

## ***INCOME AND EXPENDITURE BUDGET FOR THE YEAR 2017***

For 2017, the company has set the income volume, their structure on chapters and subchapters, the expenditures volume on destinations and respectively on economic structure by their nature and also the results to be achieved from the performed activity during the year.

The income and expenditure budget is based on a production and sales program approved by the Board of Directors for the year 2017.

To achieve the production program the resources of main raw materials such as malt and hops are provided until the end of 2017.

The malt production program in the fourth quarter of 2017 will be achieved by providing the basic raw materials of the harvest of 2017, and the malt manufacturing process will begin in the third decade of September 2017 and it will be completed in the first decade of December 2017.

From the new harvest is necessary to purchase 3.000 tons of barley of which 2.200 tons of barley for malting, quantity to be purchased and paid in the months of July to September 2017 and about 25 tons of pellets with at least 5% alpha acids, thus ensuring the continuity of the production process and the material basis for the production of beer in quarters I, II and III of 2018.

The main materials necessary for the production of consumables in the manufacturing process of production, fermentation - maturation, filtering, bottling and delivering beer are rhythmically supplied under contracts concluded with the suppliers according to the production volume for the period, permanently ensuring safety stocks for normal production process.

Referring to the coverage of the beer sales program with contracts we mention that we have already contracted the entire beer quantity for 2017, having signed contracts with 41 resellers and wholesalers.

The necessary conditions for selling beer in the commercial network by proper equipment of customers (during the commercial relationships):

- KEG type Stainless steel barrels for selling beer on mug;
- dispensers for cooling and distributing keg bottled beer;
- "BERMAS" 1/24 and 1/20 customised crates, 0.5l MOLD and NRW bottles;
- transport vehicles for distribution according to our possibilities and specialized personnel for the hygiene of facilities, control of the network and marketing;
- promotional materials and advertising logistics.

During the year, given the current competitive environment on the beer market, in order to maintain market segments, the company will provide supplementary equipment if necessary and following the customers' demands.

In the general activity of our company we have also considered auxiliary activities to maintain the normal operation of equipment, plants, the protection and maintenance of buildings and space inside the premises, by performing ordinary maintenance and repairs, current and capital overhaul servicing of the production facilities.

The summary of income and expenditure budget detailed for income in chapters according to their nature and for expenditure in the economic structure by the type of activity is attached in its annexes.

The basic indicators of economic activity for 2017 have the following estimated levels:

- **Total income: 30.792.852 lei, of which:**
  - Operating income: 30.792.852 lei
- **Total expenditure: 28.789.473 lei, of which:**
  - Operating expenses: 27.801.673lei
  - Financial expenditure: 987.800lei
- **Net turnover: 27.744.432 lei**
- **Gross profit: 2.003.379 lei**
- **Net profit: 1.570.838 lei.**

Compared to the results of the previous year, preliminary indicators for 2017 have the following developments:

- Production and sales volume was set over the result of the previous year by 7%;
- Total revenue: increase by about 8,8%
- Net turnover: increase by about 11%
- Gross and net profit levels are expected to be at the level of 2016.

For the elaboration and substantiation of income and expenditure budget we have made assessments of the production potential both in terms of technical performance, of existing facilities and manpower and also projected estimates for work in progress, of some economic, financial and contractual factors.

We have considered the following elements:

- the stocks of basic raw materials (malt, barley, hops) existing at the beginning of the year at purchase or production price, as appropriate;
- maintenance of the prices for the basic raw materials (barley, hops) from the harvest of 2017 at the level of 2016;
- maintenance of the negotiated price until 31.12.2017 for natural gas;
- moderate increase in the price of drinking water and sewerage starting the third quarter of 2017;
- maintenance of the electricity price below the average of the previous year;
- increase in total costs with manpower if the economic and financial situation allows it, being considered a possible increase in the third quarter of 2017;
- appropriate sizing of the cost for repairs, maintenance, spare parts and other similar charges;
- optimization of the specific consumption of raw materials, materials and technological utilities;
- an average exchange rate of the national currency to euro of maximum 4.6 lei / € for the evaluation of acquisitions for production activities;
- a gradual increase in the delivery price for types of beer made by about 2 - 3%.

The achievement of forecast indicators for 2017 is conditioned by:

- The performance of the production and sales;
- Maintenance of the unitary excise unit / degree Plato / hl at the current level;
- Purchase of new raw materials from the new harvest at competitive prices;
- Maintenance of the employment costs within the limits prescribed in the income and expenditure budget;
- Increase in the estimated delivery prices taking into account the purchasing power of the population and the market conditions.

Considering the factors that could affect the achievement of indicators in this income and expenditure budget during the year in case of major influences, we will proceed to rectify it periodically, once with the financial-accounting reports for that period.

## INCOME AND EXPENDITURE BUDGET FOR 2017

Code 01

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Indicators	Ro w no.	Done in previous year	Provisions  of the current year. Total of which:	Quarter			
				I	II	III	IV
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
<b>I. TOTAL REVENUES, (rd.02 +rd 09)</b>							
Of which:	<b>01</b>	<b>28,291,814</b>	<b>30,792,852</b>	<b>4,368,273</b>	<b>10,798,632</b>	<b>9,800,240</b>	<b>5,825,708</b>
<b>1. Operating revenue, (rd.06+07+08)</b>							
of which:	<b>02</b>	<b>28,291,801</b>	<b>30,792,852</b>	<b>4,368,273</b>	<b>10,798,632</b>	<b>9,800,240</b>	<b>5,825,708</b>
a) Revenues from the sales of finished products (beer)	03	24,654,009	27,429,522	3,140,873	10,209,967	10,522,292	3,556,390
b) Revenues from the sale of by-products	04	310,878	294,910	90,400	113,665	72,948	17,898
c) Revenues from services	05	20,300	20,000	5,000	5,000	5,000	5,000
<b>d) Net turnover (a+b+c)</b>	<b>06</b>	<b>24,985,187</b>	<b>27,744,432</b>	<b>3,236,273</b>	<b>10,328,632</b>	<b>10,600,240</b>	<b>3,579,288</b>
e) Revenues from stored production	07	2,981,019	2,798,420	1,100,000	400,000	-850,000	2,148,420
f) Other operating revenues	08	325,595	250,000	32,000	70,000	50,000	98,000
2. Financial revenues	9	<b>13</b>	<b>0</b>				
<b>II. TOTAL EXPENDITURE, (rd. 11+rd.25)</b>							
Of which:	10	<b>26,422,845</b>	<b>28,789,473</b>	<b>5,424,790</b>	<b>7,726,678</b>	<b>8,095,806</b>	<b>7,542,200</b>
<b>1. Operating expenditure,</b>							
(rd.16+rd.17+rd.18+rd.19+rd.20+rd.24) of which:	11	<b>25,480,236</b>	<b>27,801,673</b>	<b>5,272,290</b>	<b>7,384,178</b>	<b>7,715,706</b>	<b>7,429,500</b>
a) Raw materials	12	5,778,367	6,389,668	1,289,813	1,578,732	1,453,315	2,067,809
b) Main materials + packaging	13	1,616,083	1,943,275	236,753	710,267	722,986	273,269
c) Fuel, spare parts, packaging and other material expenditure	14	1,628,880	1,805,350	362,299	539,647	499,813	403,591

d) Energy and water	15	3,004,381	3,194,300	678,040	805,360	808,240	902,660
Total material expenditure (a+b+c+d)	16	<b>12,027,711</b>	<b>13,332,593</b>	<b>2,566,905</b>	<b>3,634,006</b>	<b>3,484,354</b>	<b>3,647,329</b>
e) Third party works and services	17	1,948,697	1,967,172	242,885	715,162	592,460	416,665
f) Taxes and duties	18	213,557	320,000	20,000	60,000	40,000	200,000
g) Operation expenditure for depreciation and provisions	19	2,034,673	2,275,000	400,000	525,000	825,000	525,000
h) Employment charges -TOTAL din care:	20	<b>8,979,616</b>	<b>9,676,908</b>	<b>2,019,000</b>	<b>2,392,910</b>	<b>2,706,392</b>	<b>2,558,606</b>
i) Salaries expense	21	6,782,486	7,302,900	1,551,300	1,784,500	2,093,200	1,873,900
j) Social security and insurance costs	22	1,806,783	1,924,646	373,400	502,180	482,200	566,866
k) Meal vouchers costs	23	390,347	449,362	94,300	106,230	130,992	117,840
l) Other operating expenditure	24	<b>275,982</b>	<b>230,000</b>	<b>23,500</b>	<b>57,100</b>	<b>67,500</b>	<b>81,900</b>
<b>2. Financial expenditure -TOTAL</b>	<b>25</b>	<b>942,609</b>	<b>987,800</b>	<b>152,500</b>	<b>342,500</b>	<b>380,100</b>	<b>112,700</b>
Of which:							
-Interests	26	63,909	66,000	25,000	25,000	9,500	6,500
-Other financial expenditure	27	878,700	921,800	127,500	317,500	370,600	106,200
III. Gross result - PROFIT	28	<b>1,868,969</b>	<b>2,003,379</b>		<b>3,071,954</b>	<b>1,704,434</b>	
-LOSS	29			<b>1,056,517</b>			<b>1,716,493</b>
IV. Tax on profit	30	<b>340,129</b>	<b>432,541</b>		<b>434,470</b>	<b>-1,929</b>	
V. NET PROFIT –accumulated	31	<b>1,528,840</b>	<b>1,570,838</b>				

*President of the Board of Directors - ec. Anisoii Elena*