



**JSC for Growing and Production
of Wine “Vrsacki vinogradi”, Vrsac**



General Information

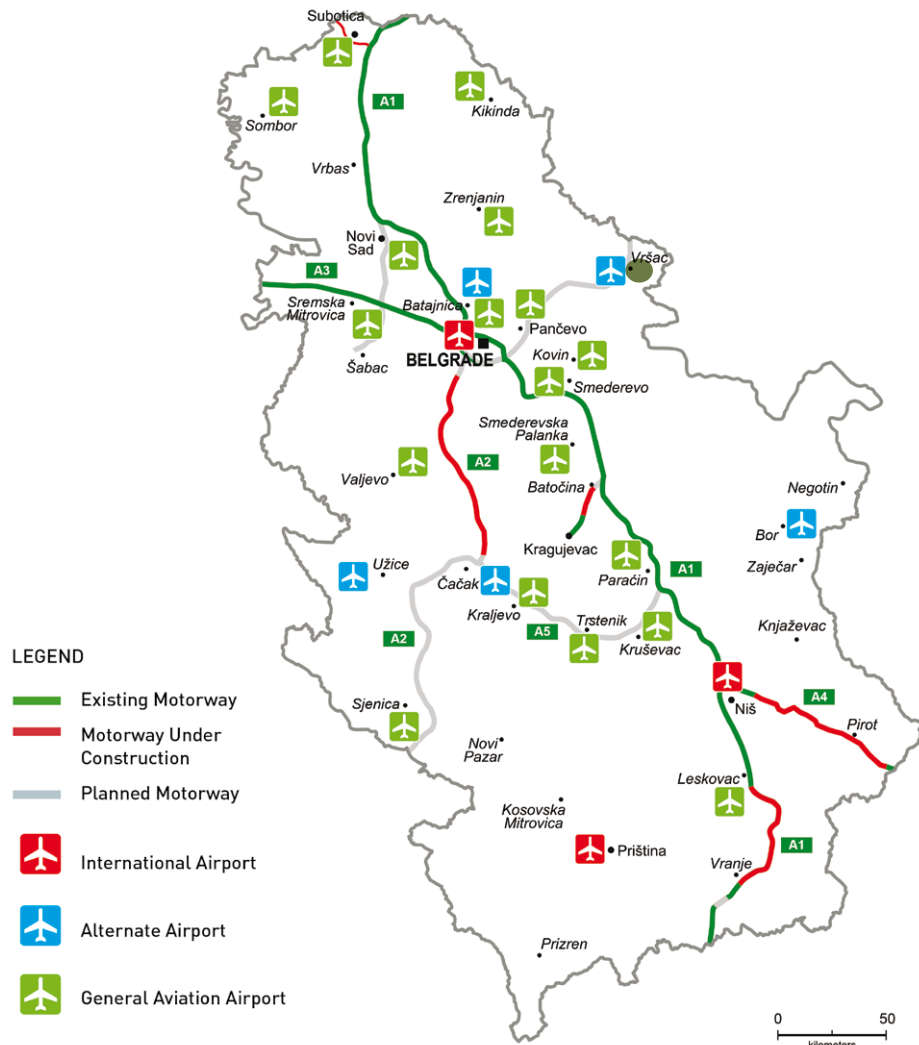
Full legal name	JSC for Growing and Production of Wine "Vrsacki vinogradi", Vrsac
Address	No. 1 Svetosavski Trg Street, 26300 Vrsac
Identification Number	08045305
Core activity	Cultivation of grapes
Foundation Year	1998
Number of Employees	242



Capital structure (in%)

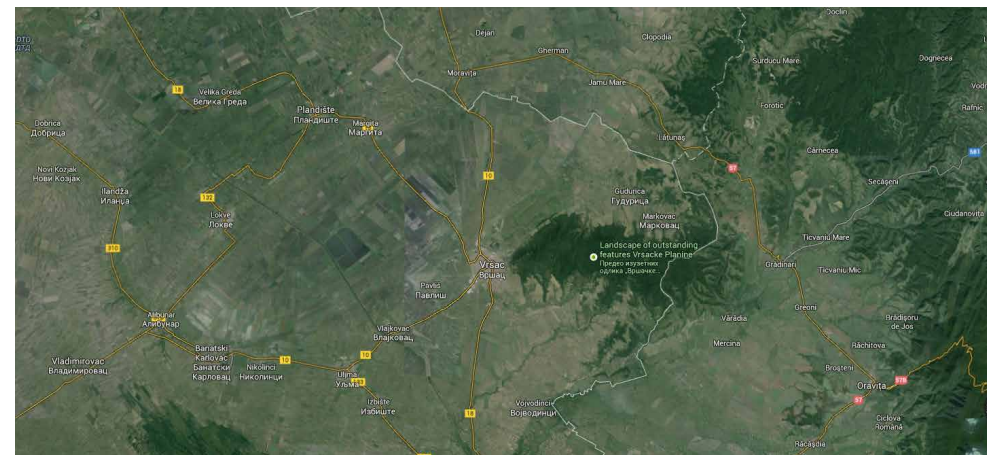
Shareholders' fund	12.71
Privatization Agency	59.14
Others	28.15

General Information



Distance form the Company to:

Belgrade	80 km
Regional Center	60 km
Main road	on the road
Port	60 km
Railway	has its own railway



Location



PANCEVO

Pan-European Transport Corridors

Vrsac vineyards are located within the region of Banat. Geographical location “Vrsacki vinogradi”, Vrsac is of strategic importance in the market area of soughteaste Europe and provides oportunity for intensive busines coperation.



History and Tradition



Vrsac and its surroundings are known as viticulture area since the Roman rule. The first written data on Vrsac wine originate in 1494, when a Budim court steward paid 10,5 golden forint for the barrel of Vrsac wine intended for the Hungarian King Ladislaus. In the 19th century, Vrsac vineyards were among the biggest vineyards in Europe and stretched across 17.000 acres (10.000 ha).

With respect to viticulture regionalization, Vrsac vineyards are located within the region of Banat and the South Banat Viticulture sub-region. They cover a great part of the slopes and bottoms of Vrsac Mountains at the altitude between 90 and 250 m, which along moderate-continental climate represents ideal conditions for vine growing. Vrsac viticulture area covers more than 2.000 ha vineyards, out of which the plantations of Vrsac vineyards cover around 1.700 ha.



Vineyards



The grapes from Vrsac mountain slopes and Deliblato Sands are processed in accordance with the technology for making and storing wines and natural brandies made from grapes that has been improved for ages. Their quality is confirmed by numerous local and international recognitions and awards, as well as by faithful consumers of the products of “Vrsacki vinogradi AD”.



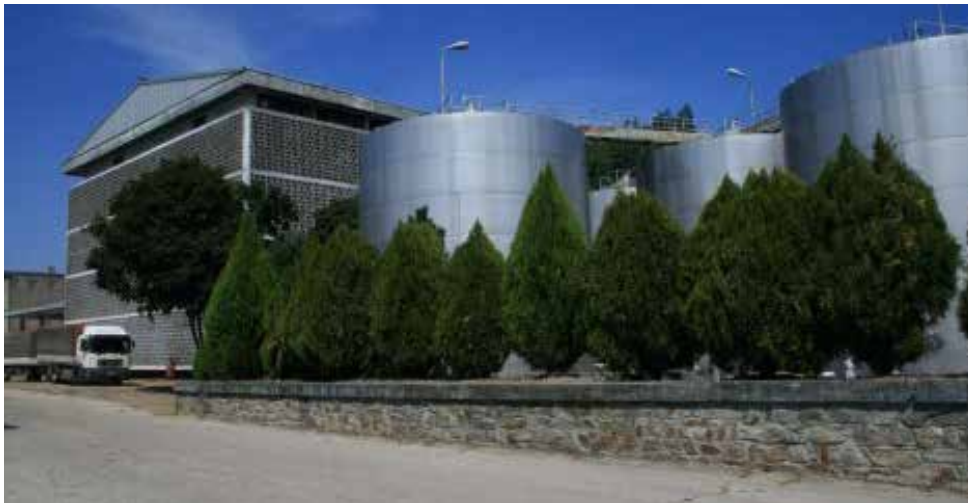
VINEYARDS

Vrsac vineyards cover around 2000 ha plantation vineyards, out of which 1700 ha are owned by the company “Vrsacki vinogradi AD”.

The vineyards stretch along the south and the north side of the hill at the altitude between 50 – 200m, and a part from the area of Vrsac, covering the area of the surrounding settlements within the territory of Vrsac mountains: Markovac, Gudurica, Veliko Srediste, Socica, Mesic, Jablanka, Kustilj and Pavlis. The most significant areas in which the top quality grape varieties are grown are as follows: Belo brdo, Hervis, Puzev breg, Palcburg, Kvantovi (I, II, III), Soter, etc.



Cellar



The total cellar capacities of “Vrsacki Vinogradi” AD amount 34,2 million litres (3.420 wagons) and they can receive the whole grape yield of Vrsac viticulture area.

The “New Cellar” was built in Vrsac in 1968. It has the capacity of 2.000 wagons and has the state-of-art equipment for producing and storing wine. As an architectural solution built under one roof, it represents one of the biggest cellars in Europe.

The quality of our wines is supported also by the fact that the plantations have been concentrated around Vrsac mountains and the grapes are quickly delivered to the processing plants, thus keeping their freshness.

Although the state-of-art equipment was introduced, considerable quantities of wine are stored in a traditional manner in wooden barrels, which is a real delicacy for wine lovers from all over the world.

Product portfolio



TOP QUALITY WINES

- * KUTRES - LATE HARVEST ITALIAN RIESLING
- * KUTRES - CHARDONNAY
- * KUTRES - RHEIN RIESLING
- * ARCHIVED WINE UNTIL 1990.
- * ARCHIVED WINE UNTIL 2000.



TABLE WINES

- * BANAT RIESLING
- * SMEDEREVKA
- * BOEM WHITE WINE
- * BOEM ROSE
- * HELVETIA
- * RUŽICA
- * VRANAC



QUALITY WINES

- * ITALIAN RIESLING
- * WHITE BURGUNDY
- * MUSCAT OTONEL
- * HELVETIA
- * FRANKOVKA



STRONG ALCOHOLIC DRINKS

- * GRAPE BRANDY
- * MUSCAT GRAPE BRANDY
- * VRSACKA GRAPA
- * VINJAK "GOLD"

Certificates



Quality assurance certificate ISO 9001

On 11th November 2003, the company “Vrsacki vinogradi AD” started the process of introducing ISO standards for quality control and for the “production of grapes, white and red wines and spirits”, which will allow us to guarantee that all stages of production, starting from the head plantation until the final product is strictly controlled.

The company “Vrsacki vinogradi AD” has the original trademark, absolutely protected from falsification by the Agency for the Protection of Intellectual Property.

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Ecology

According to applicable regulations, the requirements for environment protection are fulfilled.

Production and Capacity

Product	Unit	Quantity			Value in EUR		
		2011	2012	2012	2011	2012	2013
growing grapestons	tons	5,964	5,982	7,817	2,267,737	2,194,765	2,565,576
wine production	hl	40,841	38,899	58,662	2,020,204	2,087,307	2,676,486
spirits	hl	726	576	698	133,093	97,566	76,019

Capacity utilization

Machine (Production line)	Unit	Installed capacity	Real capacity	% of utilization		
				2011	2012	2013
storage space	hl	318,471	306,194	61.73	60.00	60.00
equipment for processing grapes	t/hour	90	70	28.00	30.00	31.00
equipment for bottling	pcs/hour	6,000	4,200	44.00	45.00	47.00



Production and Capacity

Land / Buildings

The total vineyard area is 1134.10 ha. The vineyards are divided into five clearly defined sectors and processed by Work Unit I and Unit II. Work unit I is responsible for the “South” and “North” sector which are closer to Vrsac, while working unit II is in Gudurica located in the village, 25km from Vrsac.

The company owns agricultural land with total area of 625 ha 54 acres and 44m2. The company is also a beneficiary of the construction of state owned land on which the facilities owned by the company, as well as users of agricultural land owned by the state in total area of 1610.23 ha, which is used under the lease.

The most important objects of the Company are two buildings with a courtyard in Vrsac, as well as an administrative building with cellars, warehouses and other facilities in Vrsac, two commercial spaces around 100m2 in Vrsac.



Realization



Movement in sale volume

Product/service	Unit	Quantity sold			Value in EUR		
		2011	2012	2013	2011	2012	2013
table wine	hl	39,439	79,361	53,002	4,218,054	4,749,807	4,533,457
quality wine	hl	1,272	937	1,382	371,728	277,088	452,556
premium wine	hl	342	312	176	145,440	146,265	59,428
spirits		446	738	330	158,791	150,829	116,057
TOTAL :					4,894,014	5,323,989	5,161,498

Sales structure

Sales structure in %	2011	2012	2013
Domestic market	80.99	58.53	95.73
Foreign market	19.01	41.47	4.27
TOTAL :	100.00	100.00	100.00

Distribution channels

Distribution channels	% of share
Direct sale	29.00
Wholesale	5.00
Retail	1.00
Intermediaries	65.00



Organization



EMPLOYEES



Number of employees

Working	242
Paid leave	0
Unpaid leave	0
Other (sick leave, vacation, etc.)	0
TOTAL NUMBER OF EMPLOYEES	242

Age structure of employees

Age	-25	25-35	35-40	40-45	45-50	50-55	55+
Number	0	35	40	36	49	62	20

Average salaries in EUR

(gross and net) in 2011, 2012 and 2013

Year	Gross	Net
2011	432	312
2012	464	334
2013	461	333

Assets Overview



	31/12/2011	31/12/2012	31/12/2013
CURRENT ASSETS	11,231,000	9,955,000	9,686,000
NON-CURRENT ASSETS	13,666,000	12,631,000	12,028,000



A) Information contain in this document is based on the data recieved from the company, and as such has not been verified by the Privatization Agency. Accordingly, the Privatization Agency shall have no liability with respect to the accuracy and validity of the information contained here in.

B) Pursuant to the law, enterprises from the Republic of Serbia were obliged as of 2004 to prepare Financial Statements in accordance with the International Standards of Financial Reports (ISFR).

SWOT Analysys

STRENGTHS:

Tradition, Vrsacki Vinogradi as a brand, recognizable quality products on the market, broad portfolio, the largest producer of white wines in the region and the biggest plantation of vineyards in the region.

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WEAKNESS:

Obsolete equipment and technology, weak position of individual brands and poor placement of spirits.

OPPORTUNITIES:

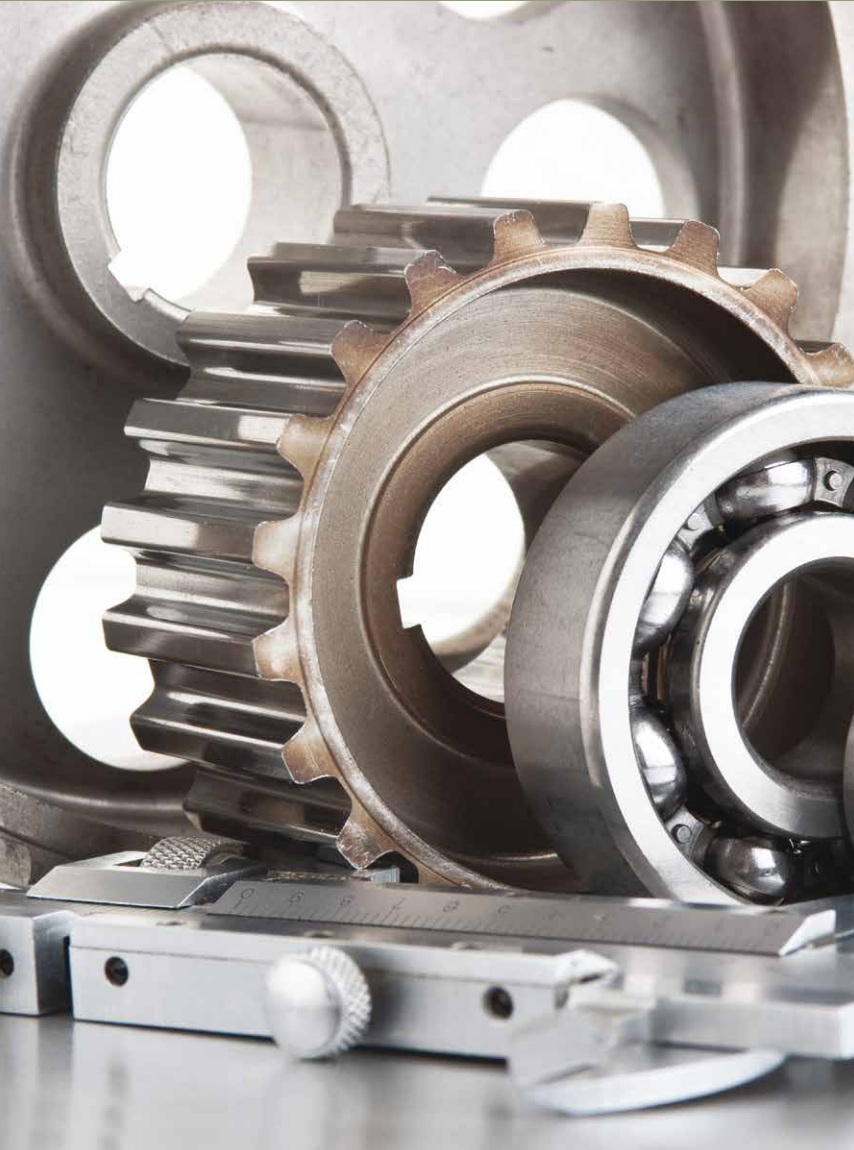
The possibility of a wide portfolio differentiation to all target groups of consumers, development of the wine market in the region, support of local manufacturers by state.

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THREATS:

Amortized available equipment and increased activity of importers of wine.

Advantages of Investing in Serbia



Favorable geographic position, owing to which any shipment can reach any location in Europe within 24 hours

Highly educated and cheap labor force

Restructured and stable financial system

Simple procedures for a company start-up and registration

Simple procedures for foreign trade transactions and foreign investments

Several free trade agreements have been signed, ensuring supply of goods to nearly 800 million consumers:

- In March 2012 Serbia was granted the candidates status by the EC
- CEFTA
- Agreement with the EFTA members
- Autonomous trade preferences granted by the EU in December 2000, and implementation of the Interim Trade Agreement with the EU started in February 2010
- Agreement with the Russian Federation, Belarus and Kazakhstan
- Agreement with Turkey

Contact



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