Purcari Wineries Public Company Limited

(formerly Bostavan Wineries Limited)

Preliminary Unaudited Consolidated Financial Information

For the year ended 31 December 2018

Contents

Board of Directors and other Officers

Board of Directors:

Name	Date of appointment	Title
Monica Cadogan	Listing date	Non-executive, Independent Director
Vasile Tofan	Listing date	Non-executive, Non-independent Director
Victor Bostan	Listing date	Executive, Non-independent Director
John Maxemchuk	Listing date	Executive, Non-independent Director
Neil McGregor	Listing date	Non-executive, Independent Director

Chairman of the Board of Directors: Vasile Tofan, appointed on the April 24th, 2018

Company Secretary: Inter Jura CY (Services) Limited

Independent Auditors:
KPMG Limited
14, Esperidon Street
1087 Nicosia
Cyprus

Registered office:
1, Lampousas Street
1095 Nicosia
Cyprus

	Note	31 December 2018	31 December 2017
Assets			
Property, plant and equipment	**7**	96,564,863	72,709,746
Intangible assets		1,144,066	1,055,960
Loans receivable	**10**	-	1,270,157
Investments in associates	**8**	288,553	7,257,508
Other non-current assets		48,016	24,446
Other investments including derivatives	**9**	12,484,973	-
Total non-current assets		**110,530,472**	**82,317,817**
Inventories	**12**	112,988,034	78,807,488
Trade and other receivables	**11**	64,754,626	47,203,153
Cash and cash equivalents	**13**	21,842,806	21,428,215
Prepayments		1,652,928	871,636
871,Other current assets		94,393	65,362
Total current assets		**201,332,788**	**148,375,854**
Total assets		**311,863,260**	**230,693,671**
Equity	**14**		
Share capital		985,620	34,838
Share premium		112,106,837	123,685,006
Foreign currency translation reserve		(5,695,406)	5,088,928
Other reserves		17,464,049	8,916,387
Retained earnings		(26,199,052)	(66,081,208)
Profit for the year		45,675,655	25,597,420
Equity attributable to owners of the Company		**144,337,702**	**97,241,371**
Non-controlling interests		**13,624,420**	**11,194,576**
Total equity		**157,962,122**	**108,435,947**
Liabilities			
Loans and borrowings	**15**	69,586,389	10,476,771
Deferred income		2,219,721	702,807
Deferred tax liability		6,437,860	5,078,353
Other non-current payables		-	-
Total non-current liabilities		**78,243,970**	**16,257,931**
Loans and borrowings	**15**	28,693,236	63,746,168
Deferred income		340,846	268,049
Current tax liabilities		1,400,764	2,190,399
Employee benefits		2,105,022	1,791,184
Trade and other payables	**16**	37,562,144	32,697,166
Provisions	**22**	5,555,156	5,306,827
Total current liabilities		**75,657,168**	**105,999,793**
Total liabilities		**153,901,138**	**122,257,724**
Total equity and liabilities		**311,863,260**	**230,693,671**

Victor Bostan
Chief Executive Officer (CEO),
Member of the Board of Directors

Victor Arapan
Chief Financial Officer

	Note	2018	2017
Revenue	**17**	168,694,138	142,254,440
Cost of sales	**18**	(85,753,296)	(74,530,289)
Gross profit		**82,940,842**	**67,724,151**
Other operating income	**21**	9,382,660	502,204
Marketing and sales expenses	**19**	(12,949,961)	(11,100,321)
General and administrative expenses	**20**	(21,811,151)	(17,459,858)
Other operating expenses	**22**	(2,879,130)	(3,594,557)
Profit from operating activities		**54,683,259**	**36,071,619**
Finance income	**23**	501,679	1,355,670
Finance costs	**23**	(4,212,589)	(2,969,434)
Net finance costs	**23**	**(3,710,910)**	**(1,613,764)**
Share of profit of equity-accounted investees, net of tax	**8**	961,951	420,973
Profit before tax		**51,934,301**	**34,878,828**
Income tax expense	**24**	(6,258,646)	(5,919,894)
Profit for the year		**45,675,655**	**28,958,934**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		4,945,285	5,008,711
Other comprehensive income for the year		**4,945,285**	**5,008,711**
Total comprehensive income for the year		**50,620,940**	**33,967,645**
Profit attributable to:			
Owners of the Company		41,661,627	25,597,420
Non-controlling interests		4,014,028	3,361,514
Profit for the year		**45,675,655**	**28,958,934**
Total comprehensive income attributable to:			
Owners of the Company		47,096,332	30,014,254
Non-controlling interests		3,524,608	3,953,391
Total comprehensive income for the year		**50,620,940**	**33,967,645**

	Note	2018	2017
Cash flow from operating activities			
Profit (Loss) for the period		**45,675,655**	**28,958,934**
Adjustments for:			
Depreciation and amortization		6,932,750	5,931,758
Other adjustments		(4,772,743)	1,546,769
Income tax expense/(benefit)		6,258,646	5,919,894
Net finance costs		4,154,297	2,969,434
		58,248,605	45,326,789
Changes in:			
Inventories		(34,180,546)	(25,851,655)
Trade and other receivables		(18,361,797)	(16,077,733)
Trade and other payables		5,178,815	15,035,310
Cash generated from operating activities		**10,885,078**	**18,432,711**
Income tax paid		(5,688,773)	(6,322,670)
Interest paid		(4,154,297)	(2,974,434)
Net cash generated from operating activities		**1,042,007**	**9,135,607**
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment and intangible assets		(27,288,099)	(10,317,118)
Change in loans		1,270,157	1,324,199
Acquisition of associates		-	(6,573,090)
Proceeds from sale of property, plant and equipment		368,443	385,187
Net cash used in investing activities		**(25,649,499)**	**(15,180,822)**
Cash flows from financing activities			
Change in loans and borrowings and finance lease		24,056,686	14,636,625
Acquisition of non-controlling interests		-	(182,363)
Proceeds from issue of shares in subsidiaries		-	12 844
Dividends paid			(323,851)
Net cash generated from/(used in) financing activities		**24,056,686**	**14,130,411**
Net increase in cash and cash equivalents		**(550,806)**	**8,085,196**
Cash and cash equivalents at 1 January		21,428,215	13,267,974
Effect of movements in exchange rates on cash held		965,397	75,045
Cash and cash equivalents at 31 December		**21,842,806**	**21,428,215**

	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 2017	**34,838**	**123,685,006**	**8,916,387**	**909,278**	**(67,154,895)**	**66,390,614**	**10,395,478**	**76,786,092**
Total comprehensive income								
Profit for the year	-	-	-	-	25,597,420	25,597,420	3,361,514	28,958,934
Foreign currency translation differences	-	-	-	4,416,834	-	4,416,834	591,877	5,008,711
Total comprehensive income for the year	**-**	**-**	**-**	**4,416,834**	**25,597,420**	**30,014,254**	**3,953,391**	**33,967,645**
Transaction with owners of the Company								
Acquisition of non-controlling interests	-	-	-	(237,184)	1,073,687	836,503	(2,860,083)	(2,023,580)
Other changes in equity								
Dividends to non-controlling interests	-	-	-	-	-	-	(294,210)	(294,210)
Balance at 31 December 2017	**34,838**	**123,685,006**	**8,916,387**	**5,088,928**	**(40,483,788)**	**97,241,371**	**11,194,576**	**108,435,947**
Balance at 1 January 2018	**34,838**	**123,685,006**	**8,916,387**	**5,088,928**	**(40,483,788)**	**97,241,371**	**11,194,576**	**108,435,947**
Total comprehensive income								
Profit for the year	-	-	-	-	41,661,627	41,661,627	4,014,028	45,675,655
Foreign currency translation differences	8,872	-	1,915,405	(10,784,334)	14,294,762	5,434,705	(489,420)	4,945,285
Statutory reserve	-	-	6,632,257	-	(6,632,257)	-	-	-
Total comprehensive income for the year	**8,872**	**-**	**8,547,662**	**(10,784,334)**	**49,324,132**	**47,096,332**	**3,524,608**	**50,620,940**
Transaction with owners of the Company	**941,910**	**(941,910)**				**-**	**(1,094,765)**	**(1,094,765)**
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-
Other changes in equity								
Dividends to non-controlling interests	-	-	-	-	-	-	**(1,094,765)**	(1,094,765)
Netting accumulated losses with share premium		(10,636,259)	-	-	10,636,259	-	-	-
Balance at 31 December 2018	**985,620**	**112,106,837**	**17,464,049**	**(5,695,406)**	**19,476,603**	**144,337,703**	**13,624,420**	**157,962,122**

Note 1. Reporting entity

Purcari Wineries Public Company Limited is a company domiciled in Cyprus. It was incorporated on 14 June 2007 as a private liability company under the provisions of the Cyprus Companies Law, Cap. 113. 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., and at the beginning of 2018 became a public limited company and changed its name to Purcari Wineries Public Company Limited.
The parent of the Group is Purcari Wineries Public Company Limited registered in Cyprus with an issued share capital of 200,000 EUR as at 31 December 2018, which consist of 20,000,000 ordinary shares with the nominal value of 0.01 EUR each (31 December 2017: 4,751,295 ordinary shares with the nominal value of 0.00171 EUR each).
On 15 February 2018 the Company made a secondary IPO and its shares were admitted for trading at Bucharest Stock Exchange.

These financial statements are the consolidated financial statements of Purcari Wineries Public Company Limited (the "Company") and its subsidiaries (together referred to as "the Group").

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 2018	Ownership interest 31 December 2017
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%	100%
Vinaria Bardar SA	Republic of Moldova	56.05%	54.61%

The structure of the Group as at 31 December 2018 is as follows:

- Purcari Wineries Plc 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. In Nov-2017 the Company launched through its subsidiary, West Circle Ltd, a public offer for the voluntary takeover of the shares of Vinaria Bardar SA. At the beginning of 2018 the process ended and West Circle Ltd acquired additional 2180 shares. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91%. 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 56.05%.

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.

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. 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 preparation

These consolidated financial statements as at and for the year ended 31 December 2018 (hereinafter "consolidated financial statements" or "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law Cap.113.

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 was listed on the Bucharest Stock Exchange (BVB) on 15 February 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 and is the currency of their primary economic environment.

The currencies of the primary economic environment in which the companies of the Group operate were as follows:

- Purcari Wineries Plc, 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 period. 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 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.

Note 5. Basis of measurement

Management has prepared these consolidated financial statements under the going concern basis, which assumes the realisation of assets and settlement of liabilities in the course of ordinary economic activity.

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 financial statements. The accounting policies of subsidiaries have been changed where necessary to adhere consistent application of the accounting policies applied by the Group.

a) Basis of consolidation

There consolidated financial statements comprise the financial statements of the parent company Purcari Wineries Public Company Limited and the financial statements of the companies controlled by the Company as at 31 December 2018.

(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) Interests in 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.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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.

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. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Equity investments

Equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss.

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 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 and Interpretations and amendments to published Standards that are not yet effective

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 January 2018 and have not been applied in preparing these consolidated financial statements. Of these pronouncements, the following will potentially have an impact on the Group's financial statements. The Group plans to adopt these pronouncements when they become effective.

(i) Standards and Interpretations adopted by EU

- 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.)

Preliminary impact of IFRS 16 "Leases" on the Group
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 recognise 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, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.

It is expected that the new Standard, when initially applied, will have a significant impact on the financial statements, since it will require the Group to recognise in its statement of financial position assets and liabilities relating to operating leases for which the Group acts as a lessee. Main impact will come from rent of land under the vineyards.

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. 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). The annual lease payment as per these contracts equals to 1.495.991 MDL. The value of the right-of-use assets is estimated at 1.281.292 USD.

The Group has not yet prepared an analysis of the expected quantitative impact of the new Standard. The Group will recognise new assets and liabilities for its operating leases of land and cars. The nature and expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on the lease liabilities. Previously, the Group recognised operating lease expenses on a straight-line basis over the time of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between the actual lease payments and the expense recognised. In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include payments due under the lease in lease liability. No significant impact is expected for the Group's finance leases.

Note 7. Property, plant and equipment

The movements of property, plant and equipment from 1 January 2017 to 31 December 2018 were as follows:

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2018	**588,539**	**2,389,074**	**95,139,680**	**67,210,859**	**4,670,991**	**4,266,209**	**19,305,135**	**193,570,487**
Additions	16,644,301	-	1,674,478	6,570,832	718,171	608,764	1,071,551	27,288,098
Transfers	(16,100,395)	-	2,084,549	11,957,455	1,616,710	417,561	-	11,553
Disposals	(28,214)	(1,715)	(37,598)	(1,561,847)	(356,364)	(83,168)	-	(2,104,581)
Effect of movement in exchange rates	1,163,489	110,177	4,536,345	1,172,072	155,266	255,816	1,141,285	8,534,448
Balance at 31 December 2018	**2,267,720**	**2,497,536**	**103,397,452**	**85,349,371**	**6,804,774**	**5,465,182**	**21,517,970**	**227,300,005**
Accumulated depreciation and impairment losses								
Balance at 1 January 2018	**-**	**192,728**	**59,041,904**	**50,819,010**	**2,914,208**	**3,588,710**	**4,304,180**	**120,860,739**
Depreciation for the year	-	-	1,532,900	3,366,576	670,801	418,373	853,877	6,842,527
Reversal of impairment loss	-	-	-	-	-	-	-	-
Disposals	-	-	(51,111)	(937,033)	(443,635)	(13,086)	-	(1,444,865)
Effect of movement in exchange rates	-	9,019	2,566,080	1,379,499	32,958	69,0034	420,182	4,476,741
Balance at 31 December 2018	**-**	**201,745**	**63,090,416**	**54,628,052**	**3,174,332**	**4,063,000**	**5,578,239**	**130,735,142**
Carrying amounts								
At 1 January 2018	**588,539**	**2,196,346**	**36,097,776**	**16,391,849**	**1,756,783**	**677,499**	**15,000,954**	**72,709,746**
At 31 December 2018	**2,267,720**	**2,295,791**	**40,307,678**	**30,721,319**	**3,630,442**	**1,402,182**	**15,939,731**	**96,564,863**

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Total
Cost								
Balance at 1 January 2017	**200,805**	**2,284,734**	**90,181,160**	**57,421,069**	**3,597,408**	**3,849,543**	**17,497,352**	**175,032,071**
Additions	8,052,318	-	-	1,084,133	580,123	4,514	534,148	10,255,236
Transfers	(7,687,629)	-	674,952	6,311,769	499,754	201,154	-	-
Disposals	-	-	(232,901)	(472,631)	(213,478)	(831)	-	(919,841)
Effect of movement in exchange rates	23,045	104,340	4,516,469	2,866,519	207,184	211,829	1,273,635	9,203,021
Balance at 31 December 2017	**588,539**	**2,389,074**	**95,139,680**	**67,210,859**	**4,670,991**	**4,266,209**	**19,305,135**	**193,570,487**
Accumulated depreciation and impairment losses								
Balance at 1 January 2017	**-**	**192,728**	**54,449,478**	**46,390,852**	**2,595,944**	**3,236,305**	**3,235,249**	**110,100,556**
Depreciation for the year	-	-	1,908,817	2,819,426	375,926	144,151	600,994	5,849,314
Reversal of impairment loss	-	-	(90,346)	(381)	-	-	-	(90,727)
Disposals	-	-	(83,514)	(428,896)	(199,979)	-	-	(712,389)
Effect of movement in exchange rates	-	-	2,857,469	2,038,009	142,317	208,254	467,938	5,713,987
Balance at 31 December 2017	**-**	**192,728**	**59,041,904**	**50,819,010**	**2,914,208**	**3,588,710**	**4,304,181**	**120,860,741**
Carrying amounts								
At 1 January 2017	**200,805**	**2,092,006**	**35,731,682**	**11,030,217**	**1,001,464**	**613,238**	**14,262,103**	**64,931,515**
At 31 December 2017	**588,539**	**2,196,346**	**36,097,776**	**16,391,849**	**1,756,783**	**677,499**	**15,000,954**	**72,709,746**

The property, plant and equipment of the Group is located in the following countries:

	31 December 2018	31 December 2017
Republic of Moldova	79,328,236	65,971,318
Romania	17,236,627	6,738,428
Total	**96,564,486**	**72,709,746**

Leased assets

The Group leases land, equipment and vehicles under a number of finance lease agreements. As at 31 December 2018 and 31 December 2017 the net carrying amount of the leased assets were as follows:

	31 December 2018	31 December 2017
Vehicles	482,086	468,734
Equipment	33,200	66,705
Total	**515,286**	**535,439**

Security

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 2018 and 2017 the Group generated profits before tax amounting to RON 51,934,301 and RON 34,878,828 and operating cash flows amounting to RON 1,042,007 and RON 9,135,606 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 2018 and 31 December 2017 and no further impairment testing was performed.

Note 8. Equity-accounted investees

As at 31 December 2018 and 31 December 2017 interests in equity-accounted investees are as follows:

	31 December 2018	31 December 2017
Investment in IM Glass Container Company SA Group	-	7,136,953
Investment in Ecosmart Union SA	288,553	120,555
Total interests in equity-accounted investees	**288,553**	**7,257,508**

The share of profit of equity-accounted investees, net of tax, for the years ended 31 December 2018 and 31 December 2017 is as follows:

	2018	2017
Share of the profit of IM Glass Container Company SA group	782,298	408,418
Share of the profit of Ecosmart Union SA	179,653	12,555
Total share of the profit of equity-accounted investees, net of tax	**961,951**	**420,973**

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 year ended 31 December 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 period from 1 January 2017 to 30 June 2018 is as follows:

	2018	2017
Balance at 1 January	**7,136,953**	**-**
Acquisition cost	-	6,406,685
Share of profit for the period 01.01-30.06.2018	782,298	408,418
Transfer to other instruments, including derivatives (Note 9)	(8,186,871)	-
Effect of movements in exchange rates	267,620	321,850
Balance at 31 December	**-**	**7,136,953**

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 – 31 December 2017) as per its own financial statements.

At 16 June 2018 the Group revoked its representative in the Board of Directors and decided not to participate actively in the management of IM Glass Container Company SA group, as well not to participate in its GSMs until the sale of its stake. As result, the Group changed the accounting treatment for this associate and applied IFRS 9 requirements, meaning classification of investment as equity investments measured at fair value with recognition of change of fair value in profit or loss (please see Note 9). The share of profit of IM Glass Container Company SA group for 2018 presented above, was calculated only till 16 June 2018.

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.

	30 June 2018	31 December 2017
Percentage ownership interest	**31.415%**	**31.415%**
Non-current assets (provisional amounts)	37,834,748	39,625,883
Current assets (provisional amounts)	65,643,300	59,983,604
Non-current liabilities (provisional amounts)	-	(2,500)
Current liabilities (provisional amounts)	(16,681,181)	(20,191,397)
Net assets (100%) (provisional amounts)	86,796,867	79,415,590
Group's share of net assets (31.415%) (provisional amounts)	27,267,236	24,948,408
Gain from bargain purchase (provisional amounts)	(14,782,263)	(17,811,455)
Carrying amount of investment in associate (provisional amounts)	**12,484,973**	**7,136,953**
Revenue	41,834,228	107,009,879
Profit (100%) (provisional amounts)	2,490,205	1,300,074
Share of profit (31.415%) (provisional amounts)	782,298	408,418
Group's share of profit (provisional amounts)	**782,298**	**408,418**

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 year ended 31 December 2018 is as follows:

	2018	2017
Balance at 1 January	**120,555**	**-**
Contribution	-	108,000
Share of profit	179,653	12,555
Effect of movements in exchange rates	(11,655)	-
Balance at 31 December	**288,553**	**120,555**

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.

	31 December 2018	31 December 2017
Percentage ownership interest	**27%**	**27%**
Non-current assets	553,654	1,750,863
Current assets	4,410,630	997,748
Non-current liabilities	(36,926)	(10,958)
Current liabilities	(3,694,772)	(2,291,151)
Net assets (100%)	1,232,586	446,501
Group's share of net assets (27%)	332,798	120,555
Carrying amount of investment in associate	**288,553**	**120,555**
Revenue	22,577,871	6,475,423
Profit (100%)	665,380	46,501
Share of profit (27%)	179,653	12,555
Group's share of profit	**179,653**	**12,555**

Note 9. Other instruments, including derivatives

As at 31 December 2018 and 31 December 2017 other instruments, including derivatives, are as follows:

	31 December 2018	31 December 2017
Equity investments measured at fair value	12,484,973	-
Total other instruments, including derivatives	**12,484,973**	**-**

The equity investments measured at fair value, described above, represent the investment in IM Glass Container Company SA group that was reclassified after changing in accounting treatment as described in Note 8.

The movement in the investment in IM Glass Container Company SA group for the year ended 31 December 2018 is as follows:

	2018	2017
Balance at 1 January	**-**	**-**
Transfer from equity accounted investees	8,186,871	-
Change in fair value	4,173,065	-
Effect of movements in exchange rates	125,037	-
Balance at 31 December	**12,484,973**	**-**

Note 10. Loans receivable

As at 31 December 2018 and 31 December 2017 loans receivable were as follows:

	Currency	Interest rate	Year of maturity	31 December 2018		31 December 2017	
				Non-current portion	Current portion	Non-current portion	Current portion
Victoriavin SRL (principal)	USD	4%	2018	-	-	-	374,362
Victoriavin SRL (interest receivable)	USD	-	2018	-	-	-	578,670
Victoriavin SRL (principal)	MDL	26.25%	2019	-	-	66,797	-
Victoriavin SRL (principal)	MDL	15.43%	2018	-	-	-	250,328
Total loans receivable				**-**	**-**	**66,797**	**1,203,360**

Note 11. Trade and other receivables

As at 31 December 2018 and 31 December 2017, trade and other receivables were as follows:

	31 December 2018	31 December 2017
Financial receivables		
Gross trade receivables	50,278,579	41,744,693
Trade receivables due from related parties (Note 30)	-	-
Allowance for impairment of trade receivables	-	-
Total financial receivables	**50,278,579**	**41,744,693**
Non-financial receivables		
Other receivables due from related parties (Note 30)	-	-
Other receivables	8,205,759	668,125
VAT receivable	5,112,482	3,687,099
Other taxes receivable	625,489	595,154
Excise receivable	532,318	508,082
Total non-financial receivables	**14,476,048**	**5,458,460**
Total trade and other receivables	**64,754,627**	**47,203,153**

Note 12. Inventories

As at 31 December 2018 and 31 December 2017 inventories were as follows:

	31 December 2018	31 December 2017
Raw materials		
Distilled alcohol	22,418,891	14,863,296
Wine materials	1,785,056	2,529,312
Other raw materials	223,661	95,260
Total raw materials	**24,427,608**	**17,487,868**
Other materials		
Packaging materials	13,184,056	8,857,937
Other materials	3,666,236	2,162,518
Chemicals	1,358,777	1,358,682
Total other materials	**18,209,069**	**12,379,137**
Semi-finished production		
Wine in barrels	53,884,526	38,328,925
Divin in barrels	5,675,046	6,480,733
Brandy in barrels	10,742	10,285
Total semi-finished production	**59,570,314**	**44,819,943**
Bottled finished goods		
Wine	10,211,676	3,808,164
Divin	541,630	276,849
Other finished goods	18,757	31,632
Brandy	8,978	3,895
Total bottled finished goods	**10,781,041**	**4,120,540**
Total inventories	**112,988,032**	**78,807,488**

Note 13. Cash and cash equivalents

As at 31 December 2017 and 31 December 2016 cash and cash equivalents were as follows:

	31 December 2018	31 December 2017
Bank accounts	21,776,256	21,318,470
Petty cash	66,552	109,745
Total cash and cash equivalents	**21,842,808**	**21,428,215**

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.

Note 14. Equity attributable to owners of the Company

	2018	2017
Authorized shares	20,000,000	4,751,295
On issue at 31 December	**20,000,000**	**4,751,295**
Authorized par value, EUR	**0.01**	**0.00171**

Share capital and share premium

As of January 1st 2018, the authorised share capital of the Company was €8.124,71445 divided into 4.751.295 ordinary shares of €0,001710 each and the issued share capital of the Company was €8.124,71445 divided into 4.751.295 ordinary shares of €0,001710 each.

Following that, on January 4th 2018, the members of the Company adopted a written resolution approving:

1) that the 4.751.295 ordinary shares of €0,001710 each be subdivided into 812.471.445 ordinary shares of €0,00001 each

2) that 1.555 ordinary shares in the Company of €0,00001 each be issued as fully paid bonus shares (such payment to be made out of the Company's share premium account)

3) that following the subdivision and the issue of bonus shares set out above, the 812.473.000 issued ordinary shares of €0,00001 each in the Company be consolidated into 812.473 ordinary shares of €0,01 each

4) that 19.187.527 ordinary shares in the Company of €0,01 each be issued as fully paid bonus shares (such payment to be made out of the Company's share premium account)

5) that following the issue of shares set out in paragraphs above, the issued share capital of the Company shall consist of 20.000.000 fully paid ordinary shares of €0,01 each

On 04 January 2018 the Company increased its authorized share capital to 200,000 EUR divided into 20,000,000 ordinary shares with nominal value of 0.01 EUR each, by making subdivision and issue of fully paid bonus shares, made out of the share premium reserve.

On 15 February 2018 the Company made a secondary IPO and its shares were admitted for trading at Bucharest Stock Exchange.

As at 31 December 2018 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Amboselt Universal Inc.	5,006,172	25.0309%
Lorimer Ventures Limited	4,539,233	22.6962%
Others	10,454,595	52.2730%
Total	**20,000,000**	**100%**

At 31 December 2017 the share capital structure and the ownership of registered shares was as follows:

	Number of shares	% of ownership
Lorimer Ventures Limited	3,019,523	63.55%
Amboselt Universal Inc.	1,426,855	30.03%
International Finance Corporation	304,917	6.42%
Total	**4,751,295**	**100%**

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.

Note 15. 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.

As at 31 December 2018 and 31 December 2017, borrowings and finance lease were as follows:

	31 December 2018	31 December 2017
Non-current liabilities		
Secured bank loans	69,352,516	10,306,755
Finance lease liabilities	233,873	170,016
Total non-current portion	**69,586,389**	**10,476,771**
Current liabilities		
Current portion of secured bank loans	28,411,479	63,499,817
Current portion of finance lease liabilities	281,757	246,351
Unsecured loans from related parties	-	-
Total current portion	**28,693,236**	**63,746,168**
Total borrowings and finance lease	**98,279,625**	**74,222,939**

Terms and debt repayment schedule

					31 December 2018			31 December 2017		
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%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (2)	EUR	4.50%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (3)	EUR	4.50%	2018	-	-	-	-	-	2,698,351
Secured bank loan	BC Moldova Agroindbank SA (4)	MDL	16.00%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (5)	USD	5.00%	2018	-	-	-	-	-	326,505
Secured bank loan	BC Moldova Agroindbank SA (6)	MDL	9.75%	2018	-	-	-	-	-	2,566,486
Secured bank loan	BC Moldova Agroindbank SA (7)	EUR	4.50%	2018	-	-	-	-	-	1,157,840
Secured bank loan	BC Moldova Agroindbank SA (8)	EUR	4.50%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (9)	USD	5.00%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (10)	EUR	4.50%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (11)	MDL	9.75%	2017	-	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (12)	MDL	8.50%	2019	-	-	1,531,280	-	1,462,165	3,818,326
Secured bank loan	BC Moldova Agroindbank SA (13)	EUR	3.90%	2019	-	-	2,781,888	-	2,781,005	2,460,560
Secured bank loan	BC Moldova Agroindbank SA (14)	EUR	3.90%	2020	7,268,536	-	5,778,090	-	10,992,280	127,598
Secured bank loan	BC Moldova Agroindbank SA (15)	MDL	8.50%	2020	1,690,491	-	1,068,141	-	1,357,557	473,121
Secured bank loan	BC Moldova Agroindbank SA (16)	MDL	8.50%	2020	3,132,899	-	695,777	-	826,298	2,208,426
Secured bank loan	BC Moldova Agroindbank SA (17)	EUR	3.90%	2020	1,039,091	-	5,264,265	-	6,543,546	1,356,235
Secured bank loan	BC Moldova Agroindbank SA (18)	EUR	3.90%	2021	1,272,121		1,279,219	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (19)	EUR	3.90%	2021	5,084,125	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (20)	MDL	8.50%	2021	1,258,720	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (21)	MDL	8.50%	2021	4,909,103	-	-	-	-	-

Terms and debt repayment schedule (continued)

					31 December 2018			31 December 2017		
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 (22)	EUR	3.90%	2021	2,264,662	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (23)	EUR	3.90%	2021	2,261,415	-	1,137,898	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (24)	MDL	8.50%	2021	6,057,397	-	-	-	-	-
Secured bank loan	Ministry of Finance of Moldova (1) (project financed by EIB)	EUR	3.50%	2021	463,880	-	927,760	1,393,407	-	928,938
Secured bank loan	Ministry of Finance of Moldova (2) (project financed by EIB)	EUR	3.50%	2021	1,590,436	-	795,230	2,388,694	-	394,366
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (1)	USD	5.00%	2018	-	-	-	-	-	1,211,210
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (2)	USD	4.75%	2019	3,706,976	-	1,588,704	-	-	583,725
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (3)	USD	4.50%	2020	833,294	-	1,304,301	2,116,198	-	1,280,503
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (4)	USD	4.75	2025	1,206,421	-	219,339	-	-	-
Secured bank loan	UNICREDIT BANK SA (1)	RON	ROBOR 1M+2.65%	2022	7,000,000	-	-	-	-	7,000,000
Secured bank loan	UNICREDIT BANK SA (2)	RON	ROBOR ON+1.85%	2023	1,135,864	-	2,331,950	-	-	-
Secured bank loan	UNICREDIT BANK SA (3)	RON	ROBOR 1M+2.95%	2020	96,827	-	145,242	242,069	-	145,242
Secured bank loan	UNICREDIT BANK SA (4)	RON	ROBOR ON+1.95%	2021	2,603,992	-	1,562,395	4,166,387	-	1,562,395
Secured bank loan	UNICREDIT BANK SA (5)	EUR	EURIBOR 1M+1.6%	2018	8,989,206	-	-	-	-	9,237,139
Secured bank loan	UNICREDIT BANK SA (6)	RON	4.92%	2023	869,799	-	-	-	-	-
Secured bank loan	UNICREDIT BANK SA (7)	EUR		2023	4,617,261	-	-	-	-	-
Finance lease liabilities		EUR	5.99% - 11.25%, EURIBOR 3M + 3.65% - 5.71%	2017-2019	233,873	-	281,757	170,016	-	246,351
Total borrowings and finance lease					**69,586,389**	-	**28,693,236**	**10,476,771**	**23,962,851**	**39,783,317**

Loan covenants

The secured loans from BC Moldova Agroindbank contain debt covenants. If covenants are breached, the credit institution may require the acceleration of repayment of the outstanding loans.
As of 31 December 2018 no covenant was breached and the bank confirmed in writing that fact.

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 intends to extend with one year the maturity of the short-term revolving loan due on 12 July 2019 from Unicredit Bank SA.

Security

As at 31 December 2018 and 31 December 2017 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 December 2018	**31 December 2017**
Property, plant and equipment	68,287,452	55,299,571
Trade and other receivables	51,090,202	35,167,625
Inventories	25,426,286	23,560,407
Intangible assets	1,473,564	524,015
Cash and cash equivalents	-	3,898,836
Total	**146,277,504**	**118,450,454**

Finance lease liabilities

	31 December 2018		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	295,176	13,419	281,757
Between 1 and 5 years	244,823	10,950	233,873
Total	**539,999**	**24,369**	**515,630**

	31 December 2017		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than 1 year	256,287	9,936	246,351
Between 1 and 5 years	175,067	5,051	170,016
Total	**431,354**	**14,987**	**416,367**

Note 16. Trade and other payables

As at 31 December 2018 and 31 December 2017 trade and other payables were as follows:

	31 December 2018	31 December 2017
Financial payables		
Trade accounts payable	37,578,589	30,654,299
Trade payables due to related parties (Note 30)	-	-
Total financial payables	**37,578,589**	**30,654,299**
Non-financial payables		
Payables to state budget	521,763	1,747,280
Advances received	(1,593,127)	295,587
Other payables	1,054,920	-
Total non-financial payables	**(16,444)**	**2,042,867**
Total trade and other payables	**37,562,145**	**32,697,166**

Note 17. Revenue

Revenues for the years ended 31 December 2018 and 31 December 2017 were as follows:

	2018	2017
Sales of finished goods		
Wine	142,435,281	121,419,485
Divin	22,281,739	17,097,980
Brandy	461,084	283,764
Total sales of finished goods	**165,178,104**	**138,801,229**
Sales of other goods		
Merchandise	228,309	1,238,728
Other	834,514	33,111
Wine materials	455,263	326,510
Agricultural products	0	19,383
Total sales of other goods	**1,518,086**	**1,617,732**
Services		
Hotel and restaurant services	1,871,349	1,559,986
Agricultural services	126,600	275,493
Total services	**1,997,949**	**1,835,479**
Total revenue	**168,694,139**	**142,254,440**

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.

Segment analysis

A reportable segment is a component of a business entity that produces goods or provides services to individuals (or groups of related products or services) in a particular economic environment that is subject to risks and generate revenues other that risks and income of those components that are peculiar to other business segments.

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All operating segments results are reviewed regularly by the Group’s CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets.

Sales of finished goods by brand and geographic region for the year ended 31 December 2018 were as follows:

	Bostavan wine	Purcari wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	2,883,585	36,974,688	25,528,192	286,445	65,672,909
Republic of Moldova	5,565,500	17,577,799	-	15,398,507	38,541,807
Poland	17,508,458	195,262	41,313	16,143	17,761,175
Czech Rep. and Slovakia	11,804,705	-	-	-	11,804,705
Asia	3,422,847	3,222,382	481,311	558,977	7,685,517
Belarus	183,714	102,116	-	6,646,250	6,932,080
Baltic countries	5,205,613	-	-	441,974	5,647,587
Ukraine	2,727,121	2,472,182	-	-	5,199,304
Other	3,378,047	1,221,693	964,498	368,785	5,933,021
Total	**52,679,590**	**61,766,121**	**27,015,313**	**23,717,079**	**165,178,104**

Sales of finished goods by brand and geographic region for the year ended 31 December 2017 were as follows:

	Bostavan wine	Purcari wine	Crama Ceptura wine	Bardar divin and brandy	Total
Romania	2,011,032	28,216,259	20,191,244	-	50,418,535
Republic of Moldova	4,915,398	15,773,857	-	11,585,297	32,274,552
Poland	14,141,207	233,273	131,937	26,420	14,532,837
Belarus	10,634,029	132,769	16,779	-	10,783,577
Czech Rep. and Slovakia	3,468,457	4,126,677	439,239	1,202	8,035,575
Asia	820,578	199,954	-	5,376,044	6,396,576
Baltic countries	4,899,164	7,888	-	225,104	5,132,156
Ukraine	2,754,538	2,253,696	-	-	5,008,234
Other	4,248,812	988,310	812,884	169,181	6,219,187
Total	**47,893,215**	**51,932,683**	**21,592,083**	**17,383,248**	**138,801,229**

Note 18. Cost of sales

Cost of sales for the years ended 31 December 2018 and 31 December 2017 was as follows:

	2018	2017
Sales of finished goods		
Wine	73,918,149	63,693,471
Divin	8,449,184	7,343,393
Brandy	215,041	186,897
Total sales of finished goods	**82,582,374**	**71,223,761**
Sales of other goods		
Merchandise	609,896	1,019,171
Other	635,822	31,910
Wine materials	422,064	324,431
Agricultural products	-	16,133
Total sales of other goods	**1,667,782**	**1,391,645**
Services		
Hotel and restaurant services	1,262,585	1,647,325
Agricultural services	240,556	267,558
Total services	**1,503,141**	**1,914,883**
Total cost of sales	**85,753,297**	**74,530,289**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2018 and 31 December 2017 was as follows:

	2018	2017
Consumption of inventories	77,108,188	67,042,505
Employee benefits	3,224,297	4,214,507
Depreciation of property, plant and equipment	4,865,908	2,792,659
Other	554,904	480,618
Total cost of sales	**85,753,297**	**74,530,289**

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 2018 and 31 December 2017 were as follows:

	2018	2017
Marketing and sales	5,829,567	4,959,231
Transportation expenses	3,137,981	3,130,654
Employee benefits	3,122,232	2,341,855
Certification of production	580,464	470,544
Other expenses	279,719	198,037
Total marketing and sales expenses	**12,949,963**	**11,100,321**

Note 20. General and administrative expenses

General and administrative expenses for the years ended 31 December 2018 and 31 December 2017 were as follows:

	2018	2017
Employee benefits	11,783,776	8,350,590
Taxes and fees	1,434,285	1,236,876
Depreciation	2,081,161	1,224,735
Repairs and maintenance	460,056	397,100
Rent	880,565	645,413
Travel	788,346	1,368,845
Professional fees	2,242,814	1,496,819
Bank charges	496,634	680,386
Communication	328,426	261,929
Insurance	173,139	149,391
Fuel	153,470	174,570
Materials	130,510	49,513
Penalties	42,861	109,596
Other	815,108	1,314,095
Total general and administrative expenses	**21,811,151**	**17,459,858**

During the year ended 31 December 2018 the company prepared for IPO on Bucharest Stock Exchange. To successfully realize this, the Company incurred non-recurring expenses like professional fees, travel and communication, amounting RON 918,424 (2017: RON 1,222,984).

Note 21. Other operating income

Other operating income for the years ended 31 December 2018 and 31 December 2017 was as follows:

	2018	2017
Release of deferred income	197,719	316,922
Gains on write-off of trade and other payables	7,982	9,596
Compensation from insurance company	-	-
Rent income	(107,968)	14,058
Net gain/ (loss) from sale of other materials	(194,691)	(118,969)
Change in fair value of equity investments	4,173,059	-
Other	5,306,557	280,597
Total other operating income	**9,382,658**	**502,204**

Note 22. Other operating expenses

Other operating expenses for the years ended 31 December 2018 and 31 December 2017 were as follows:

	2018	2017
Change in provisions, net	-	2,280,244
Impairment of trade receivables, net	(1,039,116)	624,150
Impairment of loans receivable, net	(21,695)	(32,619)
Impairment of other receivables, net	-	-
Impairment of property, plant and equipment, net	(100,637)	(90,727)
Unallocated overheads	184,313	123,245
Adjustment to fair value of harvest of grapes from own grape vines (a)	1,983,449	225,955
Adjustment to fair value of harvest of grapes from joint operation (b)	1,462,460	396,002
Adjustment to fair value of harvest of grapes from operating leasing (c)	510,555	155,563
Net gain from disposal of property, plant and equipment and intangible assets	(140,155)	(165,472)
Other	39,955	78,216
Total other operating expenses	**2,879,129**	**3,594,557**

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 2018 and 31 December 2017 is as follows:

	2018	2017
Balance at 1 January	**5,306,827**	**3,447,034**
Provisions made during the year	-	2,280,244
Effect of movements in exchange rates	248,329	(420,451)
Balance at 31 December	**5,555,156**	**5,306,827**

Note 23. Net finance cost

Net finance costs for the years ended 31 December 2018 and 31 December 2017 were as follows:

	2018	2017
Net foreign exchange gain	443,387	1,295,440
Interest income	58,292	60,230
Finance income	**501,679**	**1,355,670**
Net foreign exchange loss	-	-
Interest expense	(4,212,589)	(2,969,434)
Finance costs	**(4,212,589)**	**(2,969,434)**
Net finance costs	**(3,710,910)**	**(1,613,764)**

Note 24. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2018 and 2017, 12% in the Republic of Moldova and 16% in Romania.

Note 25. Related parties

The Group's related parties for the years 2018 and 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

The transactions with IM Glass Container Company SA group are presented for the period 01.01-30.06.2018. After that date the IM Glass Container Company SA group is not considered as related party. For details please see Note 8.

Key management personnel and other related party transactions

	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2018	**2017**	**2018**	**2017**
Amboselt Universal Inc				
- Other expenses	-	(7,700)		
Victor Bostan				
- Sale of property, plant and equipment	-	294,456	-	-
- Other receivables	-	-	-	296,056
- Borrowings	-	-	(12,990)	-
- Accommodation expenses	-	(780,743)	-	-
- Salaries and bonuses for performance	(3,367,874)	(191,857)	(3,181,387)	(18.041)
IM Glass Container Prim SA				
Acquisition of invetories	(1,739,762)	-	-	-
Trade payables	-	-	-	-
Sales of merchandise	34,177	-	-	-
IM Glass Container Company SA				
-Trade receivables	-	-	-	1,321
- Acquisition of inventories	(2,620,746)	(5,125,603)	-	-
- Trade payables	-	-	-	(4,178,110)
- Sales of merchandise	64,206	420	-	1,321
- Other operating income	-	11,242	-	-
Glass Container Company-SP SRL				
- Acquisition of inventories	(607,070)	(1,171,355)	-	-
- Trade payables	-	-	-	(873,070)
IM Glass Container Prim-SP SRL				
Acquisition of invetories	(841,070)	-	-	-
Trade payables	-	-	-	-
Ecosmart Union SA				
- Other expenses	(1,457,583)	(617,195)	-	-
- Trade payables	-	-	(178,794)	(182,719)
Victoriavin SRL				
- Gross loans receivable	-	-	-	1,291,204
- Allowance for impairment of loan receivables	-	-	-	(21,047)
- (Provision for) / reversal of impairment loss of loans receivable	-	(29,549)	-	-
- Other expenses	-	(382,738)	-	-
- Trade payables	-	-	(103,260)	(284,693)
- Rent expenses	(396,003)	(339,140)	-	-
- Interest income	-	60,232	-	-
Acquisition of invetories	(6,076)	-	-	-
Agro Sud Invest SRL				
- Agricultural services	(3,751,022)	(2,535,116)	-	-
- Trade payables	-	-	(283,264)	(273,569)
BSC Agro SRL				
- Agricultural services	(5,389,848)	(3,964,694)	-	-
- Trade payables	-	-	(329,374)	(280,626)
- Transportation services	-	12,234	-	-
- Sales of merchandise	-	45,627	-	-
Elkas Home SRL				
- Trade receivables	-	-	1,246	-
- Other expenses	-	-	-	-
- Trade payables	-	-	-	(1,246)
Key management personnel				
- Salaries and bonuses for performance	(1,434,278)	(2,428,748)	(336,507)	(99,764)

Note 26. 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 2018 and 31 December 2017.

(ii) Commitments for finance and operating lease contracts

As detailed in Note 15, the Group has obligations amounting to RON 515,630 (2017: RON 416,367) under the finance lease contracts.

The future lease payments under current operational lease agreements at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018	31 December 2017
Within one year	1,054,396	467,105
Between one and five years	2,761,149	-
More than five years	8,542,944	-
Total	**12,358,489**	**467,105**

Classification of lease

The Group's subsidiaries, Vinaria Bostavan SRL and Vinaria Purcari SRL, rent land for their plantations of grape vines 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 2017, 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.

On 25 September 2018 the Group signed new lease agreements with Zorile SA (Moldova) for rent of its new office premises, starting from 1 February 2019 for 35 months.

(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 27. 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.

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 2018 and 31 December 2017 was as follows:

	Indicator	Note	2018	2017
Adjusted EBIDTA	**Adjusted EBIDTA**		**56,611,320**	**43,647,334**
Normalisation of EBITDA due to change in accounting treatment of equity investments			4,173,065	-
Income from non-recurring transaction			2,712,000	-
Non-recurring general and administrative expenses related to IPO		**20**	(918,424)	(1,222,984)
EBITDA	**EBITDA**		**62,577,961**	**42,424,350**
Less: depreciation for the year		**7**	(6,842,527)	(5,849,314)
Less: amortization for the year			(90,223)	(82,444)
Result from operating activities			**55,645,211**	**36,492,592**
Less: net finance costs		**23**	(3,710,910)	(1,613,764)
Earnings Before Income Taxes	**EBIT**		**51,934,301**	**34,878,828**
Less: tax expense		**24**	(6,258,646)	(5,919,894)
Profit / (loss) for the year			**45,675,655**	**28,958,934**
Normalized profit for the year			**39,709,014**	**30,181,918**

Note 28. Events after the reporting period

There were no further material events after the reporting period except:

This preliminary unaudited consolidated financial information for the year ended 31 December 2018 was signed by the management on 14 February 2019.