Purcari site includes a historical chateau as well as a touristic complex in the heart of the vineyards.

The chateau site was fully renovated in 2002 and includes a

boutique hotel, the historical 1827 cellars offering private collections storage, a tasting room, a high-end restaurant, two lakes, a tennis court, a children's recreation area etc. The chateau's professional guides organize tours to the historic collection within the wine cellars, providing the visitors with an extensive information session about the production process, coupled with wine tasting. Annually, more than 15,000 visitors come to Purcari for a wide range of activities, given its proximity to urban areas counting over 2 million people.

The Chateau has significant expansion plans: an increase in the number of rooms, a wine spa, as well as the expansion of the health and fitness area. The high reviews on Booking.com with 'Superb' rating – 9.0 out of 10, Google – 4.8 out of 5.0, as well as an exceptional ranking by 75% of visitors according to tripadvisor.com stand as proof of the Chateau's growing touristic appeal.

Real Estate Assets

Group's Factories

The Group owns four production platforms which comprise the Group's fixed assets and are equipped with state-of-the art technological equipment.

Vinaria Purcari*'s* most important real estate assets is the wine factory and historical Chateau, which it owns. The land on which the factory is built is also the property of Vinaria Purcari.

Crama Ceptura's most important real estate asset is the factory, which it owns. The factory was bought from a local wine company, being modernised and extended afterwards in 2004. The land on which the factory is built is the Group's property. Crama Ceptura uses other three locations for its operational activities, mainly for storage facilities, out of which two are situated near the factory, in Prahova county, while another is situated in Bucharest. All these three premises are leased, and the lease agreements set the rents as fixed amounts, giving the parties the right to renegotiate this amount at the renewal of the contractual relation by an addendum.

Vinaria Bostavan owns two factories situated in Etulia and Onesti villages. The lands on which the factories are built are the property of Vinaria Bostavan.

Vinaria Bardar owns a factory situated in Bardar village, Ialoveni region. The land on which the factory is built is the Group's property.

The wine production platforms typically incorporate a laboratory, exhibitory cellars and a wine-tasting room. In addition, both factories of Purcari and Bostavan have a restaurant, while the Purcari site also includes a historical chateau as well as a touristic complex in the heart of the vineyards (for more information, please see the "*Tourism*" section above).

Rights over the vineyards

Vinaria Purcari: Since Moldovan law forbids companies with foreign capital to own agricultural lands, the majority of lands where vineyards are located are owned by a third party local company "Victoriavin" S.R.L., which is 100% owned by Mr Victor Bostan (though the Group owns the vineyards on the land). The agricultural lands for vineyards are held by Vinaria Purcari based on long-term lease agreements concluded with Victoriavin. For more details about the agricultural lands lease agreements see section "*Material Contracts*".

Crama Ceptura: The land rights derive from a joint venture agreement and a lease agreement concluded with Vie Vin. For more details about these agreements see section "*Material Contracts*".

Vinaria Bostavan – a similar situation to Vinaria Purcari. The majority of lands where vineyards are located are owned by a third party local company "Victoriavin" S.R.L., which is 100% owned by Mr Victor Bostan (though the Group owns the vineyards on the land). The agricultural lands for vineyards are held by Vinaria Bostavan based on long-term lease agreements concluded with Victoriavin. For more details about the agricultural lands lease agreements see section "*Material Contracts*".

A portion of around 80 hectares of the vineyards of Vinaria Purcari and Vinaria Bostavan are located on lands owned by third parties based on the tacit consent of such third parties.

Mortgages

Each of the Group's subsidiaries has encumbered most of its movable and immovable assets to secure its financial obligations in relation to its financial creditors. For details on the agreements regulating such obligations, please refer to section "*Material Contracts*".

Agreements concluded with public authorities

The Group does not have material lease or any other type of real estate agreements concluded with public authorities.

Insurance

The Group holds several valid insurance policies, customary for its industry, from MOLDCARGO S.A, Compania de Asigurari Garantie SA and Omniasig Vienna Insurance Group, reinsured by SCOR Group (France), which cover the risks of property, vineyard and inventory damage at its Moldovan and Romanian production sites. The management regularly reviews the adequacy of the insurance coverage in order to limit potential exposure of the Group to any damages or losses on its assets. Insurance policies are renewed on an annual basis.

Intellectual Property

The Group owns a large portfolio of trademarks, know-how and confidential information relating to its business. Furthermore, the Group owns trademarks related to all material brands used in its production process and is therefore dependent on the maintenance and protection of its trademarks and all related rights.

International and national protection of the trademarks

The Company generally registers and protects its brands in the markets in which the brands are sold, as detailed below.

The Group's key trademarks include: (Vinaria) Purcari (1827), Negru de Purcari, Rosu de Purcari, Alb de Purcari, Purcari 1827, Bardar (fondat in 1929), Vinaria Bardar, Cervus Magnus Monte, Astrum Cervi, Cervus Cepturum, Vinaria Bostavan, DAOS, Black Doctor / Черный Доктор, Via Etulia, Dor, etc

A significant part of the Group's trademarks, mostly its key ones, are protected at an ***international level***. Firstly, there are European Trade Marks registered through OHIM and protected in the EU as a whole, such as Astrum Cervi, Cervus Cepturum, Cervus Magnus Monte, Bardar, Moldavian Valley. Secondly, the Group obtained protection in specific countries through the international procedure for several trademarks, such as Purcari (logo), Rosu de Purcari, Negru de Purcari, Vinohora, Bardar, Vinaria Bostavan, DAOS, Black Doctor / Черный Доктор, Via Etulia etc. Also, for other export countries that are not designated under OHIM or WIPO registrations, there are trademarks registered at the national level by means of the submission of trademark registration applications with the trademark offices of the relevant export countries, such as: Negru de Purcari and Rosu de Purcari – registered in the Russian Federation; Purcari (logo) – registered in the Russian Federation, India, Malta, Canada; Vinaria Bostavan – registered in the Russian Federation, Canada, Mongolia, Israel, Malta; Black Doctor / Черный Доктор – registered in the Russian

Federation and Romania, etc.

In ***Romania***, Crama Ceptura has registered and therefore protected its trademarks, according to national and European legislation. Registered trademarks are both verbal trademarks (protecting words), such as Soapta Calugarului, Astoria, Drumul Vinului, Rezerva de Aur and combined trademarks (protecting both words and image), including: Astrum Cervi, Cervus Cepturum, Cervus Magnus Monte, Crama Ceptura.

In ***Republic of Moldova***, the Moldovan Subsidiaries have registered the verbal trademarks (protecting words), such as: Negru de Purcari, Rosu de Parcari, Alb de Purcari, Vinaria Bostavan; the combined trademarks (protecting both words and image), including: Purcari Chateau since 1827, Purcari (logo), Bardar (logo), Doar struguri, stejar si rabdare, Via Etulia (logo), and several three-dimensional marks (protecting shapes), such as: Bostavan bottle (No. 9721), Gheorg bottle (No. 035222); “Football” bottle (No. 21235), bottle (No. 26635), Butelia Armenia bottle (No. 28929).

In all these cases, the protection offered by the registration of the trademarks lasts for 10 years and can be extended for subsequent periods of 10 years on the basis of a specific request. During the course of its business, the Group regularly undergoes the renewal of its trademarks and the registration of new trademarks.

At the beginning of 2017 the trademark *Vinaria Purcari* was recognized by the Moldovan Supreme Court of Justice as a notorious trademark, which grants unlimited protection thereto on the territory of the Republic of Moldova.

Other Intellectual Property rights

The Moldovan Subsidiaries have registered locally and through the OHIM several industrial models, representing three-dimensional shapes of bottles, packages or cases. The protection offered by the registration of industrial models last for 5 years and can be extended for several 5 year periods, up to a maximum of 25 years.

The Group also has proprietary secrets, technology, know-how, processes and other intellectual property rights that are not registered, but are in its view protected by appropriate confidentiality measures. The Group considers the fermentation and distillation techniques it uses to produce its brands to be trade secrets.

The Group has registered 14 internet domain names: “purcari.wine”, “purcariwines.com”, “purcari-wineries.com”, “crama-ceptura.eu”, “bostavan.md”, “purcari.md”, “purcari.ro”; “bardar.md”, “daos.wine”. ”purcari.net”, “maluri-de-prut.md”, “malurideprut.md”; “freedomblend.purcari.md/#” and “bostavangold.lv”.

Employees

Overview

As of 30 September 2017, the Group had 572 employees. The following table depicts the average number of our employees for each of the historical financial years (2014, 2015, 2016), as well as for the nine months of 2017, broken down by the main category of activity (production, agriculture, administrative, sale and marketing). The decrease in the number of employees in 2015, reflected in the table below, was caused by the decision of the Group to outsource its employees that were involved in agricultural works for grape vines to Agro Sud Invest SRL and BSC Agro SRL (see *“Related Party Transactions*” section).

Group's average number of employees

	2014	2015	2016	9M2017
Administrative	61	59	62	70
Sales and marketing	60	67	67	90
Production	323	309	336	357
Agriculture	300	123	0	0
Total	**744**	**558**	**465**	**517**

Sources: Company information
**The drop in Agriculture personnel between 2014 and 2015 is the result of outsourcing of the agricultural works to third parties*

Moldovan subsidiaries

On 30 September 2017 Vinaria Bardar had 72 employees, Vinaria Bostavan – 250 employees and Vinaria Purcari – 164 employees. Only Vinaria Purcari hired a foreign worker whose residency permit is currently undergoing an extension procedure. None of the Moldovan Subsidiaries have redundancy plans.

Vinaria Bardar has in place a Collective Bargaining Agreement for 2016, the term of which has been extended until a new one is agreed between the parties. No severance payment for the staff redundancy is regulated by this agreement. Vinaria Bardar intends to apply the legal provisions for the procedure and the amount of the severance payment if the employment is terminated due to the staff redundancy. The agreement provides the criteria to be considered by Vinaria Bardar when it intends to reduce positions. However, there is a mutual commitment in the agreement that, during its effectiveness period, the employer will not dismiss the employees for reasons that are not imputable to them (including staff redundancy) and the employees will not commence strikes.

Vinaria Bostavan and Vinaria Purcari do not have collective bargaining agreements.

There is no labor union at the company level in either Vinaria Bardar, Vinaria Bostavan or Vinaria Purcari. The interests of the employees are protected by representatives that are elected ad hoc. The Moldovan Subsidiaries are required to inform their employees by duly providing the elected representatives with written, relevant, full and accurate data about the recent and potential evolution of the economic situation within the relevant company; evolution of the employment and decisions that may lead to important changes in work organization or contractual relations, including those related to the mass reduction of jobs or the change of owner; and work security and health. The employee consultation shall take place during the meetings with the representatives of the employer responsible for the issue to be discussed. If certain measures affecting the employees are planned, the elected representative shall be consulted as to be given the opportunity to negotiate and reach an agreement with the employer before such measures are implemented. In particular, if the Moldovan Subsidiaries are reorganized or their owner or type of ownership is changed, these companies shall inform in writing their employees, through the elected representatives or directly, about the date or planned date to initiate the relevant procedure; the reasons of such reorganization or ownership change; the economic, legal and social consequences of the reorganization or ownership change; and the planned measures in respect of the employees. This information is to be duly provided within at least 30 calendar days before the commencement of the procedure to reorganize the relevant company or to change its owner or type of ownership.

The template of the individual employment contract used by the Moldovan Subsidiaries is generally enforceable and compliant with Moldovan labor laws. There are internal regulations put in place within the Moldovan Subsidiaries and their employees have been duly informed of and are bound by their provisions for the term of the employment. The employees of Vinaria Bostavan are also bound by an internal regulation on internal and external communication.

The Moldovan Subsidiaries provide a remuneration for non-management personnel for 2017 as follows: (a) Vinaria Bardar – MDL 4,328 (about EUR 214); (b) Vinaria Bostavan – between MDL 4,100 and 8,000 (about EUR 203 – 395); and (c) Vinaria Purcari – between MDL 5,200 and 8,000 (about EUR 257 – 395). The Moldovan Subsidiaries have no payroll debts.

Pursuant to National Bureau of Statistics of the Republic of Moldova, the average monthly salary in Republic of Moldova in agriculture for the third quarter of 2017 was MDL 4,035 (about EUR 200).

The employees and the management of the Moldovan Subsidiaries do not benefit from any additional guarantees/compensations or incentives, other than those set out in the individual employment contracts, the collective bargaining agreement (where applicable) and the labor laws of the Republic of Moldova.

The Romanian subsidiary

As of 30 September 2017, the Romanian Subsidiary had 86 employees and there have been no significant changes to the number of employees during the year. The subsidiary was never involved in a transfer of undertaking nor has it ever performed collective dismissals.

The subsidiary has in place a collective bargaining agreement with its employees' representative, which was registered with the Territorial Labour Inspectorate under no.287/20.06.2017. The validity of the current collective bargaining agreement is of 24 (twenty-four) months starting with 20 June 2017. If none of the parties terminates the agreement with 45 days before its expiry, the agreement will be extended for a new period of 12 months. The collective bargaining agreement does not provide for any severance payments upon individual or collective dismissal, however in case of collective dismissals the collective bargaining agreement regulates a 9 (nine) months period in which the subsidiary cannot employ new personnel without its obligation to offer such positions to the dismissed employees. With respect to individual labour agreements concluded with their employees, the subsidiary uses mainly a standard template based on the requirements of the labour legislation.

The subsidiary has in place an internal regulation which provides for the rights and obligations of the Company and of the employees during the employment relationship.

Environmental and social responsibility

The Group operates in an industry that is subject to a number of regulations that affect its day-to-day operations. The regulations applicable to the Group relate to, amongst other, product safety, labour and employment, health, safety and environment protection laws and others with respect to the production facilities.

Environmental compliance and authorizations: The Group adopted a group-wide Environment, Health and Safety Policy and implemented an Environmental and Social (E&S) Management System (ESMS), integrating environment, occupational health and safety management procedures into the Group's management system in November 2010. The ESMS structure and the Procedure on Environmental Protection and Occupational Health and Safety were developed and duly approved by the Group's management. The E&S reporting function is assigned to the Quality managers who is also responsible for the ISO implementation.

As for the agriculture quality controls, the Group has implemented Pesticides Management Procedures for Vinaria Purcari and Vinaria Bostavan, describing the procedure used for the transportation, storage, application and removal of pesticides. These procedures include also the responsibilities of pesticide suppliers and any other third parties involved in the utilization of pesticides by the Group and are developed on an annual basis.

In Romania, Crama Ceptura holds the sanitary authorization for operation, water management permit/special water use permit (in certain cases, temporarily replaced by the water analysis certificate which is obtained annually), etc.

In Republic of Moldova, the Group is generally compliant with environmental laws. The Moldovan Subsidiaries hold all the required permits for air pollution (pollutant emissions authorizations), but not all plants hold permits for water use (special water use authorizations), which permits also cover discharge of wastewaters. Some of the Group's Moldovan plants currently do not hold the required special water use and pollution authorizations due to certain issues with the waste processing systems operating in such plants. Similarly, one of the Group's plants does not yet hold the required fire safety permits. A water treatment facility at the Purcari plant was already budgeted by the Group for 2018. Additionally, due to the current reform of Moldovan laws governing management of solid and packaging waste (see section "*Regulatory Matters*"), the Moldovan Subsidiaries are required to change their waste management procedures in order to maintain compliance, which will involve, in particular, implementing more stringent procedures for internal processing of solid waste, as the case may be contracting waste management service providers or obtaining waste management authorizations, as well as participating in and contributing to extended liability systems regarding packaging waste.

The Group's Moldovan Subsidiaries operate certain equipment that is deemed "hazardous industrial objects" for the purposes of Moldovan law (such as, e.g., high capacity boilers). However, not all such equipment is duly registered with the relevant Moldovan authorities and holds the required expert notices, as required under Moldovan law. The relevant Moldovan Subsidiaries are working on remedying these issues and obtaining the relevant notices

Environment and waste utilization: The Group has defined energy efficiency & saving as its primary environmental goals during 2014-2017. During that period, the Group has replaced ordinary lamps with energy efficient ones at all premises. In addition, outdoor/street lighting sensors were installed where it was deemed necessary. In terms of new equipment purchases, the Group prioritized those suppliers offering energy efficient solutions. In terms of waste utilization, there is a group-wide policy to collect and sort broken glass, paper and cardboard waste and other non-food waste into separate bins placed at the Group's promises. Subsequently, the Group companies sell such a sorted waste to relevant processing facilities (for example, broken glass is delivered to the glass factory nearby and the paper and cardboard waste is delivered to the cardboard factory nearby for processing etc).

Social initiatives: In January 2015, the Group launched its Community Development Policy, which defines the strategic approach, management system and budgets for the Group's contribution to the local communities. In 2017, the Group expanded its support to local communities and participated in a number of charity, social and cultural initiatives dedicated to promoting the preservation of traditions and participated in a number of charity, social and cultural initiatives, including the following:

(a) CCF/HHC Moldova (a team of people working to give every child the opportunity to grow up in a loving family).

(b) Hospice Angelus: Medical-social Philanthropical Foundation "Angelus Moldova" is a non-governmental, apolitical and non-profit organization which was founded and legally registered at the Ministry of Justice in 2000, with the purpose of creating a new system of medical and social assistance to incurable patients with cancer in advanced and terminal stages, as well as to their relatives. In 2001, "Angelus Moldova" established HOSPICE "Angelus Moldova" as inalienable part of the Foundation. HOSPICE „Angelus Moldova" is a home palliative care service.

(c) Purcari Wine Run 2017: Purcari Wine Run is a unique trail race in Moldova, which passes through the vineyards of Chateau Purcari. The competition was held on September 3, 2017 and gathered both amateur and professional sportsmen for a race of 10 km. The Group plans to organise a similar event each year.

(d) Doua Inimi Gemene. The International Music Festival – "Two Twin Hearts" – is an exclusive event dedicated to the memory of Doina and Ion Aldea-Teodorovici.

(e) Ethno Jazz Festival, an international music event which took place in Republic of Moldova in September 2017 and was organized by Trigon Ethno Jazz group. It became Moldova's principal jazz fest by bringing together jazz artists from different countries, with different backgrounds, and promoting contemporary culture and cultural exchange through music.

In addition, the Group is the main partner of USM-Bostavan, a volleyball club, both women and men volleyball teams, since 2010. The USM-Bostavan women's team was Gold Awarded and the men's team was Silver Awarded at the volleyball championship of the Republic of Moldova in 2017.

LEGAL PROCEEDINGS

The members of the Group are parties to various proceedings arising in the ordinary course of their business. Other than as described below, no member of the Group is involved in, nor is it aware of, any legal, arbitral or administrative proceedings or governmental investigations that could reasonably be expected to have a material and adverse effect on the Group's business, financial condition or results of operations.

Vinaria Bostavan's Intellectual Property Litigation

Vinaria Bostavan is a party to a litigation in the Republic of Moldova in which it is accused of infringing the intellectual property right of the claimant related to a picture bearing the name "*Eticheta decorativa "Potcoava"*. The original picture of the claimant is used on a contractual basis by a local winery, which is involved as an intervener in the dispute. In particular, it is alleged that Vinaria Bostavan infringed the claimant right by using its copyright in the labelling of its own bottles sold in the Czech Republic starting with 2014. The claimant demanded the acknowledgement of the copyright infringement, the cancelation of the challenged trade mark and the withdrawal of the affected products (wine bearing the relevant label) from the market. In addition, the claimant could sue separately for damages.

Currently, the litigation is pending before Chisinau Court of Appeal and is also intertwined with ancillary motions related to various procedural matters.

Along with the court proceeding, there is an administrative procedure related to Vinaria Bostavan's requests for registration of these challenged trademarks with the Moldova State Agency for Intellectual Property ("**AGEPI**"). On 22 September 2017, AGEPI issued two decisions addressing Vinaria Bostavan's requests. The AGEPI decision regarding the trademark under application bearing deposit number 035728 states that the registration of the trademark was granted. Under the second decision, the application bearing deposit number 035186 was rejected on the grounds of its similarity with another national tridimensional registered trademark bearing number 28052 dated 25 February 2014, which belongs to the claimant.

Although the outcome of these proceeding cannot be predicted and a negative outcome could detrimentally impact the Group's business operations, we believe that Vinaria Bostavan has important arguments in defense of its position as well as tools to mitigate any potential detrimental impact.

MANAGEMENT

General

The Company is currently managed by: (i) a Board of five members which are professional directors and will all be replaced by newly appointed directors as of the Listing Date and (ii) the Supervisory Board, a body created as per the provisions of the Investment Agreement, which will cease to exist as of the Listing Date.

The new Board effective as of the Listing Date comprises two independent non-executive directors within the meaning of the BSE Corporate Governance Code.

The Board may exercise all the powers of the Company that are not required by the law or by the Articles of Association to be exercised in a general meeting of shareholders, as described below in the section "*Description of Share Capital and Corporate Structure*" of this Prospectus.

Current composition of the Board

As at the date of this Prospectus, the Board comprises the following professional directors:

Name	Date of birth / incorporation	Date of appointment	Title
Ms. Georgia Chrysostomides	30.09.1979	1 June 2010	Director
Inter Jura Cy (Directors) Limited	23.08.2007	27 November 2017	Director
Inter Jura Cy (Holdings) Limited	14.04.1983	27 November 2017	Director
Inter Jura Cy (Nominees) Limited	22.12.1980	27 November 2017	Director
Inter Jura Cy (Management) Limited	14.04.1983	27 November 2017	Director

Such Board members shall resign once the appointment of the below mentioned new members of the Board becomes effective on the Listing Date. The business address for each current Board member is the registered office of the Company.

Current composition of the Supervisory Board

Name	Date of birth	Date of appointment	Title
Victor Bostan	1 May 1960	**1 June 2010**	Member
Vasile Tofan	12 July 1982	October 2013	Member
Ruslan Furtus	15 July 1985	August 2014	Member

The mandate of the Supervisory Board members will terminate once the Investment Agreement terminates on the Listing Date. The business address for each Supervisory Board member is the registered office of the Company.

Victor Bostan

Victor Bostan has been the founder of the Group since 2002. Mr. Bostan has been involved in the wine industry for over 35 years. At the beginning of his career, he worked for over 10 years for the Sofia Winery, starting as an oenologist and growing through the ranks, before leaving to start his own wine business. From 1999 to 2002 Mr. Bostan was the owner and CEO of the Russian winery Kuban Vino. During this time, he has managed to upgrade, relaunch, and subsequently lead the company to become one of the largest and most successful wineries in Russia (it is the #1 producer still today), before selling the business in 2002. With the proceeds, Mr. Bostan set the basis of what now constitutes the Purcari Wineries group. Mr Bostan has a degree in Wine Technology from the Technical University of Moldova. Mr. Bostan is a national of Romania and Republic of Moldova and speaks French, Romanian and Russian.

Vasile Tofan

Vasile Tofan is Partner with Horizon Capital, where he focuses on investments in the Consumer Goods and Technology sectors. Prior to joining Horizon, Mr. Tofan was a consultant with Monitor Group and a Senior Manager with Philips, both in Amsterdam, in their Corporate Strategy department. He worked extensively across emerging markets, including Russia, Romania, Slovakia and Nigeria. Subsequently, Mr. Tofan was the Founder and CEO of Ovuline (now Ovia Health), a leading healthcare IT company, based in Boston. He received an MBA from Harvard Business School (USA), with distinction, and holds a Master of Science and Bachelor of Science degree in Public Management from Erasmus University Rotterdam (The Netherlands). He is fluent in English, French, Dutch, Romanian and Russian.

Ruslan Furtas

Ruslan Furtus is Investment Director with Horizon Capital. Ruslan focuses on Consumer Goods and Manufacturing sectors. Ruslan joined Horizon Capital in 2012 as Financial Analyst and was promoted to Investment Director in 2013. Before Horizon Capital, Ruslan worked as a consultant for EY, predominantly in Ukraine, Russia and Kazakhstan, where he was focused on buy and sell side financial, commercial and operational due diligence projects, audit, equity analysis. Mr. Ruslan holds an MBA from New Mexico State University and a Master degree with distinction in International Business from Lviv Polytechnic National University. He is fluent in English, Ukrainian and Russian.

The composition of the Board as of the Listing Date

The composition of the Board shall be changed following admission of the Shares to trading on the BSE. As such, as at the Listing Date, the Board will comprise the following directors:

Name	Date of birth	Date of appointment	Title
Monica Cadogan	19 March 1981	Listing Date	Director
Vasile Tofan	12 July 1982	Listing Date	Director
Victor Bostan	1 May 1960	Listing Date	Director
John Maxemchuk	2 December 1971	Listing Date	Director
Neil McGregor	23 February 1961	Listing Date	Director

The business address for each Board member as of the Listing Date is the registered office of the Company.

Monica Cadogan

Monica Cadogan will be one of the two independent non-executive Directors as of the Listing Date. She holds a BA in Banking, Corporate, Finance and Securities Law from the Bucharest University of Economic

Studies and has extensive experience in managing a business. She is the founder and CEO of Vivre Deco, the leading CEE e-commerce platform for home & furniture products. In addition, between 2009 and 2015 she was a member of the board of directors of Neogen, a technology group that develops or invests into products with a CEE presence and which developed BestJobs, the leading recruiting service in Romania.

Neil McGregor

Neil McGregor will be the second independent non-executive Director to be appointed prior to the Listing Date. He holds a Bachelor of Laws (LLB) from the University of Aberdeen. Mr. McGregor is the founder and managing partner of McGregor & Partners SCA, the law firm in Romania and Bulgaria which is associated with the international firm Stephenson Harwood. He is a British commercial solicitor with extensive experience in Romania and its neighbouring countries since 1996. He is a member of the Bucharest Bar and is also a registered foreign lawyer in Bulgaria. Since 2014, Mr. McGregor is a vice-chairman of the British Romanian Chamber of Commerce.

John Maxemchuk

John Maxemchuk has joined the Group in 2017 as a Chief Operating Officer (COO). Mr. Maxemchuk has over 20 years of management experience in the Central and Eastern Europe starting his career at AT&T. He later joined the MetroMedia International as a CFO of the Georgian subsidiary subsequently being promoted to the CEO of the Azerbaijani subsidiary. Most recently, Mr. Maxemchuk was the CEO of Sun Communications, the leading cable operator in Republic of Moldova, which was sold to Orange. Mr. Maxemchuk holds a BS degree in Finance from the Wharton School and an MBA from the Harvard Business School. Mr. Maxemchuk is a US citizen and speaks English and Romanian.

For the biographies of Mr. Victor Bostan and Mr. Vasile Tofan, please see above *"Current composition of the Supervisory Board*" sub-section.

Senior Management Team

The Group's current Senior Management Team includes the following members, which are employed at the level of the Group's subsidiaries:

Victor Bostan

Victor Bostan is the Chief Executive Officer of the Company. For the biography of Mr. Victor Bostan, please see above "*Current composition of the Supervisory Board*" section.

Victor Arapan

Victor Arapan has been Chief Financial Officer (CFO) of the Group since 2010. He has over 20 years of banking, audit, and corporate finance experience. Prior to joining the Group, Mr. Arapan worked at Acorex Wineries and PricewaterhouseCoopers. Mr. Arapan has a degree in Banking at the International Management Institute. Mr. Arapan is a national of Romania and Republic of Moldova and speaks English, Romanian, and Russian.

John Maxemchuk

John Maxemchuk has joined the Group in 2017 as the Chief Operating Officer (COO). For the biography of Mr. John Maxemchuk, please see above "*The composition of the Board as of the Listing Date*" section.

Artur Marin

Artur Marin has been Chief Commercial Officer (CCO) of the Group since 2013. Mr. Marin has been with the Group since 2003, with an interruption between 2009-2012, when he worked for Dionis Club, a competing winemaker. He has over 15 years of wine sales experience. Mr. Marin holds a bachelor's and a master's degree in finance from the Grenoble School of Management. Mr. Marin is a national of Romania and Republic of Moldova and speaks English, Romanian and Russian.

Marcel Grajdieru

Marcel Grajdieru has been the General Manager for Romania since 2003. Mr. Grajdieru has over 15 years of experience in the Group, out of which over 10 years in wine sales. Prior to joining the Group, Mr. Grajdieru worked at Planta-Vin, EMC-Moldova and Gazprom. Mr. Grajdieru trained as a surgeon and has a medical degree from the State University of Medicine and Pharmacy. Mr. Grajdieru is a national of Romania and Moldova and speaks Romanian, Russian and English.

Nicolae Chiosa

Nicolae Chiosa has been the Head of Production since 2009 and the Manager of Vinaria Bostavan since 2016. He has over 9 years of experience in wine production, out of which 8 years in the Group. Mr. Chiosa has a degree in Wine Technology from the Technical University of Moldova. He is a national of Romania and Moldova and speaks English, Romanian and Russian.

Federico Giotto

Frederico Giotto has been the Head Wine Maker of the Group since 2010, on a consulting basis. Mr. Giotto has over 15 years of wine consulting experience and is a laureate of numerous international awards in the wine industry. Mr. Giotto graduated the Faculty of Viticulture and Oenology at the University of Padua. Mr. Giotto is a national of Italy and speaks English and Italian.

Ina Burciu

Ina Burciu has been the Human Resources Director of the Group since 2017. Mrs. Burciu has over 10 years of experience in HR management & people development. Mrs. Burciu studied at the Faculty of Finance and Credit at the Academy of Economic Studies of Moldova. Mrs. Burciu is a citizen of Romania and Moldova and speaks English, German, French, Romanian and Russian.

Sorin Balanel

Sorin Balanel has been the Marketing Director of the Group since 2014. He has over 19 years of professional experience in marketing & advertising in the beverages industry with over 3 years in the Group. During this time, Mr. Balanel has successfully coordinated the Group's rebranding campaigns. Mr. Balanel studied marketing at the Dunarea de Jos University in Galati. He is a citizen of Romania and Moldova and speaks English, Romanian and Russian.

The business address for each member of the Senior Management Team is the registered office of the respective subsidiary where such is employed.

Experience outside the Group

In addition to their roles in the Group, the current member of the Board, the future members of the Board as of the Listing Date, the members of the Supervisory Board to cease office on the Listing Date and the members of the Senior Management Team of the Group hold, or have held in the past five years, the following management or supervisory positions:

Name	Name of the entity	Title	Period	Still in office: Yes (Y)/No (N)
Victor Bostan	Victoriavin SRL, Republic of Moldova	Founder/ Director	2001 – ongoing	Y
	Amboselt Universal Inc., British Virgin Islands	Director	2007 – ongoing	Y
	SC Decor-BV SRL, Republic of Moldova	Founder/Director	2003 – November 2014	N
Vasile Tofan	I.M. Glass Container Company S.A, Republic of Moldova	Member of the board of directors	2014-ongoing	Y
	Matar Trade & Invest Limited (Genesis)	Member of the board of directors	2016-ongoing	Y
Monica Cadogan	Vivre Deco S.R.L.	CEO	2012 - ongoing	Y
	Neogen S.A.	Member of the board of directors	2009-2015	N
John Maxemchuk	Sun Communication SRL Republic of Moldova	CEO/Member of the board of directors	2003-2016	N
	Focus Sat SRL, Republic of Moldova	Member of the board of directors	2003-2016	N
	East Europe Foundation Moldova	Member of the board of directors	2010-2015	N
	American Chamber of Commerce, Republic of Moldova	Founder/ Member of the Board of Directors	2006-ongoing	Y
	Youth Education SRL, Republic of Moldova	Founder/ Director	2014-ongoing	Y
	Education Plus SRL, Republic of Moldova	Founder/Director	2016-2017	N
Neil McGregor	British Romanian Chamber of Commerce	Vice-chairman	2014-ongoing	Y
Victor Arapan	Forvex Grup SRL, Republic of Moldova	Director	2001-ongoing	Y
	Glass Container Company SA, Republic of Moldova	Vice-president of the board of directors	2017-ongoing	Y
Marcel Grajdieru	Ecosmart Union SA, Romania	Member of the board of directors	2017-ongoing	Y
	Arta Culinarului SRL, Republic of Moldova	Founder	2009-ongoing	Y
Artur Marin	Arta Culinarului SRL, Republic of Moldova	Founder	2009-ongoing	Y
Sorin Balanel	Corporation Construct M SRL, Republic of Moldova	Director	2012-2014	N
Ina Burciu	Universul Intelepciunii SRL, Republic of Moldova	Founder/Director	2011-ogoing	Y
	Alsumcon SRL, Republic of Moldova	Founder	2016-ongoing	Y
	Universul Restaurantelor SRL, Republic of Moldova	Operational Manger, Tucano Coffee	2013-2014	N

Nicolae Chiosa	Agro Sud Invest, Republic of Moldova	Founder/Director	2015-ongoing	Y
	Asociatia Producatorilor de Vinuri cu Denumire de Origine Protejata “Purcari”, Republic of Moldova	Member of the board of directors	2013-ongoing	Y
	Asociatia Producatorilor de Vinuri cu Indicatie Geografica Protejata “Stefan Voda”, Republic of Moldova	Member of the board of directors	2011-ongoing	Y
	Uniunea Viti-Vinicola a Regiunii Geografice Delimitate “Valul lui Traian”, Republic of Moldova	Member of the board of directors	2016-ongoing	Y
	Ассоциация виноделов Гагаузии “GAGAUZIA-VIN”	Member of the board of directors	2016-ongoing	Y

Conduct

Each future member of the Board as of the Listing Date, each member of the Supervisory Board to cease office as of the Listing Date and each member of the Senior Management Team of the Company represents that as at the date of this Prospectus, he/she:

(i) has not been and is not convicted of fraud during the last five years preceding the date of the Prospectus;

(ii) acting as a member of the administrative, management or supervisory bodies or as managers or founder of a company or a partnership, has not been associated with any bankruptcy, sequestration or liquidation procedure over the last five years preceding the date of the Prospectus;

(iii) has not been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including by designated professional bodies) and was not prohibited by the court to act as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the last 5 years prior to the date of the Prospectus;

(iv) does not carry out activities outside the Company which are material to the Company, other than those presented in the section “*Experience outside the Group*” above;

(v) has not been elected as member of the administrative, management or supervisory body or managers within the Company, based on an understanding or agreement with the Company’s major shareholders, customers, suppliers or others;

(vi) has not entered into any contract with the Company or with its subsidiaries that provide for benefits upon termination of the contract, other than those provided in the section “*Remuneration*” above;

(vii) does not hold shares in the share capital of the Company;

(viii) has no family relationship with the other members of the administrative, management, supervisory bodies of the Company or the Company’s managers or founders,

except for the following:

(a) Mr. Victor Bostan was sole shareholder and sole director of SC DECOR-BV S.R.L., a Moldovan company that had no activity. In 2014, the company underwent a voluntary liquidation, at his request, and was removed from the trade registry in November 2014;

(b) Mr. John Maxemchuk was a minority shareholder and a member of the board of directors of Focus Sat SRL until 2015, a Moldovan company that is now undergoing insolvency proceedings;

(c) Mr. Sorin Balanel was the director of Corporation Construct M S.R.L, a Moldovan company that entered into insolvency proceedings, in 2014, when Mr. Sorin Balanel was its director.

Corporate Governance

As of the date of this Prospectus and following Admission, the Company intends to comply with the rules set out by the BSE Corporate Governance Code, as such apply to companies listed on the Regulated Spot Market of the BSE, with the following differences:

1. The Company has approved by way of the Board's resolution a dividend policy (see section "*Dividend Policy*" of this Prospectus) and intends to approve the Forecast Policy, the Remuneration Policy and the GMS Procedure on or around the Listing Date.

2. The Company is yet to establish the Audit Committee and the Nomination and Remuneration Committee, but intends to establish these committees on or around the Listing Date.

The BSE Corporate Governance Code requires that all companies listed on the Bucharest Stock Exchange include a statement in their annual report on their compliance with the BSE Corporate Governance Code. Any failure to comply with the provisions of the BSE Corporate Governance Code must be disclosed through a current report filed with the Bucharest Stock Exchange, the principle applied being that of "comply or explain."

The BSE Corporate Governance Code contains a number of principles and provisions which must be observed by the companies listed on the Bucharest Stock Exchange, *inter alia* with respect to the composition, role, functioning and compensation of the management bodies, risk management and internal control, financial reporting and disclosure.

In addition, the Company comply with Cyprus' corporate governance regime as required by the Companies Law.

Consultative committees

The Board intends to establish an Audit Committee and a Nomination and Remuneration Committee which will become operational only on the Listing Date. The committees will consist of 3 members of the Board and one of them will be elected as chairman. The members of these committees shall be non-executive Directors, the majority being independent.

Audit Committee

On or around the Listing Date, the Company intends to have in place an Audit Committee. The Audit Committee will have, among others, the following duties and responsibilities: (i) monitoring the application of the statutory and generally accepted standards of internal auditing; (ii) evaluating the adequacy and efficiency of the risk management system; (iii) regularly reviewing the adequacy and implementation of key internal control policies, including policies for detecting fraud and the prevention of bribery; (iv) supervising the activity of the financial auditors and the financial reporting process; (v) reviewing the conflict of interest policy of the Company and examining the Group's related party transactions, including those expected to exceed 5% of the Company's net assets (as stated in the latest financial report); (vi) recommending to the Board the appointment and/or dismissal and/or replacement of the external financial auditor and the remuneration thereof and (vii) reviewing and making recommendation regarding the Company's financial forecast policy to the Board for approval.

Nomination and Remuneration Committee

On or around the Listing Date, the Company intends to have in place a Nomination and Remuneration Committee. This committee will have, among others, the following main duties and responsibilities: (i) recommending to the Board a nomination policy; (ii) monitoring the implementation of the nomination policy by the Board and preparing a report to the Board on its implementation; (iii) recommending candidates for the Board and carrying out the selection process of the potential candidates for the Board member position; (iv) overseeing the nomination process of the general managers and executive managers in the Company and its subsidiaries according to the nomination policy; (v) recommending to the Board a remuneration policy and making recommendations to the Board with regard to the remuneration of the directors and the managers of the Group; (vi) monitoring the implementation of the remuneration policy and preparing a report to the Board on its implementation; and (vii) overseeing and monitoring compensation within the Group and within the industries that are relevant to the Group.

Conflict of interests

There are no conflicts of interest between the obligations assumed by the future members of the Board as of the Listing Date, the members of the Supervisory Board to cease office as of the Listing Date and the members of the Senior Management Team and their private interests and/or other obligations, except for the following situations which may give rise to conflicts of interest:

- Mr. Victor Bostan is a director of VictoriaVin, a company from which the Moldovan Subsidiaries lease the overwhelming majority of the vineyards operated in Republic of Moldova, which may potentially create conflicts of interest. In addition, Mr. Victor Bostan is the majority shareholder of Amboselt. In case a conflict of interest situation occurs, Mr. Victor Bostan will act in compliance with the applicable law and will disclose such conflict accordingly;

- Mr. Vasile Tofan is Partner with Horizon Capital, the investment manager of EEGF II, which is the shareholder of Lorimer (see below "Major Shareholders" section), and this may potentially create conflicts of interest. In case a conflict of interest situation occurs, Mr. Vasile Tofan will act in compliance with the applicable law and will disclose such conflict accordingly;

- Mr. Marcel Grajdieru is a shareholder of Amboselt, which may potentially create conflicts of interest. Should such a situation occur, Mr. Marcel Grajdieru will act in compliance with the applicable law and will disclose such conflict accordingly;

- Mr. Nicolae Chiosa is the founder and director of Agro Sud Invest, a Moldovan company that provides agricultural services (manual and mechanized works in vines) for the Moldovan Subsidiaries (see below "*Related Party Transactions*" section), which may potentially create conflicts of interest. In case a conflict of interest situation occurs, Mr. Nicolae Chiosa will act in compliance with the applicable law and will disclose such conflict accordingly.

Liability insurance policies

Currently, the Company does not have in place liability insurance policies/contracts for members of the Board or for the members of the Senior Management Team.

Remuneration

During 2016 the members of the Supervisory Board and members of the Board did not received any remuneration or compensation for positions held, unless those members held an executive manager position within the Group.

The remuneration received by the Senior Management Team of the Group consists of a fixed monthly salary, annual bonus and other benefits, including benefits in kind and was in the amount of RON 2.2 million for the year ended as at 31 December 2016.

Based on the contracts entered into between the Moldovan Subsidiaries and the members of the Senior Management Team, if the agreement is terminated early and without cause, the respective manager is entitled to a severance compensation not exceeding 6 monthly salaries.

Ownership in Shares and Options

At the date of this Prospectus, none of the current members of the Board, the future members of the Board as of the Listing Date, the members of the Supervisory Board to cease office as of the Listing Date and the members of the Senior Management Team directly hold any Shares. At the date of this Prospectus, the Company has not issued any stock options.

The Group intends to adopt a Long Term Incentive Plan ("**Incentive Plan**") after the Listing Date, to further align the interests of Group's management and shareholders. The Incentive Plan, which will be subject to approval by the Company's Board, shall mainly include the future Directors and the Senior Management Team, on case by case basis. The Incentive Plan intended to be proposed by the Group for Board approval shall consist of shares grants or equivalent (including possible "phantom shares" or similar structures), corresponding to up to 2% of outstanding shares in the Company, as well as supplementary share options, on case by case basis, with a strike price equal to the Final Offer Price. For all share grants and share options, a vesting schedule of at least four years will be proposed, with one year cliff vesting and linear monthly vesting following the anniversary of one year after the granting of the shares grants or shares options to the relevant manager or Director.

MAJOR SHAREHOLDERS

The main shareholders of the Company are the Selling Shareholders, namely Lorimer, Amboselt and IFC. The table below sets forth certain information regarding the ownership of the Shares prior to the Offer, and the ownership of the Shares by the current shareholders immediately following the finalisation of the Offer, assuming all Shares are sold in the Offer and that the Stabilisation Proceeds are not used by the Stabilising Manager to buy any Shares in the market:

	Shares held prior to the Offer		**Shares expected to be held after the Offer, subject to the sale of all the Offer Shares**	
	(Number)	*(%)*	*(Number)*	*(%)*
Shareholder				
Lorimer Ventures Limited	12,710,313	63.551565	4,539,233	22.696165
International Finance Corporation, member of the World Bank Group	1,283,511	6.417555	654,591	3.272955
Amboselt Universal Inc	6,006,172	30.03086	5,006,172	25.03086
INTER JURA CY (DIRECTORS) LIMITED	1	0.000005	1	0.000005
INTER JURA CY (MANAGEMENT) LIMITED	1	0.000005	1	0.000005
INTER JURA CY (NOMINEES) LIMITED	1	0.000005	1	0.000005
INTER JURA CY (HOLDINGS) LIMITED	1	0.000005	1	0.000005

The shares issued by Company grant equal voting rights to all shareholders of the Company.

Given the provisions of the Investment Agreement entered into between the Selling Shareholders, which will terminate on the Listing Date, and the above mentioned structure, it may be deemed that Lorimer controls over the Company. Despite the significant shareholding that Lorimer holds in the share capital of the Company, there are certain provisions of Cyprus law offering shareholders of the Company some protection, under certain circumstances against exercise by the controlling shareholder of its rights in an oppressive manner. .

Ultimate beneficial owners

Lorimer is a holding company which is owned entirely by Emerging Europe Growth Fund II, L.P (**EEGF II**). **EEGF II,** limited partnership formed in the State of Delaware, USA, is a 2008 vintage fund, with a 10 years lifetime with two one-year extensions that can be requested by the fund manager, to extend the lifetime, which should be approved by the fund's limited partners. EEGF II is a mid-cap private equity fund with total capital commitments of $370 million for investment in Ukraine, Republic of Moldova and other countries in the region.

The organizational structure of EEGF II does not envisage issuance of stock. Therefore, there are no shareholders or participants in EEGF II. Instead, EEGF II has limited partners, who make capital contributions to the partnership. Investors (limited partners) of EEFG II include European and U.S. fund-of-funds, banks, private pension funds, university endowments, family offices and high net worth individuals. None of the limited partners has a share of 10% or more in the capital contributions to EEGF II. Limited partners of EEGF II, who have above 5% share in the total capital contributions, include blue chip investors such as the International Finance Corporation (IFC) (www.ifc.com), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) (www.fmo.nl), Board of Regents of the University of Texas System (www.utsystem.edu/board-of-regents), and The Church Pension Fund (www.cpg.org) .

Horizon Capital Associates II, LLC (HCA II) acts as the investment manager of EEGF II and is a limited liability company registered and existing under the laws of the State of Delaware. Mrs. Lenna Koszarny (citizen of Canada) is the Founding Partner and CEO of HCA II. Mrs. Lenna Koszarny also has the majority ownership stake in this company.

IFC is a member of the World Bank Group and as set out in its Articles, the purpose of IFC is to further economic development by encouraging the growth of productive private enterprise in member countries. The member countries of IFC are published on www.worldbank.org/en/about/leadership/members#3.

Amboselt is a holding company that is owned by Mr. Victor Bostan (83.5%), the founder of the Group, Mr. Sergey Glukhov (15%) and Mr. Marcel Grajdieru (1.5%).

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

General

The Company was incorporated for an indefinite period as a private limited liability company limited by shares and was registered in Cyprus on 14 June 2007 under the name Bostavan Wineries Limited. The shareholders of the Company resolved by a special resolution on 4 January 2018 that the Company be converted into a public company and that its legal and commercial name be changed to Purcari Wineries Public Company Limited. The formal registration of the change of name with the Registrar of Companies in Cyprus occurred on 11 January 2018.

The principal legislation under which the Company operates, and under which the Shares are created, is the Companies Law, Cap. 113 of Cyprus (as amended). The telephone number of the Company's registered office is +357 22 777000. The constitution of the Company is provided in two documents, the Memorandum of Association and the Articles of Association. The Memorandum of Association sets out the objects and powers of the Company which may not be altered without obtaining the approval of the court, following a decision of the shareholders which must be approved by a special resolution (requiring approval by 75% of the shareholders present and voting at the meeting concerned). The Articles of Association of the Company contain the internal regulations for the management of the affairs of the Company and the conduct of its business and may be amended by a special resolution approved by the shareholders of the Company.

The Articles of Association were last updated on 4 January 2018 pursuant to the shareholders' resolution of the same date and registered with the Companies Registry in Cyprus.

Corporate purpose and core business

The Company's purpose includes, among other things, to carry on the business of a holding company. The Company's objects are set forth in full in Clause 3 of the Memorandum of Association.

Share Capital

As of the date of this Prospectus, the Company's authorised share capital is EUR 200,000 divided into 20,000,000 ordinary shares of EUR 0.01 each, in registered form and certificated, dematerialized on the Listing Date and the Company's issued share capital is EUR 200,000 divided into 20,000,000 ordinary shares of EUR 0.01 each, in registered form and certificated, dematerialized on the Listing Date which are fully paid. The Company does not have in issue any listed or unlisted securities not representing its share capital.

Neither the Company nor any of its subsidiaries (nor any party on its behalf) holds any of shares in the Company. Neither the Company nor any of its subsidiaries has any outstanding convertible securities, exchangeable securities or securities with warrants or any relevant acquisition rights or obligations over the Company's or either of the subsidiaries' authorised but unissued capital or undertakings to increase its issued share capital.

The Company's Articles of Association and the Companies Law, Cap. 113 (as amended), to the extent not disapplied by shareholders' resolution, or otherwise waived by the shareholders, confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash and, following this Offer, will apply to the Company's authorised but unissued share capital.

History of the share capital

The following table summarises the evolution of the Company's share capital since its incorporation.

Date	Authorised share capital	Authorised number of shares	Issued share capital	Number of issued shares
14 June 2007	CYP 2,000	2,000	CYP 800	800
1 January 2008	EUR 3,420	2,000	EUR 1,368	800
6 June 2008	EUR 3,420	2,000	EUR 1,675.8	980
17 March 2010	EUR 3,420	2,000,000	EUR 1,675.8	980,000
12 May 2010	EUR 3,420	2,000,000	EUR 2,666.4201	1,559,310
27 May 2010	EUR 5,411.44	3,164,585	EUR 2,666.4201	1,559,310
1 June 2010	EUR 5,411.44	3,164,585	EUR 5,411.44	3,164,585
14 June 2013	EUR 8,124.714	4,751,295	EUR 5,411.44	3,164,585
28 June 2013	EUR 8,124.714	4,751,295	EUR 7,952.34474	4,650,494
30 August 2013	EUR 8,124.714	4,751,295	EUR 8,124.714	4,751,295
4 January 2018	EUR 200,000	20,000,000	EUR 200,000	20,000,000

Articles of Association

The following is a brief summary of certain material provisions of the Company's Articles of Association as will be in effect on and immediately prior to the date of this Prospectus. This summary does not purport to give a complete overview of the Articles of Association, nor of the relevant provisions of the Cypriot law and is qualified in its entirety by the Articles of Association as in effect upon completion of the Offer. The Articles are available in the governing Greek language and an unofficial English and Romanian translations thereof on the Company's website. This summary does not constitute legal advice regarding the matters presented below and should not be regarded as such.

In this section ''**Law**'' means the Companies Law, Cap. 113 of Cyprus and any successor statute or as the same may from time to time be amended.

Pre-emption rights

On an issue of shares, each shareholder has a right of pre-emption to subscribe for shares (apart from shares issued for a non-cash consideration) in cash in proportion to the number of shares held by them. If a shareholder declines to accept the shares offered to him pursuant to such pre-emption rights or if he/she is deemed to have declined as a consequence of the lapsing of the term during which the right may be exercised, the directors of the Company may distribute or otherwise dispose of those shares to such persons and under such terms as they see fit. The minimum term for exercising the pre-emption rights shall be of 14 days and will be fixed by the Board or by the Company's GMS.

Pre-emption rights may nevertheless be waived by the shareholders of the Company in accordance with the provision of section 60B of the Law and of the relevant provisions in any law, legislation, regulation, by-law, subordinate or secondary legislation, stock exchange rule or regulation (as the case may be) applicable because of the Shares being admitted to trading on the BSE. Section 60B of the Law provides that pre-emption rights may be limited or excluded by the Company's shareholders in a general meeting passing a resolution by a two thirds majority of the Company's share capital represented at a general meeting, except where at least half of the Company's issued share capital is represented at the meeting, in which case the resolution can be passed by a simple majority.

Voting Rights

Subject to any special rights or restrictions as to voting attached to shares (of which there are none at present), every holder of shares who is present at a general meeting in person or by proxy shall have one vote for each share held by him. For more information about the vote see below "*General Meeting of Shareholders"* section. A shareholder which is a legal person may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the shareholder could exercise if it were an individual shareholder of the Company.

Dividends

The Company may in a general meeting declare dividends, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Law, the Board may from time to time pay to shareholders such interim dividends as appear to the Board to be justified by the Company's profits but no dividend will be paid otherwise than out of profits.

The Board may, before recommending any dividend, set aside out of the Company's profits such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the Company's profits may be properly applied, and pending such application may, at the like discretion, either be employed in the Company's business or be invested in such investments (other than the Company's shares) as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

Also see section "*Dividend Policy*" of this Prospectus.

Variation of Rights attached to classes of shares

If at any time the share capital is divided into different classes of shares, the rights attached to any class may, subject to provisions of sections 59A and 70 of the Law, whether or not the Company is being wound up, be varied with the sanction of a resolution, passed at a separate general meeting of the holders of the shares of the class, by a two thirds majority of the share capital represented at that meeting or, where at least half of the shares of that class is represented at the meeting, by a simple majority.

Alteration of Capital

The Company may, by a resolution taken in accordance with section 59A of the Law:

(a) increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;

(b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

(c) subdivide its existing shares, or any of them, into shares of smaller amounts than is fixed by the Articles and Memorandum of Association subject, nevertheless, to the provisions of Section 60(1)(d) of the Law; and

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken nor agreed to be taken by any person. The Company may also, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by the Law.

These resolutions are taken with a simple majority if more than 50% of the shares are represented at the relevant meeting or by a two thirds majority of the votes represented at the meeting.

Purchase of own Shares

The Company may, subject to the provisions of the Law, purchase a number of its own shares, including any redeemable shares.

Winding Up

If the Company is wound up the liquidator may, with the sanction of an extraordinary resolution of the Company's shareholders and any other sanction required by the Law:

(a) divide amongst the shareholders in specie or in kind the whole or any part of the Company's assets (whether they shall consist of property of the same kind or not); and

(b) vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder will be compelled to accept any shares or other securities whereon there is any liability.

Rights related to GMSs

The shareholders' fundamental rights include the right to attend the GMS and the right to vote. In addition, Section 127B.(1) of the Companies Law, CAP. 113 (as amended) provides that a member of a company listed on a regulated market, shall have the right through the use of electronic means or postal services, at the address designated by the listed company in a regulated market, to: (a) put items on the agenda of the annual general meeting, provided that each such item is accompanied by reasons which justify its inclusion or a draft resolution to be adopted in the general meeting; and (b) table draft resolutions as an item on the agenda of a general meeting, provided that the member or members in question hold at least five per cent (5%) of the issued share capital representing at least five per cent (5%) of the total voting rights of all members who have a right to vote at the general meeting with which this application is related to.

Also see "*General Meeting of Shareholders*" below.

IFC Rights

The Articles of Association, pursuant to paragraph 157, grant, *inter alia*, rights to IFC, as detailed below. All such rights shall cease to exist on the Listing Date for as long as shares in the Company are listed on the Regulated Spot Market of the BSE for as long as it constitutes a regulated or organised market as defined in the Investment Services and Activities and Regulated Markets Law, No. 144(I)/2007.

The main IFC rights include:

(a) the right to appoint one of the Board members;

(b) the right to appoint an observer to the Board, which observer shall have the right to attend each meeting of the Board, each committee, and the board or other managing body of the Company's Key Subsidiaries (as defined in the Articles of Association), if at any time IFC has not exercised its right to nominate a director to be elected to the Board;

(c) a veto right with respect to, *inter alia*, the approval of the following resolutions by the Company or its Key Subsidiaries (as defined thereunder):

- any change in the Company's Memorandum and Articles of Association that would alter the rights, privileges or preferences of any of the Company's shareholders;
- any merger, consolidation or sale of a material part of its assets;
- any sale of shares in the Company or similar transaction that would result in a change of control of the Company or any Key Subsidiary (as defined thereunder);
- any increase or reduction in share capital;
- any liquidation, winding up or bankruptcy, reorganization or other analogous insolvency proceeding of the Company or any Key Subsidiary (as defined thereunder);
- changing the nature of the business of the Company;
- making any new capital investment in or acquiring a new business with value in excess of $1 million in any Financial Year (as defined in the Articles of Association);
- any transaction or transactions in any Financial Year that would, in the aggregate, result in the consolidated financial debt of the Company increasing by more than USD two million.

(d) the option to sell to the Majority Shareholders (as defined in the Articles of Association) all of its shares held in the Company, upon the terms and the price set out in the Investment Agreement dated 29 April 2010, as subsequently amended (for the description of the Investment Agreement please see below the "*Material Agreements*" section); and

(e) a tag along right (i.e. the right to sell its shares to the third party to whom the Majority Shareholders wish to sell their shares).

Corporate bodies

General Meeting of Shareholders

The general meeting of shareholders assembles in an annual meeting of shareholders and in extraordinary meetings of shareholders. An annual meeting of shareholders is held within 15 months from the previous one and the convening notice shall expressly specify the nature of the meeting. An extraordinary meeting will be convened whenever the Board considers fit, as well as when one or more shareholder holding at least 5% of the Company's share capital giving voting rights requests the convening of a meeting.

All business to be dealt with at an extraordinary general meeting shall be deemed special. In addition, all business that is to be dealt with at an annual general meeting shall also be deemed to be special except (a) declaring a dividend, (b) the consideration of the accounts, balance sheets, and the reports of the directors and auditors, (c) the election of directors in the place of those retiring and (d) the appointment of, and the fixing of the remuneration of the auditors.

An annual general meeting and a meeting called for the passing of a special resolution can be convened by the Board by a notice, specifying the matters to be discussed, issued at least 21 days before the meeting, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution can be convened by the Board by a notice, specifying the matters to be discussed, issued at least 14 days before the meeting. If the notice period is less than 21 days or 14 days as applicable, the meeting will be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and

(b) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

However, after Admission, the general meeting of shareholders cannot be convened without respecting the above mentioned notice period.

A notice convening a general meeting must be sent to each of the shareholders, shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business. In addition, once admitted to trading, the notice shall specify:

(a) the proposed agenda for the meeting;

(b) the procedures in respect of the participation and voting in the meeting required to be complied with by the shareholders entitled to attend and vote at the meeting, including:

   (i) the right of a shareholder to add items on the agenda of the general meeting, to table draft resolutions pursuant to section 127B of the Law and to ask questions related to items on the agenda pursuant to section 128C of the Law and the deadlines by which any of those rights may be exercised;

   (ii) the right of a shareholder which is entitled to attend (subject always to the provisions of the Law), to speak, ask questions and vote, to appoint a proxy pursuant to section 130 of the Law, including a proxy who is not a shareholder, through "Electronic Means" (which are defined by the Law as means of electronic equipment used for the processing (including digital compression), storage and transmission of data by wire, by radio, by optical technological means or by other electromagnetic means) or otherwise or, where permitted, to appoint one or more proxies each one of whom being entitled to attend, speak, ask questions and vote in the shareholder's place;

(c) the procedure for voting by proxy pursuant to section 130 of the Law, including the forms to be used and the means by which the Company is prepared to accept electronic notification of the appointment of the proxy;

(d) where applicable, the procedure that will be followed pursuant to sections 128B and 132 for electronic voting or voting by correspondence, respectively;

(e) the "**Record Date**" (as defined in the Law) and that only the shareholders registered as holders of shares conferring the right to attend and vote at the meeting, as at the close of business on the Record Date, shall be entitled to attend and vote at the meeting;

(f) where and how the full unabridged text of the documents to be submitted to the meeting may be obtained; and

(g) the internet site at which the information which is required to be provided to shareholders pursuant to the provisions of section 127A(4) of the Law as well as the resolutions (if any) proposed by shareholders shall be made available, subject always to the provisions of the Law.

All notices and other communication relating to any general meeting must also be sent to the auditors and the directors of the Company.

The chairman of the Board shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he/she is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the directors present at the meeting shall elect one of them to be chairman of the meeting. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the shareholders present at the meeting shall choose one of them to be chairman of the meeting.

At any general meeting any resolution put to the vote of the meeting shall be decided by poll, the shareholders having one vote for each of the held share. On a poll, any shareholder and any proxy appointed by a shareholder shall have the right to cast all or some of the votes to which such shareholder or proxy, as the case may be, is entitled in favour of and /or against the resolution in question (and need not cast all of the votes in favour of or against such resolution) and/or abstain from voting on the resolution in question in respect of all or some of his votes.

The general meetings may, subject to the provisions of section 128B of the Law, be held in whole or in part, by Electronic Means.

The quorum for a general meeting (irrespective of the type of the resolution) will consist of at least three shareholders, present in person or by proxy, and entitled to vote, holding or representing by proxy between them not less than 20% of that part of the issued share capital of the Company which carries the right to vote at general meetings. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

Depending on the powers exercised, the general meeting of shareholders takes the following resolutions described below: (i) ordinary resolutions; (ii) extraordinary resolutions; (iii) special resolutions.

Ordinary resolutions

The following powers must, amongst others, be exercised by the Company in the general meeting by an ordinary resolution: (i) the increase of its share capital; (ii) the consolidation and division of all or part of its share capital into shares of larger amounts than its existing shares; (iii) the conversion of all or part of its paid-up shares into stock and reconversion of that stock into paid-up shares; (iv) the subdivision of its existing shares, or any of them, into shares of a smaller amount than is fixed by the company’s memorandum of association; and (v) the cancellation of any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person.

The following ordinary resolutions require “special notice” (meaning that not less than twenty-eight days before the meeting at which the resolution is to be passed, notice of the intention to pass it must be given to the company): (i) a resolution to remove a director or to appoint somebody instead of a director so removed at the meeting at which he is removed; and (ii) a resolution to appoint as auditor a person other than a retiring auditor or providing expressly that a retiring auditor shall not be reappointed. An ordinary resolution requires a simple majority (50% plus one vote) of the persons who, being present and entitled to vote upon the resolution, do vote.

Extraordinary resolutions

An extraordinary resolution is required for putting the Company under voluntary liquidation where the Company cannot by reason of its liabilities continue its business and it is advisable to wind up. An extraordinary resolution requires a majority of not less than 3/4 of such shareholders as, being entitled so to do, vote in person or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

Special resolutions

A special resolution of the general meeting is required, amongst others, for the following: (i) amendment of the memorandum of association, (ii) amendment of the articles of association, (iii) reduction of the share capital, (iv) buy-back of shares by the Company, (v) change of Company name, (vi) application to the court for the Company to be wound up, (vii) decision for a voluntary winding up of the company, (viii) calling of an extraordinary general meeting of the Company with less than the 21 days' notice, provided the requirements of the Law are satisfied and (ix) decision for migration of the company out of Cyprus. A special resolution requires the same majority as for the passing of an extraordinary resolution and a general meeting which has been convened with at least than twenty-one days' duly given notice specifying the intention to propose the resolution as a special resolution.

A majority of two thirds of the votes represented at the general meeting is required to decide the matter concerned or the simple majority will suffice (if more than 50% of the issued shares are represented at the relevant general meeting) for, amongst others, the following matters: (i) a waiver of pre-emption rights of shareholders in respect of a fresh issue of shares for a cash consideration; (ii) where the Law requires a shareholders' decision for a change in the amount or classes of share capital or the rights attached to any class of shares; and (iii) increase of authorised share capital.

Subject to the provisions of the Law, resolutions in writing signed or approved by all shareholders entitled to vote at general meetings are as valid and effective as if they had been passed at a general meeting of the Company that was duly convened and held.

Board of Directors

Subject to the Law, the Articles of Association and any regulation determined by the Board, the business of the Company is managed by the Board which may exercise all the powers of the Company that are not required by the Law or by the Articles of Association to be exercised by the Company in a general meeting. No resolution taken by the Company in a general meeting shall invalidate any prior act of the Board which would have been valid if that resolution had not been taken.

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and, unless so fixed, shall be one half of the total number of directors (provided that if the total number of directors is odd, then the necessary quorum shall be the nearest whole number exceeding one-half of the total number of directors). Additionally, a resolution in writing, signed and approved by letter, email, telegram, radio, telex, telefax or by any other means of transmission of written documents by all the directors shall be as valid and effective for all purposes as if the same had been passed at a meeting of the directors duly convened and held.

The directors may from time to time and at any time, appoint any person, company, firm or body of persons, whether nominated directly or indirectly by the directors, to be the authorised representative or attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such authorisation or power of attorney may contain such provisions for the protection or convenience of third persons dealing with any such authorised representative or attorney, as the directors may think fit and may also authorise any such authorised representative or attorney to delegate all or any of the powers, authorities and discretions vested in him.

In any meeting of the Board, each director is entitled to one vote and a simple majority is required to pass a resolution. In the event of an equality of votes, the chairman of the meeting shall have a second or casting vote. Subject to the Law, the Articles of Association and any regulation determined by the Board, the Board may delegate its powers to one or more of its members or a committee made up of some of its members.

Number of Directors

The minimum number of directors shall be five, the majority of whom shall be non-executive and out of which at least 2 shall be independent and there shall be no maximum number of directors.

Appointment of Directors

The following provisions are set out in the Articles of Association.

At each annual general meeting of the Company one-third of the directors (other than executive directors) (or if their number is not a multiple of three, the number nearest to three but not exceeding one-third) shall retire by rotation. The directors to retire by rotation shall be those who have been longest in office since their last appointment (or reappointment) but as between individuals who were appointed as directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. If the number of the directors who are subject to retirement by rotation below is two, one of them shall retire and, if there is only one such director, he shall retire.

No person (including a director retiring by rotation) shall be appointed (or reappointed) a director at a general meeting of the Company unless:

(a) that individual is recommended by the board of directors or by a committee duly authorised by the board for the purpose; or

(b) not less than seven nor more than 42 days before the date appointed for holding the meeting, notice executed by a *Qualified Member* has been given to the Company of that member's intention to propose that individual for appointment (or reappointment) as director (stating the particulars which would, if he were so appointed, be required to be included in the Company's register of directors) together with a notice executed by that individual stating that he is willing to act as director. For the purposes of this paragraph, a "**Qualified Member**" means a shareholder or shareholders together holding or representing shares which in aggregate constitute or represent at least 5% in number of the votes carried or conferred by the shares giving a right to vote at general meetings of the Company.

Not less than three nor more than 21 days before the date appointed for holding the meeting notice shall be given to all the members entitled to receive notice of the meeting:

(a) of every individual who is recommended by the board of directors, or the committee; and

(b) of every individual in respect of whom notice has been duly given to the Company of the intention to be proposed,

for appointment (or reappointment) as a director at the meeting. The notice shall give the particulars of that person which would, if he were so appointed, be required to be included in the Company's register of directors.

The general meeting of the Company may:

(a) subject to the provisions of the paragraph set out above and section 177(1) of the Companies Law, Cap. 113 of Cyprus (as amended), with the sanction of an ordinary resolution appoint any person (willing to act) to the office of director either to fill a vacancy or as an additional director (and to determine the period for which such person is to hold office) provided that no appointment shall cause the number of the directors to exceed the maximum number (if any) permitted under or pursuant to the Articles of Association; and

(b) subject to sections 136 and 178 of the Companies Law, Cap. 113 of Cyprus (as amended), with the sanction of an ordinary resolution remove any director from office.

Notwithstanding the above provisions relating to the appointment of directors, the board of directors may at any time appoint any person (willing to act) to the office of director either to fill a vacancy or as an additional director. Every director (other than a director holding an executive office) so appointed shall hold office only until the next following annual general meeting and shall not be taken into account in determining the directors who are to retire by rotation.

The office of any director will be vacated if a director:

(a) becomes bankrupt or makes any arrangement or composition with his creditors generally;

(b) becomes prohibited from being a director by reason of any order made under Section 180 of the Law; or

(c) resigns his office by notice in writing to the Company;

Conflict of Interests

A director shall not vote at a meeting of the Board or of a committee of the Board (nor be counted in the quorum) on any resolution concerning a matter in which he has, directly or indirectly, an interest unless his interest arises only because the case falls within one or more of the permitted interests set out as follows:

(a) any arrangement for the provision to any director, of any security or guarantee in relation to money which he paid or obligations which he undertook in favour of the Company; or

(b) any arrangement for the provision by the Company of any security to third parties in relation to a liability or obligation of the Company for which the director himself assumed responsibility whether wholly or in part pursuant to any guarantee or by the deposit of any security; or

(c) any contract for the countersignature or subscription by any director in relation to shares or debentures of the Company; or

(d) any contract or arrangement with any other company in which he is interested only as officer of the Company or as holder of shares or other securities.

A director who is in any way, directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Board in accordance with section 191 of the Law. Provisions for the management of conflict of interest will be included in a regulation governing the functioning of the Board.

Remuneration of Directors

The remuneration of the directors shall be determined by the Company in a general meeting from time to time. Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or in connection with the business of the Company.

Disclosure and reporting obligations

The Company is a public company incorporated and existing under the laws of Cyprus. According to the Directive 2004/109/EC, as further amended (the "**Transparency Directive**"), the home member state is Cyprus and as a consequence the Company will have to comply with the disclosure obligations imposed by the Cyprus Transparency Requirements (Securities Admitted to Trading in a Regulated Market) Law, No.190(I)/2007, as amended (the "**Transparency Law**") which has implemented the Transparency Directive in Cyprus.

Under the Transparency Law, ‘‘**shareholders**’’ and other persons who control voting shares in a Cypriot public company admitted to trading on a regulated market within the EU are subject to certain notification requirements whenever their “**holding**” of voting rights in the company concerned reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the company’s total voting rights, as a result of an acquisition or disposal of company shares (or control over such shares) or as a result of events changing the breakdown of the company’s voting rights.

The notification requirements under the Transparency Law include a requirement to notify the CySEC and the company concerned of the fact that the shareholder’s holding has reached, exceeded or fallen below the above-mentioned thresholds.

A “**shareholder**” is any person who directly or indirectly holds voting shares of the company, including nominee shareholders as well as GDR holders who are deemed to be the holders of the underlying shares issued by the company. Other persons who exercise control over the company’s voting rights in any of the circumstances listed below are also subject to the notification requirements.

When calculating the percentage of voting rights “**held**” by any shareholder or other person (each a ‘‘**Shareholder**’’ for this section), the voting rights which the Shareholder is entitled to acquire, dispose of or exercise in the following circumstances must also be taken into account, as follows:

(a) voting rights held by a third person with whom the Shareholder has entered into an agreement obliging the parties to adopt, through the coordinated exercise of their voting rights, a lasting common policy as to the management of the company;

(b) voting rights held by a third person with whom the Shareholder has entered into an agreement, which provides for the temporary transfer, for consideration, of the exercise of those voting rights;

(c) voting rights attaching to shares which have been deposited with the Shareholder as security, provided the Shareholder controls the voting rights and has declared its intention to exercise them;

(d) voting rights attaching to shares of which the Shareholder is beneficial owner for life;

(e) voting rights which are held or can be exercised in the manner described under points (a) to (d) above, by an enterprise ‘‘controlled’’ by the Shareholder;

(f) voting rights attaching to shares that have been deposited with the Shareholder and which the Shareholder can exercise at its discretion, in the absence of specific instructions by their holder;

(g) voting rights held by a third person in his own name but for the account of the Shareholder; and

(h) voting rights, which the Shareholder is entitled to exercise at its discretion, as an attorney for the holder, in the absence of specific instructions from the holder.

In this context, an enterprise ‘‘**controlled**’’ by the Shareholder is an enterprise in which the Shareholder:

(a) has the majority of voting rights; or

(b) has the ‘‘right to appoint or dismiss’’ the majority of the members of the enterprise’s administrative, managerial or supervisory organ and is simultaneously a shareholder or a partner in the enterprise; or

(c) is a shareholder or partner and controls by itself, pursuant to an agreement entered into with the other shareholders or partners of the enterprise, the majority of the voting rights of the shareholders or partners; or

(d) has power to exercise or de facto exercises dominant influence or control.

The Shareholder will be deemed to have the ‘‘**right to appoint or dismiss**’’ where such a right belongs to:

(a) an enterprise controlled by the Shareholder; or

(b) a person acting in its own name but for the account of the Shareholder or an enterprise controlled by the Shareholder.

Notifications must be made as soon as possible and in any event within three trading days following:

(a) the date on which the transaction was made, or

(b) the date on which the Shareholder learned or is deemed to have learned of the acquisition or disposal or possibility of exercising voting rights (and the Shareholder is deemed to have learned of such events two days after the trading day on which the transaction was made, at the latest), or

(c) the date on which the Shareholder learned or should have learned of the event changing the breakdown of the company’s voting rights, as the case may be.

Special provisions and exemptions under the Transparency Law may apply to a Shareholder who is a custodian, a market maker, a credit institution, a firm providing investment services or its parent, or a management company of an undertaking for collective investment in transferrable securities or its parent. An exemption may also apply where shares are acquired exclusively for stabilization purposes, or for the purpose of clearing and settling of stock exchange transactions within three business days of the execution of the stock exchange transaction.

In addition, the Company is required to fulfill certain transparency obligations in accordance with the provisions of Issuers and Markets Operations Law and the Regulation no. 1/2006. For example, according to the Issuers and Markets Operations Law, if following the acquisition or sale of or other operations in Shares, the proportion of voting rights held by a person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33%, 50% or 75% of the total voting rights, that person must notify the Company of the proportion of the voting rights held, promptly, but not later than 4 trading days starting on the day on which that person (i) finds about the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have found about it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect or (ii) is informed with respect to an event that changes the breakdown of voting rights.

Also, according to the Issuers and Markets Operations Law, the Company must publish its audited annual accounts within four months after the end of each financial year, its half-yearly figures within three months after the end of the first six months of each financial year and its quarterly reports for the first and third quarter within 45 days from the end of the reporting period.

Moreover, the Company is required to inform the public, among others, about the following aspects:

(a) convening of the general meeting of shareholders;

(b) the resolutions of the shareholders’ meetings;

(c) replacement of the Company’s auditor and causes for this change;

(d) change of control, including indirect change of control;

(e) termination or decrease of contractual arrangements which have generated at least 10% of the

Company's income during the previous financial year;

(f) litigation proceedings involving the company;

(g) material acquisitions or disposal of assets (the acquisition or disposal is deemed material if the assets represent at least 10% of the total asset value of the company, either before or after the transaction);

(h) new products or services launched by the company or a new development process, which affects the Company's resources.

Obligation to launch a mandatory takeover bid and squeeze out procedures

Mandatory takeover bid

As a company with its registered office in Cyprus whose shares are listed on a regulated market in Romania, any offer for such shares will be subject to the provisions of the Issuers and Markets Operations Law in respect of matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, especially the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, while Cyprus law would apply to such an offer in relation to company law matters, including the threshold for a mandatory bid. Cyprus law would also govern matters such as (i) the notification of the offer to company's employees, being the personnel of the Company; (ii) the exemptions from the obligation to make a public offer; and (iii) the circumstances in which the board of directors is prohibited or permitted (as the case may be) to act in a manner which could frustrate the offer.

Section 13 of the Law No. 41(I)/2007 as amended (the **Cyprus Takeover Law**) provides that, where a person, as a result of acquisition by himself/herself or by persons acting in concert with him/her, holds securities of a company which, added to any existing holdings by him/her or by persons acting in concert with him/her, directly or indirectly give him/her 30% or more of the existing voting rights in such company at the date of the acquisition, such a person is under an obligation to immediately make a bid to all holders of such securities for their entire holding at a fair price. Such mandatory bid obligation will apply in each of the following set of circumstances, which is a non-exhaustive list:

(a) where such person does not hold any securities in such company at all or holds securities representing less than 30% of the voting rights and the acquisition gives such person 30% or more of the voting rights in such company; or

(b) where such person already has a holding of 30% or more, but less than 50% of such company's voting rights, and proposes to increase his/her holding.

Section 14 of the Cyprus Takeover Law provides that, where a person already holds more than 50% of the voting rights in a company, further acquisition of securities in such company does not trigger an obligation for a mandatory bid provided the CySEC has granted an exemption (which may be granted only if such acquisition does not affect the rights of minority holders). Nevertheless, there are other grounds pursuant to which an exception may be granted by CySEC as set out in section 15 of the Cyprus Takeover Law.

The mandatory public offer document, having the content set forth under the Issuers and Market Operations Law, shall be approved by the FSA. According to the provisions of the Issuers and Market Operations Law, the mandatory public offer must be launched as soon as possible, however not later than, as a rule, two months, after the date the offeror reached the controlling interest threshold.

The price under a mandatory public offer will be at least equal to the highest price paid for the shares by the offeror, or by the persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval. However, if the offeror or the persons acting in concert with the offeror, have not acquired any shares of the company which is subject to the mandatory offer over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval or the FSA determines on grounded reasons ex officio or following a complaint in this respect that the operations whereby the shares were acquired may negatively influence the calculation of the price, the price will be determined as follows:

(a) if the mandatory offer is launched within the term prescribed by the Issuers and Market Operations Law, the price will be at least equal to the highest of the following amounts, calculated by an authorized valuator, designated by the offeror: (i) the weighted average trading price of the shares, corresponding to the last 12 months prior to the submission of the offer documentation to the FSA; (ii) the per share value of the net assets of the company according to its latest audited financial statements; and (iii) the price determined further to a valuation performed according to international valuation standards.

(b) if the mandatory offer is not launched within the term prescribed by the Issuers and Market Operations Law, the price will be highest of the following amounts, calculated by an authorized valuator, designated by the offeror: (i) the weighted average trading price of the shares, corresponding to the last 12 months prior to the submission of the offer documentation to FSA; (ii) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the highest price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iv) the per share value of the net assets of the company according to its latest audited financial statements issued prior to submitting the takeover bid documentation to the FSA for approval; (v) the per share value of the net assets of the company according to its latest audited financial statements issued prior to the date the offeror reached the controlling interest threshold; and (vi) the price determined further to a valuation performed according to international valuation standards.

If the mandatory offer is not launched within the term prescribed by the Issuers and Market Operations Law and the condition mentioned above regarding the non-acquisition of shares over the period of 12 months prior to submitting the takeover bid documentation to the FSA for approval is not satisfied, the offer price will be at least equal to the highest of: (i) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; (ii) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the weighted average trading price of the shares, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; and (iv) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold.

Squeeze out and sell out

Under section 36 of the Cyprus Takeover Law, where the offeror has made a bid to all the holders of such securities for their entire holding, the offeror has the right to require the holders of any remaining securities to sell such securities to him/her in any of the following situations:

(a) where the offeror holds securities representing at least 90% of all securities carrying voting rights and at least 90% of the voting rights in the company; or

(b) where the offeror holds or has irrevocably agreed to acquire, following the acceptance of a takeover bid, securities in the company representing at least 90% of all securities carrying voting rights and at least 90% of the voting rights included in the takeover bid.

The offeror may exercise such right within three months from the end of the period allowed for acceptance of the bid, by submitting an application to the CySEC, in which the consideration for the securities must be specified. The consideration must take the same form as and be at least equal to the consideration offered in the bid. A cash alternative is permitted, if accepted by the recipient.

Furthermore, section 37 of the Cyprus Takeover Law provides that a holder of any remaining securities in any of the two situations described above has the right to require the offeror to buy his securities at a fair price, being at least equal to and taking the same form as the consideration offered in the bid, including a cash alternative if acceptable to the recipient, provided that such right is exercised within three months from the end of the period allowed for acceptance of the bid.

The Cyprus Companies Law, Cap. 113 of Cyprus (as amended) also contains provisions in respect of squeeze out and sell out rights. The effect of these provisions is that, where a company (the ‘‘offeror company’’) makes a take-over bid for all the shares or for the whole of any class of shares of a Cypriot company, and the offer is accepted within four months after the making of the offer by the holders of not less than 90 per cent in value of the shares concerned (other than shares already held by or on behalf of the offeror company), the offeror company can, within two months from the expiration of the said four months, upon the same terms acquire the shares of shareholders who have not accepted the offer, unless such persons, within one month from the date on which the notice was given, persuade the court not to permit the acquisition. If the offeror company already holds more than 10 per cent in value of the shares concerned, additional requirements need to be met before the minority can be squeezed out.

Furthermore, if the offeror company acquires sufficient shares to aggregate, together with those already held by it or on its behalf, 90 per cent. or more in value of the shares concerned then, within one month of the date of the transfer which gives the 90 per cent, it must give notice of the fact to the remaining shareholders and such shareholders may, within three months of the notice, require the offeror company to acquire their shares and the offeror company shall be bound to do so upon the same terms as in the offer or as may be agreed between them or upon such terms as the court may order.

There have been no public takeover bids by third parties for all or any part of the Company’s equity share capital since the Company’s date of incorporation.

Arrangements for involving the employees in the capital of the issuer

At the date of this Prospectus there are no arrangements for involving the employees in the capital of the issuer. In the future the Company intends to put in place an Option Plan to align interests of the management with those of the Group’s shareholders. For details on this please see section ”*Management*” above.

RELATED PARTY TRANSACTIONS

For information about a list of related parties and disclosures of the values of transactions and outstanding balances with these related parties, as defined by IAS 24 "Reporting Transactions with Related Parties", please see Note 28 to the Audited Consolidated Financial Statements, prepared in accordance with IFRS as at and for the years ended 31 December 2014, 2015 and 2016.

The same information for the period covering 9 months of 2017, please see Note 25 to the Unaudited Consolidated Interim Financial Statements.

The most significant transactions of the Company and its subsidiaries relate to: (i) purchase of agricultural services (manual and mechanized works in vines) from Agro Sud Invest SRL (Republic of Moldova) and BSC Agro SRL (Republic of Moldova); (ii) purchase of packaging items (bottles) from IM Glass Container Company SA (Republic of Moldova) and Glass Container Company-SP SRL (Romania); (iii) lease of land under vineyards from Victoriavin (see below "*Material Contracts*" section).

All commercial transactions entered into by the Company with related parties were concluded on arms' length.

From the date of last reported Financial Information as of 30 September 2017 and until the date of issuance of this Prospectus, the Company and its subsidiaries has entered in new deals or renewed/updated agreements with Related Parties, as follows: (i) on 01.01.2018 Vinaria Bostavan signed new land lease agreements with Victoriavin for 29 years for a total area of 600 ha; (ii) on 01.01.2018 Vinaria Purcari signed new land lease agreements with Victoriavin for 29 years for a total area of 254 ha; (iii) the Company signed an addendum to the loan agreement with Victoriavin, , extending final settlements date to 31 January 2020; (iv) on 06.12.2017 Crama Ceptura sold to Victor Bostan the real estate located in Republic of Moldova, consisting of a house with a total surface area of 270 square meters and the corresponding plot of land of 1.034 square meters, for the total value of 1,300,000 MDL payable within up to 3 years from the sale; (v) on 14.12.2017 Victor Bostan granted to Vinaria Bostavan non-exclusive licences for use of the Cronica Vinului trademark and Хроника Винодела trademark, for a 10 (ten) years period for a one off payment of 10 MDL; (vi) call option agreements with both Victoriavin and Mr. Victor Bostan (as sole shareholder thereof), granting the Group a right to purchase all shares of Victoriavin, thus obtaining ownership over all of its assets and purchase the land plots held by Victoriavin (subject to the condition that such purchase is permitted under Moldovan law.

Also, the Company granted loans to its operational subsidiaries during the period between 2010-2013. These transactions are not reflected in financial statements due to the adjustments that occurred during the consolidation of financials. At the date of issue of Prospectus, all loans and accrued interest were fully repaid by all subsidiaries.

MATERIAL CONTRACTS

The following are selected contracts or series of contracts of the same type that have been concluded by the members of the Group outside the ordinary course of business and are, or may be, in the Company's opinion, either individually or in aggregate, material or contain provisions under which a member of the Group has an obligation or entitlement which is, or may be, material to the Group as of the date of this Prospectus.

Finance facilities contracted by the Group

Moldovan Subsidiaries

The Moldovan Subsidiaries have contracted multiple finance facilities primarily from two Moldovan banks: B.C. Moldova Agroindbank S.A. and B.C. Mobiasbancă – Groupe Société Générale S.A. Additionally, both Vinaria Purcari and Vinaria Bostavan have contracted finance facilities from the Moldovan Ministry of Finance.

Vinaria Purcari and Vinaria Bostavan are parties to multiple credit agreements with B.C. Moldova Agroindbank S.A., specifically the following:

(a) Credit Agreement C14257 dated 3 July 2014, for an aggregate principal amount of up to MDL 45 million, with final maturity in May 2018;

(b) Credit Agreement C15343 dated 26 June 2015, for an aggregate principal amount of up to MDL 50 million, with final maturity in May 2019;

(c) Credit Agreement C15344 dated 26 June 2015, for an aggregate principal amount of up to MDL 33 million, with final maturity in May 2018;

(d) Credit Agreement C170443 dated 23 August 2017, for an aggregate principal amount of up to MDL 70 million, with final maturity in August 2020;

(e) Credit Agreement C170444 dated 23 August 2017, for an aggregate principal amount of up to MDL 60 million, with final maturity in August 2020.

The loans can be disbursed in either EUR, USD or MDL and bear an interest rate that can be adjusted by the bank based on certain criteria. All of the aforementioned credit agreements follow the same basic template and structure and are granted for broad purposes (either financing of current operational activity or supplementing working capital). Reimbursement of the loans is to be made in equal (or nearly equal) monthly tranches, in line with a reimbursement schedule (which constitutes a part of the credit agreement). The loans are secured by an extensive security package, including in particular: pledges of movable assets (plant equipment, wine material, third party receivables), mortgages over immovable assets (plant premises, grape plantations, agricultural land that is owned by Victoriavin (mortgages which are granted by Victoriavin), pledges of material trade marks ("Roșu de Purcari" and "Negru de Purcari" are pledged by Vinaria Purcari and "Черный Доктор" is pledged by Vinaria Bostavan). Additionally, both Vinaria Purcari and Vinaria Bostavan guarantee each-other's obligations under surety agreements (*fidejusiune*) and grant the bank the right to withdraw any outstanding moneys from their respective bank accounts. The credit agreements contain fairly restrictive negative covenants, including in particular (i) prohibition to declare and pay dividends; (ii) prohibition to extend loans or guarantees to third parties (except certain specified entities); (iii) prohibition to contract loans from third parties (except certain specified entities); (iv) prohibition to open bank accounts with other Moldovan banks; (v) prohibition to assign receivables to third parties); (vi) prohibition to enter into joint venture agreements with third parties; (vii) prohibition to change constitutive documents and members of management bodies without the prior written consent of the bank. The credit agreements also require the bank to be notified, inter alia, of any material disputes or material adverse effects, as well as provided with various types of information (audited financial statements, tax reports, copies of licenses and authorizations).

Vinaria Purcari signed on 23 December 2015 a EUR 600,000 financing facility granted by Ministry of Finance of the Republic of Moldova, in frame of the "*Filiere du Vin*" Project (for the restructuring of the winemaking sector). The facility is extended for the purpose of grape purchase and matures in June 2020. The facility bears a variable interest rate (adjusted on a semi-annual basis) and payment delays lead to the application of penalties of 0.1% of amounts due per each day of delay. Reimbursement is made in semi-annual instalments, in line with a schedule included in the facility agreement. The facility is secured by a mortgage over the vineyards of Vinaria Purcari and agricultural land of Victoriavin. The facility agreement does not contain any restrictive or unusual covenants, limitations or events of default.

Vinaria Bostavan signed on 22 December 2016 a EUR 600,000 financing facility granted by Ministry of Finance of the Republic of Moldova, in frame of the "*Filiere du Vin*" Project (for the restructuring of the winemaking sector). The facility is extended for the purpose of grapes purchase and matures in December 2021. The facility bears a variable interest rate (adjusted on a semi-annual basis) and payment delays lead to the application of penalties of 0.1% of amounts due per each day of delay. Reimbursement is made in semi-annual instalments, in line with a schedule included in the facility agreement. The facility is secured by a mortgage over the vineyards of Vinaria Bostavan and agricultural land of Victoriavin, as well a certain quantity of bulk wine which is property of Vinaria Bostavan was pledged. The facility agreement does not contain any restrictive or unusual covenants, limitations or events of default.

Vinaria Bardar is a party to multiple credit agreements with B.C. Mobiasbancă – Groupe Société Générale S.A., specifically the following:

(a) Credit Agreement LC/91123407100 dated 24 September 2015, extending a revolving facility for an aggregate principal amount of up to USD 850,000, with final maturity in September 2018;

(b) Credit Agreement C/21305967100 dated 23 August 2017, for an aggregate principal amount of up to USD 1 million, with final maturity in August 2020;

(c) Credit Agreement LG/12658277100 dated 26 December 2016, extending a financing facility under which the borrower can draw multiple loans, for an aggregate principal amount of up to USD 300,000, with final maturity in December 2019.

The facilities bear an interest rate that can be unilaterally adjusted by the bank based on certain criteria. All of the aforementioned credit agreements follow the same basic template and structure and are granted for broad purposes (financing working capital), but they require the bank to approve any agreements financed using the proceeds of the relevant facility. Reimbursement of the facilities is to be made in line with reimbursement schedules provided by the bank. The facilities are secured by an extensive security package, including in particular: pledges of movable assets (plant equipment, wine and brandy distillate), mortgages over immovable assets (plant premises and underlying land), personal sureties granted by Mr. Victor Bostan and Mr. Boris Duca. The credit agreements contain fairly restrictive negative covenants, including in particular (i) prohibition to declare and pay dividends without the prior written consent of the bank; (ii) prohibition to extend loans or guarantees to third parties; (iii) prohibition to contract loans from third parties; (iv) prohibition to make organizational amendments or change management bodies without the prior written consent of the bank; (v) with regard to one of the credit agreements, prohibition to enter into transactions with affiliates without the prior written consent of the bank. The credit agreements also require the bank to be notified, inter alia, of any material disputes or material adverse effects, as well as provided with various types of information (audited financial statements, tax reports, copies of licenses and authorizations).

Romanian subsidiary

The Romanian Subsidiary of the Company, Crama Ceptura, has entered into a revolving credit facility agreement with UniCredit Bank S.A, for an aggregate principal amount of up to RON 23 million (aprox. EUR 5 million) with the final maturity in July 2018 for the cash utilisation and in January 2019 for the non-cash utilisation, such as issuance of letters of bank guarantee. The agreement was concluded to finance the current operational activity.

The loan can be drawn and afterwards disbursed in either RON or EUR, depending on the sub-limit under which Crama Ceptura has or will benefit from this finance facility and bears an interest rate comprising a fixed percentage and a variable one, namely the 1 month ROBOR interest rate for RON cash utilisations and 1 month EURIBOR interest rate for EUR cash utilisations respectively. The loan is reimbursed in equal (or nearly equal) monthly tranches, in line with the reimbursement schedule (which constitutes a part of the credit agreement) for one sub-limit and shall be reimbursed completely at the maturity date for the other three contractual sub-limits.

The loan is secured by an extensive security package, including: mortgages over immovable assets (plant premises), pledges on movable assets (plant equipment, all the stock), pledges on all the banking accounts and sub-accounts of Crama Ceptura, pledges on the third-party receivables and the receivables derived from the insurance policies in connection with the mortgaged immovable and movable assets. In addition, the credit agreement contains restrictive negative covenants, including in particular: (i) the prohibition to declare and pay dividends; (ii) the prohibition to grant any guarantees to third parties on any of its assets without the prior written consent of the bank (iii) the prohibition to contract loans from third parties; (iv) the prohibition to determine or allow any change to its shareholders without the prior written consent of the bank; (v) the prohibition to dispose of its assets exceeding RON 200,000, individually, and RON 500,000 cumulatively. Moreover, the bank has the right to unilaterally terminate the agreement with a 15-day prior written notice and may also suspend, withdraw or declare the early maturity of the facility if Crama Ceptura does not fulfil its contractual obligations.

Agricultural land lease agreements concluded with Victoriavin

Vinaria Purcari and Vinaria Bostavan have recently concluded multiple new agricultural land lease agreements with Victoriavin pertaining to land where the companies' overwhelming majority of the vineyards are located. Such new lease agreements aim to replace the lease agreements concluded between the same parties in the past, which were entered into for shorter lease terms and included the unilateral right of the lessor thereunder to terminate the lease with 6 months prior notice. The new lease agreements are all entered for a lease period of 29 years, and are set to expire in 2047. Termination of the new lease agreements can occur solely in the cases provided by law (which are triggered by or tied to various objective circumstances, such as failure to pay rent, misuse of the relevant land plot, etc.). The rent established by the parties thereunder varies between 4-5% of the normative price of land, determined in accordance with Moldovan laws. Under article 17 para. (2) of the Moldovan Law No. 198-XV dated 15 May 2003 on agricultural leases, the annual rent is established based on such factors as area, relief and fertility of the land, availability to perform mechanical works and other characteristics of the land, but shall constitute not less than 2% of the normative price of the land. Otherwise, the new lease agreements contain standard and customary contractual provisions in line with Moldovan law and practice.

As required under Moldovan law, Vinaria Purcari and Vinaria Bostavan submitted such new lease agreements for registration with the Moldovan Registry of Immovable Assets, but the process of perfecting such registrations is still in progress due to the large area and significant number of legally distinct land plots to be processed by the registrar. Until such registration is finalized, the new lease agreements will be in force and have priority between the parties thereto, but will not be opposable to third parties (i.e. third parties, such as third party acquirers of the land, may disregard the existence of the rights instituted thereunder). Nevertheless, a significant percentage of the previous lease agreements remain registered with the Registry of Immovable Assets and the leases instituted thereunder remains opposable to third parties, protecting the lease rights of Vinaria Purcari and Vinaria Bostavan.

Joint-venture and agricultural lease agreement concluded with Vie Vin

Crama Ceptura has concluded on February 2013 a joint-venture agreement with Vie Vin, a Romanian private company, on which basis it cultivates 130ha out of the total of 153ha of vineyards it operates. Having as a common purpose the profitable exploitation of the vineyards, Vie Vin has brought into this partnership the right of use over the vines and over fixed assets specific to the wine industry and labor force. On the other side, Crama Ceptura joined the agreement by contributing with the financial means necessary for the joint activity and with valuable know-how and technical management it has developed in its previous 10 years of existence, partly given the collaboration with the other members of the Group. Crama Ceptura and Vie Vin contractually agreed that the operation is administrated by a governing council, formed by two members, each party appointing one representative to this council. The activities of the operation require the unanimous consent of the parties that control the arrangement collectively.

The agreement shall expire at the completion of the 2018 harvest, but the parties have the right to extend the contractual period by an addendum. Although the risk of not extending the joint-venture could not be denied, it is the Group's view that the prolongation of the association is in both parties' best interest. At the date of this prospectus, Vie Vin is in the reorganization phase of an insolvency process which started in 2014. Therefore, given the lack of liquidities, the need for financial stability and the profitability of Crama Ceptura's business and as a consequence of the joint activity, the Group expects a renewal of this partnership.

The other 23 ha of vineyards are operated by Crama Ceptura on the basis of a lease agreement dated February 2013 and which shall expire at the completion of the 2018 harvest. The rent consists of a fixed percent of the grape culture, while the legal duties related to the vines, such as fees and taxes, shall be borne by Vie Vin.

Both the joint venture and the agricultural lease concluded with Vie Vin provide for each party the right to terminate the contractual relations. However, this right may be exercised only upon completion of an annual harvesting campaign, respectively between the 30th of November and the 1st of February. The early termination of the agreement shall trigger Vie Vin's obligation to pay the amount of the total investment made by Crama Ceptura in relation to the joint-venture, minus the amortization.

Call option agreements

To further safeguard their interests with regard to the agricultural land referred to above, the Group has entered into call option agreements with both Victoriavin and Mr. Victor Bostan (as sole shareholder thereof), granting the Group a right to both (i) purchase all shares of Victoriavin, thus obtaining ownership over all of its assets and (ii) purchase the land plots held by Victoriavin (subject to the condition that such purchase is permitted under Moldovan law). Such call options can be exercised by the Group if the current arrangement of leasing the land from Victoriavin becomes untenable. The call options allow the Company to purchase the land (or the entity owning it) for a consideration of 1,500 USD per hectares of land.

Distribution agreements contracted by the Group

The Group companies have a large distribution network worldwide, having exclusive distributors on the retail wine and divin (brandy) markets from Portugal, Romania, Republic of Moldova, Latvia, Estonia, Lithuania, Belarus, Ukraine, Poland, Czech Republic, China, Kazakhstan, etc.

Moldovan Subsidiaries

The main distributor of the Moldovan Subsidiaries is "Romatim" LLC, which has been granted the right to market the products of Vinaria Bardar, Vinaria Bostavan and Vinaria Purcari until 31 December 2019. The exclusivity does not apply to duty free shops and VIP clients (non-commercial natural and legal entities). The goods are supplied to Romatim in quantities and according to specifications indicated as per the invoices and purchase orders placed by Romatim, and are delivered by the suppliers to its warehouse. The sale price for the products is not fixed in the distribution agreements and is established at the delivery date. The payment of the price is made within 90 days following the date of products delivery. The Group subsidiaries are entitled to increase the price for products no more than twice a year. Besides the distribution of the products, Romatim is also required to carry out marketing and promotion activities of the products of Vinaria Bardar, Vinaria Bostavan and Vinaria Purcari, being bound by the marketing plan, coordinated with the wine companies on quarterly basis. The agreements with Romatim have been last amended in January 2018.

The distribution (sale and purchase) agreements executed by the Moldovan Subsidiaries with the foreign distributors follow the same template and basic structure. In most of the cases, pursuant to such distribution agreements, the products are delivered under the delivering conditions FCA or EXW of Incoterms 2010. Typically, the export license and all the customs formalities necessary for the export of goods from Republic of Moldova are carried out by the suppliers, where the distributors obtain the import license and carry out all customs formalities necessary for the import of goods. According to the agreements, the goods are required to meet the working quality standards of the suppliers' and distributors' countries (Standard Moldovan SM 117 and SM 118, the Technical Regulation RT 356) and the European Standards.

The price of the goods is determined either in EUR or in USD, and is stated in the specifications attached to the distribution agreements. The price of every consignment is usually paid within 35 to 60 days following the delivery date of goods. In certain particular cases, the distributors are required to pay the price as 100% advance payment.

The goods are delivered to distributors for retail execution on their country territory, where they are in most cases granted exclusivity. The exclusive status of certain distributors is conditioned upon the acquisition of a certain number of bottles of wine during certain periods provided by the agreement (target quantities).

Romanian Subsidiary

In Romania, Crama Ceptura has direct agreements with three IKA and agreements with more than 15 distributors, out of which two are ensuring logistic services for other seven retail chains, with which Crama Ceptura has product placement agreements.

As Crama Ceptura uses a template agreement (including for the relationship with Parmafood), the agreements concluded with the distributors contain similar provisions. In particular, the agreements are usually concluded for 1 or 2 years and provide for the right of Crama Ceptura to modify the list of products and the prices with a prior 30-day notice, as well as for the obligations of the distributors to issue checks or promissory notes in order to guarantee their obligations to pay the price. In addition, the distributors have a best efforts obligation to ensure the permanent and adequate display of the products and an obligation to ensure the optimal account of stock for the locations where the products are distributed. The goods are supplied to the distributors in quantities and according to specifications indicated as per their purchase orders.

The agreements concluded with the IKA are based on the IKA's template agreements. It is usual practice to revise the agreements on annual practice with IKA. One of these agreements expires on 28 February 2018, but the management is confident that the agreement will be renewed, as done in previous years. Out of the other two agreements, one is tacitly renewed every year for a subsequent period of one year if it is not terminated by the parties, which have a unilateral termination right, and the other one is entered into for an undetermined period of time. The latter includes, however, the right of the parties to unilaterally terminate the agreement within a term of three months before the end of the year.

These agreements provide that Crama Ceptura may modify the prices of the products only with the approval of the counterparty as opposed to the template imposed by the Romanian Subsidiary. In addition, they stipulate penalties that are to be paid by Crama Ceptura, as well as the counterparty's right to terminate the agreement in case of the delayed delivery of the products. In particular, one of the agreements provides for an important penalty to be paid by Crama Ceptura to the IKA in case of breaches of the competition regulations related to anti-competitive agreements regarding the prices or the customers (up to 5% of Crama

Ceptura's turnover resulted from the commercialisation of the products) and in case of an unauthorised exchange of information which affects the clients of Crama Ceptura (EUR 100,000).

The distribution of the Purcari and Bostavan wines within Romania is made using intra-group agreements concluded by each of these subsidiaries with Crama Ceptura. According to the provisions of these agreements, Crama Ceptura buys the wines produced by the Moldovan Subsidiaries and afterwards uses the same distribution channels as those in place for its own wines to ensure the presence of its products into the stores.

The Investment Agreement

The Selling Shareholders, Mr. Victor Bostan and a former shareholder of the Company, Detroit Investments LTD ("**Detroit Investments**"), and the Company concluded on April 29, 2010 an agreement which established the terms and conditions of the buyout of Detroit Investment's shares by Lorimer, the subscription by Lorimer of new shares issued by the Company, as well as the terms and conditions applicable to the rights and obligations of the Selling Shareholders in their capacity of shareholders of the Company (the "**Investment Agreement**"). The Investment Agreement was further supplemented by the subscription agreement (the "**Subscription Agreement**") concluded between the Selling Shareholders and the Company on June 14th, 2013.

The Investment Agreement includes provisions regarding the organization and functioning of the general meetings of shareholders of the Company, such as quorum and majorities, and of the Board of the Company, as well as provisions regarding the supervisory board of the Company. In addition, the Investment Agreement contains similar covenants to those included below in the sub-section related to the Policy Agreement. Except for the provisions related to the IFC rights (see section "*Description of share capital and corporate structure – IFC rights*"), the Articles of Association do not reflect the provisions of the Investment Agreement, as subsequently amended.

Under the Investment Agreement, the Selling Shareholders have also some special rights with respect to the transfer of the shares held in the Company, such as a right of first refusal, a tag along right and a pre-emption right. In addition to these rights, the Investment Agreement provides for a put option that may be exercised by IFC under certain circumstances, as well as for certain information rights and IFC policy covenants.

The Investment Agreement and the amendments brought by the Subscription Agreement will terminate subject to and with effect from the Listing Date, pursuant to the deed of waiver and termination of the Investment Agreement executed between the Selling Shareholders, the Company and Mr. Victor Bostan (the **Deed of Termination**). The termination is conditional upon the Listing Date occurring not later than 28 February 2018. The Deed of Termination includes also the waivers of the Selling Shareholders' rights of first refusal, tag along rights and pre-emption rights in respect of the Offer.

The policy agreement concluded between the Company and IFC

IFC and the Company concluded a policy agreement (the **Policy Agreement**), as a condition of IFC's undertaking to terminate the Investment Agreement. The Policy Agreement will enter into force only on the Listing Date and remain into force as long as IFC holds Company's shares.

The purpose of the Policy Agreement is to maintain some of the provisions of the Investment Agreement, in particular the covenants of the Company related to its operational policy. The most important obligation contracted by the Company under the Policy Agreement is that neither the Company nor its subsidiaries, shall obtain from distilled liquor operations more than twenty-five percent (25%) of consolidated revenues or more than twenty-five percent (25%) of the consolidated EBITDA of the Company, as evidenced in the audited annual financial statements of the Company. In addition, the Company is obliged to abide in its operations, among others, by the anti-corruption guidelines for IFC transactions, the IFC's performance standards on social & environmental sustainability, as well as to use all reasonable efforts to ensure the continuing operation of the Company's social and environmental management system, as implemented or in effect from time to time. The compliance by the Company with the foregoing obligations will be reflected in its annual report.

The Policy Agreement provides also the obligation of the Company to indemnify, defend and hold harmless IFC and its officers, directors and employees from, against and in respect of, *inter alia*, any damages, losses, charges, liabilities and claims sustained, incurred or suffered by, or asserted against IFC and its officers, directors and employees, arising out of or in connection with, *inter alia*, any failure by the Company to perform any of its obligations under the Policy Agreement or out of gross negligence, fraud or willful misconduct of the Company or its directors, managers or employees in connection with the transactions mentioned in this agreement.

Essential inventory supply agreements

The Moldovan Subsidiaries have entered into various agreements with suppliers of inventories, materials and equipment required for manufacturing and marketing of the branded wines and brandies. Among others, the glass bottle supply agreements are considered of major importance for the activity of the Moldovan Subsidiaries. The main supplier of glass bottles for the Group in Republic of Moldova is represented by the Moldovan-based Glass Container group of companies. The supply agreements entered into with the Glass Container group of companies contain standard and customary provisions in line with Moldovan law and practice. The glass bottles are supplied in quantities and according to specifications indicated as per purchase orders monthly placed by Moldovan Subsidiaries and are made available by the supplier at its premises (warehouse) after the price payment. Typically, the payment of price is made after issuance of the invoice for respective purchase order. However the parties at times resort to a split of the price over several payments, part of which is paid in advance. Amongst other issues, the agreements specifically regulate the procedure for the settlement of claims among the parties. The current agreements with the Glass Container group of companies are in force until 31 December 2018, with the possibility of prolongation. There are no specific provisions on termination.

The Moldovan Subsidiaries have also entered into a number of supply agreements for cork stoppers with Amorim companies. The cork stoppers are supplied in quantities and according to specifications agreed by the parties and are made available by the supplier on a CIP basis. The price after receipt the goods by the buyer. Amongst other issues, the agreements specifically regulate the procedure for the settlement of claims among the parties. The Moldovan Subsidiaries typically prolong such agreements for additional periods and a recent prolongation has just occurred.

REGULATORY MATTERS

Overview

We are subject, in the various jurisdictions in which we operate, to a combination of national and European Union regulations.

General EU legislation

There are various EU legislative measures which apply to the industry in which the Group operates and the activities the Group carries out. These measures impact the Group's business in the countries in which it operates to different extents, depending on the exact nature of the business the Group conducts there. The following summarises the EU Regulations (in each case, as amended) which are relevant to the Group's operations in the EU countries in which it operates.

Regulation (EU) No. 1308/2013 of the European Parliament and of the Council of 17 December 2013

This Regulation establishes a common organisation of the markets for agricultural products, which means all the products with the exception of the fishery and aquaculture products as defined in the EU's legislative acts on the common organisation of the markets in fishery and aquaculture products. Together with Regulation (EU) No. 560/2015 and Regulation EU No. 561/2015 this establishes a comprehensive legal framework regulating the authorisation of the vines plantings.

Regulation (EC) No. 178/2002 of the European Parliament and of the Council of 28 January 2002

This Regulation contains the general principles and requirements of food law. It defines food as "any substance or product, whether processed, partially processed or unprocessed, intended to be, or reasonably expected to be ingested by humans. 'Food' includes drink, (…)". This broad definition applies to each of the food-related Regulations in this section (namely, EC Regulations 852/2004, 882/2004 and 1924/2006), each of which therefore apply to the products produced by the Group's production facilities. Regulation No. 178/2002 established the European Food Safety Authority and introduced procedures relating to food safety. It also imposes a duty on all parties in a food supply chain to ensure full traceability of all their products at any time and to establish crisis management procedures.

Regulation (EC) No. 852/2004 of the European Parliament and of the Council of 29 April 2004

This Regulation aims to ensure food hygiene at every production stage, and provides for the application of the Hazard Analysis and Critical Control Points system ("HACCP System"), which is applied by the Group at each of its production facilities.

Pursuant to Article 6 of Regulation 852/2004, food producers must notify the competent regulatory authorities in order to effect registration of their production facilities. If the food producers are also feed producers (for instance by processing waste from their food production), they are required to notify the competent regulatory authority in order to effect registration under Regulation (EC) No. 183/2005 on requirements for feed hygiene.

Regulation (EC) No. 882/2004 of the European Parliament and of the Council of 29 April 2004

This Regulation sets forth rules for harmonising legislation on the official controls performed to ensure the verification of compliance with feed and food law. Several further Regulations were introduced in 2008, setting out a harmonised approval procedure for food additives, enzymes and flavourings and providing for rules on the labelling of these products (namely, EC Regulations 1331/2008, 1332/2008, 1333/2008 and 1334/2008).

Health Claims Regulation (EC) No. 1924/2006 of the European Parliament and of the Council of 20 December 2006

This Regulation governs nutrition and health claims made on foods. Nutrition and health claims may only be used in the labelling, presentation and advertising of foods placed on the market in the European Union if they are explicitly approved under Regulation 1924/2006 and comply with the nutrient profiles to be determined by the European Commission.

Regulation (EU) No. 1169/2011 of the European Parliament and of the Council of 25 October 2011

This Regulation governs the provision of food information to consumers, and contains key provisions for the labelling of food products.

Romania

The process of producing, distributing, labelling, marketing and advertising wine, as an alcoholic beverage, is subject to extensive regulation in Romania.

Permits and quality norms

Romanian wine producers must comply with regulations on packaging, labelling, storage, transportation and commercialisation standards set forth in the Law No. 164/2015 on the vineyards and wine (the "**Law on vineyards and wine**"). Failure to comply with the obligations provided by this law could trigger the imposition of fines, while exercising any activity without the permits required by it would represent a criminal offence sanctioned with imprisonment from 3 (three) months to 1 (one) year or with a criminal fine.

The producers which manufacture wine with controlled designation of origin ("CDO") have additional obligations provided by the Order No. 52/2003 for the approval of the methodological norms regarding the manufacturing and the commercialisation of wines with CDO. Accordingly, an authorisation issued by National Office of Vineyards and Wine Products ("N.O.V.W.P") is required for CDO winemaking, while the selling of CDO wines implies obtaining a certificate. Special rules regarding the labelling of wines with CDO are further set in this regulation.

The grapes production is also legally regulated. In particular, the producer has the obligation to annually authorise its grape plantation in order to manufacture wine with CDO, according to Order No. 266/2017 of the Minister of Agriculture and Rural Development. Furthermore, the wine producer has the obligation to apply the quality certification symbol to the wine labelling system. Moreover, the vine planting/replanting should be made with a prior authorisation required by the Order No. 364/2016 for the approval of the norms regarding the management of the authorisations of the vine plantations for wine grapes.

In addition, the wine producers must regularly submit statements regarding the stock, the harvest, the manufacturing and the origin of the grapes/stum for obtaining the wine, in accordance with the Order No. 144/2017 for the approval of wine production.

General food law framework

From the perspective of the national regulations on the protection of consumers against health risks, wine is considered to be food, thus becoming subject to an important number of regulations. Accordingly, the following Romanian regulations are applicable: (i) Emergency Government Ordinance No. 97/2001 regarding the production, circulation and commercialisation of food; (ii) Government Decision No. 106/2002 regarding the food labelling; (iii) Government Ordinance No. 42/2004 regarding the organisation of the sanitary-veterinary activities and for the food safety; (iv) Order No. 111/2008 for the approval of the sanitary-veterinary and for the food safety norm regarding the registration procedure for the retail sale of the food products of animal or non-animal origin and for the production, processing, storage, transportation and commercialisation of the food products of non-animal origin; (v) Order No. 114/2013 for the approval of the sanitary-veterinary and for the food safety norm regarding the authorisation of the laboratories where activities under the sanitary-veterinary surveillance and control are carried out; (vi) Order No. 145/2017 for the approval of the methodological norms regarding the authorisation of the laboratories which carry out the analysis for wine and other stum and wine products which are to be commercialised on the internal market; (vii) Order No. 357/2003 for the approval of the regulation regarding the issuance, suspension and withdrawal of production licenses of the economic agents that carry out activities in the field of food production; and (viii) Government Decision No. 984/2005 for establishing and sanctioning the contraventions to the sanitary veterinary norms.

Consumer protection is further enhanced by the Government Ordinance No. 21/1992, which provides that failure to comply with the legal obligations it imposes could trigger the temporary cessation of the manufacturing of the products or the temporary/final closure of the manufacturing unit.

Wholesale permits

According to the Order No. 1850/2016 regarding the approval of the registration procedure of the activity of wholesale distribution and marketing of alcoholic beverages, permits are required for wholesale of alcoholic products.

Also, according to the Government Ordinance No. 99/2000 regarding the commercialisation of products and services, the companies which sell wholesale should obtain a functioning authorisation. Failure to comply with this obligation could trigger the suspension of the activity.

Registered tax warehouses (in Romanian antrepozit fiscal)

A tax warehouse is a place where excisable products (including wine) are produced, stored, handled and received, or from which they are sent under an excise duty suspension arrangement, according to the conditions set forth in the Law No. 227/2015 regarding the Romanian tax code (in Romanian, *Codul fiscal*).

Any shares assignment or any other shares alienation of the authorised warehousekeepers should be notified to the competent authority at least 60 days before the operation is carried out, for the purpose of carrying out the tax inspection. However, the transactions on the capital market are exempted from the provisions above. Failure to comply with this obligation could trigger the invalidation of the transaction at the tax authorities' request.

In addition, if a Romanian company imports excisable products, it should be authorised as a registered consignor (in Romanian, *expeditor înregistrat*) in order to transfer the excise products from the import place to its own tax warehouse.

Environmental matters

Romanian wine producers are subject to relatively extensive regulations with respect to environmental protection, including, inter alia: (i) Order No. 1798/2007 on the procedure for the issuance of the environmental authorisation according to which companies that produce over 500 litters/day of wine should obtain an environmental authorisation issued by the Environment Protection Agency; (ii) Emergency Government Ordinance No. 195/2005 on environment protection according to which the Environment Protection Agency must be notified if the authorised companies under the environment protection legislation are subject to a sale of the majority shareholding stake, in order for the authority to consider whether the existing environmental permits must be renewed or not; (iii) Law No. 107/1996 regarding the water; (iv) Order No. 662/2006 regarding the procedure and the issuance of the water management permits. Failure to comply with the obligation to obtain the water management permit represents a criminal offence sanctioned with imprisonment from 1 (one) month to 1 (one) year or with a criminal fine.

In addition, various regulations regarding the waste management apply to the wine producers, such as: (i) Law No. 211/2011 regarding the waste regime according to which the economic operators should comply with the obligation to carry out waste treatment operation and the obligation to collect separately the following: paper, metal, plastic and glass; (ii) Law No. 249/2015 regarding the packaging management and the packaging waste according to which the economic operators that: (a) place on market packaged products; or (b) overwrap the individually packaged products; or (c) place on market retail packages, have certain responsibilities with respect to the waste materials generated by such packages. Such responsibilities can be exercised either individually, by each economic operator, or through a specialised economic operator authorised in this respect by the competent environmental protection authorities; and (iii) Government Decision No. 856/2002 regarding the evidence of the waste management.

The Romanian subsidiary of the Company has concluded several agreements regarding: (i) the collection, the transportation and the final elimination of the non-hazardous waste/ hazardous waste; (ii) the management of the packaging waste; (iii) the collection, the transportation and the storage of the household waste or/and of those assimilated to the household waste, concluded with authorised operators in the field of managing waste.

Failure to observe the obligations in connection with the waste management along with the other obligations provided for by Law No. 249/2015 and by Law No. 211/2011 may trigger the application of a fine, while the obligations to the Environmental Fund Administration are considered tax obligations and the failure of payment triggers the accrual of penalties like for any other tax duties.

Alcohol advertising restrictions

According to the Law No. 148/2000 on publicity, the advertising of alcoholic beverages is not allowed on the premises of educational units, healthcare facilities or less than 200 meters away from their entrance, measured on public roads. Advertising alcoholic beverages is also prohibited in publications intended primarily for minors, in theatres before, during and after shows addressed to minors, on the first and last cover page of written press materials, as well as on the on public transportation tickets.

Advertising of this products is not permitted if: (i) it targets minors; (ii) it promotes minors consuming alcohol; (iii) it links alcohol consumption with therapeutic qualities, stimulant or sedative effects; (iv) it creates the impression that alcohol consumption can solve personal problems; (v) it gives a negative image of abstinence; (vi) it highlights the alcohol content of alcoholic beverages in order to stimulate consumption; or (vii) it links alcohol to the activity of driving a vehicle.

In addition, the Law No. 504/2002 on broadcasting establishes also the following restrictions, meaning that the publicity of alcoholic beverages could not be done if: (i) it creates the impression that alcohol consumption contributes to social or sexual success; or (ii) it creates the impression that alcohol consumption enhances physical or psychical abilities, or vehicle driving abilities.

Miscellaneous

Permits for operating special equipment under-pressure

Under the provisions of Law No. 64/2008, for the installation and use of under-pressure installations, hoisting equipment or burning fuel appliances, an economic operator must obtain an instalment endorsement (in Romanian, *aviz de instala*re) from the State Inspectorate for Control of Boilers, Pressure Vessels and Hoisting as well as an authorisation for their operation (in Romanian, *autorizatie de functionare*).

Failure to obtain the aforementioned endorsement and/or operation authorization constitutes an administrative offence sanctioned with fines and the authorities may suspend for a period up to six (6) months or withdraw the endorsement and/or the authorisation (as the case may be) issued by the State Inspectorate for Control of Boilers, Pressure Vessels and Hoisting.

Fire safety permits

A fire safety permit must be obtained for premises used for trade, production and storage purposes which have a surface of at least 600 sqm, respectively 200 sqm in the case of the premises located within collective residential buildings. The failure to obtain the fire safety permits constitutes an administrative offence sanctioned with a fine and the severe non-compliance with the legislation regarding fire prevention security measures opens for the competent authorities the possibility to shut down the operation of the respective units. As an exception, according to the latest amendments brought to the fire safety legislation (Law No. 307/2006 regarding the fire safety), for the constructions and other category of works that have been commissioned prior to obtaining the fire safety authorisation, the beneficiary of such investments could have obtained the respective fire safety authorisation until 30 September 2017.

Transportation

The economic operators who carry merchandise or persons and use vehicles that exceed 3.5 tons or are intended for the transport of more than 9 persons should obtain a transportation certificate issued by the Romanian Road Authority (in Romanian, *Autoritatea Rutieră Română*).

The Romanian transporters are subject to a variety of regulations regarding the transportation such as: (i) the European Union Regulation No. 1071/2009 establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator; (ii) the Government Ordinance No. 27/2011 regarding the road transportation; (iii) the Order No. 980/2011 for the approval of the methodological norms regarding the organisation and the performance of road transportation; (iv) the Government Decision No. 69/2012 regarding the sanctions applicable to the companies which fail to comply with the transportation obligations and the non-compliance with the obligations provided by these laws may trigger the applications of fines.

The Republic of Moldova

The production, sale and advertising of wine is subject to regulation in the Republic of Moldova both under the general regulatory framework applicable to the production and sale of food and the specific regulations applicable to alcoholic beverages and wine.

Regulation specific to producers of wine and alcoholic drinks

Moldovan wine producers are primarily subject to Law No. 57 dated 10 March 2006 on vineyards and wine, regulating, *inter alia*, (i) the creation of grape plantations; (ii) the production of wine, including restrictions on composition and additives; (iii) the labelling and sale of wine. The supervisory authority tasked with ensuring compliance is the Moldovan National Office of Vineyards and Wine (the "**NOVW**"). Wine producers are also held to make mandatory contributions to the Fund for Vineyards and Wine, which contributions are supervised by the Moldovan Tax Inspectorate on the basis of payment sheets, submitted by the relevant wine producers.

Under the law, vineyards larger than 0.5 hectares are created using varieties of grapes entered into the Moldovan Catalogue of plants and on the basis of specialized plantation projects, and are notified to local public administration, which in turn forward such notifications to the NOVW. The NOVW also approves the distribution of various types of grape for different regions of Moldova.

Wine products placed on the market are required to comply with various general and specialized food safety requirements, the compliance of which is to be confirmed by either a conformity certificate or a declaration of conformity issued by the relevant wine producer. In particular, wine products are required to comply with the Order No. 64 dated 26 August 2009 of the Ministry of Agriculture and Food Industry approving the quality and safety characteristics of certain categories of wine. The Moldovan wine producers are also required to ensure the traceability of their wine products with regard to every stage of the production process and maintain various internal winery registries.

The production of wine under a protected designation of origin is additionally subject to the requirements of Law No. 66 dated 27 March 2008 on the protection of geographic indications, designations of origin and guaranteed traditional specialities, which requires the relevant producer to be established in a particular region and follow the detailed product specifications pertaining to the relevant designation of origin, as registered with the Moldovan State Agency for Intellectual Property. The current distribution of the various protected designations of origin for wine is set out in Order No. 50 of the Ministry of Agriculture and Food Industry dated 4 April 2012 establishing the delimitation of winemaking geographic areas for the production of wines bearing protected designations of origin.

Additionally, Moldovan producers of alcoholic drinks are subject to the requirements of Law No. 1100 dated 30 June 2000 on the production and circulation of ethyl alcohol and alcoholic products, requiring producers to obtain licenses from the Moldovan Agency for Public Services regarding specific categories of alcoholic products and comply with the requirements set out therein, including: (i) labelling and marking requirements (in particular the application of excise stamps); (ii) keeping electronic records of production and submitting annual statistic reports on amount produced and sold; (iii) storing alcoholic products in specially designated and prepared warehouses with an interior surface area of at least 500 m^2; (iv) requirements regarding production systems and quality assurance (including the maintenance of seals on equipment).

The wholesale and retail sale of alcoholic drinks is subject to additional requirements, in particular: (i) the wholesale sale of alcoholic drinks is to be carried out on the basis of a specialized license issued by the Moldovan Agency for Public Services and only from authorized warehouses; (ii) the retail sale of alcoholic drinks is to be carried out pursuant to the requirements of Law No. 231 dated 23 September 2010 on internal commerce, including in particular the requirement to notify local public administration prior to commencing any commercial operations.

Failure to comply with the above requirements constitutes an administrative offence and is punishable by administrative fines and, in more serious cases, the prohibition to carry out certain activities for up to one year. Additionally, the production and sale of alcoholic drinks without a license in large proportions (i.e. where the value of the amount produced or sold exceeds EUR 5,500) constitutes a criminal offense punishable by criminal fines and prison sentences, as well as, in more serious cases, the prohibition to carry out certain activities (e.g. production of the relevant alcoholic drinks) for up to five years or the forced liquidation of the offending company.

Food safety

Wine, due to its nature as an alcoholic drink designed for human consumption, is deemed a "food product" for the purposes of Moldovan regulations on food safety. Such regulations set out detailed requirements for ensuring the general safety and adequacy of food products for human consumption and include the following: (i) Law No. 422 dated 22 December 2006 on general safety of products, applicable to products generally (including food) and requiring such products to be safe, i.e. with regard to food, involving no risks to human life and health; (ii) Law No. 78 dated 18 March 2004 on food products, applicable to food products broadly and imposing safety requirements on the production, packaging, labelling, transportation, distribution, import and export of food products; (iii) Law No. 10 dated 3 February 2009 on state oversight of public health, instituting a basic framework of measures for safeguarding public health, including sanitary certification of products by authorized laboratories, the notification of product marketing and the registration of new food products with the National Agency for Public Health; (iv) Law No. 113 dated 18 May 2012 establishing the general principles and requirements of laws on food safety, implementing Chapters I and II of Regulation (EC) No. 178/2002 laying down the general principles and requirements of food law; (v) Law No. 7 dated 26 February 2016 on market supervision with regard to the sale of non-food products, establishing, in particular, rules on supervision of non-food products placed on the market and on withdrawal of non-food products from the market in the event of safety hazards, and implementing Chapters I and III of Regulation (EC) No. 765/2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products; (vi) Government Decision No. 412 dated 25 May 2010 approving general rules on hygiene of food products, implementing Regulation (EC) No. 852/2004 on the hygiene of foodstuffs; (vii) Government Decision No. 925 dated 31 December 2009 approving the sanitary regulation on new food products, implementing Regulation (EC) No. 258/97 concerning novel foods and novel food ingredients and Regulation (EC) No. 1852/2001 laying down detailed rules for making certain information available to the public and for the protection of information submitted pursuant to European Parliament and Council Regulation (EC) No 258/97; (viii) Government Decision No. 317 dated 23 May 2012 approving technical regulation "Definition, description, presentation and labeling of alcoholic drinks", implementing Regulation (EC) No. 110/2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks.

The principal Moldovan regulatory authority in the field of food safety is the National Agency for Food Safety. Additionally, given that the placement of food products on the market concerns public health, this field is also supervised by the National Agency for Public Health.

Failure to comply with food safety requirements, both formal, such as failure to obtain a permit or certificate, as well as substantial, such as the distribution of hazardous food products, falls under a wide number of administrative offences and is punishable by administrative fines and, especially with regard to substantial violations, the prohibition to carry out certain activities for up to one year. Additionally, the manufacturing or sale of products that are hazardous for consumer health in large proportions (i.e. where value of such products exceeds around EUR 5,500) constitutes a criminal offence, punishable by criminal fines and prison sentences, as well as, in more serious cases, the prohibition to carry out certain activities for up to five years or the forced liquidation of the offending company.

Phytosanitary compliance and use of fertilizers

Pursuant to Law No. 119 dated 22 June 2004 on phytosanitary products and fertilizers, Moldovan companies that import, store and utilize phytosanitary products (defined as any products used for the purpose of improving the phytosanitary state of crops) and fertilizers (defined as products used to stimulate plant nutrition and/or improve or maintain the agricultural and chemical properties of the soil) are subject to an extensive regulatory regime, governing, *inter alia*, the importation, storage, use and disposal of such substances and imposing a general obligation of care in handling and operation.

Companies that import such substances are required to obtain import authorizations from the National Food Safety Agency and, where the relevant phytosanitary product or fertilizer is new to the Moldovan market, register such product with the Moldovan Registry of phytosanitary products and fertilizers. Phytosanitary products and fertilizers may only be stored in warehouse installations authorized by the National Food Safety Agency and handled by specially trained personnel.

Moldovan companies using phytosanitary products and fertilizers issue declarations to the National Food Safety Agency, confirming their compliance with the relevant regulatory framework. Additionally, crops grown with the use of phytosanitary products and fertilizers are required to comply with sanitary norms, which compliance is confirmed by safety certificates issued by the National Food Safety Agency on the basis of laboratory testing of products.

Failure to comply with the regulatory framework governing the use of phytosanitary products and fertilizers (including misuse in agriculture, failure to comply with storage requirements, failure to register with the Registry of phytosanitary products and fertilizers, improper disposal of fertilizer waste) falls under several administrative offences and is punishable by administrative fines.

Sanitary authorization

Under Law No. 10 dated 3 February 2009 on state oversight of public health, Moldovan companies producing food products and companies serving food to consumers (including restaurants) are required to comply with broad safety requirements and obtain and maintain sanitary operating authorizations, issued by the National Agency for Public Health. Such authorizations confirm the compliance of the production processes employed by the relevant companies with sanitary safety standards.

Failure to obtain and maintain such authorizations constitutes an administrative offence and is punishable by administrative fines.

Alcohol advertising restrictions

Law No. 1227 dated 27 June 1997 on advertising imposes certain restrictions on the advertising of alcohol products. Any direct advertising of alcoholic drinks may not: (i) be displayed on television between 07:00 and 22:00; (ii) create the impression that consumption of alcohol contributes to personal, social, athletic success or improves one's physical or psychological state; (iii) discredit abstinence from alcohol, present information on the therapeutic qualities of alcohol and portray high alcohol content as something of value; (iv) target or involve minors either directly or indirectly; (v) be contained in any audiovisual, movie or print media designed for minors; (vi) be displayed on the first page or cover of newspapers and magazines; (vii) be shown in institutions for children and educational and medical institutions, as well as within a distance of 100 meters thereof (within view); (viii) encourage the excessive consumption of alcohol and portray abstinence or moderation in a negative light; (ix) highlight the alcohol content of drinks.

Additionally, under the Audiovisual Code No. 260 dated 27 July 2006, advertising and teleshopping programs regarding alcoholic drinks are required to comply with the following basic requirements: (i) not be addressed to minors or show minors engaged in the consumption of alcoholic drinks; (ii) not portray a link between alcohol consumption and the improvement of one's physical or psychological qualities or one's driving skills; (iii) not suggest that consumption of alcohol would lead to social or sexual achievements; (iv) not suggest that alcohol possesses therapeutic qualities or acts as a stimulant, sedative or a means of resolving personal problems; (v) not encourage excessive consumption of alcohol and cast a negative light on moderate consumption of alcohol; (vi) not highlight the alcohol content of drinks in an exaggerated manner.

Environmental compliance

The industrial production of wine is subject to a wide number of Moldovan environmental laws and regulations. The relevant regulatory framework does not regulate wine production specifically, and instead regulates the principal environmental implications of the process: (a) the growing of grapes and any related effect on the soil; (b) the emissions generated by various types of equipment involved (such as, e.g., refrigerators and chillers, boilers and heating equipment, etc.); (c) the use of water and discharge of wastewater involved in the winemaking process; (d) the handling of solid waste, including production and packaging waste.

The principal environmental laws and regulations applicable to Moldovan wine producers include: (i) Law No. 1515 dated 16 June 1993 on the protection of the environment, which imposes broad obligations on companies generally to minimize their environmental footprint and reduce pollution, as well as to compensate any damages caused by pollution; (ii) Law No. 272 dated 23 December 2011 on water, pursuant to which companies that use groundwaters and that discharge wastewater are required to obtain a special water use authorization from the State Environmental Inspectorate; (iii) Law No. 1422 dated 17 December 1997, pursuant to which companies that generate environmentally harmful emissions are required to obtain an emissions authorization and limit any emissions as set out therein; (iv) Law No. 1540 dated 25 February 1998 on payments for environmental pollution, establishing the "polluter pays" principle and requiring companies that generate any environmental pollution to independently calculate and pay charges to the State Tax Inspectorate.

Failure to obtain the required environmental authorizations (water use or emissions) constitutes an administrative offence, punishable by an administrative fine, and, at the discretion of the sanctioning authority, a prohibition to carry out certain activities (e.g. production activities generating pollution) for up to one year. Failure to pay environmental charges similarly constitutes an administrative offence, punishable by an administrative fine; failure to pay environmental charges is also subject to the sanctions set out in the Tax Code and leads to the accrual of penalties.

Additionally, any environmental pollution in excess of the limitations set out under the relevant authorizations or in the absence of authorizations constitutes, depending on the extent and seriousness of consequences, either an administrative or criminal offence. Administrative pollution offences are punishable by administrative fines and, in more serious cases, the prohibition to carry out certain activities for up to one year. Criminal pollution offences are punishable by prison sentences of up to five years, criminal fines and, in more serious cases, the prohibition to carry out certain activities for up to five years and, with regard specifically to soil pollution, where such pollution lead to at least one death, forced liquidation of the offending company.

Additionally, Moldovan wine producers are subject to regulations on waste management, governing the storage, transportation and disposal of hazardous and non-hazardous industrial and household waste, as well as packaging waste, pursuant to Law No. 209 dated 29 July 2016 on waste (implementing Directive 2008/98/EC on waste), which entered into force on 23 December 2017 and replacing Law No. 1347 dated 9 October 1997 on production and household waste. The Law on waste requires companies that generate waste to duly monitor, treat, sort and collect such waste and to carry out its transportation, storage and disposal through duly authorized third party service providers. Additionally, companies generating packaging waste (including those placing packaged or overwrapped products on the market) are subject to an extended liability regime and additional obligations with regard to ensuring the collection and disposal of such waste, in line with regulations to be adopted by the Moldovan Government. Due to the recent entry into force of the Law on waste, a cohesive regulatory framework implementing its provisions is yet to be put in place. This process may take up to a year or more and the Moldovan Subsidiaries would be required to comply with such framework once it is duly implemented.

Failure to comply with waste management regulations constitutes an administrative offence, punishable by an administrative fine and, at the discretion of the sanctioning authority, the prohibition to carry out certain activities for up to one year. Due to the ongoing reform of the waste management framework, the amounts of fines and additional sanctions may change in the near future, given that their current wording is based on the previous regulatory framework.

Industrial safety

Under the provisions of Law No. 116 dated 18 May 2012 on industrial safety of hazardous industrial objects, Moldovan companies operating hazardous industrial objects, defined as any equipment and installations that may lead to risks of technogenic disasters and listed in Annex 1 to the aforementioned law (list which includes industrial grade boilers, as are used for the heating of must fermentation tanks) are to be registered with the Moldovan Registry of hazardous industrial objects by the Moldovan State Inspectorate for Technical Supervision of Dangerous Industrial Objects, subordinated to the Ministry of Economy. For the purposes of such registration, the operating company is required to have obtained a favourable expert assessment, issued by an authorized industrial safety expert, and comply with other obligations pertaining to the operation of the relevant equipment (such as, inter alia, having duly qualified personnel, conducting occasional overhauls of the hazardous industrial object and notifying the relevant public authority of any overhaul works).

Failure to comply with industrial safety regulations (in particular absence of a favourable expert assessment or a violation of the registration procedure) constitutes an administrative offence, punishable by an administrative fine.

Fire safety

Under the requirements of the Law No. 267 dated 9 November 1994 on safeguarding against fires, wine factories, irrespective of production capacity, are required to obtain permits regarding the prevention and extinguishing of fires with regard to certain types of activities (fire safety permits), issued by the Moldovan General Inspectorate for Emergency Situations, subordinated to the Ministry of Internal Affairs. When issuing such permits, the relevant public authority verifies the adequacy of fire safety measures employed by the company undergoing assessment.

Although the failure to obtain a fire safety permit does not explicitly constitute an administrative or criminal offence, the broad failure to comply with certain fire safety requirements does constitute an administrative offence and is punishable by an administrative fine, as well as, in the event of more grievous violations, a suspension of operations for the relevant facility.

TAXATION

The following summary of certain tax consequences of ownership of the Shares is based upon laws, regulations, decrees, tax rulings, income tax conventions (treaties) for the avoidance of double taxation, administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax regime applicable to holders of the Shares.

Cypriot tax legislation

Taxation of dividends

Dividends paid from a Cyprus tax resident company to a non-Cyprus tax resident (company or individual) shareholder are exempt from withholding tax in Cyprus.

Taxation of capital gains

Gains arising from the sale of shares of a company are exempt from tax in Cyprus both for Cyprus tax residents and non-Cyprus tax residents. The exemption may not apply only if the company the shares of which are disposed owns either directly or indirectly immovable property in Cyprus and the shares disposed are not listed on a recognized stock exchange.

The Cyprus Tax Authorities do not issue a list of recognized stock exchanges. If certainty is required, it can be confirmed whether the Bucharest Stock Exchange is a recognized stock exchange both for the purposes of stamp duty and capital gains tax by requesting a ruling by the Cypriot Commissioner of Taxation on this matter. The reply to such a ruling should be issued in 21 days. An EUR 2,000 administration fee is due to the Cypriot tax authorities.

Romanian tax legislation

Taxation of dividends

Legal entities

Dividend income is not subject to separate taxation but will be included in the overall taxable base computed for corporate tax purposes (if the case). Any resulting tax profits may be sheltered by existing tax losses before final taxation. Tax loss carry forwards are possible within a period of 7 consecutive years.

Dividend income obtained by a Romanian tax resident company from a foreign legal entity is non-taxable if the following conditions are met, cumulatively:

- The non-resident is a corporate income tax payer or subject to a similar tax; The non-resident legal entity is located in a country which has concluded a Double Tax Treaty ("**DTT**") with Romania;
- The recipient of the dividend income holds at least 10% in the share capital of the issuer, for an uninterrupted period of 1 year, ending at the moment when the dividend income is booked.

The provisions mentioned above regarding the non-taxable treatment of such income only applies to corporate income tax payers.

For investors which apply the microenterprise tax regime, income obtained from an EU Member State with which Romania has concluded a double tax treaty is not included in the taxable base, provided that such income was taxed in that EU Member State.

Given that dividend income obtained from Cyprus is not subject to source taxation in Cyprus (please refer to section Cypriot tax legislation – Taxation of dividend income), such income would be taxable in Romania for microenterprise taxpayers, without the possibility of any exceptions.

Individuals

According to the DTT between Romania and Cyprus, the dividend income paid by a company that is tax resident of a contracting state to a resident of another contracting state is taxable in the other contracting state.

Also, the DTT provides that such dividend income could be imposed in the contracting state where the company paying the dividends is tax resident, according to the domestic law of that state, and the income tax should not exceed 10% of the gross income of the dividends.

Based on the provisions of the DTT concluded between Romania and Cyprus, Romania would have the right of taxation for the dividend income derived by Romanian tax residents from the Cyprus tax resident company.

Dividend income is subject to 5% flat tax rate. In addition, Romanian tax residents are liable to pay 10% individual health fund contribution (hereinafter referred to as "HFC"). As of January 2018, the HFC is due irrespective if the individual obtaining the dividend income also earns salary income or other types of income on which HFC is due and paid.

The HFC is due if the individual earns (in the previous fiscal year) from one or other sources of income (such as: income from independent activities, rental income, investment income, income from other sources etc.) an annual income at least equal with 12 national minimum gross salaries (i.e., RON 22,800, approx. EUR 5,067).

The monthly computation base of the HFC is the national minimum gross salary valid for the month when the contribution is due (i.e., when the dividend income was obtained by the individual). For 2018, the value of such salary is RON 1,900 (approx. EUR 422).

If the dividend income alone or corroborated with other income obtained by the individual exceeds the value of 12 national minimum gross salaries, HFC would be due. If the dividend income is below such threshold, no HFC would be due by the individual.

Taxation of capital gains

Legal entities

Income from the alienation of shares is not subject to separate taxation but will be included in the overall taxable base computed for corporate tax purposes (if the case). Any resulting tax profits may be sheltered by existing tax losses before final taxation.

According to the Romanian tax legislation, revenues derived by a Romanian tax resident from the alienation of shares held in another Romanian entity, or in a foreign entity resident in a state which has concluded a DTT with Romania are non-taxable if the seller holds at least 10% of the share capital in the company, for an uninterrupted period of at least one year ("minimum holding conditions"), ending at the moment of alienation. In this case, such revenues are non-taxable.

The provisions mentioned above regarding the non-taxable treatment of such income only applies to corporate income tax payers.

For investors which apply the microenterprise tax regime, income obtained from an EU Member State with which Romania has concluded a double tax treaty is not included in the taxable base, provided that such income was taxed in that EU Member State.

Given that income from alienation of shares are not subject to source taxation in Cyprus (please refer to section "*Cypriot tax legislation – Taxation of capital gains*"), such income would be taxable in Romania for microenterprise taxpayers, without the possibility of any exceptions.

Individuals

According to the DTT, the capital gains are taxable only in the contracting state where the individual who alienates the shares is tax resident.

Therefore, the capital gains obtained by the Romanian tax resident individuals from selling shares of the Cypriot company are taxable in Romania.

Capital gains/ losses derived from the sale of shares are subject to a 10% flat income tax rate. In line with the Tax Code's provisions, the annual net loss from transfer of shares, established through the statement regarding the income realized, is recovered from the annual net gains obtained in the following seven consecutive years. In addition, the annual net losses derived from abroad are carried forward and offset with the income of the same nature and source, earned from abroad, for each country, registered in the following seven consecutive fiscal years. The taxable moment would arise upon the sale of shares as capital gains and the individual must report the income via the form 201, by 25th May of the following year the income was earned along with justifying documents attesting the gain/ loss obtained. The capital gain is determined as the difference between the sale price and the fiscal value of the shares, including the costs related to the transaction. For personal income tax purposes, the tax value represents the acquisition value of the shares.

SUBSCRIPTION AND SALE

Offer Summary

In the framework of the Offer, the Selling Shareholders will offer for sale up to 9,800,000 existing Offer Shares, of which up to 8,171,080 Shares, representing 40.8554% of the Company's share capital, will be offered by Lorimer, up to 1,000,000 Shares, representing 5% of the Company's share capital, will be offered by Amboselt and up to 628,920 Shares, representing 3.1446% of the Company's share capital, will be offered by IFC. The Offer Shares will be offered at the Offer Price Range (see "*Offer Price – Offer Price Range*" below) and the Offer Shares allocated in the Offer will be sold at the Final Offer Price.

In the event less than 100% of the maximum number of the Offer Shares are subscribed, each Selling Shareholder shall sell such number of Offer Shares so that the initial percentage is complied with, namely the percentage represented by the maximum number of the Offer Shares of that Selling Shareholder in the total maximum number of Offer Shares.

The Final Offer Price will be determined in RON.

Subscriptions can be made from 29 January to 8 February 2018 inclusively, namely 9 (nine) Business Days (the "**Offer Period**"). The Selling Shareholders and the Company, in consultation with the Joint Bookrunners, may: (i) extend the Offer Period; (ii) decide on the early closing of the Offer in case the Offer is fully subscribed; any early closing of the Offer Period will be publicly announced using the same methods as the announcement of the Final Offer Price, and the dates for each of pricing, allocation, publication of the Final Price, results of the Offer and trading in Shares will in such case be adjusted accordingly; or (iii) change other dates related to the Offer, in each case in compliance with Romanian legislation.

The allocation factor for the Retail Tranche, together with the final number of allocated Offer Shares will be publicly announced, on the last day of the Offer Period (the "**Allocation Date**"), expected to be on 8 February 2018**.** The Final Offer Price shall be publicly announced at the latest on the Business Day following the Allocation Date (see "*—Offer Price*" and "*—Allocation of the Offer Shares*" below).

The transaction related to the allocated Offer Shares will take place the next Business Day following the Allocation Date, expected to be on or around 9 February (the "**Transaction Date**") and the transfer of the allocated Offer Shares will be settled through the Romanian CSD's system within two Business Days from the Transaction Date (that is on or around 13 February (the "**Settlement Date**") (see "*Settlement*" below).

Starting with 29 January 2018, the Offer may not be revoked or suspended except for the case when the Placement Agreement terminates prior to the Allocation Date under the restrictive conditions provided thereunder, or for the case when the conditions for the Successful Closing of the Offer are not met as they are provided in the sub-section "*Final Offer Price*" below.

Once the Shares start trading, the Offer may not be revoked except for exceptional circumstances provided by law and regulations.

Offer Tranches

Any Romanian or foreign investor, individual or entity (with or without legal personality) may participate in the Offer, except for those investors whose subscription in the Offer would constitute a violation of applicable legislation. Investors who intend to subscribe for Offer Shares must be familiar and comply with the terms and conditions of the Offer set out in this Prospectus and with the laws applicable to the Offer in their jurisdictions and the restrictions set out in"*Notice to investors and Selling Restrictions*" above. By purchasing the Offer Shares, investors undertake any liability arising in the event that such purchase is deemed unlawful under their country of residence.

The Offer is split into two tranches (the "**Offer Tranches**") as follows:

1) 10% of the Offer Shares (980,000 Shares) will be initially offered to Retail Investors (as defined below) (the "**Retail Tranche**"); and

2) The remaining Offer Shares (8,820,000 Shares) will be offered to Institutional Investors (as defined below) (the "**Institutional Tranche**").

For the avoidance of doubt, the split of Shares offered in the Retail Tranche between the Selling Shareholders will be: 817,108 Shares from Lorimer, 100,000 Shares from Amboselt and 62,892 Shares from IFC and the split of Shares offered in the Institutional Tranche between the Selling Shareholders will be: 7,353,972 Shares from Lorimer, 900,000 Shares from Amboselt and 566,028 Shares from IFC**.**

The final size of each Offer Tranche will be determined by the Selling Shareholders, in consultation with the Joint Bookrunners, based on the volume and price of subscriptions from investors, on the Allocation Date (see "*Allocation of the Offer Shares*" below) and there shall be no minimum size for the Offer Tranches. In consultation with the Joint Bookrunners, the Selling Shareholders may decide to re-allocate Offer Shares from one Offer Tranche to the other Offer Tranche on the basis of the subscription levels in each Offer Tranche. The reallocation of Shares from one Offer Tranche to the other will be made without altering the respective proportions of shares for Lorimer, Amboselt and IFC in the total number of shares of each Offer Tranche. A re-allocation between tranches shall neither require nor be deemed as an amendment to the Prospectus.

For the purposes of this Prospectus:

- "**Institutional Investors**" means qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive as implemented by Article 2 (21) of the Issuers and Markets Operations Law; and

- "**Retail Investors**" means any individual or legal entity who does not meet the above criteria to qualify as an Institutional Investor.

The Offer Shares within each of the Offer Tranches above are of the same class (ordinary shares), are subject to the same legal provisions and confer the same rights and obligations to their owners.

Offer Price

Offer Price Range

The Offer Shares are offered at the Offer Price Range of RON 19 to RON 28 per Offered Share. Subscriptions for Offer Shares will be made in RON.

Retail Investors must subscribe for Offer Shares at the fixed price of RON 28 (namely the top of the Offer Price Range). Institutional Investors may validly subscribe for Offer Shares at any price within the Offer Price Range (including the bottom and the top of the price range). The price tick for the subscription of Offer Shares by Institutional Investors is RON 0.5.

Payment of the subscription price for Offer Shares by investors must be made as set out in "*Subscription of Offer Shares by Retail Investors - Payment Evidence for Subscriptions by Retail Investors*" and "*Subscription of Offer Shares by Institutional Investors - Subscription Documentation for Institutional Investors*" below, as applicable.

Bank charges or any other charges, including any applicable commissions of the relevant market institutions, relating to the payment of the subscription price shall be borne separately by the investors. Such charges cannot be quantified by the Company, the Selling Shareholders, or the Joint Bookrunners.

Bookbuilding

During the Offer Period, a bookbuilding process for the Offer Shares will be carried out. During the bookbuilding process, the Joint Bookrunners will gauge the level of interest in the Offer on the part of Institutional Investors and the price sensitivity of such Institutional Investors in relation to the Offer Shares. Institutional Investors will be required to specify the number of Offer Shares which they would be prepared to acquire and the related price for such Offer Shares. Such number of Offer Shares and the price at which such investors express their interest will be recorded in a book maintained by the Joint Bookrunners (the "**Book**"). Subscriptions received from Retail Investors in relation to the Offer Shares will not be included in the bookbuilding process.

The Offer Shares in the Institutional Investors Tranche are only to be sold at the Final Offer Price and only to those investors who subscribed Offer Shares at a price equal to, or higher than, the Final Offer Price.

Final Offer Price

The Final Offer Price for Retail Investors is equal to the Final Offer Price for Institutional Investors. The Final Offer Price will be determined by the Selling Shareholders within the Offer Price Range in close consultation with the Joint Bookrunners, at the latest on the Business Day following the Allocation Date, on the basis of the expressions of interest made by the Institutional Investors during the bookbuilding process.

The allocated Offer Shares will be sold to Retail Investors and to the Institutional Investors at the Final Offer Price.

The Successful Closing of the Offer will be subject, *inter alia*, to the determination of the Final Offer Price and each of the Company's, the Selling Shareholders' and the Joint Bookrunners' decisions to proceed with the Offer. It will also be subject to the satisfaction of conditions contained in the Placement Agreement and to the Placement Agreement not having been terminated. Further details of the Placement Agreement are set out in paragraph "Placement Agreement" below.

In case the Offer will not close successfully, investors who applied for Offer Shares in the Offer shall be returned the total consideration paid in advance for the Offer Shares.

The Selling Shareholders will notify investors, the FSA and the BSE with respect to the Final Offer Price at the latest on the Business Day following the Allocation Date. The relevant pricing notification will be published on the websites of the BSE (www.bvb.ro), Raiffeisen Bank S.A. (www.raiffeisen.ro) and of the Company (www.purcari.wine).

If the Final Offer Price is lower than the price paid by an investor for each Offered Share that it subscribed for, an amount equal to the difference between (a) the total consideration paid in advance by that investor for the Offer Shares that it subscribed; and (b) the number of Offer Shares sold to the relevant investor multiplied by the Final Offer Price, will be returned to the relevant investor, in each case less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the investor's bank account indicated in the subscription form submitted in relation to the subscription of Offer Shares (the "**Subscription Form**"), in the investment services agreement or as otherwise agreed with the Joint Bookrunners or the Eligible Participant (as defined below) with whom the application for subscription is made, as applicable, within maximum 5 (five) Business Days from the end of the Offer Period. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the Joint Bookrunners or the Eligible Participant reserve the right to pay the whole amount to be reimbursed to only one of the accounts indicated by the investor. Payments to the investors' bank accounts will be made firstly for validated subscriptions and subsequently for the invalidated subscriptions. The Joint Bookrunners will not be liable for any failure to transfer such amounts, which occur as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

Subscription of Offer Shares by Institutional Investors

By subscribing for Offer Shares, each Institutional Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus.

Valid subscriptions for Offer Shares by Institutional Investors will be collected in the Book. The Joint Bookrunners do not intend to make public the contents of the Book or any information related to subscriptions for Offer Shares by Institutional Investors (including, but not limited to, the subscription level).

No minimum subscription requirement applies to Institutional Investors. Institutional Investors may submit multiple subscriptions for Offer Shares.

Institutional Investors may pay brokerage fees in accordance with the relevant investment services agreement concluded with a Joint Bookrunner or an affiliate of a Joint Bookrunner. Investors will not bear any additional costs or taxes in connection with the submission of purchase orders for the Offer Shares, except for the costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any brokerage commissions payable under any relevant agreements or pursuant to the regulations of the entity accepting such purchase orders.

Time schedule and locations for subscriptions within the Institutional Tranche

Subscriptions of Offer Shares within the Institutional Tranche can be made only through the Joint Bookrunners.

Institutional Investors can subscribe for Offer Shares during the entire Offer Period, during the working hours of the relevant Joint Bookrunners.

Subscription documentation for Institutional Investors

If an Institutional Investor has concluded an investment services agreement with a Joint Bookrunner or an affiliate of a Joint Bookrunner, such Institutional Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by that agreement, without being required to submit any Subscription Form or identification documentation. Institutional Investors which have not concluded an investment services agreement with a Joint Bookrunner or an affiliate of a Joint Bookrunner may validly subscribe for Offer Shares only if they submit a Subscription Form and the applicable identification documentation listed at "*Subscription of Offer Shares by Retail Investors - Subscription Documents for Retail Investors*" below.

The value of the Offer Shares allocated to an Institutional Investor must be guaranteed through:

- Payment order evidencing that the price for the allocated Offer Shares has been transferred to the Collection Accounts (as defined below), provided that such amount is credited to the Collection Accounts before 16:00 (Romania time) on the Transaction Date.

The collection account for the subscriptions of Offer Shares via Raiffeisen Bank S.A. is the RON bank account having the IBAN RO93 RZBR 0000 0600 0459 2833 opened with Raiffeisen Bank S.A., beneficiary Raiffeisen Bank S.A., and the collection account for the subscriptions of Offer Shares via Swiss Capital S.A. is the RON bank account having the IBAN RO40 BRDE 450S V604 4190 4500 opened with BRD-Societe

Generale, beneficiary Swiss Capital S.A. (collectively referred to as the "**Collection Accounts**" and individually the "**Collection Account**"). The payment order must contain the unique registration code of the Institutional Investor. Investors must take into account possible transfer fees and, if applicable, account opening fees/management fees. No deposit in cash directly to the Collection Accounts is accepted. The amounts transferred by Institutional Investors, representing the value of the allocated Offer Shares, will not bear interest in favour of such Institutional Investors.

No Joint Bookrunner will be liable if, for reasons outside its control, any of the Collection Accounts is not effectively credited with the amounts representing the value of the allocated Offer Shares at the latest at 16:00 (Romania time) on the Transaction Date.

- A settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;
- A bank guarantee letter issued by a credit institution from the European Union covering the settlement risk undertaken by the relevant Joint Bookrunner; or
- A settlement commitment statement issued by the relevant Joint Bookrunner or an affiliate of that Joint Bookrunner undertaking the responsibility for the settlement in compliance with the FSA limitations.

The guarantee must include any applicable fees.

Subscription of Offer Shares by Retail Investors

By subscribing for Offer Shares, each Retail Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus.

The minimum subscription of Offer Shares by a Retail Investor is 20 Offer Shares. Retail Investors are allowed to submit multiple subscriptions.

No brokerage fees will be payable in relation to subscriptions by Retail Investors.

Time schedule and locations for subscriptions within the Retail Tranches

Subscriptions for Offer Shares by Retail Investors can be made during the entire Offer Period, on each Business Day during the working hours of the relevant unit of Raiffeisen Bank S.A., Swiss Capital S.A or of the relevant Eligible Participant (as applicable), but no later than 12:00 p.m. (Romania time) on the last day of the Offer Period.

Retail Investors can subscribe for Offer Shares:

1) through Raiffeisen Bank S.A., at the units listed in Schedule 1 (*Distribution Network of Raiffeisen Bank S.A.*) to this Prospectus; or

2) through Swiss Capital S.A. at its headquarters located at 20 Dacia Boulevard, 4th Floor, Romana Offices Building, 1st District; or

3) at the authorised venues of any Eligible Participant.

"**Eligible Participants**" means any intermediaries (other than the Joint Bookrunners), which are investment firms or credit institutions qualified as participants to the trading system of the BSE, and which (i) have signed an irrevocable and unconditional undertaking (the "**Engagement Letter**") to observe the provisions of this Prospectus and the applicable law, in the form made available by the Sole Global Coordinator and (ii) have submitted the Engagement Letter to the Sole Global Coordinator in the form agreed therewith.

Eligible Participants may not accept, register, process and/or validate subscriptions prior to the execution and submission to Sole Global Coordinator of a signed copy of the Engagement Letter. Each Eligible Participant must comply (and must ensure that its internal systems allow it to comply) and is exclusively liable for any non-compliance with the requirements set out in this Prospectus including, without being limited to, the requirements regarding the availability of funds and the settlement of the transactions carried out following the acceptance of subscriptions by the respective Eligible Participant. The Joint Bookrunners will not be liable for any non-compliance with the requirements set out in this Prospectus by any Eligible Participant.

Trading orders corresponding to each subscription of Offer Shares made by Retail Investors will be registered, during the Offer Period, in the BSE system dedicated to public offerings, by Raiffeisen Bank S.A., Swiss Capital S.A. or/and by any Eligible Participant that received and validated the respective subscription, as applicable.

Subscription Form for Retail Investors

A subscription of Offer Shares by a Retail Investor is made by submitting the duly filled in Subscription Form together with the Payment Evidence (as defined below) and the requested documents (see "*Subscription of Offer Shares by Retail Investors - Subscription Documents for Retail Investors*" below) with a relevant Joint Bookrunner or with an Eligible Participant. The Subscription Form will be available at the locations set out in Schedule 1 (Distribution network of Raiffeisen Bank S.A.) to this Prospectus, at the authorised venues of the Eligible Participants or as otherwise communicated by Raiffeisen Bank S.A. and Swiss Capital S.A. or the relevant Eligible Participant.

If a Retail Investor has concluded an investment services agreement with Raiffeisen Bank S.A., Swiss Capital S.A. or with an Eligible Participant, such Retail Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by that agreement, without being required to submit any Subscription Form or identification documents.

Subscription Forms related to Offer Shares for which:

- the amount transferred into the Collection Account or indicated in the settlement commitment statement or the bank guarantee is less than the number of Offer Shares subscribed by that Retail Investor multiplied by the maximum price within the Offer Price Range; or

- the subscription procedures were not complied with,

will not be validated. Subscriptions that are not validated will not be considered in the allocation process. Retail Investors whose Subscription Forms for Offer Shares were not validated will be notified accordingly and the amounts transferred will be returned in the investor's account referred to in the Subscription Form for Offer Shares within maximum 5 (five) Business Days from the end of the Offer Period.

Payment Evidence for subscriptions by Retail Investors

Subscriptions for Offer Shares by Retail Investors will be validated only if Subscription Forms are accompanied by the documents listed at "*Subscription of Offer Shares by Retail Investors - Subscription Documents for Retail Investors*" below and by one of the following documents (each, a "**Payment Evidence**"):

1) Evidence that the price for the Offer Shares subscribed by that Retail Investor has been paid, as follows:

- for subscriptions through Raiffeisen Bank S.A. or Swiss Capital S.A. - payment order evidencing that the price for the subscribed Offer Shares has been transferred to the respective Collection Account, provided that such amount credits the relevant account before 17:00 (Romania time) on the last day of the Offer Period; and

- for subscriptions through an Eligible Participant - the subscription price for the Offer Shares can be paid, in cash or by bank transfer, depending on the internal procedures of the respective Eligible Participant, as communicated by each Eligible Participant to the relevant Retail Investors.

The payment order must contain the personal number / passport number / unique registration code of the Retail Investor. Investors must take into account possible transfer fees and, if applicable, account opening fees. No deposit in cash directly to the Collection Accounts is accepted, unless the subscription is made through an Eligible Participant which has internal procedures allowing cash payments. The amounts transferred by Retail Investors, representing the value of the subscribed Offer Shares, will not bear interest in favour of the Retail Investors.

Each payment order is equivalent to a subscription and combining several payment orders for one single subscription is not possible. The amount transferred by a Retail Investor in relation to a subscription of Offer Shares which is invalidated, can be used as payment for a new subscription of Offer Shares.

No Joint Bookrunner will be liable if, for reasons outside its control, any of the Collection Accounts is not effectively credited with the amounts representing the value of the subscriptions before 17:00 (Romania time) on the last day of the Offer Period;

2) Settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;

3) Bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by Raiffeisen Bank S.A., Swiss Capital S.A. or the relevant Eligible Participant; or

4) Settlement commitment statement issued by Raiffeisen Bank S.A., Swiss Capital S.A. or the relevant Eligible Participant, undertaking the responsibility for the settlement in compliance with the FSA limitations.

Retail Investors which have an investment services agreement with Raiffeisen Bank S.A., Swiss Capital S.A. or with an Eligible Participant and which subscribe through Raiffeisen Bank S.A., Swiss Capital S.A. or that Eligible Participant, as applicable, may also subscribe using either (i) the amounts existing in the brokerage account(s) or (ii) a settlement commitment statement, being understood that a mix of the sources set out at (i) and (ii) above is not allowed. In this case, Retail Investors shall ensure that the existing amounts from their brokerage account(s) or the settlement commitment statement fully cover the subscribed amount. A subscription cannot be covered by a mix of amounts available in the brokerage account(s) and a payment order for the remaining amount. The existing cash from the client account opened with Raiffeisen Bank S.A., Swiss Capital S.A. or the respective Eligible Participant, which is designed for the payment of the subscribed Offer Shares, cannot be used by the Retail Investor for other transactions.

If the amount transferred by a Retail Investor into any of the Collection Accounts or indicated in the bank guarantee or settlement commitment statement is higher than the maximum price within the Offer Price Range multiplied by the number of Offer Shares indicated by that Retail Investor in the Subscription Form, the subscription will only be validated for the number of Offer Shares indicated in the Subscription Form. In circumstances where the amount transferred to the Collection Accounts or indicated in the settlement commitment statement or in the bank guarantee letter is lower than the subscribed amount, the Subscription

Form will be invalidated for the entire subscribed amount.

Subscription Documents for Retail Investors

In order to be accepted, Subscription Forms for Offer Shares subscribed for by Retail Investors must be accompanied by a Payment Evidence and by the documents set out below, depending on each type of Retail Investor and on whether the relevant Retail Investor subscribes through Raiffeisen Bank S.A., Swiss Capital S.A. or through an Eligible Participant.

If a Retail Investor concluded an investment services agreement with Raiffeisen Bank S.A., Swiss Capital S.A. or with an Eligible Participant, that Retail Investor may validly subscribe for Offer Shares, without being required to submit the identification documentation listed below, unless any changes occurred in relation to his/her/its identification data since the latest update.

In case a Retail Investor did not conclude a valid investment services agreement with Raiffeisen Bank S.A., Swiss Capital S.A. or with an Eligible Participant, the Subscription Form duly filled in by the Retail Investor in two original copies shall be accompanied by a Payment Evidence and by the documents listed below, which shall be provided in English or Romanian language. For the avoidance of any doubt, the Eligible Participants shall be liable for verifying the documents corresponding to subscriptions they are receiving.

Resident individuals subscribing in their own name:	- ID (original and copy).
Resident individuals subscribing in the name of other individuals:	- ID (original and copy) of the representative and the ID (in copy) of the represented individual; and - Power of attorney in authenticated form (original and copy).
Resident individuals with no legal capacity (impaired judgment) or placed under guardianship:	- ID (original and copy) of the resident individual subscribing for the represented individual and the ID of the person with no legal capacity (copy); - Passport (original and copy) and/or residence permit (original and copy) of the individual subscribing for the person with no legal capacity—applicable only to foreign citizens; and - The guardianship document or, as appropriate, the trustee or the special trustee document.
Resident corporate entities subscribing in their own name:	- Registration certificate issued by the Trade Registry (copy); - Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person); - Original certificate of current standing (*certificat constatator*) issued by the Trade Registry (issued no more than 30 business days prior to the date of subscription); - Power of attorney/Mandate in original for the person(s) signing the Subscription Form, issued as stipulated by the constitutive act, or proof that the person concerned is legally representing the subscribing corporate entity, with individual representation right (if the company is collectively represented by two or

	more persons who all are present for the signing of the Subscription Form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity); and - ID (original and copy) of the person subscribing in the name of the legal person.
Non-resident individual subscribing in their own name:	- Passport and proof of domicile if it's not stated on the passport or ID issued by a member state of the EU/EEA (original and copy).
Non-resident individual subscribing through resident authorised representatives:	- Passport and proof of domicile if it's not stated on the passport or ID issued by a member state of the EU/EEA (copy) for the represented individual; - ID for the authorised representative (original and copy); and - Authenticated power of attorney (and, if the case, apostilled) setting out that the representative is authorised to act in the name of the non-resident individual (original and copy).
Non-resident corporate entities subscribing in their own name:	- Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy); - Updated constitutive act of the non-resident corporate entity (copy certified as true to the original by the legal representatives of the non-resident corporate entity); - Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Trade Registry or by an equivalent institution (issued no more than 30 business days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 business days prior to the date of subscription); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or jointly; - In case subscriptions are made through a person other than the legal representative(s) of the non-resident corporate entity, the power of attorney/mandate signed by the legal representatives of the non-resident corporate entity empowering the respective person to subscribe on behalf of the non-resident corporate entity in the Offer Shares (in original and in copy); and - IDs for the person making the subscription as legal representative or attorney in fact of the non-resident corporate entity: passport and proof of domicile if it's not stated on the

	passport, ID (for citizens of EU/EEA) (copy).
Non-resident corporate entities subscribing through a resident corporate entity	- Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy); - Updated constitutive act of the non-resident corporate entity (copy certified as true to the original by the legal representatives of the non-resident corporate entity); - Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Trade Registry or by an equivalent institution (issued no more than 30 business days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 business days prior to the date of subscription); such corporate document shall set out clearly whether the legal representatives are entitled to act individually or jointly; - Incorporation certificate for the representing resident corporate entity issued by the Trade Registry (copy); - Updated constitutive act of the representing resident corporate entity (copy certified for its conformity with the original by the legal representative of the legal person); - Certificate of current standing (*certificat constatator*), in original, for the representing resident corporate entity issued by the Trade Registry (not older than 30 business days prior to the date of subscription); - ID for the legal representative of the representing resident corporate entity subscribing on behalf of the non-resident corporate entity (original and copy); and - Power of attorney signed by the legal representative(s) of the non-resident corporate entity empowering the resident corporate entity to subscribe to the Offer (in original and in copy).
IFIs	- Constitutive act of the IFI or a copy of the Romanian law whereby Romania accepts or adheres to the constitutive act of the relevant IFI; - Power of attorney/Certificate empowering the person who will sign the Subscription Form to subscribe on behalf of the IFI (in original or notarised copy); and - ID for the person who signs the Subscription Form on behalf of the IFI (copy).

Resident/non-resident individual represented by an asset management company through a portfolio management mandate	- ID (copy), in case of resident individuals; - Passport and proof of domicile if it's not stated on the passport or ID for citizens of the EU/EEA (copy), in case of non-resident individuals; - Representation mandate (original and copy);
Documents for the asset management company	- Registration certificate issued by the Trade Registry (copy); - Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person); - Original certificate of current standing (*certificat constatator*) issued by the Trade Registry (issued no more than 30 business days prior to the date of subscription); - Power of attorney/Mandate in original for the person signing the Subscription Form, issued as stipulated by the constitutive act, or proof that the person concerned is legally representing the subscribing corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the Subscription Form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity); and - ID (original and copy) of the person subscribing in the name of the legal person.
Entities managed by other resident or non-resident corporate entities (e.g. Investment funds, pension funds)	- The documents listed below shall be submitted for the corporate entity that manages the respective entity and shall be accompanied by the authorisation received by the respective entity from the competent supervisory authority - Registration certificate issued by the Trade Registry (copy); - Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person); - Original certificate of current standing (*certificat constatator*) issued by the Trade Registry (issued no more than 30 business days prior to the date of subscription); - Power of attorney/Mandate in original for the person signing the Subscription Form, issued as stipulated by the constitutive act, or proof that the person concerned is legally representing the subscribing corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the Subscription Form, such proof shall be presented for all such persons) (power of attorney in original and any other

	documents certified for their conformity with the original by the legal representative of the legal entity); and - ID (original and copy) of the person subscribing in the name of the legal person

Raiffeisen Bank S.A., Swiss Capital S.A. or the relevant Eligible Participant is entitled to request any additional documents for the purpose of carrying out its duty to comply with the "know your customer" rules, based on its internal norms and procedures of client identification.

Documents submitted by an investor in a language other than Romanian or English language shall be accompanied by a notarised translation thereof in Romanian or English language.

In case of investors without legal personality, the identification documents of the management company must be submitted.

Change and Withdrawal of Subscriptions

Institutional Investors may change the number of subscribed Offer Shares or withdraw their initial subscription of Offer Shares until and including the last day of the Offer Period. Retail Investors may not change or withdraw any subscriptions for Offer Shares unless the Prospectus is subject to a supplement.

If the Prospectus is subject to a supplement, subscriptions may be withdrawn by any Retail or Institutional Investor within 2 (two) Business Days from the date when the respective supplement to the Prospectus is published.

If a supplement to the Prospectus is published, the change or withdrawal of subscriptions by Institutional Investors will be subject to the same submission, processing and validation requirements as the ones for the initial subscription.

Retail Investors may withdraw their subscriptions for Offer Shares by submitting a duly filled in subscription revocation form at the same unit of Raiffeisen Bank S.A., Swiss Capital S.A. or of the Eligible Participant through which the subscription was made.

The change of subscriptions by Retail Investors may be done by withdrawing the initial subscription and submission of new subscriptions subject to the same submission, processing and validation requirements as the ones for the initial subscription.

If subscriptions are withdrawn, investors shall be reimbursed the entire amount paid by them corresponding to the withdrawn subscriptions, in each case less any bank transfer commissions and any applicable commissions charged by the relevant market institutions, to the bank account indicated by each investor for the reimbursement of any such amounts, within maximum 5 (five) Business Days as of the date the relevant subscriptions have been withdrawn by the investors. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the whole amount may be reimbursed to only one of the accounts indicated by the investor. The Joint Bookrunners will not be liable for any failure to transfer the amounts corresponding to withdrawn subscriptions which occur as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

Allocation of the Offer Shares

The subscribed Offer Shares will be allocated to investors by the Selling Shareholders, in close consultation with the Joint Bookrunners, on the Allocation Date.

In consultation with the Joint Bookrunners, the Selling Shareholders may re-allocate Offer Shares from one Offer Tranche to the other Offer Tranche on the basis of the subscription level in each Offer Tranche. The final number of Offer Shares and the final size of each Offer Tranche will be decided by the Selling Shareholders in consultation with the Joint Bookrunners, on the Allocation Date, based on a number of factors, such as the level of subscriptions in the Book, prevailing market conditions, etc.

Allocation of Offer Shares within the Retail Tranche

If the number of Offer Shares validly subscribed within the Retail Tranche is lower than, or equal to, the Offer Shares allocated to the Retail Tranche (as determined on the Allocation Date), each Retail Investor will receive the number of subscribed Offer Shares.

If the number of Offer Shares validly subscribed within the Retail Tranche is higher than the Offer Shares allocated to the Retail Tranche, the Offer Shares from the Retail Tranche will be allocated to each Retail Investor proportionally to the number of Offer Shares subscribed by such investor (pro-rata allocation).

If the number of Offer Shares allocated to a subscription after the pro rata allocation is not an integer, the number of Offer Shares allocated to the relevant subscription shall be rounded down to the immediately lower integer.

For the purpose of allocating any remaining Offer Shares (resulting from such rounding down of the number of Offer Shares within the process of pro rata allocation), Retail Investors shall be ranked in decreasing order based on the number of Offer Shares subscribed by each of them and, if one or more Retail Investors subscribed the exact number of Offer Shares they will be ranked in increasing order based on the time stamp in the BSE electronic system associated with their trading order, and the resulting unallocated Offer Shares shall be allocated one per Retail Investor (but so that the number of Offer Shares allocated in aggregate to a subscription does not exceed the number of Offer Shares initially requested through that subscription), starting with the largest allocation.

In case of over-subscription, Retail Investors will be reimbursed the difference between the amount paid for the subscribed Offer Shares and the Final Offer Price multiplied by the number of allocated Offer Shares (less the bank transfer commissions and any applicable commissions of the relevant market institutions) as detailed in "*Offer Price – Final Offer Price*" above.

Shares allocated to Retail Investors will be automatically transferred into "Section 1" of the Romanian CSD on the Settlement Date, except for the Offer Shares allocated to those Retail Investors who have a valid investment services contract with Raiffeisen Bank S.A., Swiss Capital S.A. or with the Eligible Participant through which they have subscribed.

Allocation of Offer Shares within the Institutional Tranche

The Selling Shareholders will determine, in close consultation with the Joint Bookrunners, the number of Offer Shares allocated to each Institutional Investor, on the basis of the Book.

When allocating the Offer Shares within the Institutional Tranche, the Selling Shareholders and the Joint Bookrunners may consider, among others, certain qualitative criteria such as: investment policy; number of subscribed Offer Shares and support of the Offer; whether the subscription was received at the beginning of, or early in, the Offer Period; the price offered for the Offer Shares; qualitative feedback during the pre-deal investor education process; focus on the alcoholic beverages sector and/or on the Central and Eastern European region; assets under management; equity investments in Romania or Central and Eastern European; other criteria that allow a high quality investor base and a positive evolution of the market price after the closing of the Offer.

By subscribing in the Offer, Institutional Investors acknowledge and agree that they may be allocated fewer

Offer Shares than they have subscribed for or they may receive no Offer Shares at all. Institutional Investors also acknowledge and agree that they will have no right to request, and the Selling Shareholders and the Joint Bookrunners shall have no obligation to disclose, the reasons for their allocation and pricing decisions.

Transaction

Orders corresponding to validated subscriptions for Offer Shares made by the Retail Investors are entered by Raiffeisen Bank S.A., Swiss Capital S.A. and the Eligible Participants into the relevant segment of the public offerings market of the BSE anytime during the Offer Period and until 18:00 (Romania time) on the last day of the Offer Period. The Sole Global Coordinator can extend this period to the extent necessary.

On the Transaction Date the orders corresponding to the Offer Shares allocated to the Institutional Investors shall be registered in the relevant segment of the public offerings market of the BSE, exclusively in accordance with the allocations made by the Selling Shareholders in close consultation with the Joint Bookrunners, provided that the corresponding subscriptions are validated and the payment, settlement commitment or bank guarantee letter for the allocated Offer Shares has been received.

The allocation of the Offer Shares made by the Selling Shareholder in close consultation with the Joint Bookrunners is mandatory and is legally binding for the Institutional Investors.

On the Transaction Date, the Joint Bookrunners will place the sell orders for the Offer Shares in the BSE.

In circumstances where, until the hour on the Transaction Date indicated by the Sole Global Coordinator there will be Institutional Investors that have not guaranteed the payment of the Offer Shares allocated to them using any of the options detailed in "*Subscription of Offer Shares by Institutional Investors – Subscription documentation for Institutional Investors*", the Joint Bookrunner through which that Institutional Investor subscribed will re-allocate the relevant Offer Shares to other Institutional Investor(s), with the latter's consent and provided that such Institutional Investor(s) can guarantee the payment for the additionally allocated Offer Shares, as described above, until the time limit set by the Sole Global Coordinator. The Joint Bookrunners will carry out the trades related to the Offer Shares through the BSE markets dedicated for the transactions of public offerings on the Transaction Date.

Settlement

Settlement of the allocated Offer Shares will be made through the Romanian CSD clearing settlement system on the Settlement Date.

Placement Agreement

The Company, the Selling Shareholders and the Joint Bookrunners will enter into the placement agreement on or around the date of this Prospectus (the "**Placement Agreement**") and each Joint Bookrunner will severally agree to use its best efforts to procure, as agent for the Selling Shareholders, purchasers for the Offer Shares and not, for the avoidance of doubt, in any circumstance to subscribe for any Offer Shares themselves.

Under the Placement Agreement, the Company and the Selling Shareholders will give certain representations and warranties and indemnities to the Joint Bookrunners in connection with the Offer. The obligations of the parties to the Placement Agreement will be subject to certain conditions that are typical for an agreement of this nature, including, amongst other, the accuracy of the representations and warranties under the Placement Agreement and the execution of a pricing agreement between the Selling Shareholders and the Joint Bookrunners in relation to the Final Offer Price on or around the Allocation Date.

The Joint Bookrunners will be able to terminate the Placement Agreement at any time prior to the first day of trading in Shares in certain specified circumstances that are typical for an agreement of this nature.

Stabilisation

The Selling Shareholders have agreed, pursuant to the Placement Agreement, Raiffeisen (the "**Stabilising Manager**") will undertake stabilisation actions as further detailed below, for the purpose of supporting the market price of the Shares at a level higher than that which might otherwise prevail in an open market for a limited period.

The Selling Shareholders anticipate that in connection with the Offer the Stabilising Manager will have the right to acquire not more than 980,000 Shares on the regular market of the BSE in order to stabilise the price of the Shares at a level higher than that which may otherwise prevail if stabilisation actions were not taken. The acquisition by the Stabilising Manager of the Shares as part of stabilisation transactions shall be conducted in accordance with all European and national applicable laws and regulations. The stabilisation activities may be carried out for no longer than 30 days as of the date when trading in the Shares commences on the BSE (the "**Stabilisation Period**") at a price not higher than the Final Offer Price. The Stabilising Manager will not, however, be required to take any of the above stabilisation actions. If such actions are taken by the Stabilising Manager, they may be discontinued at any time, however, not later than before the end of the Stabilisation Period.

In the context of Stabilisation, the Selling Shareholders have agreed to grant to the Stabilising Manager a put option according to which a number of up to 980,000 Shares shall be transferred to the Selling Shareholders by the Stabilising Manager but not more than the actual number of Shares bought by the Stabilising Manager on the BSE for the stabilisation purposes. In connection with the stabilising actions that may be performed by the Stabilising Manager, the Selling Shareholders have agreed in the Placement Agreement, that the Stabilising Manager will retain 10% out of the gross proceeds obtained by the Selling Shareholders from the Offer to finance the stabilising actions.

No assurance may be given that stabilisation actions, if taken, will bring the expected results.

Lock-Up

The Selling Shareholders will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days, as regards Lorimer and Amboselt, and 180 days, as regards IFC, from the Listng Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by delivery of Shares or such other securities, in cash or otherwise.

The Company will agree with the Managers in the Placement Agreement to be executed on or about the date of the Prospectus that it will not, without the prior written consent of the Sole Global Coordinator (on behalf of and after consultation with the Managers), not to be unreasonably withheld, for a period of 360 days from the Listing Date: (i) offer, hypothecate, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic benefits of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, whether any such transactions described above are to be settled by delivery of Shares or such other securities, in cash or otherwise.

The lock up restrictions do not apply to takeover offers, rights issues, schemes of arrangement, share buy-backs and the vesting of awards under employee share schemes.

Other Relationships

The Managers and their respective affiliates may have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for, the Company and the Selling Shareholders and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company and the Selling Shareholders and their respective affiliates in the future.

In connection with the Offering, each of the Managers and any affiliate, acting as an investor for its own account may take up the Offer Shares and in that capacity may retain, purchase or sell for its own account such Offered Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Managers and any affiliate acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offer, certain of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.

LEGAL MATTERS

Assistance on Romanian law matters related to the Offer was provided by Radu Tărăcilă Pădurari Retevoescu SCA in association with Allen & Overy LLP, on the Moldovan law matters by Turcan Cazac, on Cyprus law matters by Georgiades & Pelides LLC, on BVI matters by Conyers Dill & Pearman, on Gibraltar law matters by Hassans and on US law matters by Allen & Overy LLP.

IFC was assisted on the Romanian law matters related to the Offer by Leroy si Asociatii SCA and on some Cyprus law matters by George Yiangou LLC.

The Managers were assisted on some legal aspects in connection with the Offer by CMS Cameron McKenna Nabarro Olswang LLP SCP.

INDEPENDENT AUDITORS

KPMG Audit SRL, independent auditors, has audited the non-statutory consolidated financial statements of Purcari Wineries (the "**Company**") and its subsidiaries (together "**the Group**") as at and for the years ended 31 December 2016, 2015, and 2014 and issued an unqualified audit opinion on those financial statements.

KPMG Audit SRL, independent auditors, has reviewed, but not audited, the condensed consolidated interim financial information of the Group as at and for the nine month period ended 30 September 2017 and issued an unqualified review report on those financial information.

KPMG Audit SRL, with its business address at 69-71 Bucuresti-Ploiesti Road, Victoria Business Park, District 1, Bucharest, is registered with the Bucharest trade registry under no. J40/4439/2000, having sole registration code 12997279, and is a member of the Chamber of Financial Auditors of Romania, being registered in the Public Registry of Financial Auditors.

The statutory individual financial statements of the Company are audited by Baker Tilly Klitou and Partners (Limassol) Limited.

GENERAL INFORMATION

Listing and Trading

Shares are intended to start trading on the spot regulated market operated by the BSE on or around the Listing Date, namely 14 February 2018. The BSE has issued an agreement in principle regarding the Admission to trading of the Shares.

Authorisations

The Company has approved the Prospectus by way of Board resolution dated 12 January 2018.

The Company has approved the admission of the Shares to trading on the spot regulated market operated by the BSE by way of Board and GMS resolutions dated 12 January 2018.

Lorimer has approved the offering of and sale of up to 8,171,080 Shares in the Offer based on this Prospectus, by way of Board resolution dated 11 January 2018.

Amboselt has approved the offering of and sale of up to 1,000,000 Shares in the Offer based on this Prospectus, by way of resolution of sole director resolution dated 11 January 2018.

IFC has approved the offering of and sale of up to 628,920 Shares in the Offer based on this Prospectus, by way of the Approval Certificate dated 12 January 2018.

Identification of the Selling Shareholders

The Selling Shareholders are:

(a) Lorimer Ventures Limited, a limited liability company registered and existing under the laws of Cyprus, registered under number HE 220254, with its registered office at Lampousas, 1, 1095, Nicosia, Cyprus;

(b) Amboselt Universal Inc., a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 1441862, with its registered office at 1ST Floor, Yamraj Building, P.O. Box 3321, Road Town, Tortola, British Virgin Islands;

(c) International Finance Corporation, member of the World Bank Group, is an international organization, established under its Articles of Agreement, which entered into force on July 20, 1956 and headquartered at 2121 Pennsylvania Avenue, N.W., Washington D.C. 20433, USA.

The Romanian State acceded to the IFC Articles of Agreement under Law no. 28/1991.

Statements

In the past three years, IFC has not entered into any material relationship with the Company, except for the agreements described above in *"Material Contracts"* section and has not held any position or function in the Company or any of its affiliates or Company's predecessors.

In the past three years, Lorimer has not entered into any significant relationship with the Company, except for the agreements described above in "*Material Contracts"* section and has not held any position or function in the Company, or any of its affiliates or Company's predecessors.

In the past three years, Amboselt has not entered into any significant relationship with the Company, except for the agreements described above in "*Material Contracts"* section and has not held any position or function in the Company, or any of its affiliates or Company's predecessors.

Documents Available for Inspection

During the term of this Prospectus, the following documents will be available to investors at the registered office of the Company at 1 Lampousas Street 1095 Nicosia, Cyprus and on the Company's website at www.purcari.wine

(i) Prospectus;

(ii) Articles of Association; and

(iii) Financial Statements and independent auditor's reports in respect of the Financial Statements.

The Subscription Form and the revocation form will be available at the locations set out in Schedule 1 (Distribution network of Raiffeisen Bank S.A.) to this Prospectus, at the authorised venues of the Eligible Participants or as otherwise communicated by Raiffeisen Bank S.A. and Swiss Capital S.A. or the relevant Eligible Participant.

Final Offer Price

The Final Offer Price will be determined by the Selling Shareholders within the Offer Price Range in close consultation with the Joint Bookrunners, at the latest on the Business Day following the Allocation Date, on the basis of the expressions of interest made by the Institutional Investors during the bookbuilding process

Significant Change

Since 30 September 2017, there has been no significant change in the financial or trading position of the Group.

Subsidiaries

For more details, please refer to section "*Business – Corporate structure"* of this Prospectus

Information not applicable to the Prospectus in accordance with Annex I and Annex III of Regulation (EC) no. 809/2004

The following sections of Annexes I and III of Regulation (EC) 809/2004, based on which this Prospectus has been drawn up, are not applicable to the Company and/or to the Shares:

- Annex I: 2.2, 5.2.3, 10.5, 11, 13, 15.2, 18.4, 20.2, 21.1.1 pct. d, 21.1.2-21.1.5, 21.2.6, 23.1
- Annex III: 4.6, 4.7, 4.10, 5.1.10, 5.2.2, 5.2.3 lit. d, e, f, 5.2.5, 5.3.4, 5.4.2, 5.4.4, 6.2., 6.3, 6.4, 9, 10.3

DEFINITIONS AND GLOSSARY OF SELECTED TERMS

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

Admission	The admission of the Shares issued by the Company to trading on the Bucharest Stock Exchange
AGEPI	Moldovan State Agency for Intellectual Property
Allocation Date	Date when the Offered Shares will be allocated, identified in section "*Subscription and Sale—Offer Summary*" of this Prospectus
Amboselt	Amboselt Universal Inc., a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 1441862, with its registered office at 1ST Floor, Yamraj Building, P.O. Box 3321, Road Town, Tortola, British Virgin Islands
Articles of Association	Company's articles of association, in force on the date of this Prospectus
Board	Company's board of directors, regardless of its composition from time to time
BSE	Bucharest Stock Exchange S.A., operator of the spot regulated market, with headquarters at 34-36 Carol I Boulevard, 14th floor, 2nd district, Bucharest, Romania
BSE Corporate Governance Code	The Code of Corporate Governance issued by the BSE which entered into force on 4 January 2016
Business Day	A day in which both the Romanian interbanking market and the trading system of the BSE are opened for business
CEE	Central and Eastern Europe
CIS	Commonwealth of Independent States
Companies Law	The companies Law, CAP. 113 (as amended)
Consolidated Financial Statements	the unaudited consolidated condensed interim financial information of the Group as of and for the nine months ended September 30, 2017 and the audited consolidated non-statutory financial statements of the Group as of and for the years ended December 31, 2014, 2015 and 2016
Crama Ceptura	Crama Ceptura S.R.L., a company organised and existing under the laws of Romania, registered with the Prahova commercial registry under No. J29/1039/2003, sole registration code 15338540, EUID ROONRC.J29/1039/2003, headquartered in Comuna Ceptura, Village CEPTURA DE JOS, Prahova County
Cypriot Takeover Law	The Takeover Bids Law, Law No. 41(I)/2007 (as amended)
CySEC	The Cyprus Financial Supervisory Authority

Company or Issuer	Purcari Wineries Public Company Limited, a public company incorporated and organized under the laws of Cyprus, registered with number HE 201949, with registered office in 1 Lampousas Street 1095 Nicosia, Cyprus
Directive on Markets in Financial Instruments	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
Directors	The Company's directors as of the Listing Date
EEA	European Economic Area
EIB	European Investment Bank
EU	European Union
Euromonitor	Euromonitor International Limited reports named "*Euromonitor International, Wine in China, May 2017*", "*Euromonitor International, Wine in The Czech Republic, June 2017*", "*Euromonitor International, Wine in Poland, June 2017*", "Eu*romonitor International, Wine in Romania, June 2017*", "*Euromonitor International, Wine in Slovakia, June 2017*", "*Euromonitor International, Wine in Ukraine, June 2017*"
Final Offer Price	The price at which the Offered Shares will be sold within the Offer, in accordance with the provisions of the section "*Subscription and Sale*" of this Prospectus
FSA	The Romanian Financial Supervisory Authority
GDP	A country's gross domestic product
GMS	General meeting of shareholders
Gollin Harris Public Relations	Golin Harris Public Relations S.A., a company organized and operating under Romanian law, registered with the Bucharest trade registry under the no. J40/4863/1998, sole registration code 10596424, headquartered in 89-97 Grigore Alexandrescu street, building B, 4th floor, module A, district 1, Bucharest, Romania
Group	The Company together with its subsidiaries, as presented in section "*Business—Corporate Structure*" of this Prospectus
HoReCa	Hotels, restaurants and cafes
IFC	International Finance Corporation, member of the World Bank Group, an international organization established under the Agreement on International Finance Corporation accepted by the Romanian State under Law no. 28/1991 headquartered at 2121 Pennsylvania Avenue, N.W., Washington D.C. 20433, USA
IFRS	The International Financial Reporting Standards adopted by the European Union via the Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with

	Regulation (EC) No 1606/2002 of the European Parliament and of the Council
IKA	International key accounts
Issuers and Markets Operations Law	Law no. 24/2017 on issuers of financial instruments and market operations
Listing Date	The first day of trading of the Shares on the BSE, expected to be on or around 14 February 2018
Lorimer	Lorimer Ventures Limited, a limited liability company incorporated and existing under the laws of Cyprus, registered under number HE 220254, with its registered office at Lampousas, 1, 1095, Nicosia, Cyprus
Managers	Raiffeisen Bank S.A. as Sole Global Coordinator and Joint Bookrunner and Swiss Capital S.A as Joint Bookrunner
MAIB	BC Moldova Agroindbank
Member State	Member State of the European Union
Memorandum of Association	The memorandum of association of the Company
Moldova	The Republic of Moldova
Moldovan Registry of Immovable Assets	The Moldovan Registry of Immovable Assets (*Registrul Bunurilor Imobile*), also referred to as the Cadastral Registry (*Registrul Cadastral*) being the official public registry of immovable assets located on the territory of the Republic of Moldova and including, inter alia, information on immovable assets and any rights and liens pertaining thereto
Moldovan Subsidiaries	Vinaria Purcari, Vinaria Bardar, Vinaria Bostavan
NBR or **the National Bnak of Romania**	National Bank of Romania (in Romanian *Banca National a Romaniei*)
Nielsen	Calculations based on data reported by Nielsen through its Retail Measurement Service for the table wine category on bimonthly periods December2013 / January2014 to June2017 / July2017 for the Country total retail market without HORECA. In the report are included top 5 brands with average selling price above 30 RON / L, the top is build considering volume on bimonthly periods Aug16-Sep17 to June17-July17. (Copyright © 2017, Nielsen)
OIV	International Organisation of Vine and Wine
Offer	The initial public offering of the Offer Shares on the basis of this Prospectus
Offer Period	The period during which the Offer Shares will be offered for subscription based on this Prospectus, as provided for in section "S*ubscription and Sale—Offer Summary*" of this Prospectus
Offer Shares	An aggregate number of up to 9,800,000 ordinary shares in Purcari being offered by the Selling Shareholders

Offer Tranches	The tranches of the Offer, as such are described in section "*Subscription and Sale—Offer Tranches*" of this Prospectus
Placement Agreement	The placement agreement entered into on or about the date of this Prospectus between the Selling Shareholders, the Company and the Managers, having as main object the performance of the Offer with a view to admission of the Company's shares to trading on the spot regulated market operated by the BSE
POS	Point of Sale
Public Offers and Prospectus Law	Cypriot Public Offers and Prospectus Law, No. 114(I)/2005 (as amended)
Prospectus	This prospectus, as approved by the FSA
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in each Relevant Member State of the EEA and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.
Prospectus Regulation	Commission regulation (EC) No 809/2004 of 29 April 2004 implementing the Prospectus Directive
Qualified Investors	The qualified investors, as defined by Article 2(1)(e) of the Prospectus Directive as implemented by Article 2 (21) of the Issuers and Markets Operations Law, respectively (i) professional investors or (ii) persons qualified upon request as professional investors or eligible counterparties, in accordance with the applicable law.
Raiffeisen Bank S.A.	Raiffeisen Bank S.A., a financial institution duly organized and validly existing under the laws of Romania, headquartered in 246D Calea Floreasca, 1st district, Bucharest, registered with the Bucharest Trade Registry under no. J40/44/1991, sole registration code 361820, authorized by the National Bank of Romania and listed in the Banking Register under no. RB-PJR-40-009/18.02.1999, registered with the Romanian Financial Supervisory Authority under no. PJR01INCR/400009
Regulation no. 1/2006	The Regulation of the National Securities Commission (currently, the FSA) no. 1/2006 on issuers and securities transactions
Regulation S	Regulation S from the Securities Act in place in the United States of America
Romanian CSD	Depozitarul Central S.A., the entity operating the Romanian Clearing Settlement, Custody, Depository and Registration System for financial instruments listed on the BSE, headquartered at 34/36 Carol I bd., floors 3, 8 and 9, district 2, Bucharest, Romania
Romanian Subsidiary	Crama Ceptura
Relevant Member State	EEA Member State that implemented the Prospectus Directive
Securities Act	the U.S. Securities Act of 1933, as amended

Selling Shareholders	Lorimer, Amboselt and IFC
Shares	Any and all ordinary shares issued from time to time by the Company
Stabilising Manager	Raiffeisen Bank S.A.
Stabilisation Proceeds	10% of the gross proceeds obtained by the Selling Shareholders from the Offer and retained by the Stabilising Manager for the purposes of conducting stabilisation activities, if any, in the Shares, during the Stabilisation Period
Subscription Form	Subscription form for the Offered Shares, as defined in section "*Subscription and Sale"* of this Prospectus
Successful Closing of the Offer	the successful closing of the Offer which will be subject, inter alia, to the determination of the Final Offer Price and each of the Company's, the Selling Shareholders' and the Joint Bookrunners' decisions to proceed with the Offer, the satisfaction of conditions contained in the Placement Agreement and to the Placement Agreement not having been terminated.
Swiss Capital S.A.	Swiss Capital S.A., a financial institution duly organized and validly existing under the laws of Romania, headquartered in 20 Dacia Boulevard, 1st district, Bucharest, registered with the Bucharest Trade Registry under no. J40/4107/1996, sole registration code 8450590, authorized by the FSA and listed in the Public Registry of the Romanian Financial Supervisory Authority under no. PJR01SSIF/400054
Transaction Date	The date when the transactions related to the Offered Shares will take place, identified in section "*Subscription and Sale—Offer Summary*" of this Prospectus
Transparency Directive	Directive 2004/109/EC, as further amended
Transparency Law	Cyprus Transparency Requirements (Securities Admitted to Trading in a Regulated Market) Law, No.190(I)/2007
Victoria Vin	a company organised and existing under the laws of the Republic of Moldova, State identification number-fiscal code 1002600044023, headquartered at 50 Mihai Eminescu Street, Chisinau, Republic of Moldova
Vie Vin	Vie Vin Podgoria Valea Calugareasca S.R.L., a company organised and existing under the laws of Romania, registered with the Prahova commercial registry under No. J29/2228/2004, sole registration code 16871264 , EUID ROONRC.J29/2228/2004, headquartered in 210 Valea Calugareasca village, Prahova county
Vinaria Bardar	Intreprinderea Mixta Fabrica de Vinuri "Vinaria-Bardar" S.A., a joint stock company organised and existing under the laws of the Republic of Moldova, company identification number 1002601000626, having its registered office at 3 Uzinelor Street, Bardar village, MD-6811, Ialoveni district, Republic of Moldova
Vinaria Bostavan	Intreprinderea Mixta "Vinaria Bostavan" S.R.L., a limited liability company organised and existing under the laws of the Republic of Moldova, company

	identification number 1002600043853, having its registered office in Etulia village, Vulcanesti district, Gagauzia Territorial Administrative Unit, MD-5352, Republic of Moldova
Vinaria Purcari	Intreprinderea Mixta "Vinaria Purcari" S.R.L., a limited liability company organised and existing under the laws of the Republic of Moldova, company identification number 1003600072948, having its registered office in Purcari village, Stefan Voda district, MD-4229, Republic of Moldova
Vinorum Holdings	is a private company limited by shares organised and existing under the laws of Gibraltar, incorporation number 75204, having its registered office at Suite 2B, 143 Main Street Gibraltar GX11 1AA, Gibraltar
West Circle	West Circle Limited, a business company incorporated and organised under the laws of the British Virgin Islands, registered by the Registrar of Corporate Affairs (BVI) under number 323089, with a registered office at Drake Chambers, P.O. Box 3321, Road Town, Tortola, British Virgin Islands

GLOSSARY

The following terms have the meanings provided below unless the context required otherwise:

CAGR	Compound annual growth rate, being the geometrical average annual growth rate over a specified period of time longer than one year
"**discounters**"	Stores which sell products at prices that are lower than the typical market price
"**fortified wines**"	Wines with added distilled spirit
"**off-trade**"	Sales channel which refers to retail outlets, such as supermarkets/hypermarkets, discounters, convenience stores, independent small grocers, forecourt retailers, food/drink/tobacco specialists, other grocery retailers, non-grocery retailers, vending, home shopping, Internet retailing and direct selling
"**modern retail**"	Category of retailers that includes supermarkets, hypermarkets, forecourt retailers, discounters and convenience stores
"**on-trade**"	Sales channel which refers to bars, restaurants, cafés, hotels and other catering establishments
"**share of throat**"	Proportion of the industry's sales belonging to a specific brand or manufacturer
"SKU"	stock keeping unit - a product and service identification code for a store or product that helps track the item for inventory

THE COMPANY

Purcari Wineries Public Company Limited
1 Lampousas Street 1095 Nicosia, Cyprus

SELLING SHAREHOLDERS

Lorimer Ventures Limited
1 Lampousas Street 1095 Nicosia, Cyprus

Amboselt Universal Inc.
1st Floor, Yamraj Building, P.O. Box 3321, Road Town, Tortola, British Virgin Islands

International Finance Corporation
2121 Pennsylvania Avenue, N.W., Washington D.C. 20433, USA

SOLE GLOBAL COORDINATOR

Raiffeisen Bank S.A.

Sky Tower Building, 246D Calea Floreasca, 1st district, Bucharest, Romania

JOINT BOOKRUNNERS

Raiffeisen Bank S.A.

Sky Tower Building, 246D Calea Floreasca, 1st district, Bucharest, Romania

Swiss Capital S.A.

Romana Offices Building, 20 Dacia Boulevard, 1st district, Bucharest, Romania

LEGAL ADVISERS TO THE COMPANY

For *Romanian Law matters*

Radu Taracila Padurari Retevoescu SCA in association with Allen&Overy LLP

Charles de Gaulle Plaza, 5th floor, 15 Charles de Gaulle Square, 1st district, 011857 Bucharest, Romania

For *Moldovan law matters*

Turcan Cazac Law Firm

47/1-5a Puskin street, Chisinau, MD-2005 Republic of Moldova

For *US law matters*

Allen&Overy LLP

One Bishops Square, London, E1 6AD, United Kingdom

For *Cyprus Law matters*

Georgiades&Pelides LLC

Kyriakou Matsi 16, Nicosia, Cipru

LEGAL ADVISERS TO INTERNATIONAL FINANCE CORPORATION

Leroy și Asociații
10th-12th Maior Gh. Şonţu Street, 1st district, 011448, Bucharest, Romania

LEGAL ADVISERS TO THE JOINTBOOKRUNNERS

CMS Cameron McKenna Nabarro Olswang LLP
S-Park 11-15, Tipografilor Street B3-B4, 4th Floor 1st district, 013714 Bucharest, Romania

INDEPENDENT AUDITORS

KPMG Audit SRL
69-71 Ploiesti street Romania, DN1, București 013685

PURCARI WINERIES PUBLIC COMPANY LIMITED

The Company

Evdokia Theocharidou

Authorised Representative

LORIMER VENTURES LIMITED	**AMBOSELT UNIVERSAL INC**	**INTERNATIONAL FINANCE CORPORATION**
Selling Shareholder	*Selling Shareholder*	*Selling Shareholder*
Chrystalla Dekatris	Victor Bostan	Ramona-Adina Eftime
Authorised Representative	*Authorised Representative*	*Authorised Representative*

SCHEDULE 1

DISTRIBUTION NETWORK OF RAIFFEISEN BANK S.A.

Nr.	County	Name of the unit	City	Address
1.	Alba	Ag. Alba	Alba Iulia	Piata Iuliu Maniu, Nr. 4, spatiu comercial I
2.	Alba	Ag. Apullum	Alba Iulia	B-dul. Revolutiei 1989, Nr. 77, Bloc A19, Ap. 2
3.	Alba	Ag. Sebes	Sebes	Str. Lucian Blaga, Nr. 47
4.	Alba	Ag. Cugir	Cugir	Str. Al. Sahia, Nr. 19, Bloc 19, Scara E si F, Jud. Alba
5.	Alba	Ag. Campeni	Campeni	Str. Calea Turzii, Nr. 1, subapartamentul III.1
6.	Alba	Ag. Cetate	Alba Iulia	B-dul Victoriei, Nr. 25, Bl. 3CD
7.	Alba	Ag. Aiud	Aiud	Str. Iuliu Maniu, Nr. 2
8.	Alba	Ag. Ocna Mures	Ocna Mures	Str. 9 Mai, Nr. 3, jud. Alba
9.	Alba	Ag. Blaj	Blaj	Str. Timotei Cipariu, Bloc T6
10.	Arad	Ag. Arad	Arad	Str. Andrei Saguna, Nr. 1-3
11.	Arad	Ag. Lipova	Lipova	Str. Nicolae Balcescu, Nr. 29
12.	Arad	Ag. Sebis	Sebis	Bd-ul Republicii, Nr. 45A
13.	Arad	Ag. Teatru	Arad	Str. Unirii, Nr. 1, Ap. 30
14.	Arad	Ag. Radnei (Selgros)	Arad	Calea Radnei, Nr. 294
15.	Arad	Ag. Ioan Slavici	Arad	Aleea Borsec, Nr. 2, Bl. 511, Sc. C, Ap. 17
16.	Arad	Ag. Aurel Vlaicu	Arad	Str. Aurel Vlaicu, nr. 114, Bl. Z 20-a, Ap. 25
17.	Arad	Ag. Aradul Nou	Arad	Aradul Nou, Bloc 5, Scara A, Ap. 17/b, Loc. Arad, Jud. Arad
18.	Arad	Ag. Ineu	Ineu	Str. Republicii, Nr. 24
19.	Arad	Ag. Curtici	Curtici	Strada Primariei, Nr. 58, Apartament nr. 2, Corp A
20.	Arad	Ag. Podgoria	Arad	B-dul Revolutiei, Nr. 8, Bloc 8, Ap. 27
21.	Arad	Ag. Chisineu Cris	Chisineu Cris	Str. Garii, Nr. 1/B
22.	Arges	Ag. Arges	Pitesti	Calea Craiovei, nr. 42
23.	Arges	Ag. Campulung	Campulung Muscel	Str. Negru Voda, nr. 117, bl 1, parter
24.	Arges	Ag. Mioveni	Mioveni	Bdul Dacia, bl. V 2 B

Nr.	County	Name of the unit	City	Address
25.	Arges	Ag. Pitesti	Pitesti	Calea Bucuresti, Bl. U1-U2
26.	Arges	Ag. Pitesti 2	Pitesti	Piata Vasile Milea, bl. A4 , parter
27.	Arges	Ag. Exercitiu	Pitesti	Str. Bibescu Voda, bl. A
28.	Arges	Ag. Balcescu	Pitesti	Bd. Nicolae Balcescu, Str. Gh. Titeica, bloc S5, sc. Tronson D si E, Pitesti
29.	Arges	Ag. Fratii Golesti	Pitesti	B-dul Petrochimistilor, Bloc B32
30.	Arges	Ag. Topoloveni	Topoloveni	Str. Calea Bucuresti, Bl. P26
31.	Arges	Ag. Curtea de Arges	Curtea de Arges	Str. Basarabilor, nr. 27-29
32.	Arges	Ag. Ivancea	Curtea de Arges	Str. Albesti, Bloc Z2, parter
33.	Arges	Ag. Domnesti	Domnesti	B-dul. Alexandru Ioan Cuza, Nr. 3, in incinta Casei de Cultura
34.	Arges	Ag. Costesti	Costesti	Str. Victoriei, Bl. L21
35.	Bacau	Ag. Bacau	Bacau	Str. Dumbrava Rosie, Nr. 2, Bacau, Jud. Bacau
36.	Bacau	Ag. Cora Bacau	Bacau	Str. Milcov, Nr. 2A si 2-4, Spatiul G31, Bacau
37.	Bacau	Ag. Comanesti	Comanesti	Str. Republicii, Nr. 22, Comanesti
38.	Bacau	Ag. Onesti	Onesti	B-dul Oituz, Nr. 19, Onesti
39.	Bacau	Ag. Vasile Alecsandri	Bacau	Str. Pasajul Revolutiei, Nr. 8, Zona A, Parter, Bacau, jud. Bacau
40.	Bacau	Ag. George Bacovia	Bacau	Str. Unirii, Nr. 15, Sc. C
41.	Bacau	Ag. Bradului (Selgros)	Bacau	Prelungirea Bradului, Nr. 135 B, Bacau
42.	Bacau	Ag. Vasile Lupu	Bacau	Str. 9 Mai, Nr. 56, Sc. B, poz 1
43.	Bacau	Ag. Castanilor	Bacau	Str. Marasesti, Nr. 165, Tronson 2
44.	Bacau	Ag. Moinesti	Moinesti	Str. Tudor Vladimirescu, Nr. 177
45.	Bacau	Ag. Buhusi	Buhusi	Str. Republicii, Nr. 1
46.	Bihor	Ag. Bihor	Oradea	Str. Nufarului, Nr. 30
47.	Bihor	Ag. Marghita	Marghita	Str. Republicii, Nr. 13
48.	Bihor	Ag. Crisul Repede	Oradea	Str. Erofte Grigore, Nr. 22
49.	Bihor	Ag. Vulturul Negru	Oradea	Piata Unirii, Nr. 2-4
50.	Bihor	Ag. Dacia	Oradea	B-dul Dacia, Nr. 35, Bl. AN 55
51.	Bihor	Ag. Oradea 4 (Selgros)	Oradea	Str. Ogorului, Nr. 65B
52.	Bihor	Ag. Rogerius	Oradea	Str. Transilvaniei, Nr. 2
53.	Bihor	Ag. Bulevard	Oradea	Str. Decebal, Nr. 66/A, Jud. Bihor

Nr.	County	Name of the unit	City	Address
54.	Bihor	Ag. Alesd	Alesd	Piata Unirii, Nr. 2
55.	Bihor	Ag. Salonta	Salonta	Str. Libertatii, Nr. 1-3, Bl. A
56.	Bihor	Ag. Corso	Oradea	Str. Republicii, Nr. 16
57.	Bistrita Nasaud	Ag. Bistrita	Bistrita	Str. Liviu Rebreanu, Nr. 51
58.	Bistrita Nasaud	Ag. Viisoara	Bistrita	Bistrita, Str. Independentei, Bloc D1, Scara D, Jud. Bistrita Nasaud
59.	Bistrita Nasaud	Ag. Nasaud	Nasaud	Str. Granicerilor, Nr. 20
60.	Bistrita Nasaud	Ag. Gloria	Bistrita	B-dul Decebal, Nr. 27
61.	Bistrita Nasaud	Ag. Calea Moldovei	Bistrita	Calea Moldovei, Nr. 1, Scara C
62.	Botosani	Ag. Botosani	Botosani	Calea Nationala, Nr. 68
63.	Botosani	Ag. Nicolae Iorga	Botosani	B-dul George Enescu, Nr. 2
64.	Botosani	Ag. Dorohoi	Dorohoi	B-dul Victoriei, Nr. 3-5, Bloc A1 si A3, zona B
65.	Braila	Ag. Braila	Braila	Str. Calea Calarasilor, nr. 34
66.	Braila	Ag. 1 Decembrie	Braila	Str. 1 Decembrie 1918, nr. 2
67.	Braila	Ag. Panait Istrati	Braila	Piata Dorobanti, nr. 1, bl. 20B
68.	Braila	Ag. Belvedere	Braila	Str. Dorobanti, nr. 31, Bl. A30
69.	Braila	Ag. Vidin	Braila	Str. Galati, nr. 325, Bl. 2 (magazin nr. 34)
70.	Braila	Ag. Piscului	Braila	Bulevardul Dorobantilor, nr. 621 Bloc 1, parter judetul Braila
71.	Braila	Ag. Ianca	Ianca	Str. Calea Brailei, Bloc B3, zona A, jud. Braila
72.	Braila	Ag. Viziru	Braila	Calea Calarasilor, nr. 319, Bl. B1, Viziru
73.	Braila	Ag. Braila Vest (Selgros)	Braila	Str. Ramnicu Sarat, nr. 92, Braila
74.	Brasov	Ag. Fagaras	Fagaras	Str. Republicii, Nr. 27
75.	Brasov	Ag. Rupea	Rupea	Str. Republicii, Nr. 153
76.	Brasov	Ag. Brasov	Brasov	Str. Harmanului, Nr. 24, Jud. Brasov, Zona A si Zona B, Zona C
77.	Brasov	Ag. Calea Bucuresti	Brasov	Calea Bucuresti, Nr. 54
78.	Brasov	Ag. Piata Sfatului	Brasov	Str. Piata Sfatului, Nr. 18
79.	Brasov	Ag. Star	Brasov	Brasov, in cadrul Complexului Duplex 1,

Nr.	County	Name of the unit	City	Address
				B-dul Nicolae Balcescu, Nr. 49, Jud. Brasov
80.	Brasov	Ag. Codlea	Codlea	Str. Lunga, Nr. 117
81.	Brasov	Ag. Sacele	Sacele	Piata Libertatii, Nr. 20
82.	Brasov	Ag. Rasnov	Rasnov	Str. Republicii, Nr. 24, jud. Brasov
83.	Brasov	Ag. Brasov 1 (Selgros)	Brasov	Calea Bucuresti, Nr. 231
84.	Brasov	Ag. Racadau	Brasov	B-dul Muncii, Nr. 4, Sc. D
85.	Brasov	Ag. Astra	Brasov	Libraria 19, Complex Astra I, Str. Saturn
86.	Brasov	Ag. Tractorul	Brasov	Str. 1 Decembrie 1918, Nr. 8, Bl. 305,306,307, 308 si Str. Oltet nr. 29,31,33
87.	Brasov	Ag. Barsei	Brasov	Str.Mihai Viteazul, Nr. 42, Bl. 62
88.	Brasov	Ag. Zarnesti	Zarnesti	Str. Mitropolit Ioan Metianu, Nr. 4, zona A
89.	Brasov	Ag. Bartolomeu (Altex)	Brasov	Str. Caramidariei, nr. 1
90.	Bucuresti	Ag. Campineanu	Bucuresti	Str. Ion Campineanu, Nr. 33, Sector 1
91.	Bucuresti	Ag. Bucuresti (persoane fizice)	Bucuresti	Calea Victoriei, nr. 224, bl. D5, Sector 1
92.	Bucuresti	Ag. Bucuresti (persoane juridice)	Bucuresti	Str. Grigore Alexandrescu, nr. 4A, Sector 1
93.	Bucuresti	Ag. Grivita	Bucuresti	Calea Grivitei, nr. 163, Sector 1
94.	Bucuresti	Ag. Ion Mihalache	Bucuresti	Str. Ion Mihalache, nr. 109, bl 13 A, Sector 1
95.	Bucuresti	Ag. Stirbei Voda	Bucuresti	Calea Stirbei Voda, nr. 152, bl. 26B
96.	Bucuresti	Ag. Chibrit	Bucuresti	Calea Grivitei, Nr. 236, Sector 1
97.	Bucuresti	Ag. Titulescu	Bucuresti	Bd. Nicolae Titulescu, nr. 18, bl. 23, Sector 1
98.	Bucuresti	Ag. Magheru	Bucuresti	Strada Bdul. Nicolae Balcescu Nr. 23A, Sector 1
99.	Bucuresti	Ag. Giulesti	Bucuresti	Calea Giulesti, nr. 123, Sector 6
100.	Bucuresti	Ag. Chitila	Bucuresti	Str. Chitilei, nr. 197, Sector 1
101.	Bucuresti	Ag. Domenii	Bucuresti	Bdl Ion Mihalache, nr. 187, Bl. 4, ap. Sp. Com. Dreapta
102.	Bucuresti	Ag. Bucurestii Noi	Bucuresti	Bdul Bucurestii Noi, Nr. 56, Bloc 56, Scara B, Sector 1
103.	Bucuresti	Ag. Piata Amzei	Bucuresti	Piata Amzei, nr. 19, Sector 1

Nr.	County	Name of the unit	City	Address
104.	Bucuresti	Ag. Perla	Bucuresti	Bdul. Iancu de Hunedoara, Nr. 64, Bl. 12B, Sector 1, zona B
105.	Bucuresti	Ag. Feeria	Bucuresti	Centrul comercial Baneasa Shopping City, Soseaua Bucuresti-Ploiesti 42D, Sector 1
106.	Bucuresti	Ag. Baneasa (Selgros)	Bucuresti	Sos. Bucuresti-Ploiesti, nr. 55-65, Sector 1
107.	Bucuresti	Ag. Calea Dorobanti	Bucuresti	Calea Dorobanti, nr. 134, Sector 1
108.	Bucuresti	Ag. Dorobanti	Bucuresti	Piata Dorobanti, nr. 1, Sector 1
109.	Bucuresti	Ag. Pipera	Bucuresti	Bdul. Dimitrie Pompei, nr. 9-9A, Sector 2
110.	Bucuresti	Ag. Aviatiei	Bucuresti	Sos. Pipera, Nr. 21-23, Bl. E3, Sector 1
111.	Bucuresti	Ag. Aerogarii	Bucuresti	B-dul. Aerogarii, nr. 2-8, bloc II 1, zona A, Sector 1
112.	Bucuresti	Ag. Lizeanu	Bucuresti	Sos. Stefan cel Mare, nr. 52, bl. 36, Sector 2
113.	Bucuresti	Ag. Barbu Vacarescu	Bucuresti	Sos. Stefan Cel Mare, Nr. 24, Bloc 24B, zona A, Sector 2
114.	Bucuresti	Ag. Teiul Doamnei	Bucuresti	Strada Teiul Doamnei Nr. 15, Bloc 37, Zona A, Sector 2
115.	Bucuresti	Ag. Piata Presei	Bucuresti	P-ta Presei Libere, nr. 3-5, cladirea City Gate, Turnul de Nord, Sector 1
116.	Bucuresti	Ag. Friedrich Wilhelm	Bucuresti	Str. Roma, nr. 37, Sector 1
117.	Bucuresti	Ag. Promenada (mall)	Bucuresti	Calea Floreasca, Nr. 246B, Sector 1
118.	Bucuresti	Ag. Floreasca City Center	Bucuresti	Calea Floreasca, Nr. 246D, Sector 1
119.	Bucuresti	Ag. Colentina	Bucuresti	Sos. Colentina, nr. 24, Sector 2
120.	Bucuresti	Ag. Rosetti	Bucuresti	Piata Rosetti, nr. 4, Sector 2
121.	Bucuresti	Ag. Obor	Bucuresti	Sos. Colentina, nr. 1, Bloc 34, Sector 2
122.	Bucuresti	Ag. Armeneasca	Bucuresti	Calea Mosilor, Nr. 256-258, Bloc 4Bis, Sector 2
123.	Bucuresti	Ag. Bratianu	Bucuresti	Str. Lipscani, nr. 90A, Sector 3
124.	Bucuresti	Ag. Iancului	Bucuresti	Sos. Iancului, nr. 2, Bl. 113C
125.	Bucuresti	Ag. Mosilor (dedicata PJ)	Bucuresti	Calea Mosilor, nr. 221, Bl. 31A, Corp A, Sector 2
126.	Bucuresti	Ag. Delfinului	Bucuresti	Sos. Pantelimon, nr. 254, Sector 2
127.	Bucuresti	Ag. Colentina 1 (Carrefour)	Bucuresti	Sos Colentina, nr. 426-426A

Nr.	County	Name of the unit	City	Address
128.	Bucuresti	Ag. Pantelimon	Bucuresti	Sos. Pantelimon, nr. 300, Sector 2
129.	Bucuresti	Ag. Vergului (Cora)	Bucuresti	Sos Vergului, Nr. 20, Sector 2
130.	Bucuresti	Ag. Veranda Mall (fosta Dimitrov)	Bucuresti	Strada Ziduri Moși 23, Sector 2, Bucuresti
131.	Bucuresti	Ag. Calea Mosilor (dedicata PF)	Bucuresti	Calea Mosilor, nr. 225, Bl. 33-35, sector 2
132.	Bucuresti	Ag. Lucretiu Patrascanu	Bucuresti	Str. Lucretiu Patrascanu, nr. 17, bl. MC18, Sector 3
133.	Bucuresti	Ag. Delea Veche	Bucuresti	Calea Calarasi, Nr. 180, Bl. 61, Sector 3
134.	Bucuresti	Ag. Basarabia	Bucuresti	Bld. Basarabia, Nr. 55, Bl. M22, Sector 2
135.	Bucuresti	Ag. Unirea	Bucuresti	Bdv. Bratianu, Nr. 39, Bl. P6, Sector 3
136.	Bucuresti	Ag. Titan Mall	Bucuresti	Bd. 1 Decembrie 1918, Nr. 33A, Sector 3
137.	Bucuresti	Ag. Bucuresti Mall	Bucuresti	Calea Vitan, nr. 58, sc. Zona A
138.	Bucuresti	Ag. Decebal	Bucuresti	Bd. Decebal nr. 16, bl. S5, sc. Tronson II si III, cod postal 030968, Bucuresti
139.	Bucuresti	Ag. Vitan	Bucuresti	Piata Alba Iulia, Nr. 1, Sector 3
140.	Bucuresti	Ag. Camil Ressu	Bucuresti	B-dul Camil Ressu, Nr. 62, Bl. 1D
141.	Bucuresti	Ag. Nerva Traian	Bucuresti	Str. Nerva Traian, Nr. 15, Bl. M69
142.	Bucuresti	Ag. Piata Muncii	Bucuresti	Sos. Mihai Bravu, nr. 288, Bl. C3, Sector 3
143.	Bucuresti	Ag. Titan	Bucuresti	Bld. Nicolae Grigorescu, nr. 53, Ca 13, Sector 3
144.	Bucuresti	Ag. Titan Est	Bucuresti	B-dul. 1 Decembrie 1918, Nr. 37, zona A, Sector 3
145.	Bucuresti	Ag. Vitan Sud	Bucuresti	Sos. Mihai Bravu, Nr. 325, Bloc 55, spatiu comercial CA 38, zona A, Sector 3
146.	Bucuresti	Ag. Rond Baba Novac	Bucuresti	Sos. Mihai Bravu, Nr. 302-304, Bl. B13, Sc. 1, Apartament Sp Com, Sector 3
147.	Bucuresti	Ag. Dristor	Bucuresti	B-dul. Camil Ressu, Nr. 2, Bloc R1, Sector 3
148.	Bucuresti	Ag. Sebastian	Bucuresti	Calea 13 Septembrie, Nr. 221-225, Sector 5
149.	Bucuresti	Ag. Victoria	Bucuresti	Calea Victoriei, Nr. 21, Sector 3, corp B
150.	Bucuresti	Ag. Toporasi	Bucuresti	Sos. Giurgiului, Nr. 131, Sector 4
151.	Bucuresti	Ag. Progresul	Bucuresti	Str. Giurgiului, Nr. 118, Bl. 12, Sector 4
152.	Bucuresti	Ag. Ferentari	Bucuresti	Calea Ferentari, Nr. 20, Bl. 126, Lotul A,

Nr.	County	Name of the unit	City	Address
				Sector 5
153.	Bucuresti	Ag. Rond Cosbuc	Bucuresti	B-dul Libertatii, Nr. 4, Bl. 117, Sector 4
154.	Bucuresti	Ag. Liberty Center (mall)	Bucuresti	Sos. Progresului, nr. 151-171, Unitatea nr. 1.26, Sector 5
155.	Bucuresti	Ag. Berceni (Selgros)	Bucuresti	Sos. Turnu Magurele, Nr. 92-108, Sector 4
156.	Bucuresti	Ag. Brancoveanu	Bucuresti	Sos. Oltenitei, Nr. 56, Bl. 11C, Sector 4
157.	Bucuresti	Ag. Obregia	Bucuresti	B-dul Alexandru Obregia, Nr. 7A, Bl. 128, Sector 4
158.	Bucuresti	Ag. Sincai	Bucuresti	B-dul Tineretului, Nr. 1, Bl. 5
159.	Bucuresti	Ag. Barzesti	Bucuresti	Soseaua Oltenitei, Nr. 254, Bl. 151, Sector 4
160.	Bucuresti	Ag. Cantemir	Bucuresti	Str. Dimitrie Cantemir, Nr. 13, Sector 4
161.	Bucuresti	Ag. Aparatorii Patriei	Bucuresti	Sos. Berceni, Nr. 183, Sector 4, zona C
162.	Bucuresti	Ag. Sun Plaza (fosta Vacaresti)	Bucuresti	Calea Văcărești, Nr. 391, Sector 4, București
163.	Bucuresti	Ag. Crangasi	Bucuresti	Calea Crangasi, nr. 12, Sector 6
164.	Bucuresti	Ag. Apusului	Bucuresti	Str. Iuliu Maniu, nr. 73, bl. C3, Sector 6
165.	Bucuresti	Ag. Drumul Taberei	Bucuresti	Str. Drumul Taberei, nr. 94, Bl. 519, Sector 6
166.	Bucuresti	Ag. Lujerului	Bucuresti	B-dul Iuliu Maniu, nr. 16, bl. 14, Sector 6
167.	Bucuresti	Ag. Rahova	Bucuresti	Str. Calea Rahovei, nr. 327, bloc 11, Sector 5
168.	Bucuresti	Ag. Romancierilor	Bucuresti	B-dul Timisoara, nr. 73, bl. C12, Sector 6
169.	Bucuresti	Ag. Ghencea	Bucuresti	Bucuresti, Bdul. Ghencea, nr. 34, bl. 65, Sector 6
170.	Bucuresti	Ag. Uverturii	Bucuresti	B-dul Uverturii, nr. 83, bl. O15, Sector 6
171.	Bucuresti	Ag. Gorjului	Bucuresti	B-dul Iuliu Maniu, nr.67, bl. 6, Sector 6
172.	Bucuresti	Ag. Rahova Sud	Bucuresti	Soseaua Alexandriei, Nr. 11, Bl. 11C, Sector 5
173.	Bucuresti	Ag. Valea Cascadelor (Selgros)	Bucuresti	Str. Valea Cascadelor, Nr. 26 B, Sector 6
174.	Bucuresti	Ag. 13 Septembrie	Bucuresti	Calea 13 Septembrie, Nr. 107-109, bloc 103, Sector 5
175.	Bucuresti	Ag. Cotroceni (mall)	Bucuresti	Unitatea nr. C128, Centrul Comercial AFI Palace Cotroceni din Bucuresti, B-dul Vasile Milea, Nr. 4, Sector 6

Nr.	County	Name of the unit	City	Address
176.	Bucuresti	Ag. Cora Lujerului	Bucuresti	B-dul Iuliu Maniu, Nr. 19, Sector 6
177.	Buzau	Ag. Buzau	Buzau	Str. Nicolae Balcescu, Nr. 2
178.	Buzau	Ag. Nehoiu	Nehoiu	Str. Mihai Viteazul, Nr. 16
179.	Buzau	Ag. Ramnicu Sarat	Ramnicu Sarat	Str. Victoriei, Nr. 2
180.	Buzau	Ag. Unirii Sud	Buzau	Str. Unirii, Bl. O2
181.	Buzau	Ag. Marghiloman	Buzau	Str. Dorobanti, Bl. 7C, Buzau
182.	Buzau	Ag. Orizont	Buzau	Str. Unirii, Bl. H3
183.	Calarasi	Ag. Calarasi	Calarasi	Str. Bucuresti, Nr. 111, si 1, Municipiul Calarasi, Judetul Calarasi
184.	Calarasi	Ag. Belsugului	Calarasi	Str. Belsugului, Bl. D2, Sc. 1
185.	Calarasi	Ag. Flacara	Calarasi	Str. Flacara, Nr. 5, Bl C16, Sc. 4
186.	Calarasi	Ag. Lehliu	Lehliu Gara	Str. Nicolae Titulescu, nr. 56
187.	Calarasi	Ag. Dimitrie Ghica	Oltenita	Str. Argesului, Nr. 33-35, Bloc 107, Scara A
188.	Calarasi	Ag. Oltenita	Oltenita	B-dul Tineretului, Nr. 121, Bl. Sahia 1, Sc. C
189.	Caras Severin	Ag. Resita	Resita	Piata 1 Decembrie 1918, Nr. 4
190.	Caras Severin	Ag. Caransebes	Caransebes	Str. Traian Doda, Nr. 1
191.	Caras Severin	Ag. Bocsa	Bocsa	Str. Funicularului, Nr. 93, Sc. I
192.	Caras Severin	Ag. Moldova Noua	Moldova Noua	Str. N. Titulescu, Bloc 56, Moldova Noua, jud. Caras Severin
193.	Caras Severin	Ag. Barzavei	Resita	B-dul Republicii , Bl. 8, sc. III, Ap. 42
194.	Caras Severin	Ag. Oravita	Oravita	Str. 1 Decembrie 1918, Nr. 1
195.	Cluj	Ag. Huedin	Huedin	Piata Republicii, Nr. 39, Bl.A1, Ap. 65/2
196.	Cluj	Ag. Dej	Dej	Str. 1 Mai, Nr. 1
197.	Cluj	Ag. Gherla	Gherla	Piata Libertatii, Nr. 2
198.	Cluj	Ag. Cluj	Cluj-Napoca	Str. Aviator Badescu, Nr. 1
199.	Cluj	Ag. Horea	Cluj-Napoca	Str. Cuza Voda, Nr.1
200.	Cluj	Ag. Turda	Turda	Str. Libertatii, Nr. 4, Bl. A1
201.	Cluj	Ag. Oprisani	Turda	Calea Victoriei, Nr. 100, Bloc B120, Ap. nr. 1, Jud. Cluj

Nr.	County	Name of the unit	City	Address
202.	Cluj	Ag. Floresti	Floresti	Str. Avram Iancu, Nr. 278, jud. Cluj
203.	Cluj	Ag. Manastur	Cluj-Napoca	Str. Bucegi, Nr. 11, Ap. 1A
204.	Cluj	Ag. Marasti	Cluj-Napoca	Str. Aurel Vlaicu, Nr. 2, Ap. 91C
205.	Cluj	Ag. Someseni (Selgros)	Cluj-Napoca	Calea Someseni, Nr. 8
206.	Cluj	Ag. Zorilor	Cluj-Napoca	Str. Pasteur, Nr. 73, Ap. 49
207.	Cluj	Ag. Grigorescu (Cora)	Cluj-Napoca	B-dul 1 Decembrie 1918, Nr. 142
208.	Cluj	Ag. Napoca	Cluj-Napoca	Str. Aurel Vlaicu, Nr. 80, Ap. 1, jud. Cluj
209.	Cluj	Ag. Garii	Cluj-Napoca	Str. Horea, Nr. 96-106, jud. Cluj
210.	Cluj	Ag. Brancusi	Cluj-Napoca	B-dul C. Brancusi, Nr. 149
211.	Cluj	Ag. Piata Unirii	Cluj-Napoca	Str. Piata Unirii, Nr. 16
212.	Cluj	Ag. Ardealul	Cluj-Napoca	Bulevardul 21 Decembrie 1989, 77, Cluj-Napoca, 400124
213.	Constanta	Ag. Constanta	Constanta	Bdul. Al. Lapusneanu, Nr. 163C, Constanta, jud Constanta
214.	Constanta	Ag. Marea Neagra	Constanta	Bulevardul Tomis, Nr. 56, Magazin 62, Constanta
215.	Constanta	Ag. Eforie Nord	Eforie Nord	B-dul Republicii, Nr. 2
216.	Constanta	Ag. Mangalia	Mangalia	Sos. Constantei, Nr. 32, Bl. PY2
217.	Constanta	Ag. Callatis	Mangalia	B-dul 1, Decembrie 1918
218.	Constanta	Ag. Lazu (Selgros)	Agigea	Sos Mangaliei, nr. 1, Loc. Lazu, comuna Agigea
219.	Constanta	Ag. Farul	Constanta	Str. Dunarii, Bl. P F4
220.	Constanta	Ag. Balada	Constanta	B-dul 1 Decembrie 1918, nr. 10, bl. L 52A
221.	Constanta	Ag. Histria	Constanta	B-dul Aurel Vlaicu, nr. 92, Bl. AV21
222.	Constanta	Ag. Mercur	Constanta	B-dul Tomis, Nr. 213, Bl. TS 8
223.	Constanta	Ag. Capitol	Constanta	Bd. Tomis, nr. 141, Bloc T1
224.	Constanta	Ag. Dobrogea	Constanta	Sos. Mangaliei, nr. 185, Bloc 4
225.	Constanta	Ag. Delfinarium	Constanta	B-dul Mamaia, nr. 264, bl. PS 5
226.	Constanta	Ag. Harsova	Harsova	Str. Vadului, Bloc V2, spatiu comercial nr. 17
227.	Constanta	Ag. Medgidia	Medgidia	Str. Republicii, nr. 12, Bl. G4, mag 40 si mag 107
228.	Constanta	Ag. Lucian Grigorescu	Medgidia	Str. Independentei, Bloc E1, judetul

Nr.	County	Name of the unit	City	Address
				Constanta
229.	Constanta	Ag. Tomis	Constanta	Str.Cismelei, nr. 16, Bl. B 5
230.	Constanta	Ag. Soveja	Constanta	Str. Dezrobirii, Nr. 143, Bl. IV22
231.	Constanta	Ag. Navodari	Navodari	Bulevardul Navodari, Nr. 159
232.	Constanta	Ag. Valu lui Traian	Valu lui Traian	Str. Calea Dobrogei, Nr. 78, jud. Constanta
233.	Constanta	Ag. Trocadero	Constanta	B-dul Alexandru Lapusneanu, nr. 89, Bl. LE 33
234.	Constanta	Ag. Litoral (Selgros)	Constanta	B-dul Tomis, nr. 387
235.	Constanta	Ag. Ovidiu	Ovidiu	Str. Nationala, nr. 74
236.	Constanta	Ag. Cernavoda	Cernavoda	Str. Lt. Ion Musat, nr. 3A
237.	Constanta	Ag. Basarabi	Murfatlar	Calea Bucuresti, Nr. 13, Bloc BA5
238.	Constanta	Ag. Navodari 1	Navodari	Str. Constantei, nr. 12, bloc B2, sc. C
239.	Covasna	Ag. Sfantu Gheorghe	Sfantu Gheorghe	Str. 1 Decembrie 1918, Nr. 33-37
240.	Covasna	Ag. Mikes	Sfantu Gheorghe	Aleea Harniciei, Nr. 20, Loc. Sfantu Gheorghe, Jud. Covasna
241.	Covasna	Ag. Covasna	Covasna	Str. Libertatii, Nr. 24, Bl. 24, Sc. A
242.	Covasna	Ag. Intorsura Buzaului	Intorsura Buzaului	Str. Mihai Viteazu, Nr. 143, Bloc 6, Scara C, Intrarea A
243.	Covasna	Ag. Tirgu Secuiesc	Targu Secuiesc	Str. Curtea 20, Nr. 1
244.	Dambovita	Ag. Targoviste	Targoviste	B-dul Mircea cel Batran, nr. 8, zona A, et. 1, jud. Dambovita
245.	Dambovita	Ag. Chindia	Targoviste	Str. Constantin Brancoveanu, Bl. 11, Sc. D
246.	Dambovita	Ag. Pucioasa	Pucioasa	Str. Republicii, Bl. Delia, Sc. B
247.	Dambovita	Ag. Caraiman	Targoviste	B-dul Independentei, nr. 24-25
248.	Dambovita	Ag. Crizantemelor	Targoviste	Str. Calea Bucuresti, Bloc O1, Scara B, jud. Dambovita
249.	Dambovita	Ag. Moreni	Moreni	Str. Culturii, Bl. D1, sc. D
250.	Dambovita	Ag. Titu	Titu	Str. Petru Rares, nr. 6
251.	Dambovita	Ag. Gaesti	Gaesti	Str. 13 Decembrie, Nr. 39, Bl. 46, Sc. F
252.	Dolj	Ag. Dolj	Craiova	Str. Sfantu Dumitru, nr. 8 , Craiova, Jud. Dolj
253.	Dolj	Ag. Calafat	Calafat	Str. 22 Decembrie, Nr. 8
254.	Dolj	Ag. Oltenia	Craiova	Str. Calea Bucuresti, Bl. A14-A15

Nr.	County	Name of the unit	City	Address
255.	Dolj	Ag. Craiova Est (Selgros)	Craiova	Str. Caracal, nr. 258
256.	Dolj	Ag. Romanescu	Craiova	Str. Nicolae Romanescu, nr. 6 C
257.	Dolj	Ag. Nicolae Titulescu	Craiova	Str. Nicolae Titulescu, Nr. 8
258.	Dolj	Ag. Cetatea Baniei	Craiova	Bdul. Olteniei, bloc 2, parter
259.	Dolj	Ag. Expres	Craiova	B-dul. Dacia, nr. 136, bl. G
260.	Dolj	Ag. Sarari	Craiova	Cartier Lapus, Str. Calea Bucuresti, Bloc N16-17
261.	Dolj	Brazda lui Novac	Craiova	Str.1 Decembrie 1918, nr. 27
262.	Galati	Ag. Galati	Galati	Strada Brailei, Nr. 85, corp adiacent, Bl. BR5A, zona A
263.	Galati	Ag. Tecuci	Tecuci	Str. 1 Decembrie 1918, nr.42
264.	Galati	Ag. Anghel Saligny	Galati	Str. Anghel Saligny, bl G4, sc.3
265.	Galati	Ag. Dunarea de Jos	Galati	Str. Brailei, nr.232, bl E4
266.	Galati	Ag. Henri Coanda	Galati	Str. Graurului, Nr. 1, Bl. J5, Sc. 1, Ap. 1, Micro 39
267.	Galati	Ag. Costache Negri	Galati	Str. Brailei, aferent bloc I 1 , cartier Tiglina I
268.	Galati	Ag. Domneasca	Galati	Str Domneasca, nr. 20, Bl A
269.	Galati	Ag. Traian	Galati	Str. Traian, nr. 67, zona A, Jud.Galati
270.	Galati	Ag. Brates	Galati	Galati, Micro 14, Str. 1 Decembrie 1918, Nr. 12, Bloc S9E, Scara 2, Jud Galati
271.	Galati	Ag. Liesti	Liesti	Comuna Liesti
272.	Galati	Ag. Siret (Selgros)	Galati	B-dul Galati, nr. 1C
273.	Giurgiu	Ag. Giurgiu	Giurgiu	Str. Vlad Tepes, Nr. 20
274.	Giurgiu	Ag. Turn	Giurgiu	Sos. Bucuresti, Bl. 28/853
275.	Giurgiu	Ag. Bolintin Vale	Bolintin Vale	Str. Republicii, Bl. B5
276.	Gorj	Ag. Gorj	Targu Jiu	Str. Tudor Vladimirescu, nr. 17
277.	Gorj	Ag. Targu Jiu	Targu Jiu	Str. Republicii, Bl. 25, Sc. 3
278.	Gorj	Ag. Rovinari	Rovinari	Str. Prieteniei, Nr. 13 bis
279.	Gorj	Ag. Targu Carbunesti	Targu Carbunesti	Str. Trandafirilor, Bl. B4
280.	Gorj	Ag. Motru	Motru	Str. Trandafirilor
281.	Gorj	Ag. Ecaterina Teodoroiu	Targu Jiu	Str. Victoriei, bl. 194

Nr.	County	Name of the unit	City	Address
282.	Gorj	Ag. Turceni	Turceni	Str. Uzinei, nr. 1, Bl. 27
283.	Harghita	Ag. Miercurea Ciuc	Miercurea Ciuc	Str. Kossuth Lajos, Nr. 20, Bl. 27
284.	Harghita	Ag. Gheorgheni	Gheorghieni	Piata Libertatii, Nr. 7
285.	Harghita	Ag. Odorheiul Secuiesc	Odorheiul Secuiesc	Str. Rakoczi, Nr. 13
286.	Harghita	Ag. Toplita	Toplita	Str. Nicolae Balcescu, Nr. 37
287.	Hunedoara	Ag. Deva	Deva	Blvd. Decebal, Bloc 5 (5A)
288.	Hunedoara	Ag. Hateg	Hateg	Str. Tudor Vladimirescu, Bl. S1
289.	Hunedoara	Ag. Orastie	Orastie	Str. Eroilor, Bl. C2, Sc. B si C
290.	Hunedoara	Ag. Calan	Calan	Str. Independentei, Nr. 13
291.	Hunedoara	Ag. Petrosani	Petrosani	B-dul 1 Decembrie 1918, Nr. 92, Bl. B1
292.	Hunedoara	Ag. Germisara	Deva	B-dul Iuliu Maniu, Bl. 1A+1B
293.	Hunedoara	Ag. Ulpia	Deva	Str. Mihai Eminescu, Bloc 13A, Jud. Hunedoara
294.	Hunedoara	Ag. Corvinul	Hunedoara	B-dul Dacia, Bl. A2/2
295.	Hunedoara	Ag. Santuhalm	Deva	Str. Santuhalm, Nr. 35 A, jud. Hunedoara
296.	Ialomita	Ag. Ialomita	Slobozia	B-dul Chimiei, nr. 13
297.	Ialomita	Ag. Slobozia	Slobozia	Str. Matei Basarab, Bara Comerciala
298.	Ialomita	Ag. Matei Basarab	Slobozia	Str. Matei Basarab, Bloc 27, Scara A, jud. Ialomita
299.	Ialomita	Ag. Fetesti	Fetesti	Str. Ceahlaul, nr. 1-3
300.	Ialomita	Ag. Tandarei	Tandarei	Str. Bucuresti, Bl. 52 H, Sc. B
301.	Ialomita	Ag. Urziceni	Urziceni	Str. Eroilor, nr. 16, bl. 101
302.	Ialomita	Ag. Danubius	Fetesti	Str. Calarasi, Bl. B13, Sc. C
303.	Iasi	Ag. Iasi	Iasi	Str. Anastasie Panu, Nr. 31
304.	Iasi	Ag. Harlau	Harlau	Str. Vasile Gheorghiu, Bloc 8, Scara 1, jud. Iasi
305.	Iasi	Ag. Podul Ros	Iasi	Str. Sfantul Lazar, Nr. 47, Bloc A 5-6
306.	Iasi	Ag. Pacurari	Iasi	Soseaua Pacurari, Nr. 15-17, Bloc 538, tronson III
307.	Iasi	Ag. Stefan cel Mare	Iasi	Str. Stefan cel Mare si Sfant, Nr. 7A, Sc. A
308.	Iasi	Ag. Alexandru cel Bun	Iasi	B-dul. Alexandru cel Bun, Nr. 19, Bl. B3, Sc. B
309.	Iasi	Ag. Independentei	Iasi	Str. Piata Unirii, Nr. 2, Scara B

Nr.	County	Name of the unit	City	Address
310.	Iasi	Ag. Tatarasi	Iasi	Str. Ion Creanga, Nr. 17, Bl. U2
311.	Iasi	Ag. Nicolina (Selgros)	Iasi	Str. Nicolina, Nr. 57A
312.	Iasi	Ag. Bucium	Iasi	Str. Bucium, Nr. 19, Bloc B2-1, Scara A, Jud. Iasi
313.	Iasi	Ag. Copou	Iasi	Str. Oastei, in cadrul Complexului Comercial Copou, Cvartal 42, Jud. Iasi
314.	Iasi	Ag. Palas	Iasi	Ansamblul Palas, Corp E2, Str. Palat, Nr. 3E
315.	Iasi	Ag. Palas Mall	Iasi	Palas Shopping Mall, Cladire (Bloc) C3, Strada Palas, Nr. 7A, Iasi
316.	Iasi	Ag. Pascani	Pascani	Str. Eugen Stamate, Bl. D2
317.	Ilfov	Ag. Buftea	Buftea	Str. Mihai Eminescu, Nr. 6, Bl. R5, parter
318.	Ilfov	Ag. Chitila Residenz	Chitila	Sos. Banatului, Nr. 14, Bl. 9
319.	Ilfov	Ag. Otopeni	Otopeni	Str. 23 August, nr. 1, bl. B11
320.	Ilfov	Ag. Snagov	Snagov	Comuna Snagov, Jud. Ilfov, Sat Ghermanesti, nr. 59
321.	Ilfov	Ag. Voluntari	Voluntari	Str. Nicolae Iorga, Nr. 67, zona A
322.	Ilfov	Ag. Pantelimon 1 (Selgros)	Pantelimon	B-dul Biruintei, Nr. 90, comuna Pantelimon
323.	Ilfov	Ag. Popesti Leordeni	Popesti Leordeni	Sos. Oltenitei, Nr. 23, Bloc M1
324.	Ilfov	Ag. Bragadiru	Bragadiru	Sos. Alexandriei, Bl. D3-2, sp. Com
325.	Maramures	Ag. Maramures	Baia Mare	Bd. Unirii, Nr. 8-10
326.	Maramures	Ag. Sighetu Marmatiei	Sighetu Marmatiei	Str. Traian, Nr. 7, Magazin 28
327.	Maramures	Ag. Borsa	Borsa	Str. 22 Decembrie, Nr. 2
328.	Maramures	Ag. George Cosbuc	Baia Mare	Str. George Cosbuc, Nr. 14
329.	Maramures	Ag. Iza	Baia Mare	B-dul. Bucuresti, Nr. 40
330.	Maramures	Ag. Mara	Baia Mare	B-dul Republicii, Nr. 17, tronson IV
331.	Mehedinti	Ag. Mehedinti	Drobeta Turnu Severin	Bdul. T. Vladimirescu, nr. 125-127
332.	Mehedinti	Ag. Turnu Severin	Drobeta Turnu Severin	Bdul. Mihai Viteazul, Nr. 20, Bl. Z7B
333.	Mehedinti	Ag. Cora Turnu Severin	Drobeta Turnu Severin	Str. Constructorului, nr. 1
334.	Mures	Ag. Tg. Mures	Targu Mures	Str. Gheorghe Doja, Nr. 64-68
335.	Mures	Ag. Ludus	Ludus	Str. Crinului, Nr. 1

Nr.	County	Name of the unit	City	Address
336.	Mures	Ag. Reghin	Reghin	Str. Mihai Viteazu, Nr. 20
337.	Mures	Ag. Sighisoara	Sighisoara	Str. Morii, Nr. 14-18
338.	Mures	Ag. Tarnaveni	Tarnaveni	Str. Republicii, Nr. 74, Ap. 19
339.	Mures	Ag. Mures 1 (Selgros)	Ernei	Comuna Ernei, nr. 591
340.	Mures	Ag. Bartok Bela	Targu Mures	Str. Bartok Bela, Nr. 1-3
341.	Mures	Ag. Fortuna	Targu Mures	Str. Infratirii, Nr. 4
342.	Mures	Ag. Maris (Altex)	Targu Mures	Str. Gheorghe Doja, Nr. 243
343.	Mures	Ag. Dambu Pietros	Targu Mures	Targu Mures, Strada B-dul 1848, Nr. 15, jud. Mures
344.	Mures	Ag. Sovata	Sovata	Str. Principala, Nr. 180/A
345.	Neamt	Ag. Neamt	Piatra Neamt	Piata Stefan cel Mare, Nr. 3
346.	Neamt	Ag. Poiana Teiului	Poiana Teiului	Loc. Poiana Teiului
347.	Neamt	Ag. Roman	Roman	Str. Nicolae Titulescu, Nr. 42
348.	Neamt	Ag. Targu Neamt	Targu Neamt	Aleea Salcamilor, Nr. 1, Complex comercial, Zona R
349.	Neamt	Ag. Mira	Piatra Neamt	B-dul Traian, Nr. 15, Bl. A3
350.	Neamt	Ag. Cozla	Piatra Neamt	Str. Mihai Viteazul, Nr. 6A
351.	Olt	Ag. Olt	Slatina	Str. Basarabilor, Nr. 2
352.	Olt	Ag. Caracal	Caracal	Str. Parangului, Bl. 4A
353.	Olt	Ag. Draganesti Olt	Draganesti Olt	Str. Nicolae Titulescu, nr. 129
354.	Olt	Ag. Scornicesti	Scornicesti	B-dul. Muncii nr. 7, Bloc 1A, Scara B, parter
355.	Olt	Ag. Slatina	Slatina	B-dul. Alex Ioan Cuza, Bl. D9,D10
356.	Olt	Ag. Minulescu	Slatina	Str. Arcului, nr. 1A
357.	Olt	Ag. Crisan	Slatina	Str. Crisan II, nr. 4
358.	Olt	Ag. Corabia	Corabia	Str. 1 Mai, Bl. 32-33
359.	Prahova	Ag. Prahova	Ploiesti	Str. Constantin Dobrogeanu Gherea, Nr. 1A, Bl. D (zonele a.1 si a.2) si Nr. 1B, bl. E (zonele b.1, b.2)
360.	Prahova	Ag. Mizil	Mizil	Str. Nicolae Balcescu, Nr. 38, Bl. 43 B
361.	Prahova	Ag. Ploiesti 1	Ploiesti	B-dul.Republicii, nr. 118, bl. 15 B2
362.	Prahova	Ag. Ploiesti Vest (Selgros)	Ploiesti	Str. Gh. Grigore Cantacuzino, Nr. 366A
363.	Prahova	Ag. Mihai Bravu	Ploiesti	Str. Mihai Bravu, Aleea Chimiei 5, bloc 4B, si Str. Mihai Bravu, nr. 4A-4B,

Nr.	County	Name of the unit	City	Address
				magazin 125, bl. 4A
364.	Prahova	Ag. Orient	Ploiesti	B-dul Bucuresti, nr. 11, bloc 8C
365.	Prahova	Ag. Ploiesti Nord	Ploiesti	Sos Nordului, nr. 1A
366.	Prahova	Ag. Caragiale	Ploiesti	Str. Grivitei, nr. 2, bloc H, zona B
367.	Prahova	Ag. Bucov (AFI mall)	Ploiesti	Str. Calomfirescu, Nr. 2, Ploiesti, Jud. Prahova, România, Unitatea nr. G130, in incinta Centrului Comercial AFI Palace Ploiesti
368.	Prahova	Ag. Valenii de Munte	Valenii de Munte	Str. Nicolae Iorga, nr. 76, bl. C2
369.	Prahova	Ag. Urlati	Urlati	Str. 1 Mai, Nr. 116
370.	Prahova	Ag. Busteni	Busteni	B-dul Libertatii, nr. 166
371.	Prahova	Ag. Campina	Campina	Str.1 Mai, bl 12 G, parter
372.	Prahova	Ag. Carol	Campina	Bld. Carol I, nr. 17, bl. 17 D1, Campina
373.	Prahova	Ag. Baicoi	Baicoi	Str.Republicii, nr. 20, bl. 28
374.	Prahova	Ag. Breaza	Breaza	Str. Republicii, nr. 21
375.	Salaj	Ag. Zalau	Zalau	Str. Unirii, Nr. 19
376.	Salaj	Ag. Meses	Zalau	Str. Tudor Vladimirescu, Nr. 54
377.	Salaj	Ag. Porolissum	Zalau	Str. Mihai Viteazul, Bloc B120/B, Ap. 33/I
378.	Salaj	Ag. Jibou	Jibou	Str. 1 Mai, Bloc M30, Ap. 13/1
379.	Salaj	Ag. Simleu Silvaniei	Simleu Silvaniei	Str. 1 Decembrie, Nr. 5, Bloc D5
380.	Satu Mare	Ag. Satu Mare	Satu Mare	Piata Libertatii, Nr. 11
381.	Satu Mare	Ag. Soarelui	Satu Mare	Str. Lucian Blaga, bloc UU18, Parter
382.	Satu Mare	Ag. Carei	Carei	Str. 1 Decembrie 1918, Nr. 19
383.	Satu Mare	Ag. Negresti - Oas	Negresti Oas	Strada Victoriei, Bloc 9
384.	Satu Mare	Ag. Nufarul	Satu Mare	Str. Careiului, Bl. C25
385.	Sibiu	Ag. Sibiu	Sibiu	Piata Aurel Vlaicu, Nr. 9
386.	Sibiu	Ag. Agnita	Agnita	Str. Avram Iancu, Nr. 1
387.	Sibiu	Ag. Avrig	Avrig	Str. Samuel Brukenthal, Nr. 4
388.	Sibiu	Ag. Medias	Medias	Str. I.C. Bratianu, Nr. 3
389.	Sibiu	Ag. Brukenthal	Sibiu	Str. Tribunei, Nr. 2, Ap. 1/2, Sibiu, Jud. Sibiu
390.	Sibiu	Ag. Saliste	Saliste	Piata Junilor, Nr. 15

Nr.	County	Name of the unit	City	Address
391.	Sibiu	Ag. Hermannstadt	Sibiu	Str. 9 Mai, Nr. 2
392.	Sibiu	Ag. Vasile Aaron	Sibiu	Cartier Vasile Aaron, Str. Semaforului, Bl. 14
393.	Sibiu	Ag. Emil Cioran	Sibiu	Str. Gorjului, Nr. 4, Bl. 15, Ap. 9, Parter
394.	Sibiu	Ag. Tineretului	Sibiu	Str. Uzinei, Nr. 2A, Jud. Sibiu
395.	Sibiu	Ag. Selimbar (Altex)	Sibiu	Com. Selimbar, DN1-km 306
396.	Suceava	Ag. Falticeni	Falticeni	B-dul 2 Graniceri, Bl. 51
397.	Suceava	Ag. Suceava	Suceava	B-dul George Enescu, Nr. 16
398.	Suceava	Ag. Gura Humorului	Gura Humorului	Piata Republicii, Nr. 16
399.	Suceava	Ag. Radauti	Radauti	Piata Unirii, Nr. 33
400.	Suceava	Ag. Vatra Dornei	Vatra Dornei	Str. Mihai Eminescu, Nr. 28
401.	Suceava	Ag. Bucovina	Suceava	Str. Nicolae Balcescu, Nr. 2
402.	Suceava	Ag. Itcani (Selgros)	Suceava	Str. Cernauti, nr. 118
403.	Suceava	Ag. Burdujeni	Suceava	Calea Unirii, Nr. 39, Bl. 92, Sc. F
404.	Suceava	Ag. Campulung Moldovenesc	Campulung Moldovenesc	Calea Transilvaniei , Nr. 13-15
405.	Teleorman	Ag. Teleorman	Alexandria	Str. Av. Al.Colfescu, Nr. 63
406.	Teleorman	Ag. Alexandria	Alexandria	Str. Libertatii, Nr. 202, Jud. Teleorman
407.	Teleorman	Ag. Rosiori de Vede	Rosiorii de Vede	Strada Dunarii, Bl. D3
408.	Teleorman	Ag. Turnu Magurele	Turnu Magurele	Str. Republicii, Bl. G4
409.	Teleorman	Ag. Videle	Videle	Sos. Giurgiului, Nr. 21, Complex Stejarul
410.	Teleorman	Ag. Zimnicea	Zimnicea	Str. Mihai Viteazul, Bl. 18C
411.	Teleorman	Ag. Unic	Rosiorii de Vede	Str. Rahovei, Bl. 102-103
412.	Timis	Ag. Timisoara	Timisoara	Str. Coriolan Brediceanu, Nr. 10, Corp B
413.	Timis	Ag. Deta	Deta	Str. Victoriei, Nr. 3
414.	Timis	Centrul Operational de Afaceri Timisoara	Timisoara	Str. Grigore T. Popa, Nr. 81, Ap. SAD 2, Jud. Timis
415.	Timis	Ag. Sannicolau Mare	Sannicolau Mare	Bdul. Republicii, nr. 12
416.	Timis	Ag. Jimbolia	Jimbolia	Str. Republicii, nr. 44, Ap. 1, Jimbolia, Jud. Timis
417.	Timis	Ag. Aries	Timisoara	Str. Aries, nr. 20
418.	Timis	Ag. Timisoara 2 (Selgros)	Timisoara	Calea Aradului, nr. 64, Timisoara
419.	Timis	Ag. Fabric	Timisoara	Str. Stefan cel Mare, nr. 53, corp B,

Nr.	County	Name of the unit	City	Address
				spatiul comercial nr. 2
420.	Timis	Ag. Timisoara Nord	Timisoara	Str. Gen. Ioan Dragalina, Nr. 47
421.	Timis	Ag. Stiintei	Timisoara	Str. Stiintei, Nr. 5
422.	Timis	Ag. Simion Barnutiu	Timisoara	Str. Simion Barnutiu, Nr. 56
423.	Timis	Ag. Bega	Timisoara	Str. Paris, Nr. 2A, Zona B
424.	Timis	Ag. Tisa	Timisoara	Str. Nicolae Balcescu, Nr. 5
425.	Timis	Ag. Banat	Timisoara	Calea Sever Bocu, Nr. 43, Bl. 35
426.	Timis	Ag. Calea Aradului	Timisoara	Str. Calea Aradului, Nr. 42, Scara B
427.	Timis	Ag. Iulius Mall Timisoara	Timisoara	Str. Aristide Demetriade, Nr. 1, Timisoara, Jud. Timis
428.	Timis	Ag. Sagului	Timisoara	Timisoara, Calea Sagului nr. 100, 104-106-108-110, Unitatea nr. C055, in cadrul Shopping City Timisoara, Jud. Timis
429.	Timis	Ag. Lugoj	Lugoj	Str. 20 Decembrie 1989 , Nr. 36
430.	Timis	Ag. Faget	Faget	Str. 1 Decembrie 1918, Nr. 1
431.	Tulcea	Ag. Tulcea	Tulcea	Str. Grivitei, Nr. 19
432.	Tulcea	Ag. Babadag	Babadag	Str. Republicii, nr. 98, zona A, Babadag
433.	Tulcea	Ag. Dunarea	Tulcea	Str. Isaccei, nr. 4, Bl. G0
434.	Tulcea	Ag. Egreta	Tulcea	Str. Isaccei, Bloc U2, judetul Tulcea
435.	Tulcea	Ag. Delta	Tulcea	Str. Frasinului, nr. 4, bl. 4, sc. B
436.	Valcea	Ag. Valcea	Ramnicu Valcea	Str. Stirbei Voda, nr. 2, bl T1
437.	Valcea	Ag. Calimanesti	Calimanesti	Str. Calea lui Traian, nr. 322
438.	Valcea	Ag. Berbesti	Berbesti	Bl. B1, Berbesti
439.	Valcea	Ag. Horezu	Horezu	Str. 1 Decembrie, Nr. 5
440.	Valcea	Ag. Ostroveni	Ramnicu Valcea	B-dul Tineretului, Nr. 8
441.	Valcea	Ag. Valcea Nord	Ramnicu Valcea	Str. Calea lui Traian, nr. 160, Bl. 21, zona A
442.	Valcea	Ag. Dragasani	Dragasani	Str. Gib Mihaescu, Nr. 20, Bl. 52
443.	Vaslui	Ag. Vaslui	Vaslui	Str. Stefan cel Mare, Bl. 94, Sc. C, D, Nr. 2-4
444.	Vaslui	Ag. Husi	Husi	Str. Gral. Telman, Nr. 1
445.	Vaslui	Ag. Podul Inalt	Vaslui	Str. Traian, Bl. C2, Sc. A
446.	Vaslui	Ag. Barlad	Barlad	Str. V Lupu si Str. 1 Decembrie, bl. M4, sc. B si D
447.	Vaslui	Ag. Fagului	Barlad	Str. Fagului, Nr. 3, Bloc D1-8, Scara 6,

Nr.	County	Name of the unit	City	Address
				Apartament 1, jud. Vaslui
448.	Vrancea	Ag. Vrancea	Focsani	Focsani, Bulevardul Unirii, Nr. 28, jud. Vrancea
449.	Vrancea	Ag. Adjud	Adjud	Str. Republicii, Nr. 43, Bl. 92
450.	Vrancea	Ag. Odobesti	Odobesti	Str. Stefan cel Mare, Nr. 40, Bl. G1
451.	Vrancea	Ag. Panciu	Panciu	Str. Nicolae Titulescu, Nr. 75
452.	Vrancea	Ag. Republicii	Focsani	Str. Republicii, Nr. 18

SCHEDULE 2

GROUP FINANCIAL STATEMENTS

KPMG

KPMG Audit SRL
Victoria Business Park
DN1, Soseaua Bucuresti-Ploiesti nr. 69-71
Sector 1

P.O. Box 18-191
Bucharest 013685
Romania
Tel: +40 (21) 201 22 22
+40 (372) 377 800
Fax: +40 (21) 201 22 11
+40 (372) 377 700
www.kpmg.ro

Independent Auditors' Report

(free translation[1])

To the Shareholders of
Purcari Wineries Ltd. (former Bostavan Wineries Ltd.)

Opinion

We have audited the non-statutory consolidated financial statements of Purcari Wineries Ltd. (former Bostavan Wineries Ltd.) ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statements of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information ("the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, 31 December 2015 and 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU").

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian, which is the official and binding version.

Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Non-statutory consolidated financial statements

We draw attention to Note 2 to the accompanying consolidated financial statements, which describes that these consolidated financial statements are not the statutory consolidated financial statements of the Group and are not intended for statutory filing purposes in any jurisdiction. These non-statutory consolidated financial statements have been prepared to provide information to potential investors on the financial position and performance of the Group. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within2018 the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Refer to the original signed Romanian version

K.

KPMG Audit S.R.L.
Bucharest, Romania
10 January 2018

Purcari Wineries Ltd.

(formerly Bostavan Wineries Ltd.)

Non-statutory Consolidated Financial Statements

31 December 2016, 31 December 2015 and
31 December 2014

(free translation)[1]

[1] TRANSLATOR'S EXPLANATORY NOTE: This translation is provided as a free translation from Romanian version, which is the official and binding version.

Contents

Purcari Wineries Ltd. (formerly Bostavan Wineries Ltd.)
Consolidated Statements of Financial Position as at 31 December 2016, 31 December 2015 and 31 December 2014
all amounts are in RON, unless stated otherwise

	Note	31 December 2016	31 December 2015	31 December 2014	1 January 2014
Assets					
Property, plant and equipment	7	64,931,515	65,640,644	74,594,686	83,796,622
Intangible assets	8	1,058,552	968,119	977,573	1,099,319
Loans receivable	9	2,840,953	2,508,102	2,192,651	1,871,604
Inventories	11	7,756,212	11,704,718	20,208,545	19,955,618
Other non-current assets		9,441	24,006	-	-
Total non-current assets		**76,596,673**	**80,845,589**	**97,973,455**	**106,723,163**
Inventories	11	42,977,342	34,841,984	24,317,930	24,088,040
Trade and other receivables	10	30,416,981	23,262,727	18,356,780	20,395,202
Cash and cash equivalents	12	13,267,974	1,466,304	574,203	840,524
Current tax assets		380,377	1,907	26,917	155,718
Prepayments		3,239,507	390,845	472,708	1,018,520
Other current assets		77,373	63,397	29,879	68,409
Total current assets		**90,359,554**	**60,027,164**	**43,778,417**	**46,566,413**
Total assets		**166,956,227**	**140,872,753**	**141,751,872**	**153,289,576**
Equity					
Share capital	13	34,838	34,838	34,838	34,838
Share premium	13	123,685,006	123,685,006	123,685,006	123,685,006
Contributions by owners	13	8,916,387	8,916,387	6,660,057	6,660,057
Translation reserve		909,278	(726,947)	865,926	(233,393)
Accumulated losses		(67,154,895)	(86,896,515)	(86,318,265)	(78,083,961)
Equity attributable to owners of the Company		**66,390,614**	**45,012,769**	**44,927,562**	**52,062,547**
Non-controlling interests	27	**10,395,478**	**6,682,077**	**6,631,684**	**6,618,585**
Total equity		**76,786,092**	**51,694,846**	**51,559,246**	**58,681,132**
Liabilities					
Borrowings and finance lease	14	11,098,108	3,748,264	464,124	2,505,246
Deferred income	15	47,861	41,054	404,910	593,502
Deferred tax liability	24	5,066,408	5,328,688	5,921,751	7,021,507
Total non-current liabilities		**16,212,377**	**9,118,006**	**6,790,785**	**10,120,255**
Borrowings and finance lease	14	47,534,071	55,559,230	58,124,023	56,527,067
Deferred income	15	76,156	365,603	330,437	507,978
Current tax liabilities		3,033,139	1,353,675	895,313	3,612
Employee benefits	25	1,200,080	943,290	935,657	775,845
Trade and other payables	16	18,667,278	20,480,416	22,322,160	26,673,687
Provisions	22	3,447,034	1,357,687	794,251	-
Total current liabilities		**73,957,758**	**80,059,901**	**83,401,841**	**84,488,189**
Total liabilities		**90,170,135**	**89,177,907**	**90,192,626**	**94,608,444**
Total equity and liabilities		**166,956,227**	**140,872,753**	**141,751,872**	**153,289,576**

The accompanying notes are an integral part of these non-statutory consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 10 January 2018.

Victor Bostan
General Manager and
Chairman of Board of Directors

Victor Arapan
Chief Financial Officer

	Note	2016	2015	2014
Revenue	**17**	106,760,242	71,249,539	59,644,226
Cost of sales	**18**	(53,471,103)	(42,460,466)	(39,499,790)
Gross profit		**53,289,139**	**28,789,073**	**20,144,436**
Other operating income	**21**	1,223,583	680,766	810,431
Marketing and sales expenses	**19**	(9,562,730)	(7,401,627)	(5,152,486)
General and administrative expenses	**20**	(11,801,203)	(9,450,373)	(9,925,301)
Other operating expenses	**22**	(1,449,118)	(1,006,984)	(3,647,924)
Result from operating activities		**31,699,671**	**11,610,855**	**2,229,156**
Finance income	**23**	158,309	156,222	130,619
Finance costs	**23**	(4,884,140)	(11,566,028)	(10,332,842)
Net finance costs	**23**	**(4,725,831)**	**(11,409,806)**	**(10,202,223)**
Profit/ (loss) before tax		**26,973,840**	**201,049**	**(7,973,067)**
Income tax benefit/ (expense)	**24**	(3,861,453)	(34,840)	91,002
Profit/ (loss) for the year		**23,112,387**	**166,209**	**(7,882,065)**
Profit/ (loss) attributable to:				
Owners of the Company		19,741,620	(578,250)	(8,234,304)
Non-controlling interests	**27**	3,370,767	744,459	352,239
Profit/ (loss) for the year		**23,112,387**	**166,209**	**(7,882,065)**
Other comprehensive income/ (loss)				
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences		1,966,015	(2,286,939)	760,179
Other comprehensive income/ (loss) for the		**1,966,015**	**(2,286,939)**	**760,179**
Total comprehensive income/ (loss) for the		**25,078,402**	**(2,120,730)**	**(7,121,886)**
Total comprehensive income/ (loss) attributable to:				
Owners of the Company		21,377,845	(2,171,123)	(7,134,985)
Non-controlling interests	**27**	3,700,557	50,393	13,099
Total comprehensive income/ (loss) for the		**25,078,402**	**(2,120,730)**	**(7,121,886)**
Earnings/ (loss) per share				
Basic and diluted earnings / (loss) per share	**13**	**4.15**	**(0.12)**	**(1.73)**

The accompanying notes are an integral part of these non-statutory consolidated financial statements.

	Note	2016	2015	2014
Cash flow from operating activities				
Profit/ (loss) for the year		23,112,387	166,209	(7,882,065)
Adjustments for:				
Depreciation and amortization	**7, 8**	5,383,473	6,043,676	6,988,330
Loss/ (gain) on disposal of property, plant and equipment and intangible assets	**22**	(166,671)	(249,695)	(164,546)
Impairment of property, plant and equipment, net	**7**	(116,126)	(60,847)	(58,584)
Write-down of inventories, net	**11**	164,951	354,388	(181,996)
Impairment of loans receivable, net	**22**	(73,739)	(924,960)	(432,884)
Impairment of trade receivables, net	**22**	440,013	777,162	1,867,444
Impairment of other receivables, net	**22**	(82,637)	(162,051)	(47,796)
Release of deferred income	**21**	(405,810)	(364,699)	(360,739)
Gains on write-off of trade and other payables	**21**	(263,056)	(174,020)	(191,182)
Adjustment to fair value of biological assets	**22**	(942,530)	283,091	1,063,268
Change in provisions, net	**22**	1,922,786	448,254	721,522
Income tax expense/ (benefit)	**24**	3,861,453	34,840	(91,002)
Net finance costs	**23**	4,725,831	11,409,806	10,202,223
		37,560,325	**17,581,154**	**11,431,993**
Changes in:				
Inventories		(2,477,269)	(6,554,363)	(3,360,966)
Trade and other receivables		(5,454,777)	(4,269,972)	(826,522)
Prepayments		(2,755,864)	34,040	507,869
Other assets		1,745	(60,510)	36,302
Employee benefits		226,511	104,713	202,024
Trade and other payables		(2,599,650)	(762,505)	(1,808,511)
Deferred income		122,242	42,577	-
Cash generated from operating activities		**24,623,263**	**6,115,134**	**6,182,189**
Income tax paid		(2,995,345)	-	-
Interest paid		(4,054,678)	(4,774,734)	(4,836,265)
Net cash generated from operating activities		**17,573,240**	**1,340,400**	**1,345,924**
Cash flows from investing activities				
Payments for acquisition of intangible assets	**8**	(137,660)	(118,945)	(42,481)
Payments for acquisition of property, plant and equipment	**7**	(3,981,187)	(4,641,437)	(2,017,166)
Loans granted		(450,259)	(240,562)	-
Collections from loans granted		450,259	-	413,532
Proceeds from sale of property, plant and equipment		792,132	585,381	510,321
Net cash used in investing activities		**(3,326,715)**	**(4,415,563)**	**(1,135,794)**
Cash flows from financing activities				
Receipt of borrowings		19,607,450	22,421,297	17,813,236
Repayment of borrowings and finance lease		(22,438,697)	(18,310,131)	(18,007,811)
Proceeds from issue of shares in subsidiaries		12,844	-	-
Net cash generated from/ (used in) financing activities		**(2,818,403)**	**4,111,166**	**(194,575)**
Net increase in cash and cash equivalents		**11,428,122**	**1,036,003**	**15,555**
Cash and cash equivalents at 1 January		1,466,304	574,203	840,524
Effect of movements in exchange rates on cash held		373,548	(143,902)	(281,876)
Cash and cash equivalents at 31 December	**12**	**13,267,974**	**1,466,304**	**574,203**

In 2015 the contribution from the former owners of the Company of RON 2,578,663 was recognised as a decrease in trade and other payables, an increase in equity of RON 2,256,330 and increase in deferred tax liabilities of RON 322,333.

The accompanying notes are an integral part of these non-statutory consolidated financial statements.

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Contribu-tions by owners**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**34,838**	**123,685,006**	**6,660,057**	**(233,393)**	**(78,083,961)**	**52,062,547**	**6,618,585**	**58,681,132**
Comprehensive income/ (loss)								
Profit/ (loss) for the year	-	-	-	-	(8,234,304)	(8,234,304)	352,239	(7,882,065)
Foreign currency translation differences	-	-	-	1,099,319	-	1,099,319	(339,140)	760,179
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**1,099,319**	**(8,234,304)**	**(7,134,985)**	**13,099**	**(7,121,886)**
Balance at 31 December 2014	**34,838**	**123,685,006**	**6,660,057**	**865,926**	**(86,318,265)**	**44,927,562**	**6,631,684**	**51,559,246**
Total comprehensive income/ (loss)								
Profit/ (loss) for the year	-	-	-	-	(578,250)	(578,250)	744,459	166,209
Foreign currency translation differences	-	-	-	(1,592,873)	-	(1,592,873)	(694,066)	(2,286,939)
Total comprehensive income/ (loss) for the year	**-**	**-**	**-**	**(1,592,873)**	**(578,250)**	**(2,171,123)**	**50,393**	**(2,120,730)**
Transactions with owners of the Company								
Contributions by owners of the Company, net of tax	-	-	2,256,330	-	-	2,256,330	-	2,256,330
Balance at 31 December 2015	**34,838**	**123,685,006**	**8,916,387**	**(726,947)**	**(86,896,515)**	**45,012,769**	**6,682,077**	**51,694,846**
Total comprehensive income								
Profit for the year	-	-	-	-	19,741,620	19,741,620	3,370,767	23,112,387
Foreign currency translation differences	-	-	-	1,636,225	-	1,636,225	329,790	1,966,015
Total comprehensive income for the year	**-**	**-**	**-**	**1,636,225**	**19,741,620**	**21,377,845**	**3,700,557**	**25,078,402**
Other changes in equity								
Issue of share capital in subsidiaries	-	-	-	-	-	-	12,844	12,844
Balance at 31 December 2016	**34,838**	**123,685,006**	**8,916,387**	**909,278**	**(67,154,895)**	**66,390,614**	**10,395,478**	**76,786,092**

The accompanying notes are an integral part of these non-statutory consolidated financial statements.

Note 1. Reporting entity

These financial statements are the consolidated non-statutory financial statements of Purcari Wineries Ltd (formerly Bostavan Wineries Ltd) (the "Company") and its subsidiaries (together "the Group").

Purcari Wineries Ltd is a company domiciled in Cyprus. The registered office of the Company is 1 Lampousas Street, 1095 Nicosia, Cyprus, Tax Identification Number 12201949I. In December 2017 the Company changed its name from Bostavan Wineries Ltd to Purcari Wineries Ltd. The ultimate controlling party is the private equity investment fund, Emerging Europe Growth Fund II.

The Group is primarily involved in the production and sale of wine and brandy.

Subsidiaries

The Group's subsidiaries and information related to the Company's ownership interest, are presented below:

	Country of incorporation	Ownership interest		
		31 December 2016	31 December 2015	31 December 2014
Vinorum Holdings Ltd	Gibraltar	100%	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%	100%
Crama Ceptura SRL	Romania	100%	100%	100%
Vinaria Bostavan SRL	Republic of Moldova	99.54%	99.54%	99.50%
Vinaria Purcari SRL	Republic of Moldova	91.05%	91.05%	91.05%
Vinaria Bardar SA	Republic of Moldova	54.61%	54.61%	54.61%

The structure of the Group as at 31 December 2016 is as follows:

- Purcari Wineries Ltd (formerly Bostavan Wineries Ltd) is a holding company and is domiciled in Cyprus;
- Vinorum Holdings Ltd is a holding company and is domiciled in Gibraltar;
- West Circle Ltd is a holding company and is domiciled in British Virgin Islands;
- Crama Ceptura SRL is domiciled in Romania. Its major activity is the production, bottling and sale of wines;
- Vinaria Bostavan SRL and Vinaria Purcari SRL are domiciled in Republic of Moldova. Their major activity is the production, bottling and sale of wines;
- Vinaria Bardar SA is domiciled in Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divins. The nominal ownership interest of the Group in Vinaria Bardar SA is 52.52%. However, because 3.83% of shares of Vinaria Bardar SA are treasury shares, the effective ownership interest of the Group in the subsidiary is equal to 54.61%.

Rights over land

Moldovan Legislation does not allow non-residents to own freehold land in the Republic of Moldova. In order to be able to exercise control over the land on which the Group's grape vines grow, the entire area of land was acquired by Victoriavin SRL, a related party of the Group. The Group's management considers that the related party should not be consolidated because this party is not controlled by the Company. The land is leased to Vinaria Bostavan SRL and Vinaria Purcari SRL, and on it, the grape vines of these subsidiaries are planted, as disclosed in Note 22 a).

In relation to the Investment Agreement dated 29 April 2010 (hereinafter referred to as "Investment Agreement"), whereby Lorimer Ventures Limited acquired 1,605,275 newly issued shares with a nominal value of EUR 0.00171 in Purcari Wineries Ltd for a price of USD 12,300,000, the following information is relevant:

Parties concluding the Investment agreement are:

- The Company;
- Amboselt Universal Inc. - as existing shareholder of the Company;
- International finance Corporation (IFC) - as existing shareholder of the Company;
- Detroit Investment Ltd. - former shareholder of the Company;
- Victor Bostan – major shareholder of Victoriavin SRL and minority shareholder of the Company through Amboselt Universal Inc.;
- Lorimer Ventures Limited – as new shareholder of the Company.

The Parties acknowledge that Victoriavin is a quasi-member of the Group, and that Victoriavin is directly and fully owned by Victor Bostan (who is also minority shareholder of the Company through Amboselt Universal Inc.), and not the Company, because of the prohibition in Moldovan Law for companies with any element of foreign capital (such as subsidiaries) to own agricultural land in the Republic of Moldova. If Moldovan Law would change and this restriction on ownership of agricultural land would be removed, the Company has the option of requiring Victor Bostan to sell to the Company or any of its subsidiaries the relevant agricultural land (free and clear of any liens) for a gross purchase price of up to USD 1,500 per hectare or 100% shareholding in Victoriavin for an equivalent price.

The Group's subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL rent land for their plantations of grape vines from the related party Victoriavin SRL based on lease agreements. The lease agreements valid at 31 December 2016 were for a period of 29 years, with maturities between 2033-2039, and the lessor or the lessee could have terminated the lease with 6 month notice period, with no penalties. On 1 January 2018 the Group signed new lease agreements with Victoriavin SRL for these plots of land, where the lease period is changed to 29 years from 1 January 2018 (to 31 December 2047), and the termination clause mentioned above has been excluded. The lease payment is done annually until 30 November.

Note 2. Basis of accounting

These consolidated non-statutory financial statements as at and for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 (hereinafter "consolidated financial statements" or "financial statements") have been prepared in accordance with International Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU").

These financial statements were authorized for issue by the Board of Directors on 10 January 2018. These financial statements will be submitted for shareholders' approval.

These are the Group's first consolidated financial statements prepared in accordance with IFRS-EU and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRS-EU from amounts reported previously in the financial statements for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards has affected the reported consolidated financial position, consolidated financial performance and consolidated cash flows of the Group is provided in Note 32.

These consolidated financial statements are not the statutory consolidated financial statements of the Group and are not intended for statutory filing purposes in any jurisdiction. These non-statutory consolidated financial statements have been prepared to provide information to potential investors on the financial position and performance of the Group.

Details of the Group's accounting policies are included in Note 6. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Note 3. Functional and presentation currency

The consolidated financial statements are presented in Romanian Leu ("RON") as the Group intends to list on the Bucharest Stock Exchange (BVB) in 2018. All amounts have been rounded to the nearest unit, unless otherwise indicated.

Each entity of the Group determines its own functional currency, and items included in its financial statements are measured using the functional currency.

The currencies of the primary economic environment in which the companies of the Group operate were as follows:

- Purcari Wineries Ltd, Vinorum Holdings Ltd, West Circle Ltd - US Dollar (USD),
- Crama Ceptura SRL - Romanian Leu (RON),
- Vinaria Bardar SA, Vinaria Bostavan SRL and Vinaria Purcari SRL - Moldovan Leu (MDL).

When converting functional currency to RON/presentation currency IAS 21 requires that assets and liabilities are converted using the closing exchange rate prevailing at each reporting date. Revenue and expenses are converted using the exchange rates prevailing at the transaction date. Equity elements, other than Profit or loss for the year and Translation reserve, are translated using the historical exchange rate at the transaction date.

All foreign exchange rate differences resulting from the translation from functional currency to presentation currency are recognized as a separate component of equity ("Translation reserve") in the Consolidated Statement of Financial Position and in other comprehensive income in the Consolidated Statement of Comprehensive Income.

Note 4. Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements was included in the following notes:

- Note 22 (b) – classification of joint arrangements;
- Note 29(ii) – classification of lease.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that may result in a material adjustment in the subsequent twelve month period was included in the following notes:

- Note 22 (a) – (c) – assumptions and estimates used in the valuation of harvest of grapes;
- Note 7 – the underlying assumptions concerning the recoverable amount of property, plant and equipment;
- Note 6 c) – estimates relating to the useful lives of property, plant and equipment;
- Note 9 – assumptions underlying recoverability of loan receivables.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values was included below and in the following notes:

- Note 7 – valuation of grape vines at 1 January 2014
- Note 22 (a) – (c) – valuation of biological assets (grapes on vines);
- Note 26 – financial instruments.

Note 5. Basis of measurement

Management has prepared these consolidated financial statements under the going concern basis.

The consolidated financial statements have been prepared on the historical cost basis, except for the biological assets (grapes on vines) which are measured at fair value less costs to sell.

Note 6. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated non-statutory financial statements.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) Non-controlling interests

The Group measures any non-controlling interests in the subsidiary at their proportionate share of the subsidiary's identifiable net assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of each company within Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RON at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RON at the exchange rates at the dates of the transactions. Components of equity are not retranslated, but recorded in RON from the initial translation into the presentation currency.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Grape vines

The Group has adopted the amendments to accounting standards IAS 16 *Property Plant and equipment* and IAS 41 *Agriculture* (effective for annual periods beginning on or after 1 January 2016). These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

Following this amendment, the Group used the fair value of bearer plants (grape vines) as at 1 January 2014 as deemed cost at that date.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and construction in progress are not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods were as follows:

- buildings and constructions 15-40 years
- equipment 3-25 years
- vehicles 5-12 years
- other fixed assets 2-30 years
- grape vines 30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d) Intangible assets

(i) Recognition and measurement

Intangible assets comprise software, instruction recipes, trademarks and licenses that are acquired by the Group and have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative years were as follows:

- software 3-10 years
- instruction recipes 5 years
- trademarks 5.5-10 years
- licenses period of licence validity

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Biological assets

Biological assets comprise grapes on the vine, which are measured at fair value less costs to sell, with any change therein recognized in profit or loss in other operating income.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of work in progress includes also storage costs, which are necessary in the production process before a further production stage.

The harvested product (grapes) is measured at fair value less cost to sell at the point of harvest. After harvest, it is treated as inventory in accordance with IAS 2.

g) Financial instruments

The Group classifies non-derivative financial assets into the loans and receivables category.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. Financial liabilities are initially recognised on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise loan receivables, trade receivables and cash and cash equivalents.

Loan receivables

Loan receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Trade receivables

Trade receivables include mainly the amount from sale of goods and services delivered until reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities include bank borrowings and trade payables.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

h) Impairment

(i) Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset’s carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and are reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (“CGUs”).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised in profit or loss.

i) Employee benefits

(i) Defined contribution plans

The Group, in the normal course of business makes payments to the National Social Insurance Authority and to the National Medical Insurance Authority on behalf of its Moldovan and Romanian employees for pension, health care and unemployment benefit. All employees of the Group are members and are also legally required to make defined contributions (included in the social security contributions) to the Moldovan and Romanian State pension plan (a State defined contribution plan).

Compulsory contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short term service benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

k) Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of the revenue can be measured reliably. Revenue is recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Services

Revenue is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to statements of work performed.

l) Governments grants

The Group recognises an unconditional government grant related to a grape vine in profit or loss as other operating income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

m) Subsequent events

Events occurring after the reporting date, which provide additional information about conditions prevailing at those reporting dates (adjusting events) are reflected in the consolidated financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting dates (non-adjusting events), when material, are disclosed in the notes to the financial statements.

n) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group’s incremental borrowing rate.

(ii) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group’s statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iv) Rental income

Rental income from property other than investment property is recognised as other income. Rental income is recognised on a straight-line basis over the term of the lease.

o) Finance income and finance costs

The Group’s finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

p) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

q) Standards, Interpretations and amendments to published Standards that are not yet effective -

The following new Standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2016 and have not been applied in preparing these financial statements:

- IFRS 9 *Financial Instruments (2014)* (Effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted.)

  This Standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

  Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

  A financial asset is measured at amortized cost if the following two conditions are met:

  - the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

  In addition, for a non-trading equity instrument, a company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

  For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on de-recognition.

  The impairment model in IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Company has analysed the provisions of IFRS 9 and concluded that it will not have material impact on the consolidated financial statements. The classification and measurement of the Group's financial instruments will not change under IFRS 9 because of the nature of the Group's operations and the types of financial instruments that it holds.

- IFRS 15 *Revenue from contracts with customers* (Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.) Clarifications to IFRS 15 Revenue from Contracts with Customers is not yet endorsed by the EU but IFRS 15 Revenue from Contracts with Customers including Effective Date of IFRS 15 have been endorsed by the EU.

  The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

  - over time, in a manner that depicts the entity's performance; or
  - at a point in time, when control of the goods or services is transferred to the customer.

  IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

  The Company has performed an analysis of its significant contracts and concluded that the new Standard, when initially applied, will not have material impact on the consolidated financial statements. The management estimates that the timing and measurement of the Group's revenues will not change under IFRS 15 because of the nature of the Group's operations and the types of revenues it earns.

- IFRS 16 *Leases* (Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15.) This pronouncement is not yet endorsed by the EU.

  IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

  Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognize a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

  The new Standard introduces a number of limited scope exceptions for lessees which include:
  - leases with a lease term of 12 months or less and containing no purchase options, and
  - leases where the underlying asset has a low value ('small-ticket' leases).

  Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases will be retained.

  The Company has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for the leases of land on which are planted the grape vines of the subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL. The Company has not yet prepared an analysis of the expected quantitative impact of the new Standard.

- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (The effective date has not yet been determined by the IASB, but early adoption is permitted.)

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Company does not expect that the amendments, when initially applied, will have material impact on the consolidated financial statements as the Group does not expect to have such transactions.

- Amendments to IAS 7 (Effective for annual periods beginning on or after 1 January 2017, to be applied prospectively. Early application is permitted.).

  The amendments require new disclosures that help users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as the effect of foreign exchange gains or losses, changes arising for obtaining or losing control of subsidiaries, changes in fair value).

  The Company expects that the amendments, when initially applied, will not have a material impact on the presentation of the consolidated financial statements of the Group.

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* (Effective for annual periods beginning on or after 1 January 2018; to be applied prospectively. Early application is permitted.)

  The amendments clarify how and when to account for deferred tax assets in certain situations and clarify how future taxable income should be determined for the purposes of assessing the recognition of deferred tax assets.

  The Company expects that the amendments, when initially applied, will not have a material impact on the presentation of the consolidated financial statements of the Group because the Group already measures future taxable profit in a manner consistent with the Amendments.

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (Effective for annual periods beginning on or after 1 January 2018).

  The Interpretation clarifies how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. In such circumstances, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

  The Company does not expect that the Interpretation, when initially applied, will have material impact on the consolidated financial statements as the Group uses the exchange rate on the transaction date for the initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

These amendments are applicable to annual periods beginning on or after 1 January 2017, with earlier adoption permitted. None of these amendments are expected to have significant impact on the consolidated financial statements of the Group, except for IFRS 16 *Leases* as disclosed above.

Note 7. Property, plant and equipment

The movements of property, plant and equipment from 1 January 2014 to 31 December 2016 were as follows:

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2016	**60,668**	**2,247,311**	**88,179,828**	**55,261,952**	**3,475,403**	**3,422,711**	**17,115,858**	**169,763,731**
Additions	2,484,105	-	39,123	615,756	454,362	65,175	322,666	3,981,187
Transfers	(2,218,917)	-	311,933	1,423,289	207,150	276,545	-	-
Disposals	(133,807)	-	-	(843,181)	(560,336)	(32)	(271,483)	(1,808,839)
Effect of movement in exchange rates	8,756	37,423	1,650,276	963,253	20,829	85,144	330,311	3,095,992
Balance at 31 December 2016	**200,805**	**2,284,734**	**90,181,160**	**57,421,069**	**3,597,408**	**3,849,543**	**17,497,352**	**175,032,071**
Accumulated depreciation and impairment losses								
Balance at 1 January 2016	**-**	**192,728**	**51,786,523**	**43,736,123**	**2,653,599**	**3,049,372**	**2,704,742**	**104,123,087**
Depreciation for the year	-	-	1,721,275	2,381,533	398,256	135,135	673,811	5,310,010
(Reversal of) impairment loss	-	-	(113,703)	(2,423)	-	-	-	(116,126)
Disposals	-	-	-	(512,413)	(472,150)	(20)	(198,795)	(1,183,378)
Effect of movement in exchange rates	-	-	1,055,383	788,032	16,239	51,818	55,491	1,966,963
Balance at 31 December 2016	**-**	**192,728**	**54,449,478**	**46,390,852**	**2,595,944**	**3,236,305**	**3,235,249**	**110,100,556**
Carrying amounts								
At 1 January 2016	**60,668**	**2,054,583**	**36,393,305**	**11,525,829**	**821,804**	**373,339**	**14,411,116**	**65,640,644**
At 31 December 2016	**200,805**	**2,092,006**	**35,731,682**	**11,030,217**	**1,001,464**	**613,238**	**14,262,103**	**64,931,515**

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2015	**108,764**	**2,462,023**	**97,060,647**	**58,096,108**	**3,620,058**	**3,699,534**	**19,512,323**	**184,559,457**
Additions	3,142,756	-	56,128	730,079	642,042	50,784	19,648	4,641,437
Transfers	(3,132,670)	-	340,485	3,084,826	(377,097)	84,456	-	-
Disposals	(46,939)	-	-	(1,610,940)	(71,846)	(12,634)	-	(1,742,359)
Effect of movement in exchange rates	(11,243)	(214,712)	(9,277,432)	(5,038,121)	(337,754)	(399,429)	(2,416,113)	(17,694,804)
Balance at 31 December 2015	**60,668**	**2,247,311**	**88,179,828**	**55,261,952**	**3,475,403**	**3,422,711**	**17,115,858**	**169,763,731**
Accumulated depreciation and impairment losses								
Balance at 1 January 2015	**52,058**	**192,728**	**55,430,847**	**45,492,265**	**2,730,839**	**3,315,296**	**2,750,738**	**109,964,771**
Depreciation for the year	-	-	1,771,012	3,243,075	284,617	93,481	592,203	5,984,388
(Reversal of) impairment loss	(46,939)	-	(10,551)	(3,357)	-	-	-	(60,847)
Disposals	-	-	-	(1,341,625)	(68,213)	-	-	(1,409,838)
Effect of movement in exchange rates	(5,119)	-	(5,404,785)	(3,654,235)	(293,644)	(359,405)	(638,199)	(10,355,387)
Balance at 31 December 2015	**-**	**192,728**	**51,786,523**	**43,736,123**	**2,653,599**	**3,049,372**	**2,704,742**	**104,123,087**
Carrying amounts								
At 1 January 2015	**56,706**	**2,269,295**	**41,629,800**	**12,603,843**	**889,219**	**384,238**	**16,761,585**	**74,594,686**
At 31 December 2015	**60,668**	**2,054,583**	**36,393,305**	**11,525,829**	**821,804**	**373,339**	**14,411,116**	**65,640,644**

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2014	**212,333**	**2,574,833**	**101,385,825**	**60,439,735**	**4,249,022**	**3,740,074**	**20,857,272**	**193,459,094**
Additions	1,538,070	-	17,858	218,549	236,758	5,931	-	2,017,166
Transfers	(1,632,849)	-	500,300	1,264,116	(283,225)	151,658	-	-
Disposals	-	-	-	(1,160,669)	(394,402)	-	-	(1,555,071)
Effect of movement in exchange rates	(8,790)	(112,810)	(4,843,336)	(2,665,623)	(188,095)	(198,129)	(1,344,949)	(9,361,732)
Balance at 31 December 2014	**108,764**	**2,462,023**	**97,060,647**	**58,096,108**	**3,620,058**	**3,699,534**	**19,512,323**	**184,559,457**
Accumulated depreciation and impairment losses								
Balance at 1 January 2014	**95,596**	**192,728**	**56,266,649**	**44,280,460**	**2,968,889**	**3,392,755**	**2,465,395**	**109,662,472**
Depreciation for the year	-	-	1,941,736	3,969,743	244,518	102,285	663,637	6,921,919
(Reversal of) impairment loss	(38,878)	-	(20,607)	901	-	-	-	(58,584)
Disposals	-	-	-	(955,199)	(321,982)	-	-	(1,277,181)
Effect of movement in exchange rates	(4,660)	-	(2,756,931)	(1,803,640)	(160,586)	(179,744)	(378,294)	(5,283,855)
Balance at 31 December 2014	**52,058**	**192,728**	**55,430,847**	**45,492,265**	**2,730,839**	**3,315,296**	**2,750,738**	**109,964,771**
Carrying amounts								
At 1 January 2014	**116,737**	**2,382,105**	**45,119,176**	**16,159,275**	**1,280,133**	**347,319**	**18,391,877**	**83,796,622**
At 31 December 2014	**56,706**	**2,269,295**	**41,629,800**	**12,603,843**	**889,219**	**384,238**	**16,761,585**	**74,594,686**

The property, plant and equipment of the Group was located in the following countries:

	31 December 2016	31 December 2015	31 December 2014
Republic of Moldova	58,820,586	59,692,326	68,687,263
Romania	6,110,929	5,948,318	5,907,423
Total	**64,931,515**	**65,640,644**	**74,594,686**

Depreciation charge

Depreciation charge is included in the following financial statement captions:

	2016	2015	2014
Cost of sales	2,744,567	3,466,877	3,934,044
General and administrative expenses	716,968	956,942	1,333,327
Inventories	1,712,240	1,380,268	1,430,346
Unallocated overheads	136,235	180,301	224,202
Total	**5,310,010**	**5,984,388**	**6,921,919**

Leased assets

The Group leases land, equipment and vehicles under a number of finance lease agreements. As at 31 December 2016, 31 December 2015 and 31 December 2014 the net carrying amount of the leased assets were as follows:

	31 December 2016	**31 December 2015**	**31 December 2014**
Vehicles	625,779	473,335	719,530
Equipment	86,801	277,114	363,378
Total	**712,580**	**750,449**	**1,082,908**

Security

The carrying amount of property, plant and equipment that is subject to a registered debenture to secure bank loans is disclosed in Note 14. The Group is not involved in any legal disputes that may restrict its ability to use or dispose of its properties.

Impairment

For the years 2016 and 2015 the Group generated profits before tax amounting to RON 26,973,840 and RON 201,049, and operating cash flows amounting to RON 17,573,240 and RON 1,340,400 respectively. The Group met the expectations set in the budgets for these years, and projected for the next years to continue the growth both in terms of revenue and profitability. Consequently, the Group concluded that no indicators of impairment were identified for the years ended 31 December 2016 and 31 December 2015 and no further impairment testing was performed.

As at 31 December 2014 the carrying amounts of the Group's property, plant and equipment were reviewed, as there were indications of impairment, due to large accumulated losses and loss for the year. Consequently, the asset's recoverable amount was estimated.

For the purpose of impairment testing, CGUs have been considered each individual subsidiary involved in the production process, that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs: Vinaria Bostavan SRL (VB), Vinaria Purcari SRL (VP), Vinaria Bardar SA (VBar), and Crama Ceptura SRL (CC).

As at 31 December 2014 the recoverable amount estimation of each CGU was based on its value in use, determined by discounting the future net cash flows to be generated from the continuing use of each CGU. The recoverable amounts of all CGUs exceeded their carrying amounts, and therefore no impairment losses were recognized.

The key assumption used in the estimation of value in use at 31 December 2014 were as follows:

	31 December 2014
Risk-adjusted discount rate, weighted average (VB, VP and VBar)	12.0%
Risk-adjusted discount rate, weighted average (CC)	6.9%
Terminal value growth rate (VB, VP, VBar and CC)	5.0%
Average budgeted EBITDA growth rate over next five years (VB)	15.6%
Average budgeted EBITDA growth rate over next five years (VP)	22.6%
Average budgeted EBITDA growth rate over next five years (VBar)	23.7%
Average budgeted EBITDA growth rate over next five years (CC)	35.6%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Since the year 2010, after the majority of the Company's shares were acquired by Lorimer Ventures Ltd., over the past four years, EBITDA increased at an average rate of 32% yearly. Revenue growth was projected taking into account the average growth levels experienced over the past four years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation in the markets where the goods manufactured by the CGUs are sold, over the next five years.

Grape vines

The Group has adopted the amendments to accounting standards IAS 16 *Property Plant and equipment* and IAS 41 *Agriculture* (effective for annual periods beginning on or after 1 January 2016). These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing.

Following this amendment, the Group used the fair value of bearer plants (grape vines) as at 1 January 2014 as deemed cost at that date.

At 1 January 2014 grape vines, which are located in Republic of Moldova, comprised approximate areas (hectares of plantations) as follows:

	1 January 2014
Area of plantations of mature vines, hectares	866
Area of plantations of immature vines, hectares	3
Total area of plantations of vines, hectares	**869**

The fair value at 1 January 2014 has been determined by the Management of the Group. The valuation has been prepared considering the aggregate net cash flows expected to be generated by the plantation over the life on each vine individually and include the related risks associated with the asset. A yield, which reflects the risk inherent in the net cash flow, is then applied to the net annual cash flows to arrive at the vines value. Grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage, and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.

The fair value measurement for biological assets has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4 (b)). The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Valuation technique	*Discounted cash flows*: The valuation model considers the present value of the net cash flows expected to be generated by the plantations, taking into account the estimated yields per hectare and prices for grapes, and maintenance costs per hectare. The expected net cash flows are discounted using a risk-adjusted discount rate. In order to arrive to the fair value of grape vines, from the net present value of the cash flows expected to be generated by the plantations, was deducted the carrying value of espaliers amounting to RON 4,901,806, which was included in the class of buildings and constructions of property, plant and equipment.
Significant unobservable inputs	• The grape vines become mature in the 5th year from plantation. Grape vines have an estimated useful life of 30 years from the year they become mature. • Estimated market prices for grapes per kilogram RON 0.84–1.50, weighted average RON 1.07. • Estimated maintenance costs per hectare for mature vines RON 5,156–7,093, weighted average RON 5,703; and for immature wines weighted average RON 7,376. • Subsequently the price for grapes increase on average by 5.0% yearly, and the maintenance costs increase on average by 5.0% yearly. These increases are in line with the projections made for consumer price index (CPI) by National Bank of Moldova. • Estimated yields, tonnes per hectare 3.4–14.3, weighted average of 6.9. • Risk-adjusted discount rate, weighted average, 12.10%.
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) by: • RON 750,961; if the estimated grapes prices per kilogram were higher (lower) by 1%; • RON 670,391, if the estimated yields per hectare were higher (lower) by 1%; • RON 501,666, if the estimated maintenance costs per hectare were lower (higher) by 1%; • RON 2,687,241, if the risk-adjusted discount rates were lower (higher) by 1 pp.

Note 8. Intangible assets

The movements in intangible assets from 1 January 2014 to 31 December 2016 are the following:

	2016	2015	2014
Cost			
Balance at 1 January	1,428,966	1,417,379	1,640,059
Additions	137,660	118,945	42,481
Disposals	-	(3,165)	(211,894)
Effect of movement in exchange rates	38,191	(104,193)	(53,267)
Balance at 31 December	**1,604,817**	**1,428,966**	**1,417,379**
Amortization			
Balance at 1 January	460,847	439,806	540,740
Amortization for the year	73,463	59,288	66,411
Disposals	-	-	(144,009)
Effect of movement in exchange rates	11,955	(38,247)	(23,336)
Balance at 31 December	**546,265**	**460,847**	**439,806**
Carrying amounts			
At 1 January	**968,119**	**977,573**	**1,099,319**
At 31 December	**1,058,552**	**968,119**	**977,573**

Intangible assets are represented by trademarks, technological instructions, licenses, software and other. The carrying amount of intangible assets that is subject to a registered debenture to secure bank loans is disclosed in Note 14.

The amortization was allocated to General and administrative expenses, Cost of sales, Inventories and Unallocated overheads.

Note 9. Loans receivable

As at 31 December 2016, 31 December 2015 and 31 December 2014 loans receivable were as follows:

	Currency	Interest rate	Year of maturity	31 December 2016	31 December 2015	31 December 2014
Victoriavin SRL (principal)	USD	10%	2017**	1,678,287	1,617,603	1,437,852
Victoriavin SRL (interest receivable)	USD	-	2017**	657,523	471,988	275,754
Victoriavin SRL (principal) *	MDL	22.31%	2017**	235,515	188,538	205,613
Victoriavin SRL (principal) *	MDL	21.65%	2019	54,308	43,737	40,256
Victoriavin SRL (principal) *	MDL	10.05%	2017**	215,320	186,236	233,176
Total loans receivable				**2,840,953**	**2,508,102**	**2,192,651**

(*) These are interest free loan receivables, which are discounted at the market interest rate from the date of grating the loans. At the date of the granting of the loan, the difference between the fair value and the nominal value of loans was treated as other operating expenses, impairment of loan receivables (see Note 22).

(**) The Group expects to realise these assets within a period longer than twelve months after the reporting period, therefore these loans receivable have been presented as long-term in the consolidated financial statements.

The Group rents land from Victoriavin SRL for its plantations of grape vines of subsidiaries in the Republic of Moldova, Vinaria Bostavan SRL and Vinaria Purcari SRL. All the lease agreements have a period of 29 years, and mature within the years 2033-2039. The future lease instalments to be paid according to the lease agreements with Victoriavin exceed the amount of loans receivable and other receivables due from this related party. The Group concluded that there are no impairment indicators related to the loan receivables from Victoriavin SRL, as it intends to recover them by offset with the future lease payables from rent of land.

Note 10. Trade and other receivables

As at 31 December 2016, 31 December 2015 and 31 December 2014, trade and other receivables were as follows:

	31 December 2016	31 December 2015	31 December 2014
Financial receivables			
Gross trade receivables	29,747,661	22,829,469	23,600,767
Trade receivables due from related parties (Note 28)	129,000	355,654	20,803
Allowance for impairment of trade receivables	(1,896,606)	(2,429,996)	(7,250,856)
Total financial receivables	**27,980,055**	**20,755,127**	**16,370,714**
Non-financial receivables			
Other receivables due from related parties (Note 28)	694,890	651,615	6,857
Other receivables	558,531	339,573	532,692
VAT receivable	1,005,570	1,396,351	1,243,902
Other taxes receivable	114,216	30,353	49,038
Excise receivable	63,719	89,708	153,577
Total non-financial receivables	**2,436,926**	**2,507,600**	**1,986,066**
Total trade and other receivables	**30,416,981**	**23,262,727**	**18,356,780**

The carrying amount of trade and other receivables that is subject to a registered debenture to secure bank loans is disclosed in Note 14.

The market risk, credit risk, aging of trade receivables at the reporting date and the movement in the allowance for impairment in respect of them during the year are disclosed in Note 26.

Note 11. Inventories

As at 31 December 2016, 31 December 2015 and 31 December 2014 inventories were as follows:

	31 December 2016	31 December 2015	31 December 2014
Raw materials			
Distilled alcohol	9,776,783	9,512,948	5,677,318
Wine materials	338,259	904,367	1,708,035
Other raw materials	189,599	198,889	262,382
Total raw materials	**10,304,641**	**10,616,204**	**7,647,735**
Other materials			
Packaging materials	5,937,500	4,905,556	4,792,323
Other materials	1,440,087	1,066,461	1,267,222
Chemicals	585,302	655,175	531,091
Total other materials	**7,962,889**	**6,627,192**	**6,590,636**
Semi-finished production			
Wine in barrels	26,762,209	22,817,609	24,602,327
Divin in barrels	2,245,247	2,370,084	1,937,234
Juice	-	34,386	263,457
Brandy in barrels	9,735	52,909	92,556
Total semi-finished production	**29,017,191**	**25,274,988**	**26,895,574**
Bottled finished goods			
Wine	3,266,355	3,874,063	3,109,373
Divin	175,988	144,193	263,529
Other finished goods	4,806	4,979	6,302
Brandy	1,684	5,083	13,326
Total bottled finished goods	**3,448,833**	**4,028,318**	**3,392,530**
Total inventories	**50,733,554**	**46,546,702**	**44,526,475**

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 14.

The inventories that are expected to be recovered in more than 12 months after the end of the reporting date have been classified to non-current assets and amount to RON 7,756,212 as at 31 December 2016 (2015: RON 11,704,718, 2014: RON 20,208,545). These relate to wine in barrels RON 1,445,311 (2015: RON 2,892,503, 2014: RON 14,351,870) and distilled alcohol and divin in barrels RON 6,310,901 (2015: RON 8,812,215, 2014: RON 5,856,675).

Write-down / (reversal) of inventories for the year ended 31 December 2016 of RON 164,951 (2015: RON 354,388, 2014: (RON 181,996)) was recognised in cost of sales.

Note 12. Cash and cash equivalents

As at 31 December 2016, 31 December 2015 and 31 December 2014 cash and cash equivalents were as follows:

	31 December 2016	**31 December 2015**	**31 December 2014**
Bank accounts	13,119,235	1,437,233	545,259
Petty cash	148,739	29,071	28,944
Total cash and cash equivalents	**13,267,974**	**1,466,304**	**574,203**

Cash and cash equivalents consist of cash in hand, short-term deposits and balances with banks, which are at the free disposal of the Group.

The carrying amount of cash and cash equivalents that is subject to a registered debenture to secure bank loans is disclosed in Note 14.

Note 13. Equity attributable to owners of the Company

	2016	**2015**	**2014**
(in shares)			
On issue at 1 January	4,751,295	4,751,295	4,751,295
Issued during the year	-	-	-
On issue at 31 December	**4,751,295**	**4,751,295**	**4,751,295**
Authorized – par value EUR 0.00171	**4,751,295**	**4,751,295**	**4,751,295**

Share capital and share premium

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared, and are entitled to one vote per share at meetings of the Company.

At 31 December 2016, 31 December 2015 and 31 December 2014 the share capital structure and the ownership of registered shares was as follows:

	Amount of share capital	**Number of shares**	**% of ownership**
Lorimer Ventures Limited	22,139	3,019,523	63.55%
Amboselt Universal Inc.	10,462	1,426,855	30.03%
International Finance Corporation	2,237	304,917	6.42%
Total	**34,838**	**4,751,295**	**100%**

The share premium resulting at the time of subscription of ordinary shares amounted to RON 123,685,006.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation to the presentation currency.

Contributions by owners

These represent contribution from the former owners of the Company.

Earnings per share

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	2016	2015	2014
Profit/ (loss) for the year, attributable to owners of the Company	19,741,620	(578,250)	(8,234,304)
Weighted-average number of ordinary shares outstanding	4,751,295	4,751,295	4,751,295
Earnings / (loss) per share – basic and diluted	**4.15**	**(0.12)**	**(1.73)**

The Group has not issued any potentially dilutive instruments.

Note 14. Borrowings and finance lease

This note provides information about the contractual terms of the Group's interest-bearing borrowings and finance lease, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 26.

As at 31 December 2016, 31 December 2015 and 31 December 2014, borrowings and finance lease were as follows:

	31 December 2016	31 December 2015	31 December 2014
Non-current liabilities			
Secured bank loans	10,690,742	3,456,635	-
Finance lease liabilities	407,366	291,629	464,124
Total non-current portion	**11,098,108**	**3,748,264**	**464,124**
Current liabilities			
Current portion of secured bank loans	47,287,117	55,117,011	57,642,612
Current portion of finance lease liabilities	244,796	440,109	479,050
Unsecured loans from related parties	2,158	2,110	2,361
Total current portion	**47,534,071**	**55,559,230**	**58,124,023**
Total borrowings and finance lease	**58,632,179**	**59,307,494**	**58,588,147**

Security

As at 31 December 2016, 31 December 2015 and 31 December 2014 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 December 2016	31 December 2015	31 December 2014
Property, plant and equipment	55,339,244	56,773,208	66,858,676
Trade and other receivables	29,162,436	21,273,672	17,660,286
Inventories	21,046,788	19,052,672	16,621,125
Intangible assets	495,911	485,831	543,663
Cash and cash equivalents	109,717	110,531	9,476
Total	**106,154,096**	**97,695,914**	**101,693,226**

The finance lease liabilities are secured over property plant and equipment with a carrying amount of RON 712,580 (2015: RON 750,449, 2014: RON 1,082,908).

Terms and debt repayment schedule

					31 December 2016			31 December 2015			31 December 2014		
Type of loan	**Lender**	**Currency**	**Nominal interest rate**	**Year of maturity**	**Non-current**	**Current (classified from non-current)**	**Current**	**Non-current**	**Current (classified from non-current)**	**Current**	**Non-current**	**Current (classified from non-current)**	**Current**
Secured bank loan	BC Moldova Agroindbank SA (1)	MDL	12.00%	2018	-	2,062,859	1,660	-	1,759,674	929,039	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (2)	MDL	12.00%	2017	-	-	-	-	-	1,948,635	-	2,374,727	735,284
Secured bank loan	BC Moldova Agroindbank SA (3)	EUR	5.25%	2017	-	-	768,758	-	953,141	598,940	-	869,115	(4,144)
Secured bank loan	BC Moldova Agroindbank SA (4)	MDL	15.00%	2016	-	-	-	-	-	491,444	-	663,167	225,101
Secured bank loan	BC Moldova Agroindbank SA (5)	EUR	6.90%	2016	-	-	-	-	-	1,939,207	-	1,916,712	1,721,157
Secured bank loan	BC Moldova Agroindbank SA (6)	EUR	6.90%	2016	-	-	-	-	-	5,813,055	-	5,775,273	7,789,257
Secured bank loan	BC Moldova Agroindbank SA (7)	MDL	15.00%	2016	-	-	-	-	-	-	-	210,232	199
Secured bank loan	BC Moldova Agroindbank SA (8)	EUR	5.25%	2018	-	653,262	3,196,277	-	962,959	162	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (9)	MDL	16.00%	2017	-	-	19,296	-	-	991	-	63,424	-
Secured bank loan	BC Moldova Agroindbank SA (10)	USD	6.50%	2018	-	363,637	1,321	-	554,120	108	-	492,840	-
Secured bank loan	BC Moldova Agroindbank SA (11)	MDL	12.00%	2018	-	49,458	2,790,066	-	2,487,351	1,681,892	-	2,038,834	-
Secured bank loan	BC Moldova Agroindbank SA (12)	EUR	5.25%	2018	-	1,784,884	2,768,704	-	4,752,675	917	-	3,669,793	(6,231)
Secured bank loan	BC Moldova Agroindbank SA (13)	EUR	6.90%	2016	-	-	-	-	-	89,561	-	-	1,381,647
Secured bank loan	BC Moldova Agroindbank SA (14)	MDL	15.00%	2016	-	-	-	-	-	921,532	-	1,607,334	17,173
Secured bank loan	BC Moldova Agroindbank SA (15)	MDL	10.65%	2015	-	-	-	-	-	-	-	-	654,477
Secured bank loan	BC Moldova Agroindbank SA (16)	MDL	12.00%	2017	-	-	-	-	847,487	808,972	-	1,970,587	-
Secured bank loan	BC Moldova Agroindbank SA (17)	EUR	5.25%	2017	-	-	1,515,148	-	1,530,269	290	-	1,506,154	-
Secured bank loan	BC Moldova Agroindbank SA (18)	USD	6.50%	2017	-	-	3,736,870	-	3,609,420	684	-	3,190,686	-
Secured bank loan	BC Moldova Agroindbank SA (19)	EUR	5.25%	2017	-	-	1,864,530	-	1,884,516	361	-	1,853,764	-
Secured bank loan	BC Moldova Agroindbank SA (20)	MDL	12.00%	2017	-	-	3,164,907	-	3,062,986	1,197,880	-	4,882,914	61,268
Secured bank loan	BC Moldova Agroindbank SA (21)	MDL	12.00%	2019	-	4,915,707	214,760	-	3,675,584	69,843	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (22)	EUR	5.25%	2019	-	5,241,592	15,337	-	2,016,574	336	-	-	-
Secured bank loan	Ministry of Finance of Moldova (project financed by EIB)	EUR	3.73%	2020	2,249,436	-	449,888	-	-	-	-	-	-

Terms and debt repayment schedule (continued)

					31 December 2016			31 December 2015			31 December 2014		
Type of loan	**Lender**	**Currency**	**Nominal interest rate**	**Year of maturity**	**Non-current**	**Current (classified from non-current)**	**Current**	**Non-current**	**Current (classified from non-current)**	**Current**	**Non-current**	**Current (classified from non-current)**	**Current**
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (1)	USD	7.90%	2016	-	-	-	-	-	863,978	-	785,911	715,173
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (2)	USD	8.287% (LIBOR 6M + 7.54%)	2016	-	-	-	-	-	151,611	-	149,647	137,695
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (3)	USD	6.00%	2018	1,338,029	-	1,765,063	2,924,083	-	498,657	-	-	-
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (4)	USD	5.00%	2019	1,286,622	-	-	-	-	-	-	-	-
Secured bank loan	RAIFFEISEN LEASING SRL	EUR	12.00%	2015	-	-	-	-	-	-	-	-	19,031
Secured bank loan	UNICREDIT BANK SA (1)	RON	ROBOR ON+1.85%	2017	-	-	8,255,141	-	-	8,666,798	-	-	9,489,182
Secured bank loan	UNICREDIT BANK SA (2)	RON	ROBOR ON+2,65%	2016	-	-	-	-	-	105,364	-	-	590,471
Secured bank loan	UNICREDIT BANK SA (3)	RON	ROBOR ON+1.85%	2017	-	-	94,759	-	-	94,758	-	-	94,758
Secured bank loan	UNICREDIT BANK SA (4)	RON	ROBOR 1M+1.95%	2020	387,310	-	145,241	532,552	-	145,240	-	-	-
Secured bank loan	UNICREDIT BANK SA (5)	RON	ROBOR 1M+1.95%	2021	5,429,345	-	1,447,992	-	-	-	-	-	-
Unsecured loan from related party	BOSTAN VICTOR MAXIM	MDL	0.00%	2010	-	-	2,158	-	-	2,110	-	-	2,361
Finance lease liabilities		EUR	5.99% - 11.25%, EURIBOR 3M + 3.65% - 5.71%	2017-2019	407,366	-	244,796	291,629	-	440,109	464,124	-	479,050
Total borrowings and finance lease					**11,098,108**	**15,071,399**	**32,462,672**	**3,748,264**	**28,096,756**	**27,462,474**	**464,124**	**34,021,114**	**24,102,909**

Breach of loan covenants

The secured loans from BC Moldova Agroindbank SA (1)-(8), (10)-(22) with total carrying amount of RON 35,109,737 at 31 December 2016 (2015: RON 44,589,614; 2014: BC Moldova Agroindbank SA (2)-(7), (10)-(20) RON 45,597,320) contain debt covenants stating that the subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL: should not lend money to third parties; should not borrow money from other financial institutions or companies; should not assign receivables related to their operating activities to third parties. Vinaria Bostavan SRL and Vinaria Purcari SRL have not complied with these debt covenants during 2014-2016.

The secured loans from BC Moldova Agroindbank SA (1)-(3), (8), (13)-(17) with total carrying amount of RON 8,197,964 at 31 December 2016 (2015: RON 11,350,661; 2014: BC Moldova Agroindbank SA (2)-(3), (13)-(17) RON 11,112,354) contain a debt covenant stating that the subsidiary Vinaria Purcari SRL should not open and carry out transactions through accounts in other banks from Republic of Moldova. The Group has not complied with this debt covenant, as during 2014 - 2016 Vinaria Purcari SRL had accounts at BCR Chisinau SA and carried out transactions through them.

The secured loans from BC Moldova Agroindbank SA (6)-(7), (13)-(14), (16)-(17) with total carrying amount of RON 1,515,148 at 31 December 2016 (2015: RON 10,011,166; 2014: RON 20,257,856) contain a debt covenant stating that the subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL should not repay the borrowings to Purcari Wineries Ltd. prior to repayment of all the loans to BC Moldova Agroindbank SA. The Group has not complied with this debt covenant, as Vinaria Purcari SRL during 2014-2016 and Vinaria Bostavan SRL during 2014-2015 repaid partially the outstanding loans to Purcari Wineries Ltd.

The secured loans from BC Moldova Agroindbank SA (4)-(7) with total carrying amount of RON 8,243,706 at 31 December 2015 (2014: RON 18,301,098) contain a debt covenant stating that the subsidiary Vinaria Bostavan SRL should maintain a positive net result (profit). The Group has not complied with this debt covenant, as the subsidiary incurred a loss for the years 2015 and 2014.

The secured loans from BC Moldova Agroindbank SA (2)-(3), (13)-(17), with total carrying amount of RON 11,112,354 at 31 December 2014 contain a debt covenant stating that 100% of sales transactions of the subsidiary Vinaria Purcari SRL should be carried out through accounts of BC Moldova Agroindbank SA. The Group has not complied with this debt covenant as in 2014 Vinaria Purcari SRL carried out transactions through accounts opened at BCR Chisinau SA.

The secured loans from BC Mobiasbanca – Group Societe Generale SA (1)-(2) with total carrying amount of RON 1,015,589 at 31 December 2015 (2014: RON 1,788,426) contain a debt covenant stating that the subsidiary Vinaria Bardar SA should not assign receivables related to their operating activities to third parties. The Group has not complied with this debt covenant, as in 2014 Vinaria Bardar SA assigned receivables to third parties.

The secured loans from BC Moldova Agroindbank SA (1)-(3), (8), (13)-(17) with total carrying amount of RON 11,350,661 at 31 December 2015 (2014: BC Moldova Agroindbank SA (2)-(3), (9), (13)-(17) RON 11,175,778) contain a debt covenant stating that the gearing ratio of the subsidiary Vinaria Purcari SRL should not exceed 2.6 times. The Group has not complied with this debt covenant as at 31 December 2015 the gearing ratio of Vinaria Purcari SRL was 2.82 times (2014: 2.66 times). In November 2016 Vinaria Purcari SRL obtained a waiver from the bank for the breach of this debt covenant at 31 December 2015.

The secured loans from BC Moldova Agroindbank SA (4)-(7), (10)-(12), (18)-(20) with total carrying amount of RON 34,484,966 at 31 December 2014 contain a debt covenant stating that the debt service ratio of the subsidiary Vinaria Bostavan SRL should be at least 0.3. The Group has not complied with this debt covenant at 31 December 2014, as the debt service ratio of Vinaria Bostavan SRL was 0.23.

If covenants are breached, the credit institutions may require the acceleration of repayment of the outstanding loans. Therefore, the Group classified the related long-term liabilities of RON 15,071,399 as current liabilities as at 31 December 2016 (2015: RON 28,096,756, 2014: RON 34,021,114) in these financial statements.

The Group expects to finance any shortages in working capital through the new credit facilities made available by BC Moldova-Agroindbank SA to Vinaria Bostavan SRL and Vinaria Purcari SRL in August 2017, which are due in 2020, in amount of RON 27,911,000 (the equivalent of MDL 130,000,000).

On 31 May 2017 the Group, through its subsidiary Vinaria Bostavan SRL, received an additional loan from the Ministry of Finance of Moldova (a project financed by the EIB), with a total value of Euro 600,000.

On 14 July 2017 the Group extended the maturity of loans from Unicredit Bank SA with a carrying amount of RON 8,349,900 as at 31 December 2016 from 14 July 2017 to 13 July 2018. Also the credit line has been increased from RON 10,000,000 to RON 23,000,000.

Up to the date of authorization of this consolidated financial statements the Group has not received any early reimbursement notification from the banks. Therefore the Group expects that the loans will be repaid in accordance with the initial contractual maturities.

Finance lease liabilities

	31 December 2016		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	271,452	26,656	244,796
Between 1 and 5 years	414,167	6,801	407,366
Total	**685,619**	**33,457**	**652,162**

	31 December 2015		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	482,590	42,481	440,109
Between 1 and 5 years	317,954	26,325	291,629
Total	**800,544**	**68,806**	**731,738**

	31 December 2014		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	559,568	80,518	479,050
Between 1 and 5 years	511,602	47,478	464,124
Total	**1,071,170**	**127,996**	**943,174**

Note 15. Deferred income

As at 31 December 2016, deferred income of RON 76,156 (2015: RON 358,274, 2014: RON 673,000) relates to non-reimbursable financial aid received within the special program for agriculture and rural development based on contract No C1.141033100015 dated 2 October 2003 concluded between the SAPARD Agency near the Ministry of Agriculture, Food and Forestry of Romania and Crama Ceptura SRL.

The movement in deferred income for 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Balance at 1 January	**406,657**	**735,347**	**1,101,480**
Grants received	122,242	42,577	-
Release of deferred income	(405,810)	(364,699)	(360,739)
Effect of movements in exchange rates	928	(6,568)	(5,394)
Balance at 31 December	**124,017**	**406,657**	**735,347**

Note 16. Trade and other payables

As at 31 December 2016, 31 December 2015 and 31 December 2014 trade and other payables were as follows:

	31 December 2016	31 December 2015	31 December 2014
Financial payables			
Trade accounts payable	16,442,647	19,130,624	19,125,133
Trade payables due to related parties (Note 28)	470,650	287,467	129,719
Total financial payables	**16,913,297**	**19,418,091**	**19,254,852**
Non-financial payables			
Payables to state budget	1,416,245	771,426	434,630
Advances received	337,736	290,899	259,307
Liabilities to former owners of the Company	-	-	2,373,371
Total non-financial payables	**1,753,981**	**1,062,325**	**3,067,308**
Total trade and other payables	**18,667,278**	**20,480,416**	**22,322,160**

For more information about the Group's exposure to foreign currency and liquidity risk, see Note 26.

Note 17. Revenue

Revenues for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	2016	2015	2014
Sales of finished goods			
Wine	87,406,624	60,780,204	50,948,536
Divin	14,093,218	7,180,446	6,166,654
Brandy	310,472	167,723	126,519
Total sales of finished goods	**101,810,314**	**68,128,373**	**57,241,709**
Sales of other goods			
Merchandise	1,936,864	481,181	352,430
Other	1,581,834	1,389,986	329,482
Wine materials	293,322	154,268	454,242
Agricultural products	44,205	139,338	188,158
Total sales of other goods	**3,856,225**	**2,164,773**	**1,324,312**
Services			
Hotel and restaurant services	1,009,568	793,689	818,310
Agricultural services	84,135	162,704	259,895
Total services	**1,093,703**	**956,393**	**1,078,205**
Total revenue	**106,760,242**	**71,249,539**	**59,644,226**

The management monitors the performance of the Group as a single segment, however it analyses the gross margin per categories of products, as presented above.

Sales of finished goods by brand and geographic region for the year ended 31 December 2016 were as follows:

	Bostavan wine	Purcari wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	1,091,424	15,514,972	13,571,752	-	30,178,148
Republic of Moldova	3,081,072	12,032,397	-	5,831,074	20,944,543
Poland	13,855,836	155,494	242,324	-	14,253,654
Belarus	305,588	22,914	-	7,731,846	8,060,348
Czech Rep. and Slovakia	7,379,777	393,583	-	-	7,773,360
Asia	3,714,717	2,458,000	269,209	11,817	6,453,743
Baltic countries	4,697,473	-	-	263,901	4,961,374
Ukraine	1,707,782	1,400,753	-	-	3,108,535
Other	4,092,155	827,139	592,263	565,052	6,076,609
Total	**39,925,824**	**32,805,252**	**14,675,548**	**14,403,690**	**101,810,314**

Sales of finished goods by brand and geographic region for the year ended 31 December 2015 were as follows:

	Bostavan wine	Purcari wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	1,103,671	8,306,234	8,776,012	-	18,185,917
Republic of Moldova	2,532,132	8,687,299	-	1,613,210	12,832,641
Poland	11,143,873	38,776	236,864	-	11,419,513
Belarus	550,610	67,354	-	5,441,558	6,059,522
Czech Rep. and Slovakia	4,432,448	170,450	-	-	4,602,898
Asia	1,944,850	1,276,921	-	-	3,221,771
Baltic countries	4,077,139	10,885	-	-	4,088,024
Ukraine	1,040,564	690,262	-	-	1,730,826
Other	4,374,817	813,594	505,449	293,401	5,987,261
Total	**31,200,104**	**20,061,775**	**9,518,325**	**7,348,169**	**68,128,373**

Sales of finished goods by brand and geographic region for the year ended 31 December 2014 were as follows:

	Bostavan wine	Purcari wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	1,044,528	4,620,353	6,976,987	-	12,641,868
Republic of Moldova	2,803,886	6,396,928	-	951,119	10,151,933
Poland	6,376,614	-	59,676	-	6,436,290
Belarus	452,443	33,652	-	4,921,278	5,407,373
Czech Rep. and Slovakia	5,771,975	65,307	-	-	5,837,282
Asia	2,028,964	1,064,474	-	-	3,093,438
Baltic countries	2,436,292	9,991	-	-	2,446,283
Ukraine	2,382,791	221,888	-	-	2,604,679
Other	6,404,445	453,625	1,343,717	420,776	8,622,563
Total	**29,701,938**	**12,866,218**	**8,380,380**	**6,293,173**	**57,241,709**

Note 18. Cost of sales

Cost of sales for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Sales of finished goods			
Wine	44,007,472	37,372,804	34,712,438
Divin	5,086,153	2,404,421	2,818,077
Brandy	205,310	100,163	93,419
Total sales of finished goods	**49,298,935**	**39,877,388**	**37,623,934**
Sales of other goods			
Merchandise	1,439,794	275,532	195,814
Other	1,256,465	1,142,136	75,198
Wine materials	300,945	100,687	413,784
Agricultural products	39,078	119,646	151,960
Total sales of other goods	**3,036,282**	**1,638,001**	**836,756**
Services			
Hotel and restaurant services	1,055,270	806,051	794,300
Agricultural services	80,616	139,026	244,800
Total services	**1,135,886**	**945,077**	**1,039,100**
Total cost of sales	**53,471,103**	**42,460,466**	**39,499,790**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Consumption of inventories	47,043,019	34,872,519	30,317,598
Employee benefits (Note 25)	3,102,775	3,616,246	4,770,440
Depreciation of property, plant and equipment (Note 7)	2,744,567	3,466,877	3,934,044
Other	580,742	504,824	477,708
Total cost of sales	**53,471,103**	**42,460,466**	**39,499,790**

Other expenses presented above include amortization of intangible assets and services rendered by third parties.

Note 19. Marketing and sales expenses

Marketing and sales expenses for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	2016	2015	2014
Marketing and sales	5,031,788	4,234,774	2,391,315
Transportation expenses	2,256,424	1,705,226	1,396,817
Employee benefits (Note 25)	1,606,859	1,047,975	969,801
Certification of production	287,152	299,767	216,348
Other expenses	380,507	113,885	178,205
Total marketing and sales expenses	**9,562,730**	**7,401,627**	**5,152,486**

Note 20. General and administrative expenses

General and administrative expenses for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	2016	2015	2014
Employee benefits (Note 25)	5,523,029	4,487,566	4,447,366
Taxes and fes	1,667,243	584,063	824,730
Depreciation	716,968	956,942	1,333,327
Amortization	34,357	25,744	27,098
Repairs and maintenance	506,422	258,151	434,127
Rent	467,169	445,570	140,707
Travel	435,658	310,726	383,902
Professional fees	354,591	540,810	590,708
Bank charges	355,415	398,090	381,233
Communication	179,551	257,939	232,374
Insurance	131,892	158,594	166,770
Canteen services	127,897	95,584	87,863
Fuel	119,393	109,099	156,210
Materials	70,285	53,616	56,076
Penalties	58,473	28,448	33,087
Other	1,052,860	739,431	629,723
Total general and administrative expenses	**11,801,203**	**9,450,373**	**9,925,301**

Note 21. Other operating income

Other operating income for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Release of deferred income	405,810	364,699	360,739
Gains on write-off of trade and other payables	263,056	174,020	191,182
Compensation from insurance company	188,530	-	-
Rent income	33,107	36,204	21,827
Net gain/ (loss) from sale of other materials	41,712	(13,255)	71,515
Other	291,368	119,098	165,168
Total other operating income	**1,223,583**	**680,766**	**810,431**

Note 22. Other operating expenses

Other operating expenses for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	2016	2015	2014
Change in provisions, net	1,922,786	448,254	721,522
Impairment of trade receivables, net	440,013	777,162	1,867,444
Impairment of loans receivable, net	(73,739)	(924,960)	(432,884)
Impairment of other receivables, net	(82,637)	(162,051)	(47,796)
Impairment of property, plant and equipment, net	(116,126)	(60,847)	(58,584)
Unallocated overheads	296,870	670,498	668,356
Adjustment to fair value of harvest of grapes from own grape vines (a)	(1,125,580)	41,936	1,232,928
Adjustment to fair value of harvest of grapes from joint operation (b)	197,732	173,603	(215,598)
Adjustment to fair value of harvest of grapes from operating leasing (c)	(14,682)	67,552	45,938
Net gain from disposal of property, plant and equipment and intangible assets	(166,671)	(249,695)	(164,546)
Other	171,152	225,532	31,144
Total other operating expenses	**1,449,118**	**1,006,984**	**3,647,924**

Provisions

The Group has set-up provisions for tax risks for which management has assessed as probable an outflow of resources.

The movement in provisions for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 is as follows:

	2016	2015	2014
Balance at 1 January	**1,357,687**	**794,251**	**-**
Provisions made during the year	1,922,786	448,254	721,522
Effect of movements in exchange rates	166,561	115,182	72,729
Balance at 31 December	**3,447,034**	**1,357,687**	**794,251**

Impairment of loans receivable

For the year ended 31 December 2015 the Group reversed an impairment loss on loan receivable from Agrovinexpo SRL amounting to RON 889,626, as the loan receivable was assigned to Victoriavin SRL (Note 28) (2014: RON 413,532, due to the collection of this amount during the year from Agrovinexpo SRL).

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Balance at 1 January	-	-	-
Costs for cultivation of grapes	11,636,891	9,845,606	9,592,618
Fair value adjustment of harvest of grapes	942,530	(283,091)	(1,063,268)
Harvested grapes transferred to inventories	(12,579,421)	(9,562,515)	(8,529,350)
Balance at 31 December	-	-	-

Costs for cultivation of grapes comprise the following types of costs:

	2016	2015	2014
Services	3,914,360	3,000,702	569,237
Consumption of inventories	3,894,003	3,409,291	3,227,778
Employee benefits	1,923,833	1,811,858	3,901,520
Depreciation of property, plant and equipment	972,771	918,070	1,066,281
Rent	537,925	568,877	626,069
Other	393,999	136,808	201,733
	11,636,891	**9,845,606**	**9,592,618**

a) Harvest of grapes from own grape vines

The subsidiaries of the Group, Vinaria Bostavan SRL and Vinaria Purcari SRL have their own grape vines, which are located in the Republic of Moldova.

The movement of biological assets (grapes on vines) from own grape vines for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Balance at 1 January	-	-	-
Costs for cultivation of grapes	9,502,161	7,844,731	7,831,234
Fair value adjustment of harvest of grapes	1,125,580	(41,936)	(1,232,928)
Harvested grapes transferred to inventories	(10,627,741)	(7,802,795)	(6,598,306)
Balance at 31 December	-	-	-

Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage, and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.

The areas of plantations of own grape vines (hectares of plantations) and quantities of harvested grapes were as follows:

	2016	2015	2014
Area of plantations of mature vines, hectares	869	869	869
Area of plantations of immature vines, hectares	27	-	-
Total area of plantations of vines, hectares	**896**	**869**	**869**
Quantity of harvested grapes, tonnes	9,546	7,524	8,321

The Group is subject to laws and regulations in the country where the vines are cultivated. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

The Group's vine plantations are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections of the health of vines and industry pest and disease surveys.

b) Joint operations

Starting from 27 February 2013, Crama Ceptura SRL entered into a joint arrangement with Vie Vin Podgoria Valea Calugareasca SRL ("Vie Vin"), for a period of one year. After one year of activity, based on the arrangement's results the management of the Group decided to extend the agreement until 2018. The purpose of the arrangement is to produce and/or to trade grapes and wine. In addition, the partners are jointly involved in viticulture and provide each other with management, legal, marketing and trade support. The joint operation takes place in Romania.

Crama Ceptura SRL and Vie Vin contractually agreed that the operation is administrated by a governing council, formed by two members. Each party appointed one representative to this council. The activities of the operation require the unanimous consent of the parties that control the arrangement collectively. As joint control exists explicitly, because no decisions can be made about the relevant activities of the arrangement without both Crama Ceptura SRL and Vie Vin agreeing, the arrangement is a joint arrangement. The Group has concluded that the arrangement is a joint operation. In doing so, the

Group considered the terms and conditions of the partnership agreement and the purpose and design of the joint arrangement. The arrangement was not structured as a separate vehicle from the parties.

Under the contractual arrangement between Crama Ceptura SRL and Vie Vin, each retain the rights and legal title to their respective assets and the obligation to settle their respective liabilities. However, they agree to jointly cultivate the vines, which are rented by Vie Vin from individuals under operating lease, and therefore Crama Ceptura SRL and Vie Vin recognize 87 % and 13 % (2015: 87 % and 13 %, 2014: 87 % and 13 %) respectively of all revenues and expenses relating to the partnership.

The contractual obligation of Vie Vin is to contribute to the joint arrangement with the following:

- right of use for vines it rents from individuals under operating lease;
- right of use for equipment it owns at the date of agreement; and
- labour force.

The contractual obligation of Crama Ceptura SRL is to contribute to the joint arrangement with:

- working capital up to RON 1,600,000 per year; and
- know-how, technical management and joint arrangement management.

The outputs from joint operations are distributed in kind (grapes, wine) or in cash. Crama Ceptura SRL is entitled only to distributions in kind. The joint operators allocate the outputs annually, at the end of the harvest period, using the proportion from the harvest of 87 % for Crama Ceptura SRL and 13% for Vie Vin (2015: 87 % and 13 %, 2014: 87 % and 13 %).

The movement of biological assets (grapes on vines) from joint operations for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Balance at 1 January	-	-	-
Costs for cultivation of grapes	1,575,656	1,379,835	1,161,184
Fair value adjustment of harvest of grapes	(197,732)	(173,603)	215,598
Harvested grapes transferred to inventories	(1,377,924)	(1,206,232)	(1,376,782)
Balance at 31 December	-	-	-

Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. The inputs and assumptions for the estimation of the fair value are presented at point a) above.

The areas of plantations of vines under joint operations (hectares of plantations) and quantities of harvested grapes were as follows:

	2016	2015	2014
Area of plantations of vines under joint operation arrangement, hectares	130	130	130
Quantity of harvested grapes under joint operation arrangement, tonnes	815	887	730

c) Operating lease of grape vines

Starting from 27 February 2013, Crama Ceptura SRL entered into an operational lease agreement with Vie Vin, for a period of one year. After one year of activity, based on the arrangement's results the management of the Company decided to extend the agreement until 2018. The object of the lease are grape vines owned by Vie Vin, located in Romania. Crama Ceptura SRL is required to maintain the grape vines and it is entitled to harvest.

The Group carried out an analysis and concluded that the lease of grape vines should be accounted as operating lease.

The lease payments are made to Vie Vin in nature (grapes, wine), in proportion of 30% from the harvest on leased grape vines.

The movement of biological assets (grapes on vines) from lease of grape vines for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Balance at 1 January	-	-	-
Costs for cultivation of grapes	559,074	621,040	600,200
Fair value adjustment of harvest of grapes	14,682	(67,552)	(45,938)
Harvested grapes transferred to inventories	(573,756)	(553,488)	(554,262)
Balance at 31 December	-	-	-

Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. The inputs and assumptions for the estimation of the fair value are presented at point a) above.

The areas of plantations of vines under operating lease (hectares of plantations) and quantities of harvested grapes were as follows:

	2016	2015	2014
Area of plantations of vines under operating lease, hectares	34	42	42
Quantity of harvested grapes under operating lease, tonnes	295	354	256

Note 23. Net finance cost

Net finance costs for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	2016	2015	2014
Interest income	158,309	156,222	130,619
Finance income	**158,309**	**156,222**	**130,619**
Net foreign exchange loss	(247,133)	(6,826,688)	(5,502,720)
Interest expense	(4,637,007)	(4,739,340)	(4,830,122)
Finance costs	**(4,884,140)**	**(11,566,028)**	**(10,332,842)**
Net finance costs	**(4,725,831)**	**(11,409,806)**	**(10,202,223)**

Note 24. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2016, 2015 and 2014, 12% in the Republic of Moldova and 16% in Romania. Deferred tax has been determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Tax recognized in profit or loss for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016	2015	2014
Current tax expense			
Current tax	4,244,466	591,381	841,835
Adjustment for prior years	-	15,518	4,469
Total current tax expense	**4,244,466**	**606,899**	**846,304**
Deferred tax expense/ (benefit)			
Origination and reversal of temporary differences	(383,013)	(572,059)	(937,306)
Total deferred tax expense/ (benefit)	**(383,013)**	**(572,059)**	**(937,306)**
Income tax expense/ (benefit)	**3,861,453**	**34,840**	**(91,002)**

The reconciliation of effective tax rate for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	2016		2015		2014	
Profit/ (loss) before tax		**26,973,840**		**201,049**		**(7,973,067)**
Tax using the Company's domestic tax rate	12.50%	3,371,730	12.50%	25,131	12.50%	(996,633)
Effect of different tax rates in foreign jurisdictions	0.50%	135,788	9.43%	18,955	(0.19%)	15,363
Tax exempt income	(0.38%)	(101,349)	(34.17%)	(68,694)	0.71%	(56,645)
Non-deductible expenses	2.26%	607,366	237.95%	478,400	(12.98%)	1,035,562
Utilization of prior year tax losses	(0.56%)	(152,082)	(216.10%)	(434,470)	1.47%	(117,557)
Current year losses for which no deferred tax asset was recognized	0.00%	-	0.00%	-	(0.31%)	24,439
Under (over) provided in prior years	0.00%	-	7.72%	15,518	(0.06%)	4,469
Income tax expense / (benefit)	**14.32%**	**3,861,453**	**17.33%**	**34,840**	**1.14%**	**(91,002)**

Deferred tax assets and liabilities as at 31 December 2016 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	413,317	(4,265,176)	(3,851,859)
Intangible assets	-	(59,509)	(59,509)
Loans receivable	6,236	-	6,236
Inventories	771,923	(163,899)	608,024
Other current assets	18,110	-	18,110
Trade and other receivables	169,643	-	169,643
Contributions by owners	-	(1,634,653)	(1,634,653)
Borrowings and finance lease	1,480	(49,413)	(47,933)
Deferred income	-	(414,733)	(414,733)
Trade and other payables	140,266	-	140,266
Deferred tax assets (liabilities) before set-off	**1,520,975**	**(6,587,383)**	**(5,066,408)**
Set off of tax	(1,520,975)	1,520,975	-
Deferred tax liabilities	**-**	**(5,066,408)**	**(5,066,408)**

Deferred tax assets and liabilities as at 31 December 2015 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	340,986	(4,352,511)	(4,011,525)
Intangible assets	-	(58,300)	(58,300)
Loans receivable	10,026	-	10,026
Inventories	436,934	-	436,934
Other current assets	11,034	-	11,034
Trade and other receivables	253,889	-	253,889
Contributions by owners	-	(1,575,546)	(1,575,546)
Borrowings and finance lease	-	(65,341)	(65,341)
Deferred income	-	(423,738)	(423,738)
Trade and other payables	93,879	-	93,879
Deferred tax assets (liabilities) before set-off	**1,146,748**	**(6,475,436)**	**(5,328,688)**
Set off of tax	(1,146,748)	1,146,748	-
Deferred tax liabilities	**-**	**(5,328,688)**	**(5,328,688)**

Deferred tax assets and liabilities as at 31 December 2014 were generated by the temporary differences in the following financial statement captions:

	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	107,695	(4,992,448)	(4,884,753)
Intangible assets	-	(69,268)	(69,268)
Loans receivable	6,106	-	6,106
Inventories	459,183	(26,856)	432,327
Other current assets	12,231	-	12,231
Trade and other receivables	122,131	(54,090)	68,041
Contributions by owners	-	(1,103,797)	(1,103,797)
Borrowings and finance lease	370	(63,078)	(62,708)
Deferred income	-	(496,737)	(496,737)
Trade and other payables	34,711	-	34,711
Carry-forward tax loss	142,096	-	142,096
Deferred tax assets (liabilities) before set-off	**884,523**	**(6,806,274)**	**(5,921,751)**
Set off of tax	(884,523)	884,523	-
Deferred tax liabilities	**-**	**(5,921,751)**	**(5,921,751)**

The movement in deferred tax balances during the year ended 31 December 2016 was as follows:

	31 December 2015	Recognized in profit or loss	Effect of movements in exchange rates	31 December 2016
Property, plant and equipment	(4,011,525)	232,662	(72,996)	(3,851,859)
Intangible assets	(58,300)	-	(1,209)	(59,509)
Loans receivable	10,026	(3,784)	(6)	6,236
Inventories	436,934	153,712	17,378	608,024
Other current assets	11,034	6,477	599	18,110
Trade and other receivables	253,889	(83,849)	(397)	169,643
Contributions by owners	(1,575,546)	-	(59,107)	(1,634,653)
Borrowings and finance lease	(65,341)	12,546	4,862	(47,933)
Deferred income	(423,738)	16,836	(7,831)	(414,733)
Trade and other payables	93,879	48,413	(2,026)	140,266
Total	**(5,328,688)**	**383,013**	**(120,733)**	**(5,066,408)**

The movement in deferred tax balances during the year ended 31 December 2015 was as follows:

	31 December 2014	Recognized in profit or loss	Recognized directly in equity	Effect of movements in exchange rates	31 December 2015
Property, plant and equipment	(4,884,753)	369,047	-	504,181	(4,011,525)
Intangible assets	(69,268)	3,633	-	7,335	(58,300)
Loans receivable	6,106	4,611	-	(691)	10,026
Inventories	432,327	54,063	-	(49,456)	436,934
Trade and other receivables	68,041	193,530	-	(7,682)	253,889
Other current assets	12,231	107	-	(1,304)	11,034
Contributions by owners	(1,103,797)	-	(322,333)	(149,416)	(1,575,546)
Borrowings and finance lease	(62,708)	(3,307)	-	674	(65,341)
Deferred income	(496,737)	17,592	-	55,407	(423,738)
Trade and other payables	34,711	60,908	-	(1,740)	93,879
Carry-forward tax loss	142,096	(128,125)	-	(13,971)	-
Total	**(5,921,751)**	**572,059**	**(322,333)**	**343,337**	**(5,328,688)**

The movement in deferred tax balances during the year ended 31 December 2014 was as follows:

	1 January 2014	Recognized in profit or loss	Effect of movements in exchange rates	31 December 2014
Property, plant and equipment	(6,199,398)	1,006,400	308,245	(4,884,753)
Intangible assets	(72,591)	(525)	3,848	(69,268)
Loans receivable	13,790	(7,027)	(657)	6,106
Inventories	341,241	118,909	(27,823)	432,327
Trade and other receivables	196,755	(119,533)	(9,181)	68,041
Other current assets	13,936	(978)	(727)	12,231
Contributions by owners	(974,550)	-	(129,247)	(1,103,797)
Borrowings and finance lease	(55,804)	(9,532)	2,628	(62,708)
Deferred income	(541,885)	19,716	25,432	(496,737)
Trade and other payables	43,490	(9,386)	607	34,711
Carry-forward tax loss	213,509	(60,738)	(10,675)	142,096
Total	**(7,021,507)**	**937,306**	**162,450**	**(5,921,751)**

Note 25. Employee benefits

As at 31 December 2016, 31 December 2015 and 31 December 2014, employee benefit payables were as follows:

	31 December 2016	31 December 2015	31 December 2014
Payables to employees	613,087	492,477	497,109
Accruals for unused vacation	586,993	450,813	438,548
Total employee benefit payables	**1,200,080**	**943,290**	**935,657**

During the year ended 31 December 2016 the average number of staff was 466 (2015: 558, 2014: 745). Employee benefit expenses include base salaries, mandatory medical contribution, mandatory social contribution and bonuses for performance.

The employee benefit expenses are included in the following captions:

	2016	2015	2014
General and administrative expenses (Note 20)	5,523,029	4,487,566	4,447,366
Cost of sales (Note 18)	3,102,775	3,616,246	4,770,440
Inventory	2,795,567	1,681,320	2,012,762
Marketing and sales expenses (Note 19)	1,606,859	1,047,975	969,801
Capitalized in property, plant and equipment	-	3,613	2,763
Total employee benefit expenses	**13,028,230**	**10,836,720**	**12,203,132**

Starting from May 2015 the Group outsourced to Agro Sud Invest SRL and BSC Agro SRL its employees that were involved in agricultural works for grape vines. As disclosed in Note 28, the agricultural services provided by Agro Sud Invest SRL and BSC Agro SRL for the year ended 31 December 2016 amounted to RON 3,673,201 (2015: RON 2,472,368).

Note 26. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount		
	31 December 2016	**31 December 2015**	**31 December 2014**
Cash and cash equivalents	13,267,974	1,466,304	574,203
Trade receivables	27,980,055	20,755,127	16,370,714
Loan receivables	2,840,953	2,508,102	2,192,651
Total	**44,088,982**	**24,729,533**	**19,137,568**

Trade receivables and loan receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group limits its exposure to credit risk from trade receivables based on this assessment, and establishes a maximum payment period in its agreements with customers. The creditworthiness assessment is updated each time by the Group when there is a significant delay in the payment period compared to the maximum payment period agreed contractually or when the Group extends or amends the agreements with its customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including customer geographic location, aging profile, maturity and existence of previous financial difficulties. The Group’s most significant 10 customers account for RON 14,576,094 or 52% of the trade receivables’ carrying amount as at 31 December 2016 (2015: RON 12,008,112 or 58% of the trade receivables’ carrying amount, 2014: RON 8,685,291 or 55% of the trade receivables’ carrying amount).

Revenues from transactions with a single external customer of 10% or more of the Group’s revenues were as follows:

	2016	**2015**	**2014**
Revenues from transactions with a customer from Republic of Moldova	16,952,011	10,567,397	8,830,524
Revenues from transactions with a customer from Romania	13,126,710	7,939,502	-
Total	**30,078,721**	**18,506,899**	**8,830,524**

The Group establishes an allowance for uncollectible receivables that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows.

	31 December 2016	**31 December 2015**	**31 December 2014**
Republic of Moldova	5,493,205	3,199,395	2,547,568
Romania	10,139,943	6,911,080	5,404,366
Other European Union countries	8,199,400	7,585,745	4,672,676
Belarus	3,460,271	2,003,965	1,280,024
Ukraine	308,151	88,006	584,059
Other	181,219	842,360	630,603
Kazakhstan	145,077	-	619,655
Russian Federation	52,789	124,576	631,763
Total	**27,980,055**	**20,755,127**	**16,370,714**

The maximum exposure to credit risk for loan receivables at the reporting date by geographic region was as follows.

	31 December 2016	**31 December 2015**	**31 December 2014**
Republic of Moldova	2,840,953	2,508,102	2,192,651

Impairment losses

The aging of trade receivables at the reporting date was as follows:

	31 December 2016		
	Gross	**Impairment**	**Net**
Not due	21,599,828	106,997	21,492,831
Overdue less than 1 month	4,679,249	466,615	4,212,634
Overdue 1 to 3 months	1,856,547	36,432	1,820,115
Overdue 3 to 6 months	497,431	171,052	326,379
Overdue 6 months to 1 year	207,819	80,648	127,171
Overdue more than 1 year	1,035,787	1,034,862	925
Total	**29,876,661**	**1,896,606**	**27,980,055**

	31 December 2015		
	Gross	**Impairment**	**Net**
Not due	16,467,455	-	16,467,455
Overdue less than 1 month	2,791,858	290,472	2,501,386
Overdue 1 to 3 months	802,426	29,805	772,621
Overdue 3 to 6 months	750,149	69,399	680,750
Overdue 6 months to 1 year	777,905	587,111	190,794
Overdue more than 1 year	1,595,330	1,453,209	142,121
Total	**23,185,123**	**2,429,996**	**20,755,127**

	31 December 2014		
	Gross	**Impairment**	**Net**
Not due	8,554,793	135,671	8,419,122
Overdue less than 1 month	4,184,835	172,395	4,012,440
Overdue 1 to 3 months	2,768,790	485,039	2,283,751
Overdue 3 to 6 months	1,533,735	1,303,313	230,422
Overdue 6 months to 1 year	3,538,130	2,663,606	874,524
Overdue more than 1 year	3,041,287	2,490,832	550,455
Total	**23,621,570**	**7,250,856**	**16,370,714**

The aging of loans receivable at the reporting date was as follows:

	31 December 2016		
	Gross	**Impairment**	**Net**
Not due	2,892,920	51,967	2,840,953

	31 December 2015		
	Gross	**Impairment**	**Net**
Not due	2,635,378	127,276	2,508,102

	31 December 2014		
	Gross	**Impairment**	**Net**
Not due	2,374,263	181,612	2,192,651
Overdue more than 1 year	818,801	818,801	-
Total	**3,193,064**	**1,000,413**	**2,192,651**

The movement in the allowance for impairment with respect to trade receivables and loan receivables during the year was as follows:

	Trade receivables	Loans receivable	Total
Balance 1 January 2014	**6,193,286**	**1,336,827**	**7,530,113**
(Reversal of) impairment loss	1,867,444	(432,884)	1,434,560
Amounts written-off	(510,964)	-	(510,964)
Effect of movement in exchange rates	(298,910)	96,474	(202,436)
Balance 31 December 2014	**7,250,856**	**1,000,417**	**8,251,273**
(Reversal of) impairment loss	777,162	(924,960)	(147,798)
Amounts written-off	(4,953,461)	-	(4,953,461)
Effect of movement in exchange rates	(644,561)	51,819	(592,742)
Balance 31 December 2015	**2,429,996**	**127,276**	**2,557,272**
(Reversal of) impairment loss	440,013	(73,739)	366,274
Amounts written-off	(992,552)	-	(992,552)
Effect of movement in exchange rates	19,149	(1,570)	17,579
Balance 31 December 2016	**1,896,606**	**51,967**	**1,948,573**

The impairment allowance of receivables are used to record impairment losses, unless the Group believes that no recovery of the amount is possible, in which case the allowances for amounts considered irrecoverable are written off against the financial asset.

Cash and cash equivalents

The Group held cash and cash equivalents of RON 13,267,974 at 31 December 2016 (2015: RON 1,466,304, 2014: RON 574,203), which represent its maximum credit exposure on these assets. 94% of cash and cash equivalents as at 31 December 2016 (2015: 97%, 2014: 100%) are held with banks from which the Group has secured loans.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on borrowings and finance lease and trade and other payables. The shortages in working capital and cash outflows for investment activities are financed through new credit facilities made available by the banks.

The following were the estimated cash outflows for trade and other payables and contractual maturities of borrowings and finance lease, including estimated interest payments and excluding the impact of netting agreements:

Monetary liabilities	Carrying Amount	Total Contractual Cash Flow	Less than 1 month	Between 1 – 12 months	Between 1-2 years	Between 2-5 years
31 December 2016						
Trade and other payables	16,913,297	16,913,297	857,749	16,055,548	-	-
Borrowings and finance lease	58,632,179	65,770,709	2,291,688	30,705,504	22,666,695	10,106,822
Total	**75,545,476**	**82,684,006**	**3,149,437**	**46,761,052**	**22,666,695**	**10,106,822**
31 December 2015						
Trade and other payables	19,418,091	19,418,091	984,779	18,433,312	-	-
Borrowings and finance lease	59,307,494	69,154,599	1,944,189	31,658,760	25,822,452	9,729,198
Total	**78,725,585**	**88,572,690**	**2,928,968**	**50,092,072**	**25,822,452**	**9,729,198**
31 December 2014						
Trade and other payables	19,254,852	19,254,852	976,501	18,278,351	-	-
Borrowings and finance lease	58,588,147	66,352,902	792,713	28,931,193	21,016,692	15,612,304
Total	**77,842,999**	**85,607,754**	**1,769,214**	**47,209,544**	**21,016,692**	**15,612,304**

As at 31 December 2016, 31 December 2015 and 31 December 2014, the Group had not complied with the covenants for secured bank loans from BC Moldova Agroindbank SA (see Note 14). Therefore, the Group classified the long term liabilities as current liabilities of RON 15,071,399 as at 31 December 2016 (2015: RON 28,096,756, 2014: RON 34,021,114) in these consolidated non-statutory financial statements.

No early reimbursement notification has been received by the Group for breach of covenants. Therefore the Group expects that the loans will be repaid in accordance with the contractual maturities.

On 31 May 2017 the Group, through its subsidiary Vinaria Bostavan SRL, received an additional loan from the Ministry of Finance of Moldova (a project financed by the EIB), with a total value of EUR 600,000.

On 14 July 2017 the Group extended the maturity of loans from Unicredit Bank SA with a carrying amount of RON 8,349,900 as at 31 December 2016 from 14 July 2017 to 13 July 2018. The credit line amount of these loans has been increased from RON 10,000,000 to RON 23,000,000.

In August 2017 the Group contracted additional loans from BC Mobiasbanca - Group Societe Generale SA through Vinaria Bardar SA with a total value of USD 1,000,000, and from BC Moldova-Agroindbank SA through Vinaria Bostavan SRL and Vinaria Purcari SRL with a total value of RON 27,911,000 (the equivalent of MDL 130,000,000).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group does not use derivatives (interest rate or foreign exchange swaps) as hedging instruments under a fair value hedge accounting model. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The following significant exchange rates applied during the year.

	31 December 2016	Average 2016	31 December 2015	Average 2015	31 December 2014	Average 2014
MDL1	0.2174	0.2037	0.2107	0.2134	0.2359	0.2387
EUR 1	4.5411	4.4908	4.5245	4.4450	4.4821	4.4446
USD 1	4.3033	4.0592	4.1477	4.0057	3.6868	3.3492

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions are primarily denominated are EUR, USD, MDL and RON.

The summary of quantitative data about the Group's monetary assets and monetary liabilities in original currency provided to management of the Group based on its risk management policy was as follows:

	EUR	USD	MDL	RON	Total
31 December 2016					
Monetary assets					
Cash and cash equivalents	4,028,526	7,099,847	1,107,893	1,031,708	13,998,295
Trade receivables	8,300,097	4,603,980	5,167,992	9,907,986	27,249,734
Loan receivables	-	2,335,806	505,147	-	2,840,953
Total monetary assets	**12,328,623**	**14,039,633**	**6,781,032**	**10,939,694**	**44,088,982**
Monetary liabilities					
Borrowings and finance lease	21,134,729	8,490,028	13,247,636	15,759,786	58,632,179
Trade and other payables	3,160,033	656,339	10,352,741	2,744,184	16,913,297
Total monetary liabilities	**24,294,762**	**9,146,367**	**23,600,377**	**18,503,970**	**75,545,476**
Net statement of financial position exposure	**(11,966,139)**	**4,893,266**	**(16,819,345)**	**(7,564,276)**	**(31,456,494)**
31 December 2015					
Monetary assets					
Cash and cash equivalents	576,639	493,867	223,598	172,200	2,697,399
Trade receivables	7,857,381	2,751,887	3,234,779	6,911,080	19,524,032
Loan receivables	-	2,089,591	418,511	-	2,508,102
Total monetary assets	**8,434,020**	**5,335,345**	**3,876,888**	**7,083,280**	**24,729,533**
Monetary liabilities					
Borrowings and finance lease	22,968,404	8,581,512	18,212,862	9,544,716	59,307,494
Trade and other payables	4,580,403	1,479,207	9,784,279	3,574,202	19,418,091
Total monetary liabilities	**27,548,807**	**10,060,719**	**27,997,141**	**13,118,918**	**78,725,585**
Net statement of financial position exposure	**(19,114,787)**	**(4,725,374)**	**(24,120,253)**	**(6,035,638)**	**(53,996,052)**
31 December 2014					
Monetary assets					
Cash and cash equivalents	13,509	197,948	265,733	97,013	1,018,965
Trade receivables	4,766,443	3,649,438	2,550,466	5,404,367	15,925,952
Loan receivables	-	1,713,607	479,044	-	2,192,651
Total monetary assets	**4,779,952**	**5,560,993**	**3,295,243**	**5,501,380**	**19,137,568**
Monetary liabilities					
Borrowings and finance lease	27,366,156	5,471,949	15,575,628	10,174,414	58,588,147
Trade and other payables	4,653,788	259,577	10,996,988	3,344,499	19,254,852
Total monetary liabilities	**32,019,944**	**5,731,526**	**26,572,616**	**13,518,913**	**77,842,999**
Net statement of financial position exposure	**(27,239,992)**	**(170,533)**	**(23,277,373)**	**(8,017,533)**	**(58,705,431)**

Exposure to currency risk

For monetary assets and liabilities, the Group is exposed to currency risk only for balances denominated in EUR and USD.

Sensitivity analysis

A 10% strengthening of the EUR against RON and MDL would have decreased the profit before tax/ increased the loss before tax by RON 1,196,614 for the year 2016, RON 1,911,479 for the year 2015, and RON 2,723,999 for the year 2014. A 10% strengthening of the USD against RON and MDL would have increased the profit before tax by RON 489,327 for the year 2016, would have decreased the profit before tax by RON 472,537 for the year 2015, and would have increased the loss before tax by RON 17,053. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been carried out on the same basis for the years 2016, 2015 and 2014, although the reasonably possible foreign exchange rate variances were different.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows.

	31 December 2016	31 December 2015	31 December 2014
Fixed rate instruments			
Financial assets	2,840,953	2,278,128	1,919,219
Financial liabilities	(240,425)	(420,548)	(729,345)
Total fixed rate instruments	**2,600,528**	**1,857,580**	**1,189,874**
Variable rate instruments			
Financial liabilities	(58,389,601)	(58,884,835)	(57,856,442)
Total variable rate instruments	**(58,389,601)**	**(58,884,835)**	**(57,856,442)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not use derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase/ decrease of 100 basis points in interest rates at the reporting date would have decreased/ increased the profit before tax by RON 583,896 for the year 2016, RON 588,848 for the year 2015, and would have increased/ decreased the loss before tax by RON 578,564 for the year 2014. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and finance lease less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratios as at 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	31 December 2016	**31 December 2015**	**31 December 2014**
Borrowings and finance lease (Note 14)	58,632,179	59,307,494	58,588,147
Less: Cash and cash equivalents (Note 12)	(13,267,974)	(1,466,304)	(574,203)
Net debt	45,364,205	57,841,190	58,013,944
Total equity	76,786,092	51,694,846	51,559,246
Total capital	122,150,297	109,536,036	109,573,190
Gearing ratio	**37.14%**	**52.81%**	**52.95%**

The Group has borrowing agreements concluded with banks, which require that covenants have to be met in accordance with provisions of those agreements. The Group's management assesses on a yearly basis whether these covenants have been met and that ratios stated by the banks are within the required threshold. One of these ratios is the gearing ratio. As at 31 December 2015 and 31 December 2014, the Group assessed that respective requirements were not met for secured bank loans from BC Moldova Agroindbank SA (see Note 14). In November 2016 the Group obtained a waiver from the bank for the breach of this debt covenant as at 31 December 2015.

According to laws and regulations in Romania, the net assets of the Group's subsidiary domiciled in this country (Crama Ceptura SRL), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than half of the subscribed share capital. Crama Ceptura SRL complied with this capital requirement based on the unaudited statutory financial statements.

According to laws and regulations in the Republic of Moldova, the net assets of the Group's subsidiaries domiciled in this country (Vinaria Bostavan SRL, Vinaria Purcari SRL, Vinaria Bardar SA), determined as the difference between total assets and total liabilities based on statutory financial statements, should not decrease to less than the subscribed share capital. The Group's subsidiaries complied with this capital requirement based on the unaudited statutory financial statements, except for Vinaria Bostavan SRL, therefore an extraordinary general meeting of shareholders should be organized to decide on the measures to be implemented as required by the legislation in force.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are presented in the below table. The table does not include the financial assets and liabilities which are not measured at fair value, if the carrying amount approximates the fair value.

	Carrying amount			Fair value		
	31 December 2016	31 December 2015	31 December 2014	31 December 2016	31 December 2015	31 December 2014
Financial assets						
Loan receivables	2,840,953	2,508,102	2,192,651	2,851,289	2,668,518	2,257,748
Total	**2,840,953**	**2,508,102**	**2,192,651**	**2,851,289**	**2,668,518**	**2,257,748**
Financial liabilities						
Floating rate borrowings	58,389,601	58,884,835	57,856,444	59,173,228	57,999,039	58,945,005
Fixed rate borrowings	240,426	420,548	729,343	238,536	440,424	768,215
Non-interest bearing borrowings	2,152	2,111	2,360	2,152	2,111	2,360
Total	**58,632,179**	**59,307,494**	**58,588,147**	**59,413,916**	**58,441,574**	**59,715,580**

Loan receivables

The fair value of loan receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Interest bearing borrowings and finance lease

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

The fair value measurement of the above assets and liabilities has been categorized as a Level 3 fair value (see Note 4 b)).

Interest rates used to determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on market interest rates at the reporting date, and were as follows:

	31 December 2016	31 December 2015	31 December 2014
Loan receivables	11.17%	16.15%	11.09%
Borrowings and finance lease denominated in MDL	11.28%-12.55%	15.56%-16.15%	10.66%-11.09%
Borrowings and finance lease denominated in RON	2.22%-3.36%	2.54%-3.77%	3.11%-4.34%
Borrowings and finance lease denominated in EUR and USD	5.39%-5.58%	6.41%-7.01%	7.42%-7.69%

Note 27. Non-controlling interests

The following table summarized the information relating to each of the Group's subsidiaries that has non-controlling interests, before any intra-group eliminations.

31 December 2016	**Vinaria Bostavan**	**Vinaria Bardar**	**Vinaria Purcari**	**Intra-group eliminations**	**Total**
NCI percentage	**0.46%**	**45.39%**	**8.95%**		
Non-current assets	29,676,228	5,413,097	27,928,318		
Current assets	40,322,818	24,617,925	26,927,262		
Non-current liabilities	(17,439,910)	(3,074,039)	(12,215,736)		
Current liabilities	(26,669,762)	(9,634,569)	(13,279,028)		
Net assets	**25,889,374**	**17,322,414**	**29,360,816**		
Carrying amount of NCI	**118,547**	**7,863,260**	**2,627,734**	**(214,063)**	**10,395,478**
Revenue	44,781,808	14,965,200	37,883,025		
Profit	7,321,175	5,328,868	11,009,609		
OCI	1,509,282	541,898	859,148		
Total comprehensive income	**8,830,457**	**5,870,766**	**11,868,757**		
Profit allocated to NCI	**33,524**	**2,418,963**	**985,338**	**(67,058)**	**3,370,767**
OCI allocated to NCI	**6,911**	**245,987**	**76,892**	**-**	**329,790**
Cash flows from operating activities	7,968,903	4,965,455	4,912,072		
Cash flows used in investment activities	(630,555)	(75,253)	(4,419,117)		
Cash flows from. (used in) financing activities (dividends to NCI: nil)	(3,979,350)	(213,649)	1,123,237		
Net increase in cash and cash equivalents	**3,358,998**	**4,676,553**	**1,616,192**		

31 December 2015	**Vinaria Bostavan**	**Vinaria Bardar**	**Vinaria Purcari**	**Intra-group eliminations**	**Total**
NCI percentage	**0.46%**	**45.39%**	**8.95%**		
Non-current assets	30,410,028	5,414,607	25,329,337		
Current assets	33,710,088	15,995,452	16,367,724		
Non-current liabilities	(24,614,485)	(3,368,102)	(13,733,160)		
Current liabilities	(21,724,256)	(6,590,177)	(13,133,603)		
Net assets	**17,781,375**	**11,451,780**	**14,830,298**		
Carrying amount of NCI	**82,007**	**5,198,370**	**1,327,282**	**74,418**	**6,682,077**
Revenue	36,214,861	7,787,261	22,639,356		
Profit	1,932,535	1,274,990	1,895,155		
OCI	250,651	(1,225,044)	(1,554,571)		
Total comprehensive income	**2,183,186**	**49,946**	**340,584**		
Profit allocated to NCI	**8,913**	**578,763**	**169,613**	**(12,830)**	**744,459**
OCI allocated to NCI	**1,156**	**(556,091)**	**(139,131)**	**-**	**(694,066)**
Cash flows from (used in) operating activities	1,970,698	(2,109,687)	3,522,884		
Cash flows used in investment activities	(1,933,943)	(68,834)	(1,129,426)		
Cash flows from (used in) financing activities (dividends to NCI: nil)	(253,423)	2,574,891	(2,365,831)		
Net increase (decrease) in cash and cash equivalents	**(216,668)**	**396,370**	**27,627**		

31 December 2014	**Vinaria Bostavan**	**Vinaria Bardar**	**Vinaria Purcari**	**Intra-group eliminations**	**Total**
NCI percentage	**0.50%**	**45.39%**	**8.95%**		
Non-current assets	34,522,323	6,250,855	29,347,591		
Current assets	33,114,362	10,642,697	11,391,458		
Non-current liabilities	(27,817,599)	(1,345,796)	(18,525,501)		
Current liabilities	(23,365,492)	(3,978,857)	(7,719,703)		
Net assets	**16,453,594**	**11,568,899**	**14,493,845**		
Carrying amount of NCI	**82,581**	**5,251,535**	**1,297,170**	**398**	**6,631,684**
Revenue	33,126,571	6,546,397	15,219,378		
Profit / (loss)	(2,457,174)	788,770	44,577		
OCI	1,212,984	(603,903)	(794,375)		
Total comprehensive income	**(1,244,190)**	**184,867**	**(749,798)**		
Profit / (loss) allocated to NCI	**(12,333)**	**358,051**	**3,990**	**2,531**	**352,239**
OCI allocated to NCI	**6,088**	**(274,133)**	**(71,095)**	**-**	**(339,140)**
Cash flows from operating activities	583,007	3,536,029	3,621,184		
Cash flows from (used in) investment activities	16,742	(44,239)	(1,310,713)		
Cash flows used in financing activities (dividends to NCI: nil)	(623,395)	(3,450,876)	(2,421,650)		
Net increase (decrease) in cash and cash equivalents	**(23,646)**	**40,914**	**(111,179)**		

Note 28. Related parties

In 2010, after an issue of ordinary shares, the majority of the Company's shares were acquired by Lorimer Ventures Ltd., which is controlled by the private equity investment fund, Emerging Europe Growth Fund II, which is the ultimate controlling party of the Group.

The Group's related parties for the years 2016, 2015 and 2014 were the following:

Name of the entity	Relationship with the Company
Emerging Europe Growth Fund II	Ultimate controlling party
Lorimer Ventures Limited	Majority shareholder of the Company
Amboselt Universal Inc.	Shareholder of the Company
Key management personnel	Members of board of directors of the Company, CEOs, CFO and Sales Director of the Group companies
Victor Bostan	CEO and Chairman of the Board of Directors, majority shareholder of Amboselt Universal Inc., minority shareholder of the Company through Amboselt Universal Inc.
Agro Sud Invest SRL	Entity controlled by a key member of management through a significant shareholding
BSC Agro SRL	Entity controlled by a key member of the management through a significant shareholding
Agrovinexpo SRL	Entity controlled by Victor Bostan through a significant shareholding
Purcari Vin SRL	Entity controlled by Victor Bostan through a significant shareholding
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Art Vin SRL	Entity controlled by Victor Bostan through a significant shareholding
Elkas Home SRL	Entity controlled by a shareholder of Amboselt Universal Inc.

Key management personnel and other related party transactions

	Transaction value for the year ended 31 December - – income/(expenses)			Outstanding balance - receivable/(payable) as at 31 December		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
Amboselt Universal Inc						
- Trade receivables	-	-	-	-	23,405	20,803
- Impairment of trade receivables	(22,906)	-	-	-	-	-
- Contribution to equity	-	2,578,663	-	-	-	-
Victor Bostan						
- Other receivables	-	-	-	90,453	49,912	6,857
- Borrowings	-	-	-	(2,154)	(2,110)	(2,361)
- Impairment of other receivables	(7,550)	-	-	-	-	-
- Accommodation expenses	(571,759)	(443,103)	(392,803)	-	-	-
- Salaries and bonuses for performance	(402,449)	(518,265)	(411,005)	(25,349)	(14,614)	(15,188)
Agrovinexpo SRL						
-Trade payables	-	-	-	-	-	(33,102)
-Loan receivable (gross)	-	-	-	-	-	818,801
-Allowance for impairment of loans receivable	-	-	-	-	-	(818,801)
- Impairment of loans receivable	-	889,627	413,534	-	-	-
- Other expenses	-	(2,433)	(20,676)	-	-	-
- Fixed assets purchases	-	(1,320)	-	-	-	-
- Rent expenses	-	(2,433)	(19,085)	-	-	-
- Inventory purchases	-	(24,130)	(27,943)	-	-	-
- Assignment of loan receivables	-	(889,627)	-	-	-	-
Victoriavin SRL						
- Other receivables	-	-	-	604,437	601,703	-
- Gross loans receivable	-	-	-	2,892,920	2,635,376	2,374,262
- Allowance for impairment of loan receivables	-	-	-	(51,968)	(127,276)	(181,612)
- (Provision for) / reversal of impairment loss of loans receivable	73,741	(38,429)	46,165	-	-	-
- Trade payables	-	-	-	(327,177)	(47,712)	(96,617)
- Rent expenses	(333,727)	(335,323)	(372,672)	-	-	-
- Interest income	158,309	156,222	130,619	-	-	-
- Assignment of loan receivables	-	889,627	-	-	-	-
Purcari Vin SRL						
- Assignment of trade receivables	-	-	343,047	-	-	-
- Trade receivables	-	-	-	-	332,249	-
Art Vin SRL						
- Assignment of trade receivables	-	-	(343,047)	-	-	-
Agro Sud Invest SRL						
- Agricultural services	(1,360,428)	(953,575)	-	-	-	-
- Trade payables	-	-	-	(70,396)	(86,678)	-
BSC Agro SRL						
- Agricultural services	(2,312,773)	(1,518,793)	-	-	-	-
- Trade payables	-	-	-	(73,077)	(153,077)	-
- Transportation services	29,338	18,520	-	-	-	-
- Sales of merchandise	6,921	-	-	-	-	-
Elkas Home SRL						
- Trade receivables	-	-	-	129,000	-	-
- Other expenses	(244,809)	-	-	-	-	-
Key management personnel						
- Salaries and bonuses for performance	(1,249,260)	(907,984)	(775,642)	(62,117)	(22,905)	(31,630)

During the year ended 31 December 2015 Agrovinexpo SRL assigned its loan receivable due to the Group to Victoriavin SRL. During the year ended 31 December 2014 Art Vin SRL assigned its trade receivable due to the Group to Purcari Vin SRL.

Note 29. Commitments and contingencies

(i) Capital commitments

The Group has no commitments for purchase of property, plant and equipment and intangible assets as at 31 December 2016, 31 December 2015 and 31 December 2014.

(ii) Commitments for finance and operating lease contracts

As detailed in Note 14, the Group has obligations amounting to RON 652,162 (2015: RON 731,738, 2014: RON 943,174) under the finance lease contracts.

The future lease payments under current operational lease agreements at 31 December 2016, 31 December 2015 and 31 December 2014 were as follows:

	31 December 2016	31 December 2015	31 December 2014
Within one year	337,953	367,163	404,254
Between one and five years	-	262,227	6,000
Total	**337,953**	**629,390**	**410,254**

Classification of lease

The Group's subsidiaries, Vinaria Bostavan SRL and Vinaria Purcari SRL, rent land for their plantations of grape vines (as disclosed in Note 22 a)) from Victoriavin SRL, a related party. All the lease agreements have a period of 29 years, and mature between the years 2033-2039.

According to the agreements valid at 31 December 2016, the lessor or the lessee can terminate the lease early within 6 months with no penalties incurred, and as a result, the minimum lease payments are the payments made only over this period, and the present value of the minimum lease payments does not amount to substantially all of the fair value of the leased land. Therefore the Group concluded that the lease of land should be accounted as operating lease, as the conditions for classification of the lease as financing were not met.

On 1 January 2018 the Group signed new lease agreements with Victoriavin SRL for these plots of land, where the lease period is changed to 29 years from 1 January 2018 (to 31 December 2047), and the termination clause mentioned above has been excluded.

(iii) Litigations and claims

The Group is involved in several litigation or disputes. The Group does not present information and did not set-up provisions for these items, as the management assessed as remote the probability of outflow of economic benefits, because it considers unlikely unfavourable outcome of the litigations.

(iv) Fiscal environment

The tax laws and regulations in Romania, Moldova and Cyprus may be subject to change, and there may be changes in interpretation and enforcement of tax law. The tax systems in these countries can be characterized by numerous taxes and frequently changing legislation, open to interpretation and in some cases are conflicting. These changes in tax law and/or interpretation and enforcement of the tax law may be difficult for the Group to predict, and the Group may therefore be unprepared for these changes. As a result, the Group may face increases in taxes payable if tax laws or regulations are modified by the competent authorities in an adverse manner, or are interpreted in a way that is different from Group's interpretation, which could have a material adverse effect on the Group's financial statements, as influenced by additional tax liabilities, including fines, penalties and charged interest.

Tax audits consists of detailed verifications of the accounting records of tax payers. These audits sometimes take place months, or even years, after the date liabilities are established. Tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed in Romania, a four year period in Republic of Moldova and six years in Cyprus. Consequently, companies may be found liable for significant taxes and fines.

The Group regularly makes assessment of tax risks and establishes tax provisions, which represent management's best estimate, also based on consultations with relevant tax advisors. Management believes that it has adequately provided for tax risks and liabilities. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Note 30. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is calculated as profit/ (loss) for the year (as presented in the consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Notes 7 and 8).

The management of the Group has presented EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance.

EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.

EBITDA for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 was as follows:

	Indicator	Note	2016	2015	2014
EBITDA	**EBITDA**		**37,083,144**	**17,654,531**	**9,217,486**
Less: depreciation for the year		**7**	(5,310,010)	(5,984,388)	(6,921,919)
Less: amortization for the year		**8**	(73,463)	(59,288)	(66,411)
Result from operating activities			**31,699,671**	**11,610,855**	**2,229,156**
Less: net finance costs		**23**	(4,725,831)	(11,409,806)	(10,202,223)
Earnings Before Income Taxes	**EBIT**		**26,973,840**	**201,049**	**(7,973,067)**
Less: tax (expense) / benefit		**24**	(3,861,453)	(34,840)	91,002
Profit / (loss) for the year			**23,112,387**	**166,209**	**(7,882,065)**

Note 31. Subsequent events

In March 2017, the Group through its subsidiary Crama Ceptura SRL contributed to the foundation of Ecosmart Union SA in Romania, with RON 108,000 which for 27% of the shares.

In the period 27 – 31 March 2017 the Group, through its subsidiary Vinaria Purcari SRL, purchased 31.415% ownership interest in IM Glass Container Company S.A. group (which include IM Glass Container Company S.A. and its subsidiary Glass Container Company-SP S.R.L.) for a consideration in cash of RON 6,406,685 (the equivalent of MDL 29,498,035). This ownership interest was acquired from the Moldovan State as a result of privatisation round launched in this period.

In 2017 the Group increased its shareholding in the subsidiary Vinaria Purcari SRL from 91.05% to 100% by acquiring shares from non-controlling interests.

Note 32. Explanation of transition to IFRS-EU

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with IFRS-EU. The accounting policies set out in Note 6 have been applied in preparing the consolidated financial statements for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 and in the preparation of an opening IFRS-EU consolidated statement of financial position at 1 January 2014 (the Group's date of transition).

In preparing its opening IFRS-EU consolidated statement of financial position, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). An explanation of how the transition from IFRS to IFRS-EU and correction of errors and changes in presentation have affected the Group's consolidated financial position, consolidated financial performance and consolidated cash flows was set out in the following tables and the notes that accompany the tables.

Reconciliation of consolidated statement of financial position as at 1 January 2014 and 31 December 2014 was as follows:

	Note	31 December 2014 (IFRS previously reported)	Adjustments	31 December 2014 (IFRS-EU)	1 January 2014 (IFRS previously reported)	Adjustments	1 January 2014 (IFRS-EU)
Assets							
Property, plant and equipment	i	57,833,114	16,761,572	74,594,686	65,404,744	18,391,878	83,796,622
Intangible assets		977,573		977,573	1,099,319	-	1,099,319
Biological assets	i	20,975,915	(20,975,915)	-	18,391,878	(18,391,878)	-
Loans receivable	ii	245,873	1,946,778	2,192,651	1,871,604	-	1,871,604
Inventories	iii	-	20,208,545	20,208,545	-	19,955,618	19,955,618
Other non-current assets		-		-	-	-	-
Total non-current assets		**80,032,475**	**17,940,980**	**97,973,455**	**86,767,545**	**19,955,618**	**106,723,163**
Loans receivable	ii	1,946,778	(1,946,778)	-	-	-	-
Inventories	i, iii	44,701,377	(20,383,447)	24,317,930	44,043,658	(19,955,618)	24,088,040
Trade and other receivables	iv, v	18,411,642	(54,862)	18,356,780	20,904,887	(509,685)	20,395,202
Cash and cash equivalents	v	1,018,965	(444,762)	574,203	1,505,077	(664,553)	840,524
Current tax assets	iv	-	26,917	26,917	-	155,718	155,718
Prepayments	iv	-	472,708	472,708	-	1,018,520	1,018,520
Other current assets		29,879	-	29,879	68,409	-	68,409
Total current assets		**66,108,641**	**(22,330,224)**	**43,778,417**	**66,522,031**	**(19,955,618)**	**46,566,413**
Total assets		**146,141,116**	**(4,389,244)**	**141,751,872**	**153,289,576**	**-**	**153,289,576**
Equity							
Share capital		34,838	-	34,838	34,838	-	34,838
Share premium		123,685,006	-	123,685,006	123,685,006	-	123,685,006
Contributions by owners	xiii	7,611,494	(951,437)	6,660,057	7,611,494	(951,437)	6,660,057
Translation reserve		1,135,740	(269,814)	865,926	(210,281)	(23,112)	(233,393)
Accumulated losses		(81,233,553)	(5,084,712)	(86,318,265)	(78,083,961)	-	(78,083,961)
Equity attributable to owners of the Company		**51,233,525**	**(6,305,963)**	**44,927,562**	**53,037,096**	**(974,549)**	**52,062,547**
Non-controlling interests		**6,632,313**	**(629)**	**6,631,684**	**6,618,585**	**-**	**6,618,585**
Total equity		**57,865,838**	**(6,306,592)**	**51,559,246**	**59,655,681**	**(974,549)**	**58,681,132**
Liabilities							
Borrowings and finance lease	vi	34,485,240	(34,021,116)	464,124	39,658,469	(37,153,223)	2,505,246
Deferred income		404,910	-	404,910	593,502	-	593,502
Deferred tax liability	i, xiii	5,673,089	248,662	5,921,751	6,046,958	974,549	7,021,507
Total non-current liabilities		**40,563,239**	**(33,772,454)**	**6,790,785**	**46,298,929**	**(36,178,674)**	**10,120,255**
Borrowings and finance lease	vi	24,102,907	34,021,116	58,124,023	19,373,844	37,153,223	56,527,067
Deferred income		330,437	-	330,437	507,978	-	507,978
Current tax liabilities	vii, viii	-	895,313	895,313	-	3,612	3,612
Employee benefits	vii	-	935,657	935,657	-	775,845	775,845
Trade and other payables	vii	23,278,695	(956,535)	22,322,160	27,453,144	(779,457)	26,673,687
Provisions	xiv	-	794,251	794,251	-	-	-
Total current liabilities		**47,712,039**	**35,689,802**	**83,401,841**	**47,334,966**	**37,153,223**	**84,488,189**
Total liabilities		**88,275,278**	**1,917,348**	**90,192,626**	**93,633,895**	**974,549**	**94,608,444**
Total equity and liabilities		**146,141,116**	**(4,389,244)**	**141,751,872**	**153,289,576**	**-**	**153,289,576**

Reconciliation of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 was as follows:

	Note	2014 (IFRS previously reported)	Adjustments	2014 (IFRS-EU)
Revenue	ix	61,604,530	(1,960,304)	59,644,226
Cost of sales	i, xi	(39,417,196)	(82,594)	(39,499,790)
Gross profit		**22,187,334**	**(2,042,898)**	**20,144,436**
Other operating income	i	1,154,997	(344,566)	810,431
Marketing and sales expenses	ix	(8,794,822)	3,642,336	(5,152,486)
General and administrative expenses	ix, x	(8,098,279)	(1,827,022)	(9,925,301)
Other operating expenses	i, xi, xiv	(1,681,139)	(1,966,785)	(3,647,924)
Fair value adjustment of biological assets	i	3,015,499	(3,015,499)	-
Result from operating activities		**7,783,590**	**(5,554,434)**	**2,229,156**
Finance income		130,619	-	130,619
Finance costs	x	(10,732,522)	399,680	(10,332,842)
Net finance costs		**(10,601,903)**	**399,680**	**(10,202,223)**
Loss before tax		**(2,818,313)**	**(5,154,754)**	**(7,973,067)**
Income tax benefit	i, viii	21,596	69,406	91,002
Loss for the year		**(2,796,717)**	**(5,085,348)**	**(7,882,065)**
Profit/ (loss) attributable to:				
Owners of the Company		(3,149,592)	(5,084,712)	(8,234,304)
Non-controlling interests		352,875	(636)	352,239
Loss for the year		**(2,796,717)**	**(5,085,348)**	**(7,882,065)**
Other comprehensive income/ (loss)				
Items that are or may be reclassified to profit or loss				
Foreign currency translation differences		1,029,983	(269,804)	760,179
Other comprehensive income/ (loss) for the year		**1,029,983**	**(269,804)**	**760,179**
Total comprehensive income/ (loss) for the year		**(1,766,734)**	**(5,355,152)**	**(7,121,886)**
Total comprehensive income/ (loss) attributable to:				
Owners of the Company		(1,780,461)	(5,354,524)	(7,134,985)
Non-controlling interests		13,727	(628)	13,099
Total comprehensive loss for the year		**(1,766,734)**	**(5,355,152)**	**(7,121,886)**

Reconciliation of consolidated statement of cash flows for the year ended 31 December 2014 was as follows:

	Note	2014 (IFRS previously reported)	Adjustments	2014 (IFRS-EU)
Cash flow from operating activities				
Loss for the year		(2,796,716)	(5,085,349)	(7,882,065)
Adjustments for:				
Depreciation and amortization	**i**	6,324,693	663,637	6,988,330
Loss/ (gain) on disposal of property, plant and equipment and intangible assets		(164,546)	-	(164,546)
Impairment of property, plant and equipment, net		(58,584)	-	(58,584)
Write-down of inventories, net		(181,996)	-	(181,996)
Impairment of loans receivable, net		(432,884)	-	(432,884)
Impairment of trade receivables, net		1,867,444	-	1,867,444
Impairment of other receivables, net		(47,796)	-	(47,796)
Release of deferred income		(360,739)	-	(360,739)
Gains on write-off of trade and other payables		(191,182)	-	(191,182)
Fair value adjustment of biological assets	**i**	(3,015,499)	4,078,767	1,063,268
Change in provisions	**xiv**	-	721,522	721,522
Income tax expense/ (benefit)	**i, viii**	(21,596)	(69,406)	(91,002)
Net finance costs		10,202,223	-	10,202,223
		11,122,822	**309,171**	**11,431,993**
Changes in:				
Inventories	**i, xii**	4,125,705	(7,486,671)	(3,360,966)
Trade and other receivables	**iv, v**	(598,385)	(228,137)	(826,522)
Prepayments	**iv**	-	507,869	507,869
Other assets		36,302	-	36,302
Employee benefits	**vii**	-	202,024	202,024
Trade and other payables	**vii**	(1,606,487)	(202,024)	(1,808,511)
Cash generated from operating activities		**13,079,957**	**(6,897,768)**	**6,182,189**
Income tax paid		-	-	-
Interest paid		(4,836,265)	-	(4,836,265)
Net cash from operating activities		**8,243,692**	**(6,897,768)**	**1,345,924**
Cash flows from investing activities				
Payments for acquisition of intangible assets		(42,481)	-	(42,481)
Payments for acquisition of property, plant and equipment		(2,017,166)	-	(2,017,166)
Payments for maintenance costs of grape vines	**xii**	(7,177,499)	7,177,499	-
Collections from loans granted		413,532	-	413,532
Proceeds from sale of property, plant and equipment		510,321	-	510,321
Net cash used in investing activities		**(8,313,293)**	**7,177,499**	**(1,135,794)**
Cash flows from financing activities				
Receipt of borrowings		17,813,236	-	17,813,236
Repayment of borrowings and finance lease		(18,007,811)	-	(18,007,811)
Net cash used in financing activities		**(194,575)**	**-**	**(194,575)**
Net increase/ (decrease) in cash and cash equivalents		**(264,176)**	**279,731**	**15,555**
Cash and cash equivalents at 1 January	**v**	1,505,077	(664,553)	840,524
Effect of movements in exchange rates on cash held	**v**	(221,936)	(59,940)	(281,876)
Cash and cash equivalents at 31 December	**v**	**1,018,965**	**(444,762)**	**574,203**

Transition from IFRS to IFRS-EU

i. In the consolidated financial statements for the year ended 31 December 2014 prepared in accordance with IFRS (previously issued) the grape vines were measured at fair value less costs to sell.

In these non-statutory consolidated financial statements the Group has adopted the amendments to accounting standards IAS 16 *Property Plant and equipment* and IAS 41 *Agriculture* (Effective for annual periods beginning on or after 1 January 2016). These amendments result in bearer plants being in the scope of IAS 16 *Property, Plant and Equipment*, instead of IAS 41 *Agriculture*, to reflect the fact that their operation is similar to that of manufacturing. Following this amendment, the Group used the fair value of bearer plants (grape vines) as at 1 January 2014 as deemed cost at that date.

Correction of errors and changes in presentation

ii. In these financial statements the Group classified loans receivable of RON 1,946,778 at 31 December 2014 from current assets to non-current assets, as the Group expects to realize these assets within a period longer than twelve months after the reporting date.

iii. In these financial statements the Group classified inventories of RON 20,208,545 at 31 December 2014 (1 January 2014: RON 19,955,618) from current assets to non-current assets, as the Group expects to realize these assets within a period longer than twelve months after the reporting date.

iv. In these financial statements the Group presented separately in the consolidated statement of financial position the current tax assets of RON 26,917 at 31 December 2014 (1 January 2014: RON 155,718) and prepayments of RON 472,708 at 31 December 2014 (1 January 2014: RON 1,018,520), while in the previous set of financial statements they were included in trade and other receivables.

v. In these financial statements the Group classified the promissory notes of RON 444,762 at 31 December 2014 (1 January 2014: RON 664,553) from cash and cash equivalents to trade and other receivables.

vi. In these financial statements the Group classified the borrowings and finance lease of RON 34,021,116 at 31 December 2014 (1 January 2014: RON 37,153,223) from non-current liabilities to current liabilities as the Group was in breach of loan covenants as at these dates.

vii. In these financial statements the Group presented separately in the consolidated statement of financial position the employee benefits payables of RON 935,657 at 31 December 2014 (1 January 2014: RON 775,845) and current tax liabilities of RON 20,879 at 31 December 2014 (1 January 2014: RON 3,612), while in the previous set of financial statements they were included in trade and other payables.

viii. In these financial statements the Group accounted for additional current tax liability of RON 874,434 as of 31 December 2014.

ix. In these financial statements the Group reclassified to revenue discounts of RON 1,960,304 previously included in marketing and sales expenses, and to general and administrative expenses of RON 1,682,032 expenses previously included in marketing and sales expenses.

x. In these financial statements the Group classified bank charges from finance costs to general and administrative expenses of RON 399,680.

xi. In these financial statements the Group classified write-down of inventories from other operating expenses to cost of sales of RON 181,996.

xii. In these financial statements the Group classified the payments for maintenance costs of grape vines from investing activity to operating activity, in changes in inventories, of RON 7,177,499.

xiii. In these financial statements the Group accounted for deferred tax liabilities from contributions by owners of RON 951,437 as at 1 January 2014.

xiv. In these financial statements the Group accounted for provisions of RON 794,251 as at 31 December 2014 for the significant tax risks for which the management assessed as probable the outflow of resources embodying economic benefits.

KPMG Audit SRL
Victoria Business Park
DN1, Soseaua Bucuresti-Ploiesti nr. 69-71
Sector 1

P.O. Box 18-191
Bucharest 013685
Romania
Tel: +40 (21) 201 22 22
+40 (372) 377 800
Fax: +40 (21) 201 22 11
+40 (372) 377 700
www.kpmg.ro

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

(free translation[1])

To the Shareholders of
Purcari Wineries Ltd. (former Bostavan Wineries Ltd.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Purcari Wineries Ltd. (former Bostavan Wineries Ltd.) ("the Company") and its subsidiaries (together "the Group") as at 30 September 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information").

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian, which is the official and binding version.

Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Other Matters

We draw attention to the fact that we have not audited or reviewed the accompanying condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine month period ended 30 September 2016, or any of the related notes and accordingly, we do not express an opinion or a conclusion on them.

Refer to the original signed Romanian version

KPMG Audit S.R.L.
Bucharest, Romania
10 January 2018

Purcari Wineries Ltd.

(formerly Bostavan Wineries Ltd.)

Condensed Consolidated Interim Financial Information

30 September 2017

(free translation)[1]

[1] TRANSLATOR'S EXPLANATORY NOTE: This translation is provided as a free translation from Romanian version, which is the official and binding version.

Contents

	Note	30 September 2017 (unaudited)	31 December 2016
Assets			
Property, plant and equipment	6	70,995,200	64,931,515
Intangible assets		1,046,075	1,058,552
Loans receivable		2,531,906	2,840,953
Equity-accounted investees	7	7,467,727	-
Inventories	9	11,444,470	7,756,212
Other non-current assets		19,579	9,441
Total non-current assets		**93,504,957**	**76,596,673**
Inventories	9	52,893,573	42,977,342
Biological assets		7,073,125	-
Trade and other receivables	8	36,446,738	30,416,981
Cash and cash equivalents	10	6,354,511	13,267,974
Current tax assets		66,470	380,377
Prepayments		3,392,139	3,239,507
Other current assets		63,693	77,373
Total current assets		**106,290,249**	**90,359,554**
Total assets		**199,795,206**	**166,956,227**
Equity			
Share capital		34,838	34,838
Share premium		123,685,006	123,685,006
Contributions by owners		8,916,387	8,916,387
Translation reserve		2,709,995	909,278
Accumulated losses		(46,741,753)	(67,154,895)
Equity attributable to owners of the Company		**88,604,473**	**66,390,614**
Non-controlling interests		**10,587,512**	**10,395,478**
Total equity		**99,191,985**	**76,786,092**
Liabilities			
Borrowings and finance lease	12	12,582,747	11,098,108
Deferred income	13	586,413	47,861
Deferred tax liability		4,948,366	5,066,408
Total non-current liabilities		**18,117,526**	**16,212,377**
Borrowings and finance lease	12	45,448,961	47,534,071
Deferred income	13	61,962	76,156
Current tax liabilities		2,825,087	3,033,139
Employee benefits		1,834,554	1,200,080
Trade and other payables	14	27,216,507	18,667,278
Provisions	20	5,098,624	3,447,034
Total current liabilities		**82,485,695**	**73,957,758**
Total liabilities		**100,603,221**	**90,170,135**
Total equity and liabilities		**199,795,206**	**166,956,227**

The accompanying notes are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information was authorized for issue by the Board of Directors on 10 January 2018.

V. Bostan

Victor Bostan
General Manager and
Chairman of Board of Directors

Victor Arapan
Chief Financial Officer

	Note	Nine month period ended	
		30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Revenue	**15**	94,585,800	69,877,574
Cost of sales	**16**	(50,644,207)	(35,639,060)
Gross profit		**43,941,593**	**34,238,514**
Other operating income	**19**	170,504	850,643
Marketing and sales expenses	**17**	(5,026,686)	(5,187,259)
General and administrative expenses	**18**	(10,412,002)	(8,764,888)
Other operating expenses	**20**	(2,261,260)	(887,072)
Result from operating activities		**26,412,149**	**20,249,938**
Finance income	**21**	1,324,174	117,543
Finance costs	**21**	(2,305,534)	(4,027,072)
Net finance costs	**21**	**(981,360)**	**(3,909,529)**
Share of profit of equity-accounted investees, net of tax	**7**	819,690	-
Profit before tax		**26,250,479**	**16,340,409**
Income tax expense	**22**	(4,171,552)	(2,048,099)
Profit for the period		**22,078,927**	**14,292,310**
Profit attributable to:			
Owners of the Company		19,238,230	12,385,389
Non-controlling interests		2,840,697	1,906,921
Profit for the period		**22,078,927**	**14,292,310**
Other comprehensive income/ (loss)			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		2,647,986	(2,715,548)
Other comprehensive income/ (loss) for the period		**2,647,986**	**(2,715,548)**
Total comprehensive income for the period		**24,726,913**	**11,576,762**
Total comprehensive income attributable to:			
Owners of the Company		21,263,311	9,972,621
Non-controlling interests		3,463,602	1,604,141
Total comprehensive income for the period		**24,726,913**	**11,576,762**
Earnings per share			
Basic and diluted earnings per share	**11**	**4.05**	**2.61**

The accompanying notes are an integral part of this condensed consolidated interim financial information.

	Note	Nine month period ended 30 September 2017 (unaudited)	30 September 2016 (unaudited and not reviewed)
Cash flow from operating activities			
Profit for the period		22,078,927	14,292,310
Adjustments for:			
Depreciation and amortization		4,104,544	4,001,541
Gain on disposal of property, plant and equipment and intangible assets	**20**	(18,905)	(115,513)
Impairment of property, plant and equipment, net	**20**	(168,966)	(203,845)
Write-down of inventories, net	**9**	234,540	96,690
Impairment of loans receivable, net	**20**	(26,281)	(54,950)
Impairment of trade receivables, net	**20**	578,554	201,936
Impairment of other receivables, net	**20**	-	(82,304)
Release of deferred income	**19**	(40,256)	(312,628)
Gains on write-off of trade and other payables	**19**	-	(240,961)
Share of profit of equity-accounted investees, net of tax	**7**	(819,690)	-
Adjustment to fair value of biological assets	**20**	(367,746)	(673,418)
Change in provisions	**20**	2,078,121	1,584,300
Income tax expense	**22**	4,171,552	2,048,099
Net finance costs	**21**	981,360	3,909,529
		32,785,754	**24,450,786**
Changes in:			
Inventories		(14,525,735)	1,038,041
Biological assets		(6,984,652)	(5,122,811)
Trade and other receivables		(6,945,974)	1,326,622
Prepayments		330,391	(238,533)
Other assets		3,729	(462,845)
Employee benefits		(48,251)	242,709
Trade and other payables		8,966,967	(2,869,506)
Deferred income		553,287	101,041
Cash generated from operating activities		**14,135,516**	**18,465,504**
Income tax paid		(3,464,936)	(1,694,452)
Interest paid		(1,881,013)	(3,299,058)
Net cash generated from operating activities		**8,789,567**	**13,471,994**
Cash flows from investing activities			
Payments for acquisition of intangible assets		(40,391)	(98,161)
Payments for acquisition of property, plant and equipment		(8,410,793)	(3,265,913)
Payments for acquisition of interests in equity-accounted investees	**7**	(6,514,685)	-
Proceeds from sale of property, plant and equipment		112,285	655,016
Net cash used in investing activities		**(14,853,584)**	**(2,709,058)**
Cash flows from financing activities			
Payments for acquisition of non-controlling interests		(102,453)	-
Receipt of borrowings		23,207,953	16,826,659
Repayment of borrowings and finance lease		(23,847,863)	(17,474,426)
Dividends paid to non-controlling interests		(4,053)	-
Net cash used in financing activities		**(746,416)**	**(647,767)**
Net increase/ (decrease) in cash and cash equivalents		**(6,810,433)**	**10,115,169**
Cash and cash equivalents at 1 January		13,267,974	1,466,304
Effect of movements in exchange rates on cash held		(103,030)	69,598
Cash and cash equivalents at 30 September	**10**	**6,354,511**	**11,651,071**

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Purcari Wineries Ltd. (formerly Bostavan Wineries Ltd.)
Condensed Consolidated Statement of Changes in Equity for the nine month period ended 30 September 2017
all amounts are in RON, unless stated otherwise

	Attributable to owners of the Company							
	Share capital	Share premium	Contributions by owners	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**34,838**	**123,685,006**	**8,916,387**	**(726,947)**	**(86,896,515)**	**45,012,769**	**6,682,077**	**51,694,846**
Comprehensive income								
Profit for the period	-	-	-	-	12,385,389	12,385,389	1,906,921	14,292,310
Foreign currency translation differences	-	-	-	(2,412,768)	-	(2,412,768)	(302,780)	(2,715,548)
Total comprehensive income/ (loss) for the period (unaudited and not reviewed)	**-**	**-**	**-**	**(2,412,768)**	**12,385,389**	**9,972,621**	**1,604,141**	**11,576,762**
Balance at 30 September 2016 (unaudited and not reviewed)	**34,838**	**123,685,006**	**8,916,387**	**(3,139,715)**	**(74,511,126)**	**54,985,390**	**8,286,218**	**63,271,608**
Balance at 1 January 2017	**34,838**	**123,685,006**	**8,916,387**	**909,278**	**(67,154,895)**	**66,390,614**	**10,395,478**	**76,786,092**
Comprehensive income								
Profit for the period	-	-	-	-	19,238,230	19,238,230	2,840,697	22,078,927
Foreign currency translation differences	-	-	-	2,025,081	-	2,025,081	622,905	2,647,986
Total comprehensive income for the period (unaudited)	**-**	**-**	**-**	**2,025,081**	**19,238,230**	**21,263,311**	**3,463,602**	**24,726,913**
Transactions with owners of the Company								
Acquisition of non-controlling interests (unaudited) (Note 24)	-	-	-	(224,364)	1,174,912	950,548	(2,977,352)	(2,026,804)
Other changes in equity								
Dividends to non-controlling interests (unaudited)	-	-	-	-	-	-	(294,216)	(294,216)
Balance at 30 September 2017 (unaudited)	**34,838**	**123,685,006**	**8,916,387**	**2,709,995**	**(46,741,753)**	**88,604,473**	**10,587,512**	**99,191,985**

The accompanying notes are an integral part of this condensed consolidated interim financial information.

Note 1. Reporting entity

This financial information is the condensed consolidated interim financial information of Purcari Wineries Ltd (formerly Bostavan Wineries Ltd) ("the Company") and its subsidiaries (together "the Group") as at and for the nine month period ended 30 September 2017.

Purcari Wineries Ltd is a company domiciled in Cyprus. The registered office of the Company is 1 Lampousas Street, 1095 Nicosia, Cyprus, Tax Identification Number 12201949I. In December 2017 the Company changed its name from Bostavan Wineries Ltd to Purcari Wineries Ltd. The ultimate controlling party is the private equity investment fund, Emerging Europe Growth Fund II.

The Group is primarily involved in the production and sale of wine and brandy.

Subsidiaries

The Group's subsidiaries and information related to the Company's ownership interest, are presented below:

	Country of incorporation	Ownership interest	
		30 September 2017	**31 December 2016**
Vinorum Holdings Ltd	Gibraltar	100%	100%
West Circle Ltd	British Virgin Islands	100%	100%
Crama Ceptura SRL	Romania	100%	100%
Vinaria Bostavan SRL	Republic of Moldova	99.54%	99.54%
Vinaria Purcari SRL	Republic of Moldova	100%	91.05%
Vinaria Bardar SA	Republic of Moldova	54.61%	54.61%

The structure of the Group as at 30 September 2017 is as follows:

- Purcari Wineries Ltd is a holding company domiciled in Cyprus;
- Vinorum Holdings Ltd is a holding company domiciled in Gibraltar;
- West Circle Ltd is a holding company domiciled in British Virgin Islands;
- Crama Ceptura SRL is domiciled in Romania. Its major activity is the production, bottling and sale of wines;
- Vinaria Bostavan SRL and Vinaria Purcari SRL are domiciled in Republic of Moldova. Their major activity is the production, bottling and sale of wines;
- Vinaria Bardar SA is domiciled in Republic of Moldova. Its major activity is the production, bottling and sale of brandy and divins. The nominal ownership interest of the Group in Vinaria Bardar SA is 52.52%. However, because 3.83% of shares of Vinaria Bardar SA are treasury shares, the effective ownership interest of the Group in the subsidiary is 54.61%.

Rights over land

Moldovan Legislation does not allow non-residents to own freehold land in the Republic of Moldova. In order to be able to exercise control over the land on which the Group's grape vines grow, the entire area of land was acquired by Victoriavin SRL, a related party of the Group. The Group's management considers that the related party should not be consolidated because this party is not controlled by the Company. The land is leased to Vinaria Bostavan SRL and Vinaria Purcari SRL, and on it, the grape vines of these subsidiaries are planted.

In relation to the Investment Agreement dated 29 April 2010 (hereinafter referred to as "Investment Agreement"), whereby Lorimer Ventures Limited acquired 1,605,275 newly issued shares with a nominal value of EUR 0.00171 in Purcari Wineries Ltd for a price of USD 12,300,000, the following information is relevant:

Parties concluding the Investment agreement are:

- The Company;
- Amboselt Universal Inc. - as existing shareholder of the Company;
- International finance Corporation (IFC) - as existing shareholder of the Company;
- Detroit Investment Ltd. - former shareholder of the Company;
- Victor Bostan – major shareholder of Victoriavin SRL and minority shareholder of the Company through Amboselt Universal Inc.;
- Lorimer Ventures Limited – as new shareholder of the Company.

The Parties acknowledge that Victoriavin is a quasi-member of the Group, and that Victoriavin is directly and fully owned by Victor Bostan (who is also minority shareholder of the Company through Amboselt Universal Inc.), and not the Company, because of the prohibition in Moldovan Law for companies with any element of foreign capital (such as subsidiaries) to own agricultural land in the Republic of Moldova. If Moldovan Law would change and this restriction on ownership of agricultural land would be removed, the Company has the option of requiring Victor Bostan to sell to the Company or any of its subsidiaries the relevant agricultural land (free and clear of any liens) for a gross purchase price of up to USD 1,500 per hectare or 100% shareholding in Victoriavin for an equivalent price.

The Group’s subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL rent land for their plantations of grape vines from Victoriavin SRL based on lease agreements. The lease agreements valid at 30 September 2017 were for a period of 29 years, with maturities between 2033-2039, and the lessor or the lessee could have terminated the lease with 6 month notice period, with no penalties. On 1 January 2018 the Group signed new lease agreements with Victoriavin SRL for these plots of land, where the lease period is changed to 29 years from 1 January 2018 (to 31 December 2047), and the termination clause mentioned above has been excluded. The lease payment is done annually until 30 November.

Note 2. Basis of accounting

This condensed consolidated interim financial information (“interim financial information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as endorsed by the European Union. It does not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“IFRS-EU”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated non-statutory financial statements as at and for the year ended 31 December 2016.

This condensed consolidated interim financial information was authorized for issue by the Board of Directors on 10 January 2018. This condensed consolidated interim financial information will be submitted for shareholders’ approval.

Note 3. Use of estimates and judgments

In preparing this interim financial information, management makes judgements, estimates and assumptions that affect the application of Group’s accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated non-statutory financial statements as at and for the year ended 31 December 2016. In addition, the assumptions and estimates used in the valuation of grapes prior to harvest are disclosed in Note 20.

Note 4. Basis of measurement

Management has prepared this condensed consolidated interim financial information under the going concern basis.

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for the biological assets (grapes on vines) which are measured at fair value less costs to sell.

Note 5. Significant accounting policies

The accounting policies applied in this interim financial information are the same as those applied in the Group’s consolidated non-statutory financial statements as at and for the year ended 31 December 2016.

The policy for recognition and measurement of interests in equity-accounted investees in the interim period is described in Note 7.

Note 6. Property, plant and equipment

During the nine month period ended 30 September 2017, the Group acquired assets with a cost of RON 8,410,793, mainly equipment, and disposed assets with a carrying amount of RON 92,388. During this period the depreciation amounted to RON 4,043,289, the reversal of impairment loss amounted to RON 168,966 and the effect of movement in exchange rates amounted to RON 1,619,600.

Note 7. Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the equity-accounted investees include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

Unrealised gains or losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee.

As at 30 September 2017 and 31 December 2016 interests in equity-accounted investees are as follows:

	30 September 2017 (unaudited)	31 December 2016
Investment in IM Glass Container Company SA Group	7,158,242	-
Investment in Ecosmart Union SA	309,485	-
Total interests in equity-accounted investees	**7,467,727**	**-**

The share of profit of equity-accounted investees, net of tax, for the nine month period ended 30 September 2017 is as follows:

	Nine month period ended 30 September 2017 (unaudited)
Share of the profit of IM Glass Container Company SA group	618,205
Share of the profit of Ecosmart Union SA	201,485
Total share of the profit of equity-accounted investees, net of tax	**819,690**

IM Glass Container Company SA group (provisional amounts)

In March 2017 the Group, through its subsidiary Vinaria Purcari SRL, purchased 31.415% ownership interest in IM Glass Container Company SA group (which include IM Glass Container Company SA and its subsidiary Glass Container Company-SP SRL) for a consideration in cash of RON 6,406,685 (the equivalent of MDL 29,498,035). This ownership interest was acquired from the Moldovan State as a result of privatisation round launched in this period. The consideration was paid entirely during the nine month period ended 30 September 2017. The main activity of IM Glass Container Company SA group is the production of glass bottles.

The movement in the investment in IM Glass Container Company SA group for the nine month period ended 30 September 2017 is as follows:

	Nine month period ended 30 September 2017 (unaudited)
Balance at 1 January	**-**
Acquisition cost	6,406,685
Share of profit	618,205
Effect of movements in exchange rates	133,352
Balance at 30 September	**7,158,242**

The share of profit was calculated based on the consolidated results of IM Glass Container Company SA group for the period after acquisition (1 April 2017 – 30 September 2017) as per its own financial statements.

The following table summarizes the financial information of IM Glass Container Company SA group as included in its own financial statements. The table also reconciles the summarised financial information of IM Glass Container Company SA group to the carrying amount of the Group's interest in IM Glass Container Company SA group.

The initial accounting for the acquisition of the investment in this associate is incomplete due to the fact that the Group has not sufficient information in order to complete the fair value measurement of the net assets of the associate. Therefore the Group presents provisional amounts in this respect.

	Nine month period ended 30 September 2017 (unaudited)
Percentage ownership interest	**31.415%**
Non-current assets (provisional amounts)	39,818,530
Current assets (provisional amounts)	68,135,677
Current liabilities	(22,088,469)
Net assets (100%) (provisional amounts)	85,865,738
Group's share of net assets (31.415%) (provisional amounts)	26,974,722
Gain from bargain purchase (provisional amounts)	(19,816,480)
Carrying amount of investment in associate (provisional amounts)	**7,158,242**
Revenue	45,601,769
Profit (100%) (provisional amounts)	1,967,866
Share of profit (31.415%) (provisional amounts)	618,205
Group's share of profit (provisional amounts)	**618,205**

Ecosmart Union SA

In March 2017 the Group, through its subsidiary Crama Ceptura SRL, contributed to the foundation of Ecosmart Union SA, contributing RON 108,000 for a 27% share. The main activity of Ecosmart Union SA is providing recycling services.

The movement in the investment in Ecosmart Union SA for the nine month period ended 30 September 2017 is as follows:

	Nine month period ended 30 September 2017 (unaudited)
Balance at 1 January	**-**
Contribution	108,000
Share of profit	201,485
Balance at 30 September	**309,485**

The following table summarizes the financial information of Ecosmart Union SA as included in its own financial statements. The table also reconciles the summarised financial information of Ecosmart Union SA to the carrying amount of the Group's interest in Ecosmart Union SA.

	Nine month period ended 30 September 2017 (unaudited)
Percentage ownership interest	**27%**
Non-current assets	25,787
Current assets	1,528,075
Current liabilities	(407,621)
Net assets (100%)	1,146,241
Group's share of net assets (27%)	309,485
Carrying amount of investment in associate	**309,485**
Revenue	2,477,401
Profit (100%)	746,241
Share of profit (27%)	201,485
Group's share of profit	**201,485**

Note 8. Trade and other receivables

As at 30 September 2017 and 31 December 2016 trade and other receivables are as follows:

	30 September 2017 (unaudited)	31 December 2016
Financial receivables		
Gross trade receivables	33,539,399	29,747,661
Trade receivables due from related parties (Note 25)	181,830	129,000
Allowance for impairment of trade receivables	(2,433,100)	(1,896,606)
Total financial receivables	**31,288,129**	**27,980,055**
Non-financial receivables		
VAT receivable	3,213,615	1,005,570
Other taxes receivable	718,541	114,216
Other receivables due from related parties (Note 25)	547,467	694,890
Other receivables	311,063	558,531
Excise duties receivable	367,923	63,719
Total non-financial receivables	**5,158,609**	**2,436,926**
Total trade and other receivables	**36,446,738**	**30,416,981**

The movement in the allowance for impairment of trade receivables during the nine month period ended 30 September 2017 is as follows.

	Nine month period ended 30 September 2017 (unaudited)
Balance 1 January	**1,896,606**
Impairment loss	578,554
Effect of movement in exchange rates	(42,060)
Balance 30 September	**2,433,100**

Note 9. Inventories

As at 30 September 2017 and 31 December 2016 inventories are as follows:

	30 September 2017 (unaudited)	31 December 2016
Raw materials		
Distilled alcohol	12,786,600	9,776,783
Wine materials	3,640,502	338,259
Other raw materials	203,795	189,599
Total raw materials	**16,630,897**	**10,304,641**
Other materials		
Packaging materials	7,786,907	5,937,500
Other materials	3,243,206	1,440,087
Chemicals	2,160,023	585,302
Total other materials	**13,190,136**	**7,962,889**
Semi-finished production		
Wine in barrels	24,592,339	26,762,209
Divin in barrels	5,541,878	2,245,247
Brandy in barrels	10,009	9,735
Juice	4,568	-
Total semi-finished production	**30,148,794**	**29,017,191**
Bottled finished goods		
Wine	4,171,435	3,266,355
Divin	153,425	175,988
Other finished goods	34,037	4,806
Brandy	9,319	1,684
Total bottled finished goods	**4,368,216**	**3,448,833**
Total inventories	**64,338,043**	**50,733,554**

The inventories that are expected to be recovered in more than 12 months after the reporting date have been classified to non-current assets and amount to RON 11,444,470 as at 30 September 2017 (31 December 2016: RON 7,756,212). These relate to wine in barrels of RON 1,881,420 (31 December 2016: RON 1,445,311) and distilled alcohol and divin in barrels of RON 9,563,050 (31 December 2016: RON 6,310,901).

Write-down of inventories for the nine month period ended 30 September 2017 of RON 234,540 (30 September 2016: RON 96,690) was recognised in cost of sales.

Note 10. Cash and cash equivalents

As at 30 September 2017 and 31 December 2016 cash and cash equivalents were as follows:

	30 September 2017 (unaudited)	31 December 2016
Bank accounts	6,281,432	13,119,235
Petty cash	73,079	148,739
Total cash and cash equivalents	**6,354,511**	**13,267,974**

Note 11. Earnings per share

The calculation of earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Profit for the period attributable to owners of the Company	19,238,230	12,385,389
Weighted-average number of ordinary shares outstanding	4,751,295	4,751,295
Earnings per share – basic and diluted	**4.05**	**2.61**

The Group has not issued any potentially dilutive instruments.

Note 12. Borrowings and finance lease

This note provides information about the contractual terms of the Group's interest-bearing liabilities, borrowings and finance lease, which are measured at amortized cost.

As at 30 September 2017 and 31 December 2016 borrowings and finance lease were as follows:

	30 September 2017 (unaudited)	**31 December 2016**
Non-current liabilities		
Secured bank loans	12,294,330	10,690,742
Finance lease liabilities	288,417	407,366
Total non-current portion	**12,582,747**	**11,098,108**
Current liabilities		
Current portion of secured bank loans	45,266,351	47,287,117
Current portion of finance lease liabilities	182,610	244,796
Unsecured loans from related parties	-	2,158
Total current portion	**45,448,961**	**47,534,071**
Total borrowings and finance lease	**58,031,708**	**58,632,179**

Terms and debt repayment schedules

As at 30 September 2017 and 31 December 2016 terms and conditions of outstanding loans were as follows:

					30 September 2017 (unaudited)			31 December 2016		
Type of loan	**Lender**	**Currency**	**Nominal interest rate**	**Year of maturity**	**Non-current**	**Current (classified from non-current)**	**Current**	**Non-current**	**Current (classified from non-current)**	**Current**
Secured bank loan	BC Moldova Agroindbank SA (1)	MDL	9.75%	2018	-	-	559,016	-	2,062,859	1,660
Secured bank loan	BC Moldova Agroindbank SA (2)	EUR	5.25%	2017	-	-	-	-	-	768,758
Secured bank loan	BC Moldova Agroindbank SA (3)	EUR	4.50%	2018	-	-	3,168,932	-	653,262	3,196,277
Secured bank loan	BC Moldova Agroindbank SA (4)	MDL	16.00%	2017	-	-	-	-	-	19,296
Secured bank loan	BC Moldova Agroindbank SA (5)	USD	5.00%	2018	-	-	327,991	-	363,637	1,321
Secured bank loan	BC Moldova Agroindbank SA (6)	MDL	9.75%	2018	-	-	2,768,844	-	49,458	2,790,066
Secured bank loan	BC Moldova Agroindbank SA (7)	EUR	4.50%	2018	-	-	2,573,242	-	1,784,884	2,768,704
Secured bank loan	BC Moldova Agroindbank SA (8)	EUR	4.50%	2017	-	-	368,422	-	-	1,515,148
Secured bank loan	BC Moldova Agroindbank SA (9)	USD	5.00%	2017	-	-	54,022	-	-	3,736,870
Secured bank loan	BC Moldova Agroindbank SA (10)	EUR	4.50%	2017	-	-	752,537	-	-	1,864,530
Secured bank loan	BC Moldova Agroindbank SA (11)	MDL	9.75%	2017	-	-	665,123	-	-	3,164,907
Secured bank loan	BC Moldova Agroindbank SA (12)	MDL	9.75%	2019	-	3,113,992	2,050,495	-	4,915,707	214,760
Secured bank loan	BC Moldova Agroindbank SA (13)	EUR	4.50%	2019	-	3,671,832	1,588,691	-	5,241,592	15,337
Secured bank loan	BC Moldova Agroindbank SA (14)	EUR	4.35%	2020	459,149	-	(2,296)	-	-	-

Terms and debt repayment schedules (continued)

Type of loan	Lender	Currency	Nominal interest rate	Year of maturity	30 September 2017 (unaudited)			31 December 2016		
					Non-current	Current (classified from non-current)	Current	Non-current	Current (classified from non-current)	Current
Secured bank loan	Ministry of Finance of Moldova (project financed by EIB) (1)	EUR	3.55%	2020	1,836,588	-	918,294	2,249,436	-	449,888
Secured bank loan	Ministry of Finance of Moldova (project financed by EIB) (2)	EUR	3.73%	2021	2,754,884	-	-	-	-	-
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (1)	USD	6.00%	2018	-	-	1,611,049	1,338,029	-	1,765,063
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (2)	USD	5.00%	2019	292,016	-	481,752	1,286,622	-	-
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (3)	USD	4.50%	2020	2,466,862	-	1,281,178	-	-	-
Secured bank loan	UNICREDIT BANK SA (1)	RON	ROBOR ON+2.65%	2018	-	-	8,629,714	-	-	8,255,141
Secured bank loan	UNICREDIT BANK SA (2)	RON	ROBOR ON+1.85%	2018	-	-	-	-	-	94,759
Secured bank loan	UNICREDIT BANK SA (3)	RON	ROBOR 1M+2.95%	2020	278,382	-	145,240	387,310	-	145,241
Secured bank loan	UNICREDIT BANK SA (4)	RON	ROBOR 1M+1.95%	2021	4,206,449	-	1,562,393	5,429,345	-	1,447,992
Secured bank loan	UNICREDIT BANK SA (5)	EUR	EURIBOR 1M + 1.6%	2018	-	-	8,975,888	-	-	-
Unsecured loan from related party	BOSTAN VICTOR MAXIM	MDL	0.00%	2010	-	-	-	-	-	2,158
Finance lease liabilities		EUR	5.99% - 11.25%, EURIBOR 3M + 3.65% - 5.71%	2017-2019	288,417	-	182,610	407,366	-	244,796
Total borrowings and finance lease					**12,582,747**	**6,785,824**	**38,663,137**	**11,098,108**	**15,071,399**	**32,462,672**

Breach of loan covenants

The secured loans from BC Moldova Agroindbank SA (1-3), (5)-(13) with total carrying amount at 30 September 2017 of RON 21,663,139 (31 December 2016: RON 35,109,737) contain a debt covenant stating that the subsidiaries Vinaria Bostavan SRL and Vinaria Purcari SRL should not lend money to third parties; should not borrow money from other financial institutions or companies; should not assign receivables related to their operating activities to third parties. The Group has not complied with these debt covenants during the nine month period ended 30 September 2017 and the year 2016.

The secured loans from BC Moldova Agroindbank SA (1)-(3), (8) with total carrying amount at 30 September 2017 of RON 4,096,370 (31 December 2016: RON 8,197,964) contain a debt covenant stating that the subsidiary Vinaria Purcari SRL should not open and carry out transactions through accounts in other banks from Republic of Moldova. The Group has not complied with this debt covenant as during the nine month period ended 30 September 2017 and the year 2016 Vinaria Purcari SRL had accounts at BCR Chisinau SA and carried out transactions through them.

The secured loans from BC Moldova Agroindbank SA (8) with total carrying amount at 30 September 2017 of RON 368,422 (31 December 2016: RON 1,515,148) contain a debt covenant stating that the subsidiary Vinaria Purcari SRL should not repay the borrowing to Purcari Wineries Ltd. prior to repayment of all the loans to BC Moldova Agroindbank SA. The Group has not complied with this debt covenant as during the nine month period ended 30 September 2017 and the year 2016 Vinaria Purcari SRL repaid partially the outstanding loans to Purcari Wineries Ltd.

If covenants are breached, the credit institutions may require the acceleration of repayment of the outstanding loans. Therefore, the Group classified the related long-term liabilities of RON 6,785,824 as current liabilities as at 30 September 2017 (31 December 2016: RON 15,071,399) in this condensed consolidated interim financial information.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on borrowings and finance lease and trade and other payables. Shortages in working capital and cash required for investments are financed through new credit facilities from banks.

The Group expects to finance any shortages in working capital through the new credit facilities made available by BC Moldova-Agroindbank SA to Vinaria Bostavan SRL and Vinaria Purcari SRL in August 2017, which are due in 2020, in amount of RON 27,911,000 (the equivalent of MDL 130,000,000), out of which only RON 456,853 was used at 30 September 2017 (the secured bank loan from BC Moldova Agroindbank SA (14) above).

Also the Group intends to extend with one year the maturity of the short-term loans due on 13 July 2018 from Unicredit Bank SA (1) and (5) with a carrying amount of RON 17,605,602 as at 30 September 2017.

Up to the date of authorization of this condensed consolidated interim financial information the Group has not received any early reimbursement notification from the banks. Therefore the Group expects that the loans will be repaid in accordance with the contractual maturities.

Note 13. Deferred income

The movement in deferred income for nine month periods ended 30 September 2017 and 30 September 2016 was as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Balance at 1 January	**124,017**	**406,657**
Grants received	553,287	101,041
Release of deferred income	(40,256)	(312,628)
Effect of movements in exchange rates	11,327	(2,163)
Balance at 30 September	**648,375**	**192,907**

Note 14. Trade and other payables

As at 30 September 2017 and 31 December 2016 trade and other payables are as follows:

	30 September 2017 (unaudited)	31 December 2016
Financial payables		
Trade accounts payable	21,794,008	16,442,647
Trade payables due to related parties (Note 25)	2,853,082	470,650
Payables for acquisition of non-controlling interests	1,929,362	-
Total financial payables	**26,576,452**	**16,913,297**
Non-financial payables		
Advances received	332,665	337,736
Other payables	222,966	-
Payables to state budget	84,424	1,416,245
Total non-financial payables	**640,055**	**1,753,981**
Total trade and other payables	**27,216,507**	**18,667,278**

Note 15. Revenue

Revenues for the nine month periods ended 30 September 2017 and 30 September 2016 are as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	30 September 2016 (unaudited and not reviewed)
Sales of finished goods		
Wine	79,321,616	59,054,435
Divin	12,626,876	8,488,826
Brandy	142,041	209,941
Total sales of finished goods	**92,090,533**	**67,753,202**
Sales of other goods		
Other	988,561	1,155,564
Wine materials	72,156	84,060
Merchandise	36,338	27,788
Agricultural products	-	33,659
Total sales of other goods	**1,097,055**	**1,301,071**
Services		
Hotel and restaurant services	1,255,868	755,649
Agricultural services	142,344	67,652
Total services	**1,398,212**	**823,301**
Total revenue	**94,585,800**	**69,877,574**

The management monitors the performance of the Group as a single segment, however it analyses the gross margin per categories of products, as presented above.

Sales of finished goods by brand and geographic region for the nine month period ended 30 September 2017 are as follows:

	Bostavan wine (unaudited)	Purcari Wine (unaudited)	Crama Ceptura wine (unaudited)	Bardar divin and brandy (unaudited)	Total (unaudited)
Romania	1,445,315	17,823,490	13,154,682	-	32,423,487
Republic of Moldova	4,478,948	10,880,578	-	8,522,386	23,881,912
Poland	10,495,811	205,034	132,485	-	10,833,330
Belarus	392,918	144,525	-	3,965,573	4,503,016
Czech Rep. and Slovakia	6,699,226	130,111	-	-	6,829,337
Asia	1,552,072	2,264,443	167,054	1,183	3,984,752
Baltic countries	3,453,466	7,816	-	112,690	3,573,972
Ukraine	1,486,292	1,801,959	-	-	3,288,251
Other	1,507,352	489,527	608,512	167,085	2,772,476
Total	**31,511,400**	**33,747,483**	**14,062,733**	**12,768,917**	**92,090,533**

Sales of finished goods by brand and geographic region for the nine month period ended 30 September 2016 are as follows:

	Bostavan wine (unaudited and not reviewed)	Purcari wine (unaudited and not reviewed)	Crama Ceptura wine (unaudited and not reviewed)	Bardar divin and brandy (unaudited and not reviewed)	Total (unaudited and not reviewed)
Romania	707,810	9,827,848	8,611,456	-	19,147,114
Republic of Moldova	2,197,132	8,067,995	-	3,258,574	13,523,701
Poland	9,474,066	99,765	148,608	-	9,722,439
Belarus	303,103	22,728	-	4,883,765	5,209,596
Czech Republic and Slovakia	5,392,394	298,823	-	-	5,691,217
Asia	2,728,618	2,028,075	75,694	11,689	4,844,076
Baltic countries	3,171,954	-	-	175,792	3,347,746
Ukraine	1,252,028	1,168,743	-	-	2,420,771
Other	2,604,271	608,115	265,209	368,947	3,846,542
Total	**27,831,376**	**22,122,092**	**9,100,967**	**8,698,767**	**67,753,202**

Note 16. Cost of sales

Cost of sales for the nine month periods ended 30 September 2017 and 30 September 2016 is as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Sales of finished goods		
Wine	42,979,471	30,596,443
Divin	5,284,084	3,166,490
Brandy	93,265	139,713
Total sales of finished goods	**48,356,820**	**33,902,646**
Sales of other goods		
Other	946,995	862,647
Wine materials	59,357	74,026
Merchandise	32,437	23,480
Agricultural products	-	29,577
Total sales of other goods	**1,038,789**	**989,730**
Services		
Hotel and restaurant services	1,119,142	679,610
Agricultural services	129,456	67,074
Total services	**1,248,598**	**746,684**
Total cost of sales	**50,644,207**	**35,639,060**

Note 17. Marketing and sales expenses

Marketing and sales costs for the nine month periods ended 30 September 2017 and 30 September 2016 are as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Marketing and sales	1,524,967	2,316,384
Transportation expenses	1,557,302	1,416,425
Employee benefits	1,561,322	1,089,523
Certification of production	302,020	202,519
Other expenses	81,075	162,408
Total marketing and sales expenses	**5,026,686**	**5,187,259**

Note 18. General and administrative expenses

General and administrative expenses for the nine month periods ended 30 September 2017 and 30 September 2016 are as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Employee benefits	5,508,788	3,911,434
Depreciation	1,040,581	525,330
Amortization	28,617	25,510
Professional fees	538,543	258,968
Taxes and fees	417,501	1,447,986
Travel	366,807	278,185
Rent	346,788	285,952
Bank charges	288,627	272,952
Repairs and maintenance	211,611	317,514
Communication	146,693	137,668
Fuel	122,063	86,315
Penalties	107,658	29,942
Insurance	98,798	97,305
Materials	30,392	48,291
Other	1,158,535	1,041,536
Total general and administrative expenses	**10,412,002**	**8,764,888**

Note 19. Other operating income

Other operating income for the nine month periods ended 30 September 2017 and 30 September 2016 is as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Release of deferred income	40,256	312,628
Gains on write-off of trade and other payables	-	240,961
Compensation from insurance company	-	1,708
Rent income	21,109	20,045
Net gain from sale of other materials	67,824	54,375
Other	41,315	220,926
Total other operating income	**170,504**	**850,643**

Note 20. Other operating expenses

Other operating expenses for the nine month periods ended 30 September 2017 and 30 September 2016 are as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Change in provisions	2,078,121	1,584,300
Impairment of trade receivables, net	578,554	201,936
Impairment of loans receivable, net	(26,281)	(54,950)
Impairment of other receivables, net	-	(82,304)
Impairment of property, plant and equipment, net	(168,966)	(203,845)
Unallocated overheads	163,712	123,788
Adjustment to fair value of harvest of grapes from own grape vines	(517,881)	(881,318)
Adjustment to fair value of harvest of grapes from joint operation	160,098	217,448
Adjustment to fair value of harvest of grapes from operating leasing	(9,963)	(9,548)
Net gain from disposal of property, plant and equipment and intangible assets	(18,905)	(115,513)
Other	22,771	107,078
Total other operating expenses	**2,261,260**	**887,072**

Provisions

The Group has set-up provisions for tax risks for which management has assessed as probable an outflow of resources.

The movement in provisions for the nine month period ended 30 September 2017 is as follows:

	Nine month period ended 30 September 2017 (unaudited)
Balance at 1 January	**3,447,034**
Provisions made during the period	2,078,121
Effect of movements in exchange rates	(426,531)
Balance at period end	**5,098,624**

Fair value adjustments of biological assets

The movement of biological assets (grapes on vines) during the nine month period ended 30 September 2017 was as follows:

	Nine month period ended 30 September 2017 (unaudited)
Balance at 1 January	**-**
Costs for cultivation of grapes	10,323,030
Adjustment to fair value of harvest of grapes	367,746
Harvested grapes transferred to inventories	(3,529,178)
Effect of movements in exchange rates	(88,473)
Balance at 30 September	**7,073,125**

The grapes prior to harvest are measured at fair value, estimated based on the expected yields per hectare, forecasted costs for cultivation and the anticipated market price of grapes less costs to sell. Harvested grapes are transferred to inventories at their fair value, equal to the market price at the date of harvest, less costs to sell at the date of harvest. Market prices are determined by making reference to the weighted average of the grape prices for each region for the current vintage, and vary with the grade quality of grapes produced. Costs to sell refer to costs that are necessary for a sale to occur but that would not otherwise arise, such as commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. In the regions where the grapes are cultivated, a sale of grapes would take place without the above mentioned costs being incurred, therefore for the estimation of fair value of grapes the costs to sell are considered nil.

Note 21. Net finance cost

The net finance costs for the nine month periods ended 30 September 2017 and 30 September 2016 are as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Interest income	119,870	117,543
Net foreign exchange gain	1,204,304	-
Finance income	**1,324,174**	**117,543**
Net foreign exchange loss	-	(376,242)
Interest expense	(2,305,534)	(3,650,830)
Finance costs	**(2,305,534)**	**(4,027,072)**
Net finance costs	**(981,360)**	**(3,909,529)**

Note 22. Income tax

Income tax recognized in profit or loss for the nine month periods ended 30 September 2017 and 30 September 2016 is as follows:

	Nine month period ended	
	30 September 2017 (unaudited)	**30 September 2016 (unaudited and not reviewed)**
Current tax		
Current tax expense	4,258,121	2,609,262
Total current tax expense	**4,258,121**	**2,609,262**
Deferred tax		
Origination and reversal of temporary differences	(86,569)	(561,163)
Total deferred tax expense/ (benefit)	**(86,569)**	**(561,163)**
Total income tax expense	**4,171,552**	**2,048,099**

Note 23. Financial instruments – fair values

The fair values of financial assets and liabilities together with their carrying amounts shown in the statement of financial position, are presented below. The table does not include financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair value	
	30 September 2017 (unaudited)	**31 December 2016**	**30 September 2017 (unaudited)**	**31 December 2016**
Financial assets				
Loans receivable	2,531,906	2,840,953	2,542,692	2,851,289
	2,531,906	**2,840,953**	**2,542,692**	**2,851,289**
Financial liabilities				
Floating rate borrowings	58,031,708	58,389,601	58,940,763	59,173,228
Fixed rate borrowings	-	240,426	-	238,536
Non-interest bearing borrowings	-	2,152	-	2,152
Total financial liabilities	**58,031,708**	**58,632,179**	**58,940,763**	**59,413,916**

Loans receivable

The fair value of loans receivable is estimated at the present value of future cash flows discounted at the market interest rate at the reporting date.

Interest bearing borrowings and finance lease

Fair value is calculated based on the present value of future cash flows of principal and interest discounted at the market interest rate at the reporting date. For finance leases the market interest rate is determined by reference to similar lease agreements.

The fair value measurement for the items above has been categorized as Level 3 fair value based on the inputs to the valuation technique used (see below).

Interest rates used to determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on market interest rates at the reporting date, as follows:

	30 September 2017 (unaudited)	**31 December 2016**
Loans receivable	9.48%	11.17%
Borrowings and finance lease denominated in MDL	9.63%-10.57%	11.28%-12.55%
Borrowings and finance lease denominated in RON	2.05%-3.14%	2.22%-3.36%
Borrowings and finance lease denominated in EUR and USD	4.49%-5.06%	5.39%-5.58%

Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Note 24. Acquisition of non-controlling interests

During the nine month period ended 30 September 2017 the Group increased its shareholding in the subsidiary Vinaria Purcari SRL from 91.05% to 100% by acquiring shares from non-controlling interests of the subsidiary.

The following table summarizes the effect of changes in the non-controlling interests in Vinaria Purcari SRL:

	Nine month period ended 30 September 2017 (unaudited)
Carrying amount of non-controlling interests acquired	2,977,352
Purchase price	2,026,804
Increase in equity attributable to owners of the Company	**950,548**

Note 25. Related parties

In 2010, after an issue of ordinary shares, the majority of the Company's shares were acquired by Lorimer Ventures Ltd., which is controlled by the private equity investment fund, Emerging Europe Growth Fund II, which is the ultimate controlling party of the Group.

The Group's related parties for the nine month period ended 30 September 2017 were the following:

Name of the entity	Relationship with the Company
Emerging Europe Growth Fund II	Ultimate controlling party
Lorimer Ventures Limited	Majority shareholder of the Company
Amboselt Universal Inc.	Shareholder of the Company
Key management personnel	Members of board of directors of the Company, CEOs, CFO and Sales Director of the Group companies
Victor Bostan	CEO and Chairman of the Board of Directors, majority shareholder of Amboselt Universal Inc., minority shareholder of the Company through Amboselt Universal Inc.
Agro Sud Invest SRL	Entity controlled by a key member of management through a significant shareholding
BSC Agro SRL	Entity controlled by a key member of the management through a significant shareholding
Agrovinexpo SRL	Entity controlled by Victor Bostan through a significant shareholding
Purcari Vin SRL	Entity controlled by Victor Bostan through a significant shareholding
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Art Vin SRL	Entity controlled by Victor Bostan through a significant shareholding
Elkas Home SRL	Entity controlled by a shareholder of Amboselt Universal Inc.
Ecosmart Union SA	Associate
IM Glass Container Company SA	Associate
Glass Container Company-SP SRL	Subsidiary of the associate IM Glass Container Company SA

Transactions with key management personnel and other related parties

	Transaction value for nine month period ended – income/(expenses)		Outstanding balance – receivable/(payable) as at	
	30 September 2017 (unaudited)	30 September 2016 (unaudited and not reviewed)	30 September 2017 (unaudited)	31 December 2016
Victor Bostan				
- Other receivables	-	-	-	90,453
- Borrowings	-	-	-	(2,154)
- Accommodation expenses	(530,990)	(420,043)	-	-
- Salaries and bonuses for performance	(206,673)	(303,297)	(87,853)	(25,349)
Victoriavin SRL				
- Other receivables	-	-	547,467	604,437
- Loans receivable, gross	-	-	2,558,529	2,892,920
- Allowance for impairment of loans receivable	-	-	(26,623)	(51,968)
- Reversal of impairment of loans receivable	26,281	54,950	-	-
- Trade payables	-	-	(251,162)	(327,177)
- Rent expenses	(266,824)	(220,676)	-	-
- Interest income	119,870	117,543	-	-
IM Glass Container Company SA				
- Trade receivables	-	-	52,830	-
- Acquisition of inventories	(2,067,467)	-	-	-
- Trade payables	-	-	(1,052,503)	-
- Sales of merchandise	61,695	-	-	-
Glass Container Company-SP SRL				
- Acquisition of inventories	(329,092)	-		-
- Trade payables	-	-	(342,841)	-
Agro Sud Invest SRL				
- Agricultural services	(1,526,170)	(1,297,532)	-	-
- Trade payables	-	-	(413,441)	(70,396)
BSC Agro SRL				
- Agricultural services	(2,656,575)	(1,831,885)		-
- Trade payables	-	-	(793,135)	(73,077)
- Transportation services	14,113	21,522	-	-
- Sales of merchandise	47,671	5,821	-	-
Elkas Home SRL				
- Trade receivables	-	-	129,000	129,000
- Other expenses	-	(90,000)	-	-
Ecosmart Union SA				
- Trade payables	-	-	-	-
- Other expenses	(312,006)	-	-	-
Key management personnel				
- Salaries and bonuses for performance	(1,667,796)	(983,465)	(420,497)	(62,117)

Note 26. Contingencies

(i) Litigation and claims

The Group is involved in several litigation or disputes. The Group does not present information and did not set-up provisions for these items, as the management assessed as remote the probability of outflow of economic benefits, because it considers unlikely unfavourable outcome of the litigations.

(ii) Fiscal environment

The tax laws and regulations in Romania, Moldova and Cyprus may be subject to change, and there may be changes in interpretation and enforcement of tax law. The tax systems in these countries can be characterized by numerous taxes and frequently changing legislation, open to interpretation and in some cases are conflicting. These changes in tax law and/or interpretation and enforcement of the tax law may be difficult for the Group to predict, and the Group may therefore be unprepared for these changes. As a result, the Group may face increases in taxes payable if tax laws or regulations are modified by the competent authorities in an adverse manner, or are interpreted in a way that is different from Group's interpretation, which could have a material adverse effect on the Group's financial statements, as influenced by additional tax liabilities, including fines, penalties and late payment interest.

Tax audits consists of detailed verifications of the accounting records of tax payers. These audits sometimes take place months, or even years, after the date liabilities are established. Tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed in Romania, a four year period in Republic of Moldova and six years in Cyprus. Consequently, companies may be found liable for significant taxes and fines.

The Group regularly makes assessment of tax risks and establishes tax provisions, which represent management's best estimate, also based on consultations with relevant tax advisors. Management believes that it has adequately provided for tax risks and liabilities in these consolidated financial statements. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Note 27. EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is calculated as profit/(loss) for the period (as presented in the condensed consolidated statement of profit or loss and other comprehensive income), and adding back the income tax, net finance result and total amortization of intangible assets and total depreciation of property plant and equipment (as presented in Note 6).

The management of the Group has presented EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance.

EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.

EBITDA for the nine month periods ended 30 September 2017 and 30 September 2016 was as follows:

			Nine month period ended	
	Indicator	**Note**	**30 September 2017 (unaudited)**	**30 September 2016 (unaudited and not reviewed)**
EBITDA	**EBITDA**		**31,336,383**	**24,251,479**
Less: depreciation			(4,043,289)	(3,946,921)
Less: amortization			(61,255)	(54,620)
Result from operating activities			**27,231,839**	**20,249,938**
Less: net finance costs		**21**	(981,360)	(3,909,529)
Earnings Before Income Taxes	**EBIT**		**26,250,479**	**16,340,409**
Less: income tax		**22**	(4,171,552)	(2,048,099)
Profit for the period			**22,078,927**	**14,292,310**