Purcari Wineries Public Company Limited

(formerly Bostavan Wineries Limited)

Preliminary Unaudited Consolidated Financial Information

For the year ended 31 December 2019

Contents

Board of Directors and other Officers

Board of Directors:

Name	Date of appointment	Title
Monica Cadogan	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Vasile Tofan	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Non-independent Director
Neil McGregor	Listing date (first appointment), re-appointed by the AGM on 25 April 2019	Non-executive, Independent Director
Victor Bostan	Listing date	Executive, Non-independent Director
Victor Arapan	25 April 2019	Executive, Non-independent Director

Chairman of the Board of Directors: Vasile Tofan, first appointment on 24 April 2018,
re-elected by the Board of Directors on 25 April 2019

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

Registration number: HE201949

	Note	31 December 2019	31 December 2018
Assets			
Property, plant and equipment	**7**	140,381,185	98,259,527
Intangible assets	**10**	1,186,568	1,073,576
Equity-accounted investees	**8**	1,334,543	298,959
Equity instruments at fair value through profit or loss	**9**	12,766,688	12,484,972
Inventories	**12**	53,369,676	34,878,531
Other non-current assets		50,928	48,014
Non-current assets		**209,089,588**	**147,043,579**
Inventories	**12**	73,451,110	78,267,427
Trade and other receivables	**11**	53,891,667	58,936,752
Cash and cash equivalents	**13**	12,573,775	21,803,241
Income tax assets		(131,941)	660,552
Prepayments		6,720,438	3,628,145
Other current assets		108,691	94,201
Current assets		**146,613,740**	**163,390,318**
Total assets		**355,703,328**	**310,433,897**
Equity			
Share capital	**14**	728,279	728,279
Share premium	**14**	82,533,921	82,533,921
Treasury shares reserves	**14**	(4,501,885)	-
Translation reserve	**14**	15,239,370	9,658,866
Retained earnings (accumulated losses)		68,406,494	47,358,345
Equity attributable to owners of the Company		**162,406,179**	**140,279,411**
Non-controlling interests	**27**	**16,818,800**	**13,842,222**
Total equity		**179,224,979**	**154,121,633**
Liabilities			
Borrowings and finance lease	**15**	61,144,450	69,235,581
Deferred income	**16**	3,477,902	2,251,318
Deferred tax liability	**26**	7,916,613	6,206,696
Non-current liabilities		**72,538,965**	**77,693,595**
Borrowings and finance lease	**15**	49,651,393	28,569,171
Deferred income	**16**	561,616	340,880
Income tax liabilities		2,757,008	1,860,216
Employee benefits	**26**	2,345,474	2,227,775
Trade and other payables	**17**	42,813,453	40,065,471
Provisions	**22**	5,810,440	5,555,156
Current liabilities		**103,939,384**	**78,618,669**
Total liabilities		**176,478,349**	**156,312,264**
Total equity and liabilities		**355,703,328**	**310,433,897**

Victor Bostan	**Victor Arapan**
Chief Executive Officer (CEO),	*Chief Financial Officer (CFO),*
Member of the Board of Directors	*Member of the Board of Directors*

The accompanying notes on pages 8 to 44 are an integral part of these consolidated financial statements.

	Note	2019	2018
Revenue	**18**	199,099,390	168,118,988
Cost of sales	**19**	(96,725,191)	(85,480,298)
Gross profit		**102,374,199**	**82,638,690**
Other operating income	**22**	1,175,205	259,477
Marketing and sales expenses	**20**	(19,133,579)	(13,868,082)
General and administrative expenses	**21**	(22,524,941)	(23,030,030)
Impairment loss on trade and loan receivables, net		(369,706)	89,842
Other operating expenses	**23**	(2,404,939)	598,235
Profit from operating activities		**59,116,239**	**46,688,132**
Finance income	**24**	(1,006,196)	4,954,887
Finance costs	**24**	(5,804,026)	(3,908,137)
Net finance income /(costs)	**24**	**(6,810,222)**	**1,046,750**
Share of profit of equity-accounted investees, net of tax	**8**	1,035,578	973,260
Profit before tax		**53,341,595**	**48,708,142**
Income tax expense	**25**	(9,043,158)	(6,975,212)
Profit for the year		**44,298,437**	**41,732,930**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		6,290,773	5,081,824
Other comprehensive income for the year		**6,290,773**	**5,081,824**
Total comprehensive income for the year		**50,589,210**	**46,814,754**
Profit attributable to:			
Owners of the Company		40,048,153	37,965,900
Non-controlling interests	**27**	4,250,284	3,767,030
Profit for the year		**44,298,437**	**41,732,930**
Total comprehensive income attributable to:			
Owners of the Company		45,628,651	42,594,716
Non-controlling interests	**27**	4,960,559	4,220,038
Total comprehensive income for the year		**50,589,210**	**46,814,754**
Earnings per share, RON			
Basic and diluted earnings per share	**14**	**2.00**	**1.91**

The accompanying notes on pages 8 to 44 are an integral part of these consolidated financial statements.

	31 December 2019	31 December 2018
Cash flow from operating activities		
Profit (Loss) for the period	**44,298,437**	**41,732,930**
Adjustments for:		
Depreciation and amortization	8,013,437	6,751,453
Non Cash Items	6,516,249	(2,195,716)
Income tax expense/(benefit)	9,043,158	6,975,212
Net finance costs	5,804,029	(1,046,750)
	73,675,309	**52,217,129**
Changes in:		
Inventories	(13,674,828)	(32,925,317)
Trade and other receivables	1,938,302	(11,633,831)
Trade and other payables	2,865,680	9,340,380
Cash generated from operating activities	**64,804,463**	**16,998,361**
Income tax paid	(5,643,956)	(7,015,719)
Interest paid	(5,576,615)	(3,784,661)
Net cash generated from operating activities	**53,583,892**	**6,197,981**
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	(50,706,616)	(30,135,842)
Loans received	-	700,204
Interest received	-	643,873
Redemption of own shares	(4,501,885)	-
Proceeds from sale of property, plant and equipment	455,615	1,140,116
Net cash used in investing activities	**(54,752,885)**	**(27,651,649)**
Cash flows from financing activities		
Net change in loans and borrowings and finance lease	12,991,091	23,510,812
Cash flows from financing activities	-	(1,892,526)
Dividends paid	(20,983,985)	(57,744)
Net cash generated from/ (used in) financing activities	**(7,992,894)**	**21,560,542**
Net increase in cash and cash equivalents	**(9,161,887)**	**106,874**
Cash and cash equivalents at beginning of period	21,803,241	21,428,215
Effect of movements in exchange rates on cash held	(67,579)	268,152
Cash and cash equivalents at end of period	**12,573,775**	**21,803,241**

The accompanying notes on pages 8 to 44 are an integral part of these consolidated financial statements.

			Attributable to owners of the Company						
	Share capital	**Share premium**	**Treasury share reserves**	**Other Reserves**	**Translation reserve**	**Retained earnings (accumulated losses)**	**Total**	**Non-controlling interests**	**Total equity**
			-						
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	-	-	-	-	-	37,965,900	37,965,900	3,767,030	41,732,930
Foreign currency translation differences	-	-	-	-	4,628,816	-	4,628,816	453,008	5,081,824
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,628,816**	**37,965,900**	**42,594,716**	**4,220,038**	**46,814,754**
Transaction with owners of the Company									
Acquisition of non-controlling interests (Note 30)	-	-	-	-	(58,878)	502,202	443,324	(483,298)	(39,974)
Other changes in equity									
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,089,094)	(1,089,094)
Increase of share capital from share premium	693,441	(693,441)	-	-	-	-	-	-	-
Offset of accumulated losses with share premium	-	(40,457,644)	-	-	-	40,457,644	-	-	-
Incorporation of contributions by owners in retained earnings	-	-	-	(8,916,387)	-	8,916,387	-	-	-
Total other changes in equity	**693,441**	**(41,151,085)**	**-**	**(8,916,387)**	**-**	**49,374,031**	**-**	**(1,089,094)**	**(1,089,094)**
Balance at 31 December 2018	**728,279**	**82,533,921**	**-**	**-**	**9,658,866**	**47,358,345**	**140,279,411**	**13,842,222**	**154,121,633**
Balance at 1 January 2019	**728,279**	**82,533,921**	**-**	**-**	**9,658,866**	**47,358,345**	**140,279,411**	**13,842,222**	**154,121,633**
Total comprehensive income									
Profit for the year	-	-	-	-	-	40,048,153	40,048,153	4,250,284	44,298,437
Foreign currency translation differences	-	-	-	-	5,580,504	(6)	5,580,498	710,275	6,290,773
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**5,580,504**	**40,048,147**	**45,628,651**	**4,960,559**	**50,589,210**
Transaction with owners of the Company									
Treasury shares acquired	-	-	(4,501,885)	-	-	-	(4,501,885)	-	(4,501,885)
Dividends	-	-	-	-	-	(18,999,998)	(18,999,998)	(1,983,981)	(20,983,979)
Total other changes in equity	**-**	**-**	**(4,051,885)**	**-**	**-**	**(18,999,998)**	**(23,501,883)**	**(1,983,981)**	**(25,485,864)**
Balance at 31 December 2019	**728,279**	**82,533,921**	**(4,501,885)**	**-**	**15,239,370**	**68,406,494**	**162,406,179**	**16,818,800**	**179,224,979**

The accompanying notes on pages 8 to 44 are an integral part of these consolidated financial statements.

Note 1. Reporting entity

Purcari Wineries Public Company Limited ("the Company") 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 Company has an issued share capital of 200,000 EUR as at 31 December 2019, which consists of 20,000,000 ordinary shares with the nominal value of 0.01 EUR each (2018: 20,000,000 ordinary shares with the nominal value of 0.01 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:

		Ownership interest	
	Country of incorporation	**31 December 2019**	**31 December 2018**
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%	56.05%

The structure of the Group as at 31 December 2019 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 November 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 was completed and West Circle Ltd acquired additional shares. The nominal ownership interest of the Group in Vinaria Bardar SA is 53.91% as at 31 December 2019 (2018: 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% as at 31 December 2019 (2018: 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, as disclosed in Note 23 a) to the consolidated financial statements.

Victoriavin is directly and fully owned by Victor Bostan (who is also 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.

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 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 months 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 preparation

These consolidated financial statements as at and for the year ended 31 December 2019 (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. This is the first set of the Group's annual financial statements in which IFRS 16 Leases have been applied. Changes to significant accounting policies are described in Note 6.

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) 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 8 – equity-accounted investees: whether the Group has significant influence over an investee;
- Note 23 b) – classification of joint arrangements;
- Note 26 – management incentive program.

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 6 (d) – estimates relating to the useful lives of property, plant and equipment;
- Note 23 – assumptions and estimates used in the valuation of harvest of grapes.

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 9 – valuation of equity instruments measured at fair value through profit or loss (“FVTPL”);
- Note 23 – valuation of biological assets (grapes on vines).

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:

- biological assets (grapes on vines) which are measured at fair value less costs to sell;
- equity securities measured at FVTPL.

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, except if mentioned otherwise in this note. The accounting policies of subsidiaries have been changed where necessary to adhere consistent application of the accounting policies applied by the Group.

a) Changes in significant accounting policies

The Group has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards also became effective from 1 January 2018.

The effect of initially applying these standards was not material for the Group’s consolidated financial statements. Therefore, comparative information has not been restated.

IFRS 15 ***Revenue from Contracts with Customers***

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue,* IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 15 did not have a significant impact on the Group's financial position and performance.

IFRS 9 ***Financial Instruments***

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements,* which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the Group's approach was to include the impairment of trade and loan receivables in other operating expenses. Consequently, the Group reclassified impairment losses amounting to RON 591,531, recognised under IAS 39, from "other operating expenses" to "impairment loss on trade and loan receivables" in the statement of profit or loss and OCI for the year ended 31 December 2017.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures for the year ended 31 December 2018 but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Trade and other receivables, loan receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 6 h).

The effect of initially applying IFRS 9 was not material for the Group's consolidated financial statements.

(ii) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 6 i).

(iii) Transition

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. However, the Group assessed that the effect of initially applying IFRS 9 was not material for the consolidated financial statements.

b) 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 2019.

(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.

c) 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.

d) 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.

e) 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.

f) 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 expenses.

g) 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.

h) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets 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 amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 January 2018

The Group classified non-derivative financial assets into the loans and receivables and financial assets at FVTPL categories.

Equity instruments

Equity instruments were measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Loans and receivables

These assets were initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at amortised cost using the effective interest method.

Loans and receivables comprised loan receivables, trade receivables and cash and cash equivalents.

Other financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

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.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

Financial instruments

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

Financial assets were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- 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 would 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 was measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those founded not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was 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 were recognised in profit or loss and were reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was 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.

j) 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.

(iii) Share-based payments arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

k) 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.

l) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 January 2018)	Revenue recognition under IAS 18 (applicable before 1 January 2018)
Sale of goods	Customers obtain control of goods when the significant risks and rewards of ownership have been transferred to them. Revenue is recognised at that point in time, although invoices are generated when the goods are dispatched from the Group's warehouse. Invoices are usually payable within 30-90 days from the date of delivery and acceptance of goods by the customers. No discounts or loyalty points are offered for sale of goods, except for standard contractual discounts included in the invoices issued by the subsidiary Crama Ceptura SRL. Some contracts permit the customer to return an item due to quality claims, and the period for these claims is usually no longer than 15 days from the date of delivery and acceptance of goods by the customers.	Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement and incoterms. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.	Revenue was recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods, and the amount of revenue could be measured reliably. Revenue was measured net of returns, trade discounts and volume rebates. The timing of the transfer of risks and rewards varied depending on the individual terms of the sales agreement.
Services	Invoices for hotel and restaurant services are issued on the moment the services are consumed (i.e. at check-out) and usually are paid at check-out.	The revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.	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.

m) 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.

n) 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.

o) 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.

p) 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;
- the net gain or loss on financial assets at FVTPL.

Interest income or expense is recognised using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

q) 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.

r) 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.

s) Standards issued but not yet effective

The following new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these financial statements. The Group plans to adopt these pronouncements when they become effective.

(i) Standards and Interpretations not adopted by the EU

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 3 *Business Combinations*
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*

t) Impact on the Group from the adoption of IFRS 16 Leases

The Group adopted IFRS 16 *Leases* from 1 January 2019.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases,* IFRC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees.

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.

The Group applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The impact from the adoption of the IFRS 16 on financial position and financial performance of the Group is presented in the table below:

	Impacted area	Amount before applying IFRS 16	Impact of IFRS 16	Amount after applying IFRS 16	Change, %
Recognition of right-of-use assets	Property, plant and equipment at cost	266,359,610	8,495,803	274,855,413	3%
Recognition of lease liability	Current borrowings and finance lease	48,910,017	741,376	49,651,393	2%
	Non-current borrowings and finance lease	54,714,764	6,429,686	61,144,450	12%
Depreciation of right-of-use assets	Charge for the year	7,099,762	800,921	7,900,683	11%
Accrued interest on lease liability	Finance cost	5,307,393	496,633	5,804,026	9%
Derecognition of buildings rent	G&A expenses	23,203,269	(678,328)	22,524,941	-3%
	Foreign exchange gain/(loss)	863,396	(92,391)	771,005	-11%
Derecognition of land rent	Inventory	127,221,502	(400,716)	126,820,786	0%
	Cost of Sales	96,762,275	(37,084)	96,725,191	0%
Net Profit		**44,788,188**	**(489,751)**	**44,298,437**	**-1%**
EBITDA		**67,449,842**	**715,412**	**68,165,254**	**1%**

Note 7. Property, plant and equipment

The movements of property, plant and equipment from 1 January 2018 to 31 December 2019 were as follows:

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Right of use assets	Total
Cost									
Balance at 1 January 2019	**5,182,283**	**2,479,682**	**102,041,126**	**85,326,021**	**6,562,761**	**4,746,974**	**21,134,237**	**-**	**227,473,084**
Additions	35,882,359	973,090	(139,295)	2,855,281	849,627	27,245	3,107,737	8,495,803	52,051,852
Transfers	(31,923,499)	203,144	6,925,084	17,428,809	979,374	763,856	5,623,232	-	-
Transfers to inventories	-	-	-	-	-	-	-	-	-
Disposals	(684,951)	-	(46,376)	(11,131,306)	(509,862)	(323,657)	(858,548)	-	(13,554,700)
Effect of movement in exchange rates	260,391	106,822	4,017,907	2,990,629	162,853	203,930	1,053,734	88,916	8,885,182
Balance at 31 December 2019	**8,716,583**	**3,762,738**	**112,798,446**	**97,469,434**	**8,044,753**	**5,418,348**	**30,060,392**	**8,584,719**	**274,855,413**
Accumulated depreciation and impairment losses									
Balance at 1 January 2019	**-**	**192,728**	**63,055,025**	**53,745,939**	**3,051,754**	**4,012,231**	**5,155,880**	**-**	**129,213,557**
Depreciation for the year	-	-	1,910,348	3,614,505	664,799	190,447	719,663	800,921	7,900,683
Impairment loss, net	-	-	(80,142)	-	-	-	-	-	(80,142)
Disposals	-	-	(362,129)	(7,895,432)	(302,429)	(322,398)	1,427,431	-	(7,454,957)
Effect of movement in exchange rates	-	5	2,488,745	1,724,197	79,698	161,783	437,184	3,475	4,895,087
Balance at 31 December 2019	**-**	**192,733**	**67,011,847**	**51,189,209**	**3,493,822**	**4,042,063**	**7,740,158**	**804,396**	**134,474,228**
Carrying amounts									
At 1 January 2019	**5,182,283**	**2,286,954**	**38,986,101**	**31,580,082**	**3,511,007**	**734,743**	**15,978,357**	**-**	**98,259,527**
At 31 December 2019	**8,716,583**	**3,570,005**	**45,786,599**	**46,280,225**	**4,550,931**	**1,376,285**	**22,320,234**	**7,780,323**	**140,381,185**

	Assets under construction	Land	Buildings and construc-tions	Equipment	Vehicles	Other	Grape vines	Right of use assets	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	21,213,888	4,620	26,267	6,956,443	742,227	57,082	967,257	-	29,967,784
Transfers	(16,537,436)	-	3,059,273	11,815,072	1,421,778	241,313	-	-	-
Transfers to inventories	-	-	-	(43,456)	-	-	-	-	(43,456)
Disposals	(138,823)	(1,715)	(90,767)	(3,218,762)	(388,255)	(4,939)	-	-	(3,843,261)
Effect of movement in exchange rates	56,115	87,703	3,906,673	2,605,865	116,020	187,309	861,845	-	7,821,530
Balance at 31 December 2018	**5,182,283**	**2,479,682**	**102,041,126**	**85,326,021**	**6,562,761**	**4,746,974**	**21,134,237**	**-**	**227,473,084**
Accumulated depreciation and impairment losses									
Balance at 1 January 2018	**-**	**192,728**	**59,041,904**	**50,819,010**	**2,914,208**	**3,588,710**	**4,304,181**	**-**	**120,860,741**
Depreciation for the year	-	-	1,610,688	3,671,770	357,527	268,135	656,919	-	6,565,039
Impairment loss, net	-	-	(176,394)	1,344	-	-	-	-	(175,050)
Disposals	-	-	-	(2,515,517)	(327,594)	(3,969)	-	-	(2,847,080)
Effect of movement in exchange rates	-	-	2,578,827	1,769,332	107,613	159,355	194,780	-	4,809,907
Balance at 31 December 2018	**-**	**192,728**	**63,055,025**	**53,745,939**	**3,051,754**	**4,012,231**	**5,155,880**	**-**	**129,213,557**
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	**5,182,283**	**2,286,954**	**38,986,101**	**31,580,082**	**3,511,007**	**734,743**	**15,978,357**	**-**	**98,259,527**

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

	31 December 2019	31 December 2018
Republic of Moldova	118,532,392	80,632,377
Romania	21,848,793	17,627,150
Total	**140,381,185**	**98,259,527**

Depreciation charge

Depreciation charge is included in the following financial statement captions:

	2019	2018
Cost of sales	3,909,247	3,556,135
General and administrative expenses	1,421,912	554,146
Inventories	2,422,545	2,363,072
Unallocated overheads	146,979	91,686
Total	**7,900,683**	**6,565,039**

Security

The carrying amount of property, plant and equipment that is subject to a registered debenture to secure bank loans is disclosed in Note 15. The Group is not involved in any legal disputes that may restrict its ability to use or dispose of its properties.

Note 8. Equity-accounted investees

As at 31 December 2019 and 31 December 2018 interests in equity-accounted investees are as follows:

	31 December 2019	31 December 2018
Investment in IM Glass Container Company SA group	-	-
Investment in Ecosmart Union SA	1,334,543	298,959
Total interests in equity-accounted investees	**1,334,543**	**298,959**

The share of profit of equity-accounted investees, net of tax, for the years ended 31 December 2019 and 31 December 2018 is as follows:

	2019	2018
Share of the profit of IM Glass Container Company SA group	-	794,855
Share of the profit of Ecosmart Union SA	1,035,578	178,405
Total share of the profit of equity-accounted investees, net of tax	**1,035,578**	**973,260**

IM Glass Container Company SA group

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.

On 16 July 2018 an Extraordinary Shareholders Meeting of Glass Container Company SA was held, during which the Group revoked two of its representatives in the Board of Directors, and waived its voting rights until the final sale of its shareholding to another investor. As this indicates the loss of significant influence, the Group reclassified the investment in IM Glass Container Company SA from equity-accounted investees to equity instruments at fair value through profit or loss in these financial statements, and discontinued to consider IM Glass Container Company SA group as a related party since that date.

The movement in the investment in IM Glass Container Company SA group for the years ended 31 December 2019 and 31 December 2018 is as follows:

	2019	**2018**
Balance at 1 January	-	7,136,953
Acquisition cost	-	-
Share of profit	-	794,855
Effect of movements in exchange rates	-	273,483
Transfer to equity instruments at fair value through profit or loss (Note 9)	-	(8,169,291)
Balance at 31 December	**-**	**-**

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.

	30 June 2018
Percentage ownership interest	**31.415%**
Non-current assets	37,834,748
Current assets	65,643,300
Non-current liabilities	-
Current liabilities	(16,681,181)
Net assets (100%)	86,796,867
Group's share of net assets (31.415%)	27,267,236
Gain from bargain purchase	(14,782,263)
Carrying amount of investment	**12,484,973**
Revenue	41,834,228
Profit (100%)	2,530,146
Share of profit (31.415%)	794,855
Group's share of profit	**794,855**

The share of profit was calculated based on the consolidated results of IM Glass Container Company SA group for the period from 1 January 2018 to 30 June 2018, before the transfer of the investment from equity-accounted investees to equity instruments at fair value through profit or loss, as per its own financial statements.

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 years ended 31 December 2018 and 31 December 2017 is as follows:

	2019	**2018**
Balance at 1 January	298,959	120,555
Contribution	-	-
Effect of movements in exchange rates	6	-
Share of profit	1,035,578	178,404
Balance at 31 December	**1,334,543**	**298,959**

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 2019	31 December 2018
Percentage ownership interest	**27%**	**27%**
Non-current assets	2,067,037	779,224
Current assets	14,327,302	5,026,216
Non-current liabilities	101,952	4,741
Current liabilities	(11,666,158)	(4,702,926)
Net assets (100%)	4,830,133	1,107,255
Group's share of net assets (27%)	1,304,136	298,959
Carrying amount of investment in associate	**1,304,136**	**298,959**
Revenue	25,936,958	25,936,958
Profit (100%)	3,835,475	660,758
Share of profit (27%)	1,035,578	178,405
Group's share of profit	**1,035,578**	**178,405**

Note 9. Equity instruments at fair value through profit or loss

The Group has 31.415% ownership interest in IM Glass Container Company SA, which is accounted as equity instruments at fair value through profit or loss (see Note 8).

The movement in equity instruments at fair value through profit or loss for the year ended 31 December 2019 is as follows:

	2019	2018
Balance at 1 January	**12,484,972**	-
Transfer from equity accounted investees (Note 8)	-	8,169,291
Change in fair value (Note 24)	(235,191)	4,173,065
Effect of movements in exchange rates	516,907	142,616
Balance at 31 December	**12,766,688**	**12,484,972**

The fair value measurement for equity investment in IM Glass Container Company SA has been categorized 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 value as of 31 December 2019, as well as the significant unobservable inputs used. The valuation of the investment was performed by an independent authorised valuator.

Valuation technique	*Discounted cash flows*: The valuation model considers the present value of the net cash flows expected to be generated by the entity, discounted using a risk-adjusted discount rate.
Significant unobservable inputs	• Expected free cash flows for 2020-2023 (RON 46,520,000); • Risk-adjusted discount rate (15.97%); • Terminal growth rate (5.0%).
Inter-relationship between key unobservable inputs and fair value measurement	The estimated fair value would increase (decrease) if: • the expected cash flows were higher (lower); • the risk-adjusted discount rate was lower (higher); or • the terminal growth rate was higher (lower).

Note 10. Intangible assets

The movements in intangible assets from 1 January 2018 to 31 December 2019 are the following:

	2019	2018
Cost		
Balance at 1 January	1,946,704	1,716,510
Additions	560,187	168,058
Disposals	(783,634)	(10,256)
Effect of movement in exchange rates	36,176	72,392
Balance at 31 December	**1,759,433**	**1,946,704**
Amortization		
Balance at 1 January	**873,128**	**660,550**
Amortization for the year	112,754	186,414
Disposals	(312,117)	-
Effect of movement in exchange rates	(100,899)	26,164
Balance at 31 December	**572,865**	**873,128**
Carrying amounts		
At 1 January	**1,073,576**	**1,055,960**
At 31 December	**1,186,568**	**1,073,576**

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 15.

The amortization was allocated to General and administrative expenses, Cost of sales, Inventories and Unallocated overheads.

Note 11. Trade and other receivables

As at 31 December 2019 and 31 December 2018, trade and other receivables were as follows:

	31 December 2019	31 December 2018
Financial receivables		
Gross trade receivables	46,701,310	47,139,467
Trade receivables due from related parties (Note 29)	-	-
Allowance for impairment of trade receivables	(1,209,030)	(1,301,136)
Total financial receivables	**45,492,280**	**45,838,331**
Non-financial receivables		
Other receivables due from related parties (Note 29)	-	-
Assigned receivable *	815,600	5,592,600
Other receivables	1,967,159	1,895,921
VAT receivable	4,584,212	4,873,834
Other taxes receivable	8,556	203,753
Excise receivable	1,023,860	532,313
Total non-financial receivables	**8,399,387**	**13,098,421**
Total trade and other receivables	**53,891,667**	**58,936,752**

(*) During 2018 the Group purchased a receivable from a bank for a consideration of EUR 1,200,000, which is measured at cost. During 2019 the Group received in cash RON 4,777,000. The balance will be settled either in cash or in assets.

The carrying amount of trade and other receivables that is subject to a registered debenture to secure bank loans is disclosed in Note 15.

Note 12. Inventories

As at 31 December 2019 and 31 December 2018 inventories were as follows:

	31 December 2019	31 December 2018
Raw materials		
Distilled alcohol	24,750,280	22,418,891
Wine materials	3,958,526	1,958,668
Other raw materials	277,468	223,661
Total raw materials	**28,986,274**	**24,601,220**
Other materials		
Packaging materials	11,732,172	11,839,751
Other materials	3,742,572	3,184,647
Chemicals	1,633,650	1,262,420
Total other materials	**17,108,394**	**16,286,818**
Semi-finished production		
Wine in barrels	60,680,430	56,446,189
Divin in barrels	6,107,034	5,675,046
Brandy in barrels	-	10,742
Total semi-finished production	**66,787,464**	**62,131,977**
Bottled finished goods		
Wine	13,186,372	9,556,576
Divin	706,764	541,630
Other finished goods	23,549	18,759
Brandy	21,969	8,978
Total bottled finished goods	**13,938,654**	**10,125,943**
Total inventories	**126,820,786**	**113,145,958**

The carrying amount of inventories that is subject to a registered debenture to secure bank loans is disclosed in Note 15.

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 53,369,676 as at 31 December 2018 (2018: RON 34,878,531). These relate to wine in barrels RON 30,324,632 (2018: RON 14,776,476) and distilled alcohol and divin in barrels RON 23,045,045 (2018: RON 20,102,055).

Note 13. Cash and cash equivalents

As at 31 December 2019 and 31 December 2018 cash and cash equivalents were as follows:

	31 December 2019	31 December 2018
Bank accounts	11,234,941	21,736,689
Petty cash	1,338,834	66,552
Total cash and cash equivalents	**12,573,775**	**21,803,241**

Cash and cash equivalents consist of cash in hand, current accounts and short-term deposits 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 15.

Note 14. Equity attributable to owners of the Company

	2019	2018
(in shares)		
On issue at 1 January	20,000,000	4,751,295
Bonus shares issued	-	15,248,705
On issue at 31 December	**20,000,000**	**20,000,000**
Authorized – par value	**EUR 0.01**	**EUR 0.01**

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.

The share premium resulting on subscription of ordinary shares amounted to RON 123,685,006. On 04 January 2018 the Company increased its authorized share capital to EUR 200,000 divided into 20,000,000 ordinary shares with nominal value of EUR 0.01 each, by making subdivision and issue of bonus shares out of the share premium reserve in amount of RON 693,441. Also, during 2018 the Company covered accumulated losses of RON 40,457,644, from the share premium.
As of 31 December 2019 the share premium constitutes RON 82,533,921.

The Company acquired during the year 200,000 shares with the view to implement the Company's shareholders meeting resolutions no. 3 of 14 June 2018 and no. 5 of 25 April 2019 in connection with the Management Incentive Program (see Note 26 Employee Benefits).

These shares were recorded under "Treasury Shares Reserves".

As at 31 December 2019 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%
Fiera Capital	1,885,297	9.4265%
Conseq	1,242,673	6.2134%
East Capital	1,135,156	5.6759%
SEB	1,101,873	5.5094%
Franklin Templeton	1,023,987	5.1199%
Others	8,604,842	43.0242%
Total	**20,000,000**	**100%**

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%
Franklin Templeton	1,700,000	8.5000%
Magna Umbrella Fund	1,302,226	6.5111%
SEB	1,285,780	6.4289%
Conseq	936,411	4.6821%
International Finance Corporation	654,591	3.2730%
Others	4,575,587	22.8779%
Total	**20,000,000**	**100%**

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation to the presentation currency.

Contributions by owners

There were no contributions by owners during 2019 (2018: these reserves were incorporated in retained earnings).

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:

	2019	2018
Profit for the year, attributable to owners of the Company	40,048,145	37,965,900
Weighted-average number of ordinary shares outstanding	20,000,000	19,832,891
Earnings per share – basic and diluted	**2.00**	**1.91**

The Group has not issued any potentially dilutive instruments.

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 2019 and 31 December 2018, borrowings and finance lease were as follows:

	31 December 2019	31 December 2018
Non-current liabilities		
Secured bank loans	53,772,222	68,969,877
Finance lease liabilities	7,372,228	265,704
Total non-current portion	**61,144,450**	**69,235,581**
Current liabilities		
Current portion of secured bank loans	48,743,595	28,248,324
Current portion of finance lease liabilities	907,798	320,847
Total current portion	**49,651,393**	**28,569,171**
Total borrowings and finance lease	**110,795,843**	**97,804,752**

The movements of borrowings and finance lease for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Balance at 1 January	97,804,752	74,222,939
Net proceeds from borrowings and finance lease	12,991,091	23,510,812
Interest expense (Note 24)	5,804,026	3,908,137
Interest paid	(5,576,615)	(3,784,661)
Effect of movement in exchange rates	(227,412)	(52,475)
Balance at 31 December	**110,795,843**	**97,804,752**

Security

As at 31 December 2019 and 31 December 2018 the carrying amounts of assets that are subject to a registered debenture to secure bank loans were as follows:

	31 December 2019	31 December 2018
Property, plant and equipment	54,505,237	58,001,510
Trade and other receivables	-	44,189,667
Inventories	62,086,222	26,968,731
Intangible assets	570,106	547,176
Cash and cash equivalents	19,810,941	14,174,687
Total	**136,972,506**	**143,881,771**

Terms and debt repayment schedule

					31 December 2019			31 December 2018		
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	8.50%	2019	-	-	-	-	-	1,531,280
Secured bank loan	BC Moldova Agroindbank SA (2)	EUR	3.90%	2019	-	-	-	-	-	2,781,888
Secured bank loan	BC Moldova Agroindbank SA (3)	EUR	3.90%	2020	-	-	1,707,856	7,199,212	-	5,795,753
Secured bank loan	BC Moldova Agroindbank SA (4)	MDL	8.50%	2020	-	-	6,558,537	1,690,492	-	1,068,142
Secured bank loan	BC Moldova Agroindbank SA (5)	MDL	8.50%	2020	-	-	2,327,318	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (6)	EUR	3.90%	2020	-	-	2,577,752	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (7)	MDL	8.50%	2021	5,114,406	-	-	6,057,397	-	-
Secured bank loan	BC Moldova Agroindbank SA (8)	EUR	3.90%	2020	1,775,124	-	1,678,586	2,264,662	-	-
Secured bank loan	BC Moldova Agroindbank SA (9)	EUR	3.90%	2021	1,274,996	-	913,241	2,261,415	-	1,137,898
Secured bank loan	BC Moldova Agroindbank SA (10)	EUR	3.90%	2021	2,258,727	-	4,838,981	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (11)	MDL	8.50%	2020	-	-	1,835,363	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (12)	EUR	3.90%	2022	1,454,438	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (13)	MDL	8.50%	2022	3,925,710	-	256,034	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (14)	MDL	8.50%	2020	238,433	-	938,041	3,132,899	-	695,777
Secured bank loan	BC Moldova Agroindbank SA (15)	EUR	3.90%	2020	-	-	1,015,723	1,039,091	-	5,061,085
Secured bank loan	BC Moldova Agroindbank SA (16)	EUR	3.90%	2020	-	-	2,238,664	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (17)	MDL	8.50%	2021	-	-	-	4,843,848	-	-
Secured bank loan	BC Moldova Agroindbank SA (18)	EUR	3.90%	2021	6,148,919	-	-	5,084,125	-	-
Secured bank loan	BC Moldova Agroindbank SA (19)	EUR	3.90%	2021	-	-	-	1,272,121	-	1,279,219
Secured bank loan	BC Moldova Agroindbank SA (20)	MDL	8.50%	2021	794,723	-	495,022	1,258,720	-	-
Secured bank loan	BC Moldova Agroindbank SA (21)	EUR	3.90%	2021	1,922,860	-	5,162,901	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (22)	MDL	8.50%	2021	1,062,914	-	1,248,815	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (23)	EUR	3.90%	2022	8,345,139	-	-	-	-	-
Secured bank loan	BC Moldova Agroindbank SA (24)	MDL	8.50%	2021	-	-	3,815,317	-	-	-
Secured bank loan	Ministry of Finance of Moldova (1) (project financed by EIB)	EUR	3.50%	2020	-	-	476,865	463,880	-	927,760
Secured bank loan	Ministry of Finance of Moldova (2) (project financed by EIB)	EUR	3.73%	2021	817,466	-	817,490	1,590,436	-	795,230

Terms and debt repayment schedule (continued)

					31 December 2019			31 December 2018		
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 Mobiasbanca - Group Societe Generale SA (1)	USD	4.50%	2019	-	-	-	845,479	-	1,227,237
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (2)	USD	4.75%	2021	1,337,915	-	-	3,706,976	-	1,588,704
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (3)	USD	4.75%	2025	1,023,849	-	227,488	1,206,412	-	219,348
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (4)	USD	4.50%	2020	-	-	863,908	-	-	-
Secured bank loan	BC Mobiasbanca - Group Societe Generale SA (5)	USD	4.75%	2026	1,440,037	-	100,143	-	-	-
Secured bank loan	UNICREDIT BANK SA (1)	RON	ROBOR 1M+1.30%	Undetermined	-	-	-	7,000,000	-	-
Secured bank loan	UNICREDIT BANK SA (2)	RON	ROBOR 1M+1.95%	2020	-	-	96,828	96,828	-	145,242
Secured bank loan	UNICREDIT BANK SA (3)	RON	ROBOR ON+1.95%	2021	1,041,598	-	1,562,395	2,603,993	-	1,562,395
Secured bank loan	UNICREDIT BANK SA (4)	EUR	EURIBOR 1M+1.50%	Undetermined	8,612,254	-	381,240	8,950,606	-	-
Secured bank loan	UNICREDIT BANK SA (5)	EUR	EURIBOR 1M+1.60%	2023	2,057,359	-	748,131	2,737,748	-	730,066
Secured bank loan	UNICREDIT BANK SA (6)	RON	ROBOR 1M+1.60%	2023	503,568	-	183,116	686,683	-	183,116
Secured bank loan	UNICREDIT BANK SA (7)	EUR	EURIBOR 1M+1.75%	2023	2,621,787	-	3,495,717	2,938,257	-	1,679,004
Secured bank loan	UNICREDIT BANK SA (8)	RON	ROBOR ON + 1,95%	2020	-	-	2,182,123	-	-	-
Fiinance lease liabilities (IFRS 16) land		RON	3.90%-8.50%	2020-2047	3,928,998	-	32,988	-	-	-
Finance lease liabilities (IFRS 16) buildings		RON	3.90%-8.50%	2020-2025	2,500,688	-	708,388	-	-	-
Finance lease liabilities		EUR	5.99% - 11.25%, EURIBOR 3M + 3.65% - 5.71%	2018-2021	942,543	-	166,422	304,301	-	160,027
Total borrowings and finance lease					**61,144,450**	**-**	**49,651,393**	**69,235,581**	**-**	**28,569,171**

Loan covenants

Both at 31 December 2019 and 31 December 2018 the Group complied with the loan covenants stipulated in loan contracts.

Note 16. Deferred income

The movement in deferred income for 31 December 2019 and 31 December 2018 was as follows:

	2019	2018
Balance at 1 January	**2,592,198**	**970,856**
Grants received	1,672,656	1,816,691
Release of deferred income	(327,869)	(255,786)
Effect of movements in exchange rates	102,533	60,437
Balance at 31 December	**4,039,518**	**2,592,198**

Note 17. Trade and other payables

As at 31 December 2019 and 31 December 2018 trade and other payables were as follows:

	31 December 2019	31 December 2018
Financial payables		
Trade accounts payable	37,342,128	36,678,488
Trade payables due to related parties (Note 29)	1,344,849	894,692
Total financial payables	**38,686,977**	**37,573,180**
Non-financial payables		
Payables to state budget	1,287,663	457,530
Advances received	899,685	884,355
Dividend payables to non-controlling interests	1,939,128	1,150,406
Total non-financial payables	**4,126,476**	**2,492,291**
Total trade and other payables	**42,813,453**	**40,065,471**

Note 18. Revenue

Revenues for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Sales of finished goods		
Wine	165,640,160	140,283,073
Divin	28,473,324	22,281,739
Brandy	388,802	461,084
Total sales of finished goods	**194,502,286**	**163,025,896**
Sales of other goods		
Merchandise	719,595	2,053,889
Other	277,481	580,705
Wine materials	606,685	335,466
Agricultural products	-	5,183
Total sales of other goods	**1,603,761**	**2,975,243**
Services		
Hotel and restaurant services	2,604,418	1,821,445
Agricultural services	388,925	296,404
Total services	**2,993,343**	**2,117,849**
Total revenue	**199,099,390**	**168,118,988**

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 2019 were as follows:

	Bostavan wine	**Purcari wine**	**Crama Ceptura wine**	**Bardar divin and brandy**	**Total**
Romania	2,753,210	50,272,989	27,714,264	1,196,400	81,936,863
Republic of Moldova	5,646,233	20,093,027	-	19,074,489	44,813,749
Poland	20,439,927	290,362	17,429	32,751	20,780,469
Czech Rep. and Slovakia	9,164,965	7,669	-	-	9,172,635
Asia	4,830,811	5,480,275	940,535	312,184	11,563,804
Belarus	707,775	136,353	-	7,251,504	8,095,631
Baltic countries	5,321,828	124,210	68,076	362,019	5,876,133
Ukraine	3,183,853	3,404,340	-	-	6,588,194
Other	2,418,490	1,710,142	913,397	632,779	5,674,808
Total	**54,467,092**	**81,519,367**	**29,653,701**	**28,862,126**	**194,502,286**

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	2,859,573	36,666,798	25,315,617	274,678	65,116,666
Republic of Moldova	5,519,156	17,431,428	0	14,765,963	37,716,547
Poland	17,362,664	193,636	40,969	15,480	17,612,749
Czech Rep. and Slovakia	11,706,407	-	-	-	11,706,407
Asia	3,394,345	3,195,549	477,303	536,015	7,603,212
Belarus	182,185	101,265	-	6,373,233	6,656,683
Baltic countries	5,162,266	-	-	423,818	5,586,084
Ukraine	2,704,413	2,451,596	-	-	5,156,009
Other	3,349,916	1,211,520	956,467	353,636	5,871,539
Total	**52,240,925**	**61,251,792**	**26,790,356**	**22,742,823**	**163,025,896**

Note 19. Cost of sales

Cost of sales for the years ended 31 December 2019 and 31 December 2018 was as follows:

	2019	2018
Sales of finished goods		
Wine	80,691,145	71,551,750
Divin	12,757,596	9,687,653
Brandy	299,624	312,861
Total sales of finished goods	**93,748,365**	**81,552,264**
Sales of other goods		
Merchandise	277,968	1,342,170
Other	302,963	281,049
Wine materials	215,478	326,313
Agricultural products	-	1,273
Total sales of other goods	**796,409**	**1,950,805**
Services		
Hotel and restaurant services	1,927,893	1,736,673
Agricultural services	252,524	240,556
Total services	**2,180,417**	**1,977,229**
Total cost of sales	**96,725,191**	**85,480,298**

The nature of the expenses that are part of the Group's cost of sales for the years ended 31 December 2019 and 31 December 2018 was as follows:

	2019	2018
Consumption of inventories	84,623,223	75,896,616
Employee benefits (Note 26)	7,239,147	5,333,943
Depreciation of property, plant and equipment (Note 7)	3,909,247	3,556,135
Other	953,574	693,604
Total cost of sales	**96,725,191**	**85,480,298**

Other expenses presented above include amortization of intangible assets and services rendered by third parties.

Note 20. Marketing and sales expenses

Marketing and sales expenses for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Marketing and sales	9,748,848	5,829,567
Transportation expenses	4,217,728	3,159,094
Employee benefits (Note 26)	4,364,323	4,012,919
Certification of production	532,043	580,464
Other expenses	270,637	286,038
Total marketing and sales expenses	**19,133,579**	**13,868,082**

Note 21. General and administrative expenses

General and administrative expenses for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	**2018**
Employee benefits (Note 26)	12,771,150	12,984,360
Taxes and fees	2,325,154	1,637,120
Depreciation (Note 7)	1,421,913	554,146
Repairs and maintenance	325,585	648,038
Rent	398,096	879,820
Travel	712,984	788,337
Professional fees	1,735,454	2,671,561
Bank charges	714,048	635,000
Communication	279,617	328,426
Insurance	192,630	173,139
Fuel	161,858	153,482
Materials	282,142	130,510
Penalties	28,462	42,861
Other	1,175,848	1,403,230
Total general and administrative expenses	**22,524,941**	**23,030,030**

In professional fees have been included fees for independent auditors' remuneration for statutory audit of the annual financial statements in amount of RON 126,904 (2018: RON 1,077,545) and independent auditor's remuneration for other services in amount of RON 345,639 (2018: RON 793,522).

Note 22. Other operating income

Other operating income for the years ended 31 December 2019 and 31 December 2018 was as follows:

	2019	**2018**
Release of deferred income	327,869	255,786
Gains on write-off of trade and other payables	14,248	7,982
Net gain/ (loss) from sale of other materials	(64,789)	(194,691)
Other	897,877	190,400
Total other operating income	**1,175,205**	**259,477**

Note 23. Other operating expenses

Other operating expenses for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	**2018**
Impairment of property, plant and equipment, net	(80,160)	(175,050)
Unallocated overheads	228,478	184,313
Adjustment to fair value of harvest of grapes from own grape vines	(235,725)	(1,098,851)
Adjustment to fair value of harvest of grapes from joint operation / operating leasing	1,818,880	585,079
Net gain from disposal of property, plant and equipment and intangible assets	624,048	(133,679)
Other	49,418	39,953
Total other operating expenses	**2,404,939**	**(598,235)**

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 2019 and 31 December 2018 is as follows:

	2019	2018
Balance at 1 January	**5,555,156**	**5,306,827**
Provisions made during the year	-	-
Effect of movements in exchange rates	255,284	248,329
Balance at 31 December	**5,810,440**	**5,555,156**

Adjustment to fair value of harvest of grapes

The movement of biological assets (grapes on vines) for the years ended 31 December 2019 and 31 December 2018 was as follows:

	2019	2018
Balance at 1 January	-	-
Costs for cultivation of grapes	16,619,824	16,955,143
Fair value adjustment of harvest of grapes	(1,583,157)	513,772
Harvested grapes transferred to inventories	(15,036,667)	(17,468,915)
Balance at 31 December	-	-

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 areas of plantations of own grape vines (hectares of plantations) and quantities of harvested grapes were as follows:

	2019	2018
Area of plantations of mature vines, hectares	1,112	869
Area of plantations of immature vines, hectares	46	27
Total area of plantations of vines, hectares	**1,158**	**896**
Quantity of harvested grapes, tonnes	11,383	11,853

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 and operating lease of grape vines

The areas of plantations of vines under joint operations and operating lease (hectares of plantations) and quantities of harvested grapes were as follows:

	2019	2018
Area of plantations of vines under joint operation arrangement, hectares	61	64
Area of plantations of vines under operating lease, hectares	141	63
Total area, hectares	**202**	**127**
Quantity of harvested grapes under joint operation arrangement, tonnes	350	601
Quantity of harvested grapes under operating lease, tonnes	1,219	673
Total quantity, tonnes	**1,569**	**1,274**

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% (2018: 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 (2018: 87% and 13%).

On 31 January 2019 Crama Ceptura SRL renewed the agreement with Vie Vin for a period of 3 years, on similar conditions, except the level of working capital amount per year was excluded (2018: up to RON 1,600,000).

Operating lease of grape vines

The subsidiary Crama Ceptura SRL entered into several operational lease agreements for the lease of grape vines located in Romania. According to the agreements, 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 these leases of grape vines should be accounted as operating lease.

The lease payments are made to the lessors in nature (grapes, wine), in proportion from 5% to 30% (depending on the agreement) from the harvest on leased grape vines.

Note 24. Net finance income /(costs)

Net finance costs for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Net gain on equity instruments at FVTPL (Note 9)	(235,191)	4,173,059
Net foreign exchange gain	(771,005)	723,536
Interest income	-	58,292
Finance income	**(1,006,196)**	**4,954,887**
Interest expense	(5,804,026)	(3,908,137)
Finance costs	**(5,804,026)**	**(3,908,137)**
Net finance income /(costs)	**(6,810,222)**	**1,046,750**

Note 25. Income tax

The corporate income tax rate in Cyprus was 12.5% for the years 2019 and 2018, 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 2019 and 31 December 2018 was as follows:

	2019	2018
Current tax expense		
Current tax	7,612,909	6,086,733
Adjustment for prior years	-	-
Total current tax expense	**7,612,909**	**6,086,733**
Deferred tax expense		
Origination and reversal of temporary differences	1,430,249	888,479
Total deferred tax expense/ (benefit)	**1,430,249**	**888,479**
Income tax expense	**9,043,158**	**6,975,212**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

	2019 Gross amount	**2019 Tax effect**	2018 Gross amount	2018 Tax effect
Tax losses	**3,017,466**	**377,183**	1,421,467	177,683

Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

	2019	**Expiry date**	2018	Expiry date
Expire	**3,017,466**	**2020 – 2025**	1,421,467	2019 - 2024

In 2019, the parent Company incurred a tax loss of USD 1,595,999, increasing cumulative tax losses to USD 3,017,466. Management has determined that the recoverability of cumulative tax losses, which expire in 2020–2025, is uncertain due to specific activity of the Company as holding company. However, if the Group changes its operational flow that will generate taxable profit at parent company level, then additional deferred tax assets and a related income tax benefit of up to USD 377,183 could be recognized.

Note 26. Employee benefits

As at 31 December 2019 and 31 December 2018, employee benefit payables were as follows:

	31 December 2019	31 December 2018
Payables to employees	1,469,177	1,372,307
Accruals for unused vacation	876,297	855,468
Total employee benefit payables	**2,345,474**	**2,227,775**

During the year ended 31 December 2019 the average number of staff was 667 persons (2018: 602). 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:

	2019	2018
General and administrative expenses (Note 21)	12,771,150	12,984,360
Cost of sales (Note 19)	7,239,147	5,333,943
Inventory	5,776,465	3,544,433
Marketing and sales expenses (Note 20)	4,364,317	4,012,919
Total employee benefit expenses	**30,151,079**	**25,875,655**

Management incentive program

On 14 June 2018, the Company's shareholders approved a Special Resolution 1 providing for a Management Stock Option Plan, in the framework of a Management Incentive Program.

The Plan mainly targets members of the Group's senior management team (except the CEO) and is intended to further align the interests of such Beneficiaries with those of the Company's shareholders. The plan duration of 4 years and comprises the following:

a) award of up to 400,000 shares in the Company to the Beneficiaries, free of charge, with annual vesting (i.e. 1/4 vests at the end of each year) and subject to relevant performance indicators to be determined by the Board of Directors; and

b) award of stock options to the Beneficiaries (the Options), with annual vesting (i.e. 1/4 vests at the end of each year), subject to relevant performance indicators to be determined by the Board of Directors, in the following amounts:
   - up to 400,000 Options at a strike price of 20 RON (i.e. that is, under 20 RON the value of options is nil);
   - up to 500,000 Options at a strike price of 30 RON; and
   - up to 600,000 Options at a strike price of 40 RON.

On 25 April 2019, the Company's shareholders approved that Special Resolution 1 in a new revision in order to allow the Company to perform the redemption of 200,000 shares for execution in the near future of Management Stock Option Plan.

The terms of the award have not been officially communicated yet to the individuals, and there is no final list yet of individuals that will benefit from this program (since the list of group's senior management has not yet been defined). The plan is aimed at employees considered top management (except CEO), on a case by case basis. No employee was formally notified of the number of shares / options he/she receives and the exercise prices of the options. The employees have not accepted the award explicitly (by singing a contract or at least agreeing verbally).

The Board of Directors on 7 December 2018 decided that in the nearest future a detailed document will be drafted which will define the mechanism of implementation of these management incentive scheme. Up to 31 December 2019 such document was not finalized nor signed.

The Company has not accounted for this management reward scheme in these consolidated financial statements. Since the identity of the individuals that will receive the options and the number of options that will be awarded to each employee have not been determined nor discussed in 2019, there is no grant date in 2019. Also, while directors and top management are aware of the new plan, they do not know if it is applicable to them because the identity of the individuals that will receive options is not yet known, neither formally (by notification) nor implicitly (through discussions). This conclusion is based on the fact that the plan is directed towards some (rather than all) employees that are considered top management and some (rather than all) of the directors. Services cannot be provided before grant date if the employees are not sure that they will actually receive options. Therefore, it cannot be assumed that they are providing services towards this award.

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 2019	**Vinaria Bostavan**	**Vinaria Bardar**	**Intra-group eliminations**	**Total**
NCI percentage	**0.46%**	**43.95%**		
Non-current assets	55,273,971	10,394,986		
Current assets	68,021,191	44,272,660		
Non-current liabilities	(35,756,031)	(4,391,386)		
Current liabilities	(45,141,426)	(12,339,896)		
Net assets	**42,397,705**	**37,936,364**		
Carrying amount of NCI	**194,139**	**16,672,195**	**(47,533)**	**16,818,800**
Revenue	66,085,634	28,616,286		
Profit	4,821,061	9,612,130		
OCI	2,450,535	1,590,647		
Total comprehensive income	**7,271,596**	**11,202,777**		
Profit allocated to NCI	**22,076**	**4,224,319**	**3,889**	**4,250,284**
OCI allocated to NCI	**11,221**	**699,054**	**(0)**	**710,275**

31 December 2018	**Vinaria Bostavan**	**Vinaria Bardar**	**Intra-group eliminations**	**Total**
NCI percentage	**0.46%**	**43.95%**		
Non-current assets	40,153,196	7,620,984		
Current assets	64,069,620	40,872,825		
Non-current liabilities	(30,429,843)	(6,199,911)		
Current liabilities	(37,851,591)	(11,059,498)		
Net assets	**35,941,382**	**31,234,400**		
Carrying amount of NCI	**164,576**	**13,726,829**	**(49,183)**	**13,842,222**
Revenue	64,820,960	23,809,155		
Profit	2,887,450	8,567,885		
OCI	2,245,468	1,141,362		
Total comprehensive income	**5,132,918**	**9,709,247**		
Profit allocated to NCI	**13,222**	**3,765,396**	**(11,588)**	**3,767,030**
OCI allocated to NCI	**10,282**	**501,604**	**(58,878)**	**453,008**

Note 28. Acquisition of non-controlling interests

No acquisition of non-controlling interest performed during the year ended 31 December 2019. In 2018 the Group increased its shareholding in the subsidiary Vinaria Bardar SA from 54.61% to 56.05% by acquiring shares from non-controlling interests of the subsidiary. The following table summarizes the effect of changes in the non-controlling interests acquired:

	2019	2018
Carrying amount of non-controlling interests acquired	-	483,298
Purchase price	-	39,974
Increase in equity attributable to owners of the Company	**-**	**443,324**

Note 29. Related parties

The Group's related parties for the years 2019 and 2018 were the following:

Name of the entity	Relationship with the Company
Lorimer Ventures Limited	Shareholder of the Company
Emerging Europe Growth Fund II	Majority shareholder of Lorimer Ventures Limited
Amboselt Universal Inc.	Shareholder of the Company
Key management personnel	Members of board of directors of the Company, CEOs, CFO and Sales Director of Group entities
Victor Bostan	CEO, Member of the Board of Directors, majority shareholder of 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 management through a significant shareholding
Victoriavin SRL	Entity controlled by Victor Bostan through a significant shareholding
Ecosmart Union SA	Associate
IM Glass Container Company SA	Associate (related party from 1 April 2017 to 16 July 2018)
Glass Container Company-SP SRL	Subsidiary of IM Glass Container Company SA (related party from 1 April 2017 to 16 July 2018)

Key management personnel and other related party transactions

	Transaction value for the year ended 31 December		Outstanding balance - receivable/(payable) as at 31 December	
	2019	**2018**	**2019**	**2018**
Victor Bostan				
- Salaries and bonuses for performance	(969,956)	(888,617)	(258,842)	(545,931)
IM Glass Container Company SA				
- Acquisition of inventories	-	(2,760,866)	-	-
- Sales of merchandise	-	64.206	-	-
Glass Container Company-SP SRL				
- Acquisition of inventories	-	(607,070)	-	-
Ecosmart Union SA				
- Other expenses	(2,164,572)	(1,457,583)	-	-
- Trade payables	-	-	(275,441)	(178,794)
Victoriavin SRL				
- Recognition of right-of-use assets	3,862,641	-	-	-
- Lease liability	-	-	(3,961,986)	
- Other receivables	-	-	(14.693)	-
- (Provision for) / reversal of impairment loss of loans receivable	-	21,695	-	-
- Trade payables	-	-	(25,710)	(103,260)
- Rent expenses	(46,301)	(396,003)	-	-
- Interest income	-	58,292	-	-
- Acquisition of inventories	(9,630)	(6,076)	-	-
Agro Sud Invest SRL				
- Agricultural services	(3,793,775)	(3,751,022)	-	-
- Trade payables	-	-	(294,341)	(283,264)
BSC Agro SRL				
- Agricultural services	(5,575,080)	(5,389,848)	-	-
- Trade payables	-	-	(767,357)	(329,374)
Key management personnel				
- Salaries and bonuses for performance	(4,693,261)	(4,098,019)	(685,802)	(336,507)

Note 30. 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 2019 and 31 December 2018.

(ii) 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.

(iii) 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 years period after they are completed in Romania, a four years 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 31. 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 10).

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 2019 and 31 December 2018 was as follows:

	Indicator	Note	2019	2018
Adjusted EBIDTA	**Adjusted EBIDTA**		**68,165,254**	**55,331,269**
Non-recurring general and administrative expenses related to IPO			-	(918,424)
EBITDA	**EBITDA**		**68,165,254**	**54,412,845**
Less: depreciation for the year		**7**	(7,900,683)	(6,565,039)
Less: amortization for the year		**10**	(112,754)	(186,414)
Result from operating activities	**EBIT**		**60,151,817**	**47,661,392**
Less: net finance income/ (costs)		**24**	(6,810,222)	1,046,750
Earnings Before Income Taxes	**EBT**		**53,341,595**	**48,708,142**
Less: tax expense		**25**	(9,043,158)	(6,975,212)
Profit for the year			**44,298,437**	**41,732,930**

Note 32. Events after the reporting period

There were no further material events after the reporting period.