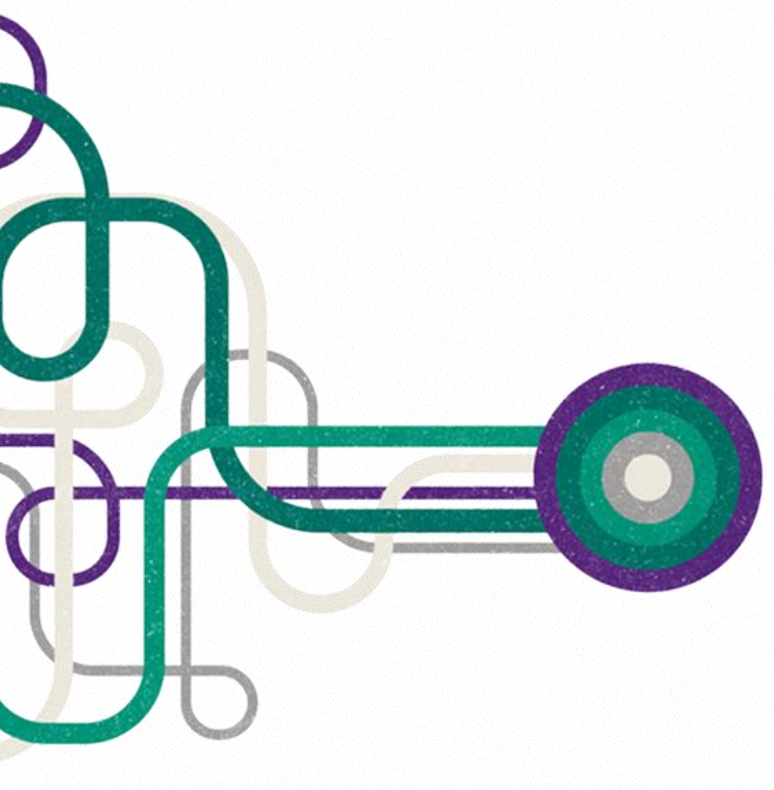
Grant Thornton

An instinct for growth™

Borjomi Mineral Water Company

Business plan

Date of report: May 15, 2019



Private and Confidential

Our reference:

Client: LLC GAZ GROUP
Address: Old Tbilisi district, Dadiani str., №4
Georgia, Tbilisi

Advisory Services

Grant Thornton LLC
54 Ketevan Tsamebuli Ave.
Tbilisi 0144
Georgia

T +995 (0)32 2 60 44 06
F +995 (0)32 2 60 48 44
www.grantthornton.ge

May 15, 2019

Dear Ahmet Akiskali

"Borjomi Mineral Water Company" business plan

In accordance with your instructions set out in our Contract (ADV-632) dated 17, January 2019 (the 'Contract'), we have pleasure in enclosing a copy of our report prepared in connection with "Borjomi Mineral Water Company" Business plan. Details of the scope and process of our work are set out in the 'Important notice' in Appendix [B], which you should also read.

This report is confidential and has been prepared exclusively for "Borjomi Mineral Water Company". It should not be used, reproduced or circulated for any other purpose, in whole or in part, without our prior written consent, other than in accordance with the terms of Contract. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than "Borjomi Mineral Water Company" for our work, our report and other communications, or for any opinions we have formed. We do not accept any responsibility for any loss or damages arising out of the use of the report by the addressee(s) for any purpose other than in connection with "Borjomi Mineral Water Company".

Yours faithfully

Grant Thornton LLC

If you have any questions in respect of this report or its contents, please contact:

Grant Thornton LLC
T +995 (0)32 2 60 44 06
E info@ge.gt.com

Contents

Section 1: Executive summary

Overview

Executive summary

The project envisages founding a modern water plant in Georgia, in the region of Samtskhe-Javakheti, Borjomi city. The aim of the project is to produce mineral water "Libani".

In the modern world, demand for natural products and especially, bottled water, is increasing at a rapid rate, becoming one of the dominant industries on the international market. The recent researches reveal the huge significance of the trends – from 2012 to 2017, the consumption of mineral water grew by 35 percent. These shocking statistics show the prospects of the new entrants in this industry, if they offer high quality product and affordable prices to the customers, whose health awareness is immensely increased due to the spread of many diseases related to the consumption of junk food and soda beverages. We, the representatives of the "Borjomi Mineral Water Company" (the Company), which will be founded in Borjomi, Georgia, believe that our business concept will be able to perfectly adjust the needs of the modern customers and offer an ideal product for them, eventually resulting in a successful production which will be sold worldwide.

"Borjomi Mineral Water Company" is planning to launch the production of the "Libani" mineral water from the Borjomi valley, a beautiful mountainous resort in Southern Georgia, famous for its diverse and precious sparkling waters. "Libani" is one of the brightest representatives of the mineral waters that are located in Borjomi, which has its unique properties and ideal consistence, resulting in a big range of health benefits and delicious taste. There are known 4 mineral water mine in Borjomi region which are best water for producing: Borjomi, Mitarbi, Zanavi and Libani. Borjomi and Mitarbi are already produced. Auction is going to held for Zanavi mine licence and the Company already has licence for Libani (Appendix C). So this is a great chance to invest in one of the most developing industry, in the most popular, Borjomi region. First, "Libani" water is a purely natural product, which does not contain any chemical additions or modifications, neither any dangerous or poisonous elements are present in its natural consistence. The most famous Georgian product, "Borjomi" mineral water, which also has similar origins, lacks some of these characteristics, since it contains an excess amount of Barium (a poisonous substance) and chemical interference is needed to remove it from the extracted liquid. Alongside with this advantage, "Libani" mineral water is carbonated with natural CO2, a unique way of carbonating which is characterized only this particular mineral water in the world.

Considering the obsession of the contemporary customers with organic and natural production, the sparkling water which is carbonated with natural CO2 will be an ideal product to purchase for consuming daily.

The experience of "Borjomi Mineral Water Company" team in the production of this particular mineral water and the nearby properties and patents that are already owned by us will be a guarantee of the successful operation on the international market. However, to execute this plan, it is crucial that we already obtained the license for supervising and extracting the "Libani" mineral water from the Georgian government.

The above mentioned licence can be found in the Appendix C "The licence for studying and extracting mineral water"

Mineral water producing companies experience rapid growth. We can find different articles indicating different projected rate of Compound Annual Growth Rate (CAGR) for 2019-2023: 7.40%, 7.95%, 8.5%. Anyway all the CAGR are higher in comparison with the other industries.

KPIs

000 USD	2019	2020	2021	2022	2023	2024	2025
Revenue	-	3,928	9,322	10,004	10,735	11,520	12,362
EBIT	-	(235)	2,247	2,488	2,747	3,053	3,354
Net income	-	(235)	2,247	2,488	2,747	2,545	2,797
Operating cash flow	(955)	(1,317)	4,456	3,002	3,302	3,098	3,347
NPV	**12,464**						
IRR	**30.1%**						

Section 2: Background

Company ownership and management

The list of the owners with their shares

The structure of the founders will be the following:

- **Zaza Saralidze**, personal number 01027011439 - **26 %**

Georgian businessman working in Russia, who mainly operates in the construction sector. He also possesses a few successful companies in Georgia and has invested in the real estate sector; Zaza Saralidze's company in Moscow, Russia is a closed joint-stock company scientific-industrial center ЭТАЛОН (www.npcetalon.ru).

The second company owned by Zaza Saralidze is a shopping mall in Russia "ПАРТНЕР". The company monitors, plans and conducts measures for troubleshooting about environment pollution by legal or physical entities.

- **Giorgi Talakhadze**, personal number 01026004370 - **25 %**

He has acquired doctor's degree in Technical Sciences; He is one of the main founders of "Aspindza Product" LLC; This company possesses a natural CO2 production company in the region of Aspindza and the licence on the mine; Its customers are almost all carbonated drinks companies operating: in Georgia: Water Margebeli (Nebeghlavi products), Pepsi-Cola, Lomisi (Natakhtari products) Georgian Beer Company (Zedazeni products), Argo (Argo, Zandukeli and Kasteli products) Bagrationi-1882" and other companies. Mr. Giorgi Talakhadze also owns the Ecorest Likani Palace hotel in Borjomi (www.ecorest.ge). You can see the resume of Giorgi Talakhadze in Appendix D "The resume of Giorgi Talakhadze"

The management team of the "Borjomi Mineral Water Company" is very experienced group of people, who are well aware of the trends in the international bottled water industry and have a piercing knowledge of the "Libani" mineral water and the region it should be extracted from. Therefore, the knowledge and experience of this team with all the competitive advantages that the Company possesses will be a guarantee of the successful entry of the business on both national (Georgian) and international markets of the sparkling water.

Legal structure

The "Borjomi Mineral Water Company" is regarded as a Limited Liability Company (LLC) in terms of its legal structure, as we believe that this particular form of business is the most flexible one currently available for the people willing to start their own production.

"Borjomi Mineral Water Company" is a company striving for the revival of the unique "Libani" Mineral Water.

Company philosophy and vision

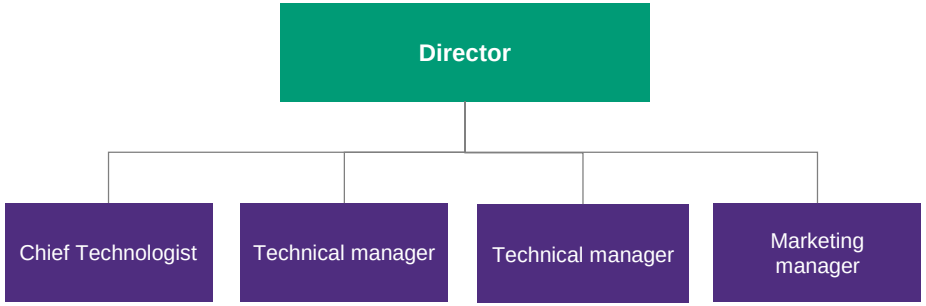
The main goal of the Company is to get the deserved attention to the forgotten traditions of the Borjomi, located in the beautiful Borjomi Valley (Georgia), where the rich debits of the mineral water are present. Besides the production of mineral water, Borjomi used to be famous for its production of juices and tinned beverages/food. The vision of the Company does not limit itself to the production of mineral water and plans to diversify the business, adding the production of 100% natural fruit syrups for juices in perspective, which will be exported to the international market. The high quality and purely natural products are the values the Company and its management firmly stands on.

The Company goals

The Company has clearly defined its short and long-term goals, already obtain the 25-year license for the supervision and extraction of the mineral water from the debit in the Borjomi, now aiming to bottle it and sell it on the national and international markets. The main objective is to export competitive mineral water to the international market, where it will definitely seize its significant portion and have a unique niche alongside other production. Since "Libani" mineral water will be purely (100%) natural gaseous beverage, which is extremely scarce product on the international market, the success of the business will be guaranteed and enable the owners to diversify the areas included in the profile of the "Borjomi Mineral Water Company". The diversification of the business is the main long-term goal for the Company, focusing on processing various fruits and extracting the natural syrups for the juice production.

Company ownership and management

The main staff of the plant



Director

Manages the process of production, the financial and tax policies of the Company and the main functions of the company:

- Managing the staff of the Company;
- Controlling the production process;
- Establishing and managing the financial and pricing policy of the Company;
- Putting together the process of financial reporting, budgeting and planning;
- Relations with taxation bodies, other controlling bodies and important clients;
- Acquiring necessary certificates and licenses.

Chief Technologist

Completely manages the production process and is responsible for the quality of the final products:

- Managing the technological cycle of production properly;
- Achieving a product that will satisfy standards.

Technical manager

it is his function to monitor proper working of the machinery and equipment, also to plan production process together with the chief technologist:

- Maintenance of the machinery and equipment, also plan and manage ongoing and capital renovations;
- Supervision on the installation of machinery and equipment;

Marketing manager

Completely manages the matters of realization of products, advertising policy, matters of purchasing additional material and logistics:

- Gaining the maximum share on the existing markets of mineral water;
- Finding additional markets for the purpose of realization of the product;
- Finding and purchasing high quality and cheap additional materials (bottles, cork, label and etc.)
- Organizing proper logistics (transportation and etc.) during the process of delivering products and additional materials for realization.

Other staff

Logistics manager – It is the manager's function to find additional materials, purchase them and take care of transportation.
Chemist-laborant – it is the chemist-laborant's function to check the quality of raw material and final products chemically, as well as test other parameters laboratorically.
Accountant – the accountant's function is to do accounting according to the modern standards.
In total 27 people will be employed in the plant, including workmen.

Product and prices

The Company's products

On the first stage, the Company is planning to produce natural mineral water in 3 types of assortment: 0.5 liter glass bottle, 0.5 PET bottle and 1.0 litre PET bottle.

The first short-term goal for the Company is to launch the production of the "Libani" mineral water, by extracting it from its debits from the Borjomi valley, distilling and saturating it with natural CO2 and bottling the final good. The products will be sold on the national market of Georgia and international markets (mainly in post-soviet space at the beginning) by the distributing companies, with whom we have already negotiated the expected number of bottles exported and sold in Ukraine and Russia per month. Our intense negotiations with Russian and Ukrainian distributing companies of the mineral waters went successfully and we achieved an attractive agreement, according to which from the start of the production, we will be able to sell about 0.5 million liters in Ukraine and 0.7 million liters in Russia of "Libani" mineral water per month. Our partners in distribution of the water internationally will be "TSK STORAGE" (ООО «ТСК СТОРЕДЖ») company in Ukraine and "Polaris" (ООО «ПОЛАРИС») in Russia.

Later, the Company will diversify its profile and produce soft drinks, which contains natural CO2 and pure fruit syrup, processed by the Company itself. As the natural soft drinks are extremely scarce goods on the international market, particularly in Europe and post-soviet space, the demand on our products will be significantly high due to the high quality and affordable prices.

The problem the product solves

The mineral water, especially purely natural one is a product which is in severe deficit on the markets worldwide. Some of them lack satisfactory flavoring properties, while others need to add or remove high amounts of chemical substances from the products to make it acceptable for the customers. The most famous Georgian mineral water "Borjomi", which is sold all over the world, has several serious problems in producing the water as well – they need to remove the high consistence of barium from the mineral water, as its natural content is poisonous for human organism and is prohibited by the regulatory structures in many countries. However, the advantage of "Libani" mineral water is its ideal consistence, perfectly balancing the health benefits and delicious taste for the customers. Furthermore, the amount of barium in the water equals to zero, which eliminates the necessity of removing any chemical substances from it and significantly reduces production costs. Most importantly, the main uniqueness of the "Libani" water is the natural CO2 in its content, which is not present in any other production all over the world, as natural CO2 is generated only in Georgia.

Pricing and cost structure

As it was mentioned above,on the first stage, the Company is planning to produce natural mineral water in 3 different types of assortment: 0.5 litre glass bottle, 0.5 litre PET bottle and 1.0 litre PET bottle.

Here you can see costs of products in US dollars:

- 0.5 litre glass bottle - 0.204 USD;
- 0.5 litre PET - 0.103 USD;
- 1.0 litre PET - 0.156 USD;

The cost structure can be found in Appendix E "The cost of one bottle in the package"

Production is planned to begin throughout six months after the investment date.

Licensing / Patent / Law

Having a licence for studying and extracting mineral water is the most important asset for producing natural mineral water. We own for 25 year licence and it can be found in Appendix C „The licence for studying and extracting mineral water".

In order to analyse the licence price, which is noted below, we are presenting February 21, 2017 № 296 order of the government of Georgia "On determining the initial auction price and giving consent on determining the additional license terms for

Product and prices

issuing license for acquisition and extraction of mineral resources (Mineral water Zanavi)". The primary auction price for three boreholes of mineral water Zanavi (№143, №39 and №144), by total debit of 28,6 cubic meters per 24 hours, is determined by 5,000,000 Georgian GEL, a bid of 500,000 GEL is added and even in case of one participant in the auction the price of the licence is 5,500,000 GEL. In our case, the debit of production water category (what is flowing from 5 captages) consists of 55 cubic metres per 24 hours, additionally there is 92 cubic metres water per day, that is for further studying. It won't be a problem to move it to the category of production in about a year. We calculated price of the license following way 5,500,000/28.6*55/2.65=3,991,291 rounded 3,991,000 USD. As indicated below, exchange rate between USD and GEL is 2.65.

The above mentioned order of the government of Georgia can be found in Appendix F "The order of the government N 296, 21.02.2017";

- Patenting of the products/production discussed in the given business plan does not require any specific permission by law;
- Legislation: "General rules about food/meat hygiene and simplified rules about food/meat hygiene" June 25, 2010 government order N 173

Section 3: Marketing plan

Marketing plan

Marketing Plan

Sale seasonality

Future sales of the Company does not have seasonality. Furthermore, the partners of the Company have a lot of experience in realization of products in post-Soviet (and other countries) markets in cooperation with proper logistical centres and leading networks; All this allows us to calculate guaranteed non-seasonal export sale.

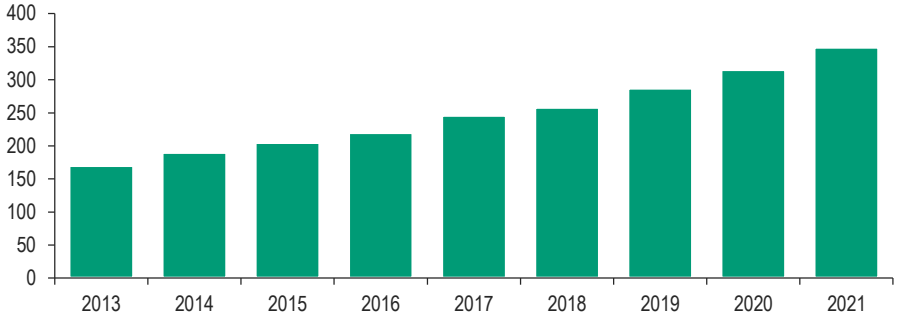
Market research

Increased health awareness and the scarcity of bottled water, both still and sparkling, has led to the rapid growth in the industry of sparkling water all around the world. Due to the increase in the number of diseases and health issues caused by sodas and sugary carbonated beverages, significantly more customers are trying to remove these drinks from their daily diet. Instead, they tend to choose the sparkling water more often, which offers the similar fizzy sensation of a carbonated beverage, various health benefits and zero extra calories to its consumers. Since the obesity has become the leading cause of death all over the world , the panic broken out by the doctors and representatives of the medical sphere has influenced majority of the customers, especially younger generations, who are more considerate of the health consequences of the products they consume every day. Therefore, it is no surprise that the demand for natural and healthy products is growing at incredibly high rate, while the sugar-containing soda products are experiencing decline.

In the table below, by volume, the market grew by 100 billion liters. The predictions for the bottled water market are above previous expectations. By value, the market is going to reach around $350 billion by 2021, following 10% year-on-year growth. The volume's growth will be a bit lower, but not by a significant number, at 9.3. Global per capita average bottled water expenditure will also be in a growth stage to 2021, raising to $45.3 by 2021 from $32.3 per head in 2017.

The promising trends that exist in global industry of sparkling water provide us with various opportunities to implement the business plan and export the special "Libani" mineral water to the international markets. Its unique properties, taste

Global Bottled Water Market, Market Size, 2013-2021, Value, $ Billion



Sources: https://blog.marketresearch.com/the-global-bottled-water-market-expert-insights-statistics

and consistence will enable "Borjomi Mineral Water Company" to get its decent position in the industry. This task is simplified by the history of "Zanavi" water (which production owner was Mr. Giorgi Talakhadze, who will be "Borjomi Mineral Water Company" 25% shareholder) as in the first decade of 21stcentury, it was successfully sold in various countries all over the world, such as Armenia, Azerbaijan, Belarus, Canada, Georgia, Lithuania, Israel, Cyprus, Germany, Poland, Greece, Kazakhstan, Uzbekistan, Ukraine, Russia, and the US.

Barriers to entry

The main barrier to entry for the Company was obtaining the license, which was a costly process and needed sufficient financial resources to ensure the desired victory on the auction. However the Company was able to obtain the license for supervising and extracting the "Libani" mineral water, which is valid for 25 years and does not require any extra expenses, other than the terms and conditions included in the auction agreement.

SWOT analysis

Strengths

- Obtaining the 25-year license for extracting the mineral water
- "Libani from Borjomi" is carbonated with natural CO2 which is a unique way of carbonating all around the world.
- The inexistence of extra chemicals added to product or poisonous substances removed from the water, which makes "Libani from Borjomi" a purely natural product.
- The premium quality of the water, clarified by being a member of the group which includes Perrier and Vichy.
- Ownership of the properties next to the deposits of the water, appropriate for setting up the factory.
- The valuable experience and knowledge of the owners of producing this particular mineral water for a long period.

Weaknesses

- The big number of competitors on both national (Georgian) and international markets who currently have access to more financial resources.
- The inappropriate use of the empty bottles, as there have been many cases when the empty branded bottles were refilled by another water and that damaged the image of the companies.
- The possible high costs related to the transportation of the final goods to the international markets in Western Europe and Americas.

Opportunities

- Rapidly growing industry of bottled water, offering a large portion of worldwide market to the unique product which is different from the already existent brand names.
- The license which is valid for 25 years and allows the Company to set long-term goals and generate very significant profit in the meantime.
- Huge demands for sparkling water due to the rising health awareness and unfortunate frequency of obesity issues caused by soda beverages.
- Large international markets available for the massive export of the "Libani from Borjomi" mineral water.

Threats

- The rapid growth of industry and availability of free shares on the market, alongside with high demand for sparkling water may well result in the new entries on the market and make the competition even more intense.
- Possible changes in the tastes and preferences of the customers (less likely as the water resources are becoming scarcer and increase in demand is stable)
- Cheaper local competitors on international market, which might attract customers by its relatively more affordable price.
- Economic crisis or other types of shocks on the market, which might influence the sales of the Company

Marketing plan

Product/service features and benefits

The mineral water "Libani" is born in the gorgeous Borjomi valley, a very special balneological resort of Georgia, which is famous all over the world for its mineral waters with unique chemical consistence. This marvelous location is a birthplace of a very popular mineral water "Borjomi", which is also produced in the city with the same title. However, "Libani" cannot be confused with "Borjomi" mineral water - the main characteristic of "Libani" water is its moderate mineralization level (4.0 g / dm3) in comparison to "Borjomi" (5.5-8.5 g / dm3), making its taste and flavor much more delicious and pleasing for the customers. According to the report prepared by hydrogeologists (2017-2018), the temperature of "Libani" mineral water is moderate, averaging 14.0 – 21.50C. Water is crystal clear from bacteria.

Target customer

Our target customers represent a diverse range of social groups, since bottled water is a product essential for everyone. Therefore, the premium quality of our product and its relatively affordable price compared to other big players in this market will attract the consumers of sparkling water from every social class. However, since the younger generations tend to be more aware of the health issues that exist in the modern world, we assume that they should represent a large share of our customers, alongside with older people for whom our product will be extremely beneficial in terms of solving their health problems and issues related to obesity and overweight.

Key competitors

Not surprisingly, the main competitor for the Company, especially in post-soviet countries, will be another mineral water coming from the Borjomi valley, "Borjomi". Although "Borjomi" water is probably one of the most popular and well-known Georgian products on the international market, "Libani" mineral water holds several major advantages over it and allows us to claim that the Company will compete very successfully from the very beginning of the business. To strengthen this claim, the advantages of "Libani" water should be emphasized: First, unlike "Borjomi" water, "Libani" does not contain any amount of barium (equals to Zero), a poisonous chemical substance which is prohibited by regulatory structures in many countries. Therefore, the extra costs needed for the removal of barium from the extract is eliminated for the Company, while it is an expensive procedure for the owners of "Borjomi" water and requires artificial chemical interference in the consistence of the water. Furthermore, "Libani" mineral water is carbonated with natural CO2 and gives a huge advantage to us, as the demand for natural products is increasing immensely. Lastly, the premium quality of "Libani" water needs to be highlighted, since it is assigned to the same group of mineral waters that includes leading French brands in this industry, "Perrier" and "Vichy". Thus, considering all these major advantages that "Libani" mineral water possesses naturally, plus the experience of the Management team in working in this field enables us to once again, boldly claim that the Company will be able to compete with its competitors all over the world with a very significant success.

Positioning/Niche

According to Mintel, "From 2009 to 2011, the natural and organic food and beverage market grew 20 percent". Since the worldwide demand for natural and healthy products is increasing immensely, "Libani" mineral water will have a huge opportunity to have its special "niche" on the market since it contains no chemical additions and is carbonated by unique natural CO2, giving a huge advantage to it over other competitors on the international market.

Marketing and advertising campaigns of our product

Marketing is a very important part of the business and the Company will strive to get the most out of the opportunities that 21st century and technological advances have given to the modern society. Therefore, the "Borjomi Mineral Water Company" is willing to provide appropriate advertising campaign for its product "Libani" mineral water and place commercials in radio and TV channels, as these two types of media are most effective in terms of advertising bottled water products.More importantly, we will use the most powerful media in the modern world - the internet and social networks. First, the Facebook page of "Libani" mineral water will be

Marketing plan

sponsored and well-advertised in the social media, with its responsive administrators to the customers. Also, we will run a business website for the product which will feature the main unique characteristics of "Libani" water, introduce its history to the visitors and provide an insight into the production process to ensure the premium quality of the final good.

Promotional budget

On marketing and advertising, the Company is considering spending from 6 to 9 percent of its annual profit during the first year, however, this number can be easily adjusted while negotiations with investors or be altered after the launch of the production.

Pricing

The price of the bottled water and soft beverages is not a decisive factor in the industry, as the customers tend to prioritize health benefits and the consistence of the product they purchase more, and this trend continues to grow all around the world. Therefore, the premium quality and properties of "Libani" mineral water will attract a significant share of the customers, while the price of the product will not be significantly higher compared to its rivals and vast majority of the consumers will be able to easily afford it.

Location

The bores and the deposits of the mineral water is located in the village Libani. The warehouses will be located in the Borjomi nearby the railway station (200 m distance). The factory will be located nearby the city of Borjomi, in village Daba (5 km distance from Libani). As the Borjomi valley is well-known for mineral waters, this industry has become the main source of income for many of the inhabitants of the region. Therefore, the personnel can be easily employed from the local areas, since most of them have already acquired essential knowledge and experience for working in this field.Lastly, the location is 300 meters far from the international central highway, which is another advantage in terms of international transportation of the product to the key transport hubs of Georgia (Poti seaport - 210 km, Tbilisi and Kutaisi international airports - 150 km, Batumi seaport - 210 km). Due to the close distance, the highway will be an alternative to the railway station which is also very close to the production place.

Distribution channels

We will sign contracts and make agreements with distributing companies in different countries which will be responsible for delivering the "Libani" water to the customers and target markets worldwide. The Company has already negotiated plans for future cooperation with two distributing companies in Russia and Ukraine and made several pre-production agreements with them, however, there is a huge number of opportunities and companies available for business deals, which will effectively distribute our production in various parts of the world.

Section 4: Operating plan

Location of plant

Location and cadaster of the plant and store

plant

For the construction of mineral water bottling factory, 8,939 square metre land needs to be purchased, which is located in village Daba in the municipality of Borjomi with the cadastral code 64.26.06.255 (www.napr.gov.ge)

* Google satellite photo of the land where the factory has to be built is marked with the red star.

The above mentioned land is agricultural and its function needs to be changed to non-agricultural, before the construction of the factory begins. To change the land function, is not problem.

Here you can see closer view photo of the land:

Cadastral and interactive maps of the surrounding area, as well as other pictures from different views, extract from the public register and cadastral plan can be found in Appendix G "The land in village Daba and its surrounding area".

The decision to build the factory on the land was also determined by the circumctance that near the land, on the other side of river Gujarula, there is a borehole of a very delicious mineral water, by debit of 42 cubic metres per 24 hours.

In the future, when the Company finishes setting up the factory and starts promoting the business, it will want to have natural mountain spring water in the assortment

Location of plant

together with natural mineral water.

A photo of the above mentioned borehole of mountain spring water, which was taken from the possible sight of factory construction. Can be found in Appendix H "Daba mountain spring water borehole picture"

Possible design of the factory building, by 1,440 square metre could be like in the picture below:

An expense record of the construction of the factory can be found in Appendix I.

The expense record was made by the specialists of a leader company in such constructions in Georgia - ICES. This company is the one that constructed the famous "Goodwill" building on Kavtaradze street in Tbilisi, as well as other enterprise buildings in Tbilisi and outside the city.

The expense record does not include the colder climate of Borjomi comparing with Tbilisi, which will increase operating expenses by 20%.

Store

For preparing and storing final products (packaged mineral water) for the following transportation including EXW, CIP, DAP, DDP and other conditions, we will reconstruct and renovate the carcass of the buildings, which are in our possession and is situated on a 1,835 square metre land.

The facility is located in Borjomi city near the Borjomi transit railway central station, by cadastral code 64.23.03.085 (www.napr.gov.ge)

* The store of the final products is marked with the red rhombus on the satellite photo

Store

The cadastral map of the surrounding area of the final product store, extract of the land from the Public Register and cadastral plan can be found in Appendix J "The warehouse and the surrounding area"

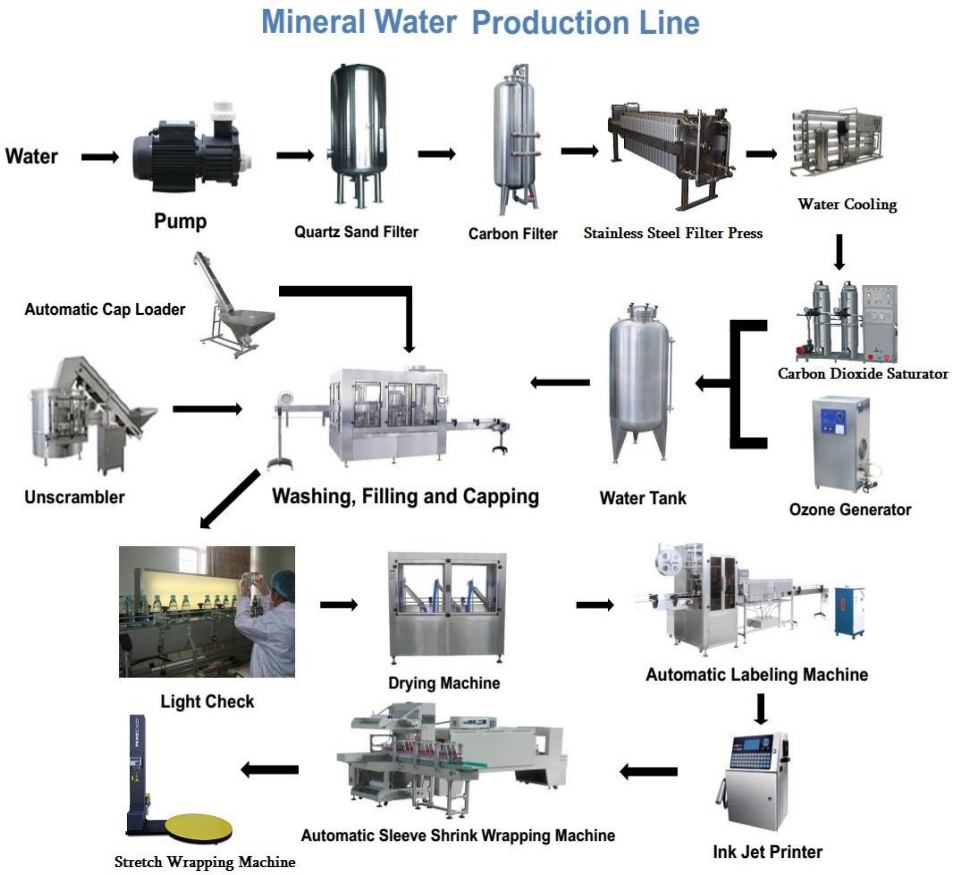
Here you can also see the photo of the current condition of the store:

With the most pessimistic planning, 448,000 USD will be required for the facility's reconstruction and conversion into a store of final products.

Production process

Detailed description of production process (obtaining water, processing, bottling and packaging)

Here is an example of a diagram of processing and design of products with the following principles of functioning:



Process I – accumulating mineral water: the water flows from 5 boreholes into the same quantity of captages, from which it goes into accumulator pool, which will be installed above the mine in the village Libani.

Process II – Water will be pumped from the pool through a special 7 km long pipe to the factory in village Daba, into the installed pools. Capacity of pools are twice large than debit of the water.

Process III – The water will be held in the recipient pools for 12 hours for natural cleaning and sedimentation.

Process IV – Because of the pressure caused by the constrast in height (the recipient pools are installed on the proper height) the sedimented and cleaned water goes through three kinds of filtration (Quartz Sand Filter, Carbon Filter, Filter Press) and moves into Heat exchanger;

Process V – The filtrated water is cooled to 4-6 degrees of Celsius in the heat exchanger (This process is necessary for CO2 to be saturated in the water properly on the next stage).

Process VI – from the heat exchanger the cooled water moves to the saturator, where it is saturated with CO2, after which it goes through ozonization; Saturation of water with CO2, enriches the water better taste and because of its antiseptic qualities, also together with ozonozation can prolong storage period to two years.

Process VII – Saturated and ozonated mineral water through an interim pool, flows to a bottling device. The device works with the help of isothermal method (getting water level with pressure in bottle)

Process VIII – Before the pouring device the bottles are cleaned with specially processed and filtrated water.

Process IX – The cleaned bottles are filled with saturated and ozonated water and closed with corks.

Process X – Light-screening of water-filled and securely closed bottles > Drying the bottles > Labeling > Marking (with bottling and expiration dates) > Packaging 6

Production process

bottles with plastic bags or in cardboard boxes (in certain export cases) > stacking pallets> wrapping pallets with plastic sheet (Stretch Wrapping Machine) > storing.
For production the Company will purchase a mineral water pouring device of 12,000 bottle per hour capacity from a German company «KRONES AG
The parameters of necessary electric power: 380 volts, 50 herz.

Operating plan
Production
The production takes place at the location of debits of the mineral water, where the factory will be set up in the nearby properties owned by us. All of the five bores that are drilled on the territory of "Libani" mineral water are in excellent condition for the exploitation. The pipeline should be structured which will connect the bores with the factory and supply the machinery with the extracted water. Afterwards, the mineral water is collected in appropriate cisterns, where the unnecessary chemicals are precipitated and therefore removed from the water. Later, the given extract is filtered and transported to the water chiller machine which cools the extract from the natural temperature to 4-6 0C. The cooled water is afterwards saturated with the unique natural CO2, bottled, lidded, checked on quality, labeled and eventually, the final good is packed to be put on the market.
Quality control
The structure of the factory takes into account establishing a modern, highest quality laboratory with all the essential materials, where every single bottle of the mineral water "Libani" will be checked in the strictest manners. The "Borjomi Mineral Water Company" believes that taking all these measures are crucial to ensure the highest quality of our products and the risk-factor of selling defective goods is minimized to zero percent. Moreover, the facts that the mineral water is not subjected to the group of perishable foods and no chemical additions are used in the process of production enable the Company to boldly claim that all the possible threats regarding defective goods will be eliminated and only the highest quality goods will be sold on both national and international markets.

Location

The land plots, where factory will be located, are located 7 km away from the bores, in the village of Daba. Its area accounts 8,939 square meters. The land plots where warehouse will be located are in Borjomi, 8 km away from the factory. Its area accounts 1,835 square meters. The buildings of warehouses exist, but need reconstruction. From the area of the properties, only 50% is essential for launching the production of mineral water, the rest can be efficiently used for diversifying or developing the business even further. On both land plots all the systems are set up - electricity, water, natural gas and sewage are consistent and ready for usage.

Property, plant and equipment

To set up the business, the factory needs to be equipped by modern and appropriate machinery for the whole process of production - starting from collecting the extracted mineral water till labeling the final product in the bottles. Therefore, the equipment should be ordered from the German supplier, KRONES AG., the world's leading manufacturer of lines for filling beverages in plastic and glass bottles or beverage cans. The total price will approximately account 4,279,000 USD (including VAT) for the full set of the machinery, including all the necessary parts.

Suppliers

The key supplier of the machinery will be the German company "KRONES AG". Our team has held negotiations with the representatives of the "KRONES" group about purchasing the necessary equipment for the production of "Libani" mineral water and the suppliers offered us the highest quality equipment produced by one of the subsidiaries of the "KRONES" group, "KOSME". The fruitful negotiations helped us to make a profitable deal with the representatives of the firm who agreed to provide us with the full set of the essential equipment for a significantly cheaper price than the official one. To sum up, the impressive quality and highest standards offered by the world's leading corporation in the industry, accompanied by the reliability and credibility of "KRONES" staff and the significantly cheap price for the machinery makes "KRONES" and its subsidiary firm "KOSME" a highly desirable partner.

Location of mine

Description of the location of the mine used during the process of mineral water (raw materials) production

The underground mine of mineral water with CO2, near villages Tsemi, Tba and Libani is located in the district of Borjomi, in the narrow gorge of river Borjomula, 1 km south from village Tba. It is presented with numerous gryphons on the left bank of Borjomula, which are spread along 200-250 metres and above the river bed on a slope. Along the layers of rock there are 5 gryphons.

The rocks consisting of water is presented by Eocene argilite sandstones that are sloped to south by 25 degrees. Near this place, 200 metres north there is Tsaghveri-Tsinubani anticline axis.

Chemical analysis conducted in different times indicate sustainability of the chemical composition of the underground mineral water.

The chemical composition of "Libani" mineral water is Hydrocarbon-chloride-calcium-natrium. Hydrocarbonate-chloride-calcium-sodium, with overall mineralization of 4.1-4.7 grams per litre, consists of balneologically active components (mg/l): iron – up to17, dissolved ⟦CO⟧_2– up to1500 and ⟦SiO⟧_2 – up to 30.

The water temperature varies between 14.0 – 21.5 C^o.

The water does not contain any natrium hudrocarbonate. This is what differs it from other waters with CO2 in the region and the country. Furthermore, it contains sulphates.

This is the composition of the Borjomi Libani underground water, according to the chemical analysis:

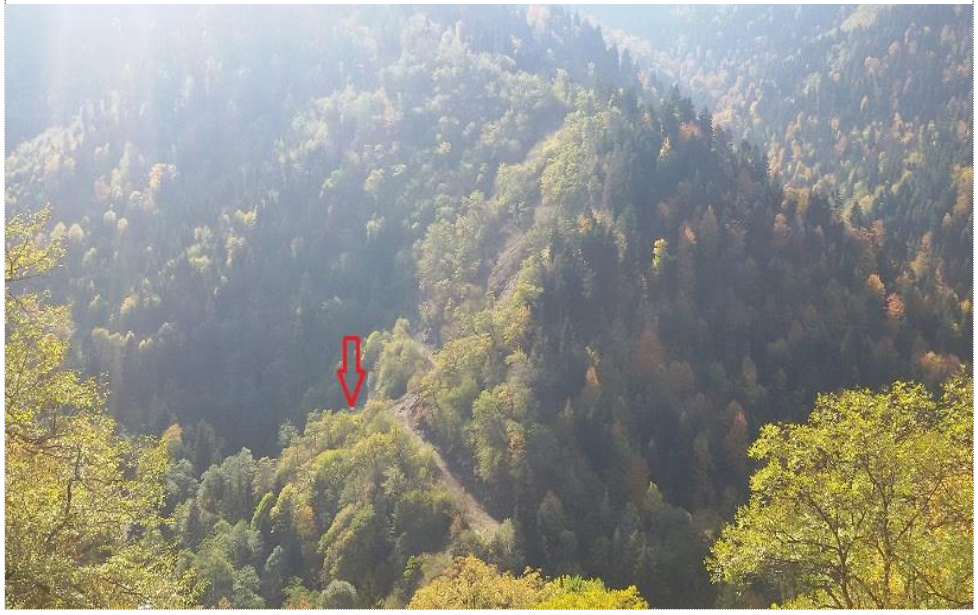
$$M_{4,0}\,\frac{Cl54\ HCO_3 46}{(Na+K)53\ Ca29\ Mg18}\ ;\ \text{ph - 6,4}$$

Based on systematic hydrogeological monitoring and hydrometeorological parameter material analysis, with hydraulic method, explotation supplies of Borjomi Libani underground mineral water mine №№ 832, 832a, 832b, 832c, 832d have been evaluated and presented for the first time at the Supplies State Commission for approval for 25 year duration: total debit 1.7 litre per second (147 cub.m/24 hours), of which B category (for the direct production) 55 cub.m/24 hours, and C1 Category (for additional studying) - 92 cub.m/24 hours. The main feature of the supplies is 95% of the costs accrued

There is a captage set up and meters installed at the Borjomi Libani underground mineral water mine №№ 832, 832a, 832b, 832g, 832d, which is located near village Tsemi, Tba and Libani and hydrological monitoring still continues.

The water is clean bacteriologically.

Here is a picture of the location of Libani natural mineral water mine, which was taken from the surrounding territory of village Libani (near villages Tba and Tsemi cross)



Quality indicators of mineral water

Quality indicators and chemical composition of the mineral water

Organoleptic and physical indicators of quality of the mineral water

№	List of indicators	Parameters	Current permitted marginal concentrations in the republics of CIS in mineral waters GOST 13273-88 and in the Russian Federation GOST P 51074-97
1	Debit, m^3/day	78	-
2	Physical appearance	Transparent liquid, without extraneous inclusions	-
3	Color	Colorless liquid (0)	-
	Color in degrees	2	20
4	Smell at 200C in points	-	2
5	Odour at 200C in points	1	2
6	Water temperature in the borehole, 0C	18	-
7	Turbidity,FTU	35,37	-
8	pH	6,35	6,0...9,0
9	Dry residue, mg/dm^3	3,228,158	-
10	Specific electrical conductivity, cm/m	0,49530	0,01...1,0
11	Hardness, mg.eqv.	25,977	-
12	Alkalinity	N. D.	-
13	Sediment	Without sediment	Without sediment
14	Dissolved O2	N. D.	-
15	Total SiO2, mg/dm3	78,857	-
16	Orthophosphoric acid (H3PO4), mg/dm^3	N. D.	-
17	Orthoboric acid (H3BO3), mg/dm^3	34,333	-
18	Hydrogen sulfide (H2S)	N. D.	0,05
19	Residuary Cl	-	-
20	Mineralization, g/dm^3	4,033	7,5

The chemical composition of the mineral water

№	List of indicators	Parameters			Current permitted marginal concentrations in the republics of CIS in mineral waters GOST 13273-88 and in the Russian FederationGOST P 51074-97
		mg/dm^3	mg.eqv/dm^3	Eqv. %	mg/dm^3
		Cations			
1	Calcium (Ca)	322,000	161,000	28,70	-
2	Magnesium (Mg)	120,000	98,765	17,61	-
3	Natrium (Na)	682,000	297,817	53,10	-
4	Potassium (K)	2,370	0,0608	0,11	-
5	Iron (Fe)	4,400	0,2364	0,42	-
6	Manganese (Mn)	0,380	0,0138	0,02	-
7	Lithium (Li)	0,150	0,0216	0,04	-
8	Stronium (Sr)	0,670	0,0153	0,03	25,0
9	Ammonium (NH4)	N. D.	N. D.	N. D.	-
10	Copper (Cu)	N. D.	N. D.	N. D.	1,00
11	Aluminium (Al)	N. D.	N. D.	N. D.	0,50
12	Zinc (Zn)	N. D.	N. D.	N. D.	5,00
13	Cobalt (Co)	N. D.	N. D.	N. D.	0,10
14	Chromium (Cr)	N. D.	N. D.	N. D.	0,05
15	Barium (Ba)	N. D.	N. D.	N. D.	0,10
16	Nickel (Ni)	N. D.	N. D.	N. D.	0,10
17	Silver (Ag)	N. D.	N. D.	N. D.	0,20
Total		**1,131,771**	**56**	**100**	

Quality indicators of mineral water

№	List of indicators	Parameters			Current permitted marginal concentrations in the republics of CIS in mineral waters GOST 13273-88 and in the Russian FederationGOST P 51074-97
		mg/dm^3	mg.eqv/dm^3	Eqv. %	mg/dm^3
		ANIONS			
1	Hydrocarbonate (HCO3)	1,634,800	268,000	45,27	-
2	Chlorine (Cl)	1,142,908	322,400	54,45	350,00
3	Bromine (Br)	5,960	0,0746	0,13	20
4	Fluorine (F)	0,74	0,0389	0,07	5,00
5	Sulfate (SO4)	2,000	0,0417	0,07	500,00
6	Iodide (I)	1,260	0,0099	0,02	-
7	Carobonate (CO3)	N. D.	N. D.	N. D.	-
8	Nitrite (NO2)	N. D.	N. D.	N. D.	0,3
9	Nitrate (NO3)	-	-	-	45,00
10	Difydrophosphate (H2PO4)	N. D.	N. D.	N. D.	0,50
11	Hydrophosphate (HPO4)	N. D.	N. D.	N. D.	5,00
12	Phosphate (PO4)	N. D.	N. D.	N. D.	-
13	Dihydroborate (H2BO3)	N. D.	N. D.	N. D.	-
14	Hydroborate (HBO3)	N. D.	N. D.	N. D.	-
15	Borate (BO3)	N. D.	N. D.	N. D.	-
16	Hydrosulphide (HS)	N. D.	N. D.	N. D.	-
17	Sulfide (S)	N. D.	N. D.	N. D.	-
Total		**2,786,929**	**59**	**100**	

		TOXIC ELEMENTS			
1	Arsenic (As)	0,006	0,000	-	1,50
2	Cadmium (Cd)	N. D.	N. D.	N. D.	0,001
3	Cyanide (CN)	N. D.	N. D.	N. D.	0,15
4	Mercury (Hg)	N. D.	N. D.	N. D.	0,0005
5	Lead (Pb)	N. D.	N. D.	N. D.	0,1
6	Selenium (Se)	N. D.	N. D.	N. D.	0,05
	Total	**0,006**	**0,000**	**-**	
		BACTERIOLOGICAL INDICATORS			
1	Quality of the mesophilic aerobic and optionally anaerobic microorganisms in 1 ml, 22 0C	-	-	-	100 units of microbial colonies' generator
2	Quality of the mesophilic aerobic and optionally anaerobic microrganisms in 1 ml, 37 0C	-	-	-	20 units of microbial colonies' generator
3	Common coliform bacteria in 250 ml	N. D.	N. D.	N. D.	-
4	Escherichia coli in 250 ml	N. D.	N. D.	N. D.	-
5	Sulfite redused anaerobes in 50 ml	N. D.	N. D.	N. D.	-
6	Streptococcus faecalis in 250 ml	N. D.	N. D.	N. D.	-
7	Pseudomonas aeruginosaв 250 ml	N. D.	N. D.	N. D.	-
8	Pathogenic microorganisms	N. D.	N. D.	N. D.	-

Section 5: Investment plan

Value of assets and investments

The table below summarises assets needed to operate the Company:

Investment amount	Comments	Estimated value (USD)	Financial source
Licence for studying and extracting of mineral water	• 55 cub.m/24 hours (for the direct production) and 92 cub.m/24 hours (for additional studying) (license is in our possession, registered under the name of Giorgi Talakhadze).	3,991,000	• Already owned
Warehouse frame	• The carcass of the reconstructive building for the warehouse of transported, final products, which is situated on the 1,835 square meter land in Borjomi, near Borjomi transit railway station, cadastral code 64.23.03.085 (www.napr.gov.ge) (The facility is in our possession, registered under the name of Giorgi Kiraghiani).	550,000	• Already owned
Repair of warehouse for finished goods	• Reconstruction and renovation of the finished goods warehouse.	448,000	• Investor
Purchase of the land for mineral water factory	• Purchasing 8,939 square meter land for the construction of the mineral water bottling factory, which is located in village Daba in the municipality of Borjomi, cadastral code 64.26.06.255 (www.napr.gov.ge) (needs to be purchased from Murtaz Gabunia)	447,000	• Investor
Change the category for the land	• Converting the 8,939 square meter land from agricultural function into non-agricultural function for the construction of the mineral water bottling factory.	37,000	• Investor
Construction of mineral water factory	• Construction of the mineral water bottling factory according to Cost Estimate Document.	1,650,000	• Investor
Purchase of office area in Tbilisi	• Purchasing 150 square metre office space in Tbilisi city.	150,000	• Investor
Construction of pipe	• Construction of 5 km pipeline from the mineral water mine (village Libani) to the bottling factory (village Daba).	180,000	• Investor
Purchase of mineral water production line	• Purchasing of a mineral water pouring device, with 12,000 bottle per hour productivity from a German company «KRONES AG, including transportation, customs clearance, installment and setting off.	4,279,000	• Investor
Purchase of additional machinary and equipment	• Approximate amount for purchasing of additional machinery and devices (not included in the KRONES AG water pouring line), such as pools, equipment, electric door, transit van.	350,000	• Investor
Concrete pillar wall		87,000	• Investor

Value of assets and investments

Investment amount	Comments	Estimated value (USD)	Financial source
Water pump station		55,000	• Investor
Glass bottle casting mold		46,000	• Investor
Design (bottle, label)		25,000	• Investor
Finance of operating assets	• To finance approximately operating working capital (basic additional materials: bottle, cork, lable, CO2 and etc.), basic, operational (salary, electricity, gas, water bills and etc.) and advertising expenses, till the Company generates positive cash flow.	1,243,731	• Investor
Total project cost		**13,538,731**	

Investment in working capital

"000 USD	Amount	Financial source
International transportation	825	Investor
Laboratory control and certification	31	Investor
Payroll	125	Investor
Local transportation expense	15	Investor
Advertising and promotion	182	Investor
Office expenses	55	Investor
Other woking capital investments	12	Investor
Total working capital investment	**1,244**	

As we know the Company does not operate yet. For the start-up period, the Company needs some investment in operations to fund some operating costs and COGS. At the first stage, the Company could not generate positive cash flow from the operations. From the analysis of the cash flow, we can identify that during 2019-2020 the Company needs to invest in operations like the purchase of raw materials, salary expense, transportation expense, laboratory control, and certification expense. After 2020 the Company could generate enough money to finance the operating expenses of the Company.

Total investment

000 USD	Already owned	Investor	Total
Initial investment in fixed assets	4,541	7,754	**12,295**
Initial investment in working capital	-	1,244	**1,244**
Total initial investment	**4,541**	**8,998**	**13,539**

Total investment amount (13,538,731 USD) includes the Licence and warehouse, by the value of 4,541,000 USD which is already possessed. Additional amount of investing amount needed is 8,997,731 USD. In the scenario 1 the Management of the Company do not plan to take a loan from a credit facility (bank or other).

Section 6: Financial analysis

Projected financial statements

Projected profit and loss statement

000 USD	2019	2020	2021	2022	2023	2024	2025
Revenue	-	3,928	9,322	10,004	10,735	11,520	12,362
COGS	-	(2,560)	(4,502)	(4,777)	(5,073)	(5,390)	(5,729)
Gross profit	**-**	**1,369**	**4,820**	**5,226**	**5,662**	**6,130**	**6,632**
International transportation	-	(977)	(1,957)	(2,100)	(2,253)	(2,418)	(2,595)
Laboratory control and certification	-	(37)	(75)	(80)	(86)	(92)	(99)
Payroll	-	(136)	(139)	(142)	(145)	(148)	(151)
Local transportation expense	-	(18)	(35)	(38)	(40)	(43)	(47)
Advertising and promotion	-	(200)	(135)	(149)	(165)	(153)	(168)
Office expenses	-	(60)	(61)	(63)	(64)	(65)	(67)
Current repair	-	(24)	(25)	(25)	(26)	(26)	(27)
Travel expenses	-	(24)	(25)	(25)	(26)	(26)	(27)
Property tax	-	(104)	(98)	(92)	(86)	(80)	(74)
Land tax	-	(1)	(1)	(1)	(1)	(1)	(1)
Depreciation and amortization expense	-	(24)	(24)	(24)	(24)	(24)	(24)
Operating expenses	-	(1,604)	(2,573)	(2,738)	(2,916)	(3,077)	(3,279)
Operating profit	**-**	**(235)**	**2,247**	**2,488**	**2,747**	**3,053**	**3,354**
Interest expense	-	-	-	-	-	-	-
Profit tax (15% of dividend)	-	-	-	-	-	(508)	(557)
Net income	**-**	**(235)**	**2,247**	**2,488**	**2,747**	**2,545**	**2,797**

Projected cash flow statement

000 USD	2019	2020	2021	2022	2023	2024	2025
Cash at the beginning of the period	**-**	**-**	**34**	**1,481**	**1,589**	**1,705**	**1,830**
Cash received from customers	-	2,264	9,367	10,073	10,810	11,600	12,448
Cash paid to suppliers	-	(1,668)	(4,118)	(4,715)	(5,007)	(5,368)	(5,756)
Cash paid to employees	-	(193)	(205)	(210)	(215)	(219)	(224)
Cash Paid for Other Operating Expenses	-	(1,499)	(2,457)	(2,622)	(2,800)	(2,957)	(3,159)
Cash paid/received for taxes	**(955)**	(221)	1,870	476	515	42	38
Interest paid	-	-	-	-	-	-	-
Cash flow from operating activities	**(955)**	**(1,317)**	**4,456**	**3,002**	**3,302**	**3,098**	**3,347**
Purchase of PPE	**(5,788)**	(879)	(40)	(43)	(48)	(52)	(57)
Purchase of intangible assets	-	(25)	-	0	-	-	0
Cash flow from investing activities	**(5,788)**	**(904)**	**(40)**	**(43)**	**(48)**	**(52)**	**(57)**
Cash inflow/outflow from equity	**6,743**	2,255	(2,970)	(2,850)	(3,139)	(39)	-
CF from loan	-	-	-	-	-	-	-
Loan repayment	-	-	-	-	-	-	-
Dividend outflows	-	-	-	-	-	(2,881)	(3,156)
Cash flow from financial activities	**6,743**	**2,255**	**(2,970)**	**(2,850)**	**(3,139)**	**(2,921)**	**(3,156)**
Cash at the ending of the period	**-**	**34**	**1,481**	**1,589**	**1,705**	**1,830**	**1,964**

Projected financial statements

Projected balance sheet

000 USD	2019	2020	2021	2022	2023	2024	2025
Fixed assets	6,338	6,755	6,330	5,906	5,481	5,057	4,633
Intangible assets	3,991	3,832	3,648	3,464	3,280	3,096	2,913
Long-term assets	**10,329**	**10,587**	**9,978**	**9,370**	**8,762**	**8,154**	**7,545**
Inventory	-	266	467	496	526	559	594
Account receivable	-	1,709	1,855	1,991	2,137	2,293	2,460
VAT	955	1,430	-	-	-	-	-
Cash and cash equivalents	955	34	1,481	1,589	1,705	1,830	1,964
Current assets	**1,910**	**3,438**	**3,803**	**4,076**	**4,368**	**4,682**	**5,019**
Total assets	**12,239**	**14,025**	**13,782**	**13,446**	**13,130**	**12,835**	**12,564**
Owner's equity	(11,284)	(13,539)	(10,569)	(7,719)	(4,580)	(4,541)	(4,541)
Retained earnings	-	235	(2,012)	(4,500)	(7,247)	(6,910)	(6,551)
Total capital	**(11,284)**	**(13,303)**	**(12,581)**	**(12,219)**	**(11,827)**	**(11,451)**	**(11,092)**
Debt	-	-	-	-	-	-	-
Long-term trade and other liabilities	-	-	-	-	-	-	-
Long-term liabiilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current loan	-	-	-	-	-	-	-
Account payable	-	(721)	(1,201)	(1,227)	(1,303)	(1,385)	(1,472)
Current liabilities	**-**	**(721)**	**(1,201)**	**(1,227)**	**(1,303)**	**(1,385)**	**(1,472)**
Total liabilities	**-**	**(721)**	**(1,201)**	**(1,227)**	**(1,303)**	**(1,385)**	**(1,472)**
Total capital and liabilities	**(11,284)**	**(14,025)**	**(13,782)**	**(13,446)**	**(13,130)**	**(12,835)**	**(12,564)**

To build the balance sheet we used average ratios of 2 biggest mineral water producer in Georgia: Borjomi and Nabeghlavi. Table below shows average ratios for Borjomi and Nabeghlavi companies for 2016-2017 years.

Average financial ratios of the Nabeghlavi and Borjomi

	ratio
Average inventory turnover ratio	9.64
Average receivables turnover ratio	5.02
Average Cash/Revenue	0.16
Average Payables turnover ratio	3.92

As we have already projected the income statement of the Company, the average ratios of Borjomi and Nabeghlavi gave us opportunity to set the figures for inventory, account receivable, account payables and cash.

Depreciation, Capex

Depreciable assets excluding VAT

000 USD	Amount	Useful life (year)
License	3,991	22
Warehouse frame	550	50
Repair of warehouse for finished goods	380	50
Construction of mineral water factory	1,398	50
Purchase of office area in Tbilisi	127	50
Construction of pipe	153	15
Purchase of mineral water production line	3,626	10
Purchase of additional machinary and equipment	297	10
The concrete pillar wall	74	30
Water pump station	55	20
Glass bottle casting mold	39	10
Design (bottle, label)	25	10

We found proper useful lives and depreciate assets using straight line depreciation method.

Most of the assets are newly refurbished. Also, the income statement includes the current repair cost. Therefore, we think that for the following 5 years the fixed assets would not need maintenance cost maintenance cost. For the 2020 and next years we considered capital expenditure just for additional machinery and equipment (cost 350,000 USD including VAT), water pump station (cost 55,000 USD excluding VAT) and glass bottle casting mold (46,000 USD including VAT). CAPEX amount for each period equals depreciation expense for these assets.

Some accounting information about assets is represented in the table below:

Assets

000 USD	2019	2020	2021	2022	2023	2024	2025
Cost of land	484	484	484	484	484	484	484
Cost of depreciable assets	9,845	10,749	10,789	10,832	10,880	10,932	10,989
Depreciation expense	-	646	648	652	656	661	666
CAPEX	5,788	904	40	43	48	52	57
Accumulated depreciation	-	646	1,294	1,946	2,602	3,262	3,928
Book value of total assets	10,329	10,587	9,978	9,370	8,762	8,154	7,545

Break-even analysis

Description	Figures
Total fixed cost of the business for 2021 year '000 USD	1,073
Total variable cost of the business for 2021 year '000 USD	6,002
Number of bottles produced for 2021 year '000 unit	22,592
Weighted average revenue per unit of bottle	**0.41**
Weighted average cost per unit of bottle	**0.27**
Break even point '000 bottle per year	**7,301**
Break even point '000 Litre per year	**5,616**

The Company operation starts in 2020. For the break-even analysis, we used 2021 because 2021 is the year when the Company operates for all 12 months and generates positive cash flow.

Comparable analysis

Comparable ratios

	Libani	Nabeghlavi		Borjomi	
	2025	2016	2017	2016	2017
Gross profit margin	54%	49%	40%	53%	56%
Operating profit margin	27%	32%	19%	35%	41%
Net income margin	23%	27%	12%	0%	-14%

We found publicly available 2017 audited reports of two biggest mineral water brand in Georgia: Borjomi and Nabeghlavi. These companies successfully operate in Georgia and have an export in Russia, Ukraine and in another countries (Appendix K). We calculated gross profit, operating income and net income margins and compare it to the Company's margins for 2025.

To compare the ratios, we used Company's 2025 year's income statement because for this period it would reach the optimum level of operations and also company pay dividends which is taxed by profit tax.

Export selling prices per litre

		Russia		Ukraine	
	Unit	2018	2017	2018	2017
Libani selling price for 2019	USD per litre	**0.65**	**-**	**0.51**	**-**
Borjomi	USD per litre	**0.68**	**0.68**	**0.55**	**0.52**
Nabeghlavi	USD per litre	**0.61**	**0.61**	**0.43**	**0.42**
Sairme	USD per litre	**0.68**	**0.74**	**0.31**	**0.32**
Others	USD per litre	**0.74**		**0.28**	

We found yearly export sales and volumes statistics (source: Geostat) for each brand of mineral water produced in Georgia differentiated by countries (Appendix K).

Table above shows average selling price for different products, for different period and for different countries. Based on information provided by Client we have also calculated average selling price per liter of water for Libani, for Russia and Ukraine markets during 2020. The resulted average selling price is comparable to the prices observable on the corresponding markets of Russia and Ukraine.

Cost of equity

Beta

Industry	Number of firms	Beta	D/E Ratio	Tax rate	Unlevered beta
Beverage (Soft)	35	**0.585**	**22.56%**	**12.16%**	**0.502**

Relevered beta

	Rate
Beta	0.585
Unlevered Beta	0.502
Debt/equity	-
Relevered Beta	0.502

Company specific risk

Risk Factors	Low	Medium	High	Result
Corporate governance	1	2	3	2
Dependence of key customers	1	2	3	3
Diversification of services	1	2	3	2
Dependence of key personnel	1	2	3	3
Specific risk factor	1	2	3	1
Limitation of debt financing	1	2	3	1
Total risk factor				**12**
Estimated specific risk				**2.00%**

Scenario 1: DCF analysis (without debt financing)

Cost of equity

Indicator	Figure
Rf in USD	4.33%
Relevered Beta	0.502
Equity Risk Premium	5.96%
size premium	3.67%
Company specific risk	2.00%
Cost of Equity	**12.99%**

FCFF

000 USD	2019	2020	2021	2022	2023	2024	2025
Net income for shareholders	-	(235)	2,247	2,488	2,747	2,545	2,797
Non-cash charges	-	646	648	652	656	661	666
Interest expense	-	-	-	-	-	-	-
Fixed capital investment	(5,788)	(904)	(40)	(43)	(48)	(52)	(57)
Investment in working capital	(955)	(1,728)	1,562	(138)	(100)	(108)	(115)
FCFF	**(6,743)**	**(2,221)**	**4,417**	**2,958**	**3,255**	**3,045**	**3,290**

According to the requirement of the Client, we present two scenarios: Scenario 1 - all invested amount (8,997,731 USD) is financed by investor and Scenario 2 - Invested amount (10,631,994 USD) is divided into 80% debt financing and 20% investor financing. In scenario 2 the investment amount increases, because the company needs to pay debt.

The Company is going to operate in Georgia. Required rate of return includes all the risks related to investment, including country and company size risks. To estimate required rate of return, we have decided to incorporate country specific risk and company size risk in calculation of cost of equity. Usually it is more risky to invest in a small company than in larger one and investing in developing country is also riskier than investing in developed one. To find the Company specific risk factor, we have selected and estimated various relevant risk factors, found their sum and divided it by 6 (number of selected risk factors). In the scenario 1 - the Company is not going to have a loan. So the cost of equity equals WACC.

Net present value and internal rate of return

	2019	2020	2021	2022	2023	2024	2025
Existing assets employed	(4,541)						
FCF	(6,743)	(2,221)	4,417	2,958	3,255	3,045	3,290
Terminal value							31,156
Cash flow	(11,284)	(2,221)	4,417	2,958	3,255	3,045	34,446
Dicsounted free cash flow	(11,284)	(1,966)	3,460	2,051	1,997	1,654	16,553
NPV	**12,464**						
IRR	**30.14%**						
Free cash flow growth rate	**2.20%**						
WACC	**12.99%**						

Scenario 1: Net present value and internal rate of return of the investment (without debt financing) are 12,464 thousand and 30.14% accordingly

Scenario 2: DCF analysis (including debt financing)

Scenario 2 includes debt financing. In this scenario 80% of investment amount (8,505,595 USD) is financed by debt and remaining 20% (2,126,399 USD) financed by new investor. The valuation is presented below. In this scenario the company needs to pay monthly principal and interest payables for 2019 and 2020 years. So it needs additional investments in working capital. As we know the Company owners already possess assets worth of 4,541,000 USD to be invested. So the total equity of the Company would be sum of 4,541,000 USD and 2,126,399 USD, and total debt would be 8,505,595 USD.

We found statistics about Annual Market Interest Rates on Loans in Georgia for legal entities and in foreign currency – 7.76%. Our assumption is to use 10 year loan.

Debt payment schedule

Period ('000 USD)	Interest	Principal payment	Remained principal amount
Initial amount			8,506
2019	218	190	8,315
2020	625	601	7,714
2021	576	650	7,065
2022	524	702	6,363
2023	467	758	5,605
2024	406	819	4,785
2025	341	885	3,900

Investment sources in case of debt financing

Description	Figures
Capex	6,657
WC investments	3,975
Total investments (excluding existing assets)	**10,632**
Investment financing	
Debt financing percent	80%
Equity financing percent	20%
Debt financing	8,506
Equity financing	2,126
Total investments (excluding existing assets)	**10,632**
Existing assets employed (equity)	4,541
Total debt	**8,506**
Total equity	**6,667**

FCFF

000 USD	2019	2020	2021	2022	2023	2024	2025
Net income for shareholders	(218)	(860)	1,703	1,808	2,029	2,327	2,648
Non-cash charges	-	646	648	652	656	661	666
Interest expense	218	625	576	445	397	345	289
Fixed capital investment	(5,788)	(904)	(40)	(43)	(48)	(52)	(57)
Investment in working capital	(955)	(1,728)	1,562	(138)	(100)	(108)	(115)
FCFF	**(6,743)**	**(2,221)**	**4,449**	**2,723**	**2,934**	**3,173**	**3,430**

Relevered beta

	Rate
Beta	0.58
Unlevered Beta	0.50
Debt '000 USD	8,506
Equity '000 USD	6,667
Debt/equity	1.28
Relevered Beta	1.05

Scenario 2: DCF analysis (including debt financing)

Cost of equity

Indicator	Figure
Rf in USD	4.33%
Relevered Beta	**1.05**
Equity Risk Premium	5.96%
size premium	3.67%
Company specific risk	2.00%
Cost of Equity	16.23%

WACC

Indicator	Figure
Cost of debt	7.76%
Tax	15.00%
Cost of Equity	16.23%
WACC	**10.83%**

Net present value and internal rate of return

	2019	2020	2021	2022	2023	2024	2025
Existing assets employed	(4,541)						
FCF	(6,743)	(2,221)	4,449	2,723	2,934	3,173	3,430
Terminal value							40,604
Cash flow	(11,284)	(2,221)	4,449	2,723	2,934	3,173	44,034
Dicsounted free cash flow	(11,284)	(2,004)	3,622	2,000	1,945	1,897	23,756
NPV	**19,932**						
IRR	**33.82%**						
Free cash flow growth rate	**2.20%**						
WACC	**10.83%**						

Scenario 2: Net present value and internal rate of return of the investment (including debt financing) are 19,932 thousand and 33.82% accordingly

Main assumptions used

The Company is at the beginning stage of the business lifecycle. Therefore, the history and accounting entries of the Company are not available. To project the future we used several assumptions. As indicated in the text, one of the shareholder of the business is Mr. Giorgi Talakhadze who is highly experienced in producing of mineral water. The main assumptions used for the projection were made by Mr. Giorgi, based on his experience. Assumptions, which affect the projections materially, are listed below:

Production capacity

Name of the indicator	Unit	Figure
Current production capacity	M3/day	55.0
Technological losses	%	1.5%
Water used for bottling	M3/day	54.2
Percent of production from total capacity	%	85%
Production increase rate per year	%	5.0%

During 2020 Company will monthly increase production/realization (from February to December). Our assumption is that Company initially will be able to produce only 25% of water flaw rate for the February and for the end of the 2020 year it could produce 85% of total capacity (54.2 M3/day). For the projection 2021-2025 85% of the total daily water production was used. The Company has additional 92.0 M3/day of studying water, which are not inputted in the projection. It can be considered as a reserves, since if the realization increases so that 55 M3/day would not be enough, potentially the Company can use additional 92.0 M3/day. In this case, the revenue and profit projections would be increased more.

The whole model is based on revenues generated just from 3 countries: Georgia, Russia and Ukraine. Based on Company managers' experience, there are 16 another countries where they had exported products in the past and they have retained some connections in those countries. These countries are: Kazakhstan, Uzbekistan, Turkmenistan, Armenia, Azerbaijan, Belarus, Moldova, Latvia, Lithuania, Poland, Germany, Greece, Cyprus, Israel, Canada, USA.

Export statistics of Georgia 2018

	Revenue from export ('000	Exported volume (tone)	Revenue from export	Exported volume
Russia/Ukraine	68,119	108,395	62.2%	63.7%
Other 16 countries	39,594	59,589	36.2%	35.0%
Other countries	1,736	2,134	1.6%	1.3%
Total	**109,450**	**170,118**		

Sources: http://geostat.ge/?lang=geo

As we can see, during 2018 companies generated 36.2% of revenue by exporting in the 16 another countries mentioned above. So this is great potential for the Company.

For all of these potential we decided to increase production capacity in our model, by 5% for each year.

Full statistics about carbonated mineral water from Georgia can be found in the Appendix K "Export of carbonated mineral water from Georgia"

Litered distribution of extracted water into different kinds of products

Name of the indicator	Unit	Figure
0.5 l. glass bottle	%	17.0%
0.5 l. PET	%	13.0%
1 l. PET	%	70.0%

The table shows that 17% of total extracted water would bottled in 0.5 l glass bottle, 13% in 0.5 l PET and 70% in 1.0 l PET.

Main assumptions used

Sale percentage among different markets

Name of the indicator	Unit	Georgia	Russia	The Ukraine
0.5 l. glass bottle	%	20%	50%	30%
0.5 l. PET	%	20%	50%	30%
1 l. PET	%	20%	50%	30%

Selling price per bottle

Name of the indicator	Unit	Georgia	Russia	The Ukraine
Price 0.5 l. glass bottle	USD	0.20	0.59	0.44
Price 0.5 l. PET	USD	0.19	0.33	0.28
Price 1 l. PET	USD	0.26	0.50	0.39

The export of the product from Georgia is free of VAT.

The cost of one bottle in the package

Name of the indicator	Unit	0.5 glass bottle	0.5 l PET	1 l PET
23 grams of capsule for 0.5 liter PET bottle	USD/per unit		0.061	
33 gram capsules for 1.0 liter PET bottle	USD/per unit			0.091
bottle	USD/per unit	0.151		
Cork	USD/per unit	0.018	0.007	0.007
Etiquette	USD/per unit	0.008	0.008	0.011
Glue	USD/per unit	0.002	0.002	0.003
Carbon dioxide	USD/per unit	0.005	0.005	0.010
Polyethylene film	USD/per unit	0.009	0.009	0.015
Filter board	USD/per unit	0.003	0.003	0.006
Pallet	USD/per unit	0.006	0.006	0.010
Other minor auxiliary materials	USD/per unit	0.002	0.002	0.003
The cost of one bottle in the package	**-**	**0.204**	**0.103**	**0.156**

The cost of one bottle in the package is the main part of GOGS. COGS also includes workers' salary, electricity cost, Depreciation expense and natural resource tax.

Salary assumptions

Name of the indicator	Unit	Figure
Number of staff in production	Unit	17
Number of staff in administration	Unit	10
Average worker's' salary	USD per month including tax	566
Average salary in administration	USD per month including tax	1,132

Workers' salary is part of COGS. Administrative salary is accounted in the income statement as payroll.

Projected inflation rate

Name of the indicator	2020	2021	2022	2023	2024	2025
US projected inflation rate	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%

Sources: IMF, Inflation rate, average consumer prices (Annual percent change) USA, Grant Thornton Analysis

For the inflation rate projections we could find data till 2023. After 2023 our assumption is that inflation rates will stay the same.

We used assumption that all the revenue and expenses (excluding depreciation and property tax) would increase by corresponding inflation rate for all following periods.

Other assumptions

Transportation cost

Name of the indicator	Unit	Figure
Local transportation expense	USD Per container	37.7
International transportation Russia	USD Per container	2,700
International transportation the Ukraine	USD Per container	2,500

Capacity of container

Name of the indicator	Unit	0.5 Glass	0.5 PET	1.0 PET
Capacity of container	bottle/container	19,000	34,000	26,000

The model incorporates two types of transportation expense: local transportation (transportation of the product from factory to warehouse) and international transportation. The table above shows quantity of products which can be putted into the one container. We calculated number of containers for each period and multiplied on proper transportation cost for each container.

Taxes

Name of the indicator	Unit	USD	GEL
Income tax	Percent		20.0%
VAT	Percent		18.0%
Profit tax	Percent		15.0%
Dividend tax	Percent		5.0%
Natural resources tax	'000 litre/Month	34	90
Environmental protection tax	'000 litre/Month	17	45
Sum	'000 litre/Month	51	135
Property tax rate			1.0%
Property tax rate for the land	per/Ha	1,189	3,150

Natural resources tax and Environmental protection tax are calculated based on debit indicated in the license (55 cubic meters per day). It is not linked with amount of extracted or produced water.

Other assumptions

- Property Plant and equipment on the balance sheet doesn't include VAT.
- According to the acting tax code, the profit tax is 15% for the issued dividends. Tax on dividend is 5%.
- Company can withdraw invested money without any profit or dividend tax.
- Foreign currency rate used in the report is: 1 USD = 2,65 GEL; 1 Euro = 3,10 GEL.
- The principle of realization: the price of the realized product will be paid in the third month.
- Marketing expense in 2019 is 200,000 USD and for the following years 6% of net income.
- Electricity expense for COGS is 17,000 Gel per month (6,415 USD).
- Utility expense (including electricity, natural gas) is 5,000 USD per month.
- Current repair is 1,500 USD per month.
- Laboratory control and certification expense is 400 USD per container.
- Travel expenses is 1,000 USD per month.
- In the model investment date is considered 31 August 2019. Some operating expenses occurs starting from 31 August 2019. The Company could start realization after 6 months from the investment date, 30 February 2020. The Company receive cash after 3 months of selling date.
- All expenses (excluding depreciation and tax) increasing from 2021 by inflation rate.

Appendices

A.	Glossary
B.	Important notice
C.	The licence for studying and extracting mineral water
D.	The resume of Giorgi Talakhadze
E.	The cost of one bottle in the package
F.	The order of the government N 296, 21.02.2017
G.	The land in village Daba and its surrounding area
H.	Daba mountain spring water borehole picture
I.	An expense record of the construction of the factory and repair of warehouse
J.	The warehouse and the surrounding area
K.	Export of carbonated mineral water from Georgia

A. Glossary

The Contract	Contract (ADV-632)
The Consultant	Grant Thornton LLC
The Company	Borjomi Mineral Water Company
The Client	LLC GAZ GROUP
The Management	Zaza Saralidze and Giorgi Talakhadze
CAPEX	Capital expenditure
The Forecasts	Period between 2020-2025
KPIs	Key Performance Indicators
VAT	Value Added Tax
COGS	Cost of Goods Sold
PPE	Property, Plant and Equipment
m^3	Cubic metre
0.5 l. PET	0.5 litre plastic bottle
1.0 l. PET	1.0 litre plastic bottle
US	United States
USD	United States dollar
GEL	Georgian Lari
Ha	Hectare
FCFF	Free Cash Flow to Firm
FCFE	Free Cash Flow to Equity
FCF	Free cash flow
IRR	Internal Rate of Return
NPV	Net Present Value
WACC	Weighted Average Cost of Capital
GDP	Gross Domestic Product
EBIT	Earning Before Interest and Tax
Rf	Risk Free Rate
'000	One thousand

B. Important notice

Scope of work and limitations

Our work focused on the areas set out in the 'Contract'. Our review of the affairs does not constitute an assurance engagement conducted in accordance with any generally accepted assurance standards and no verification work has been carried out by us; consequently we do not express an assurance opinion on the figures included in the report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope review might uncover.

Factual accuracy confirmation

We have discussed financial part of this report with the Client on 8 April, 2019 who confirmed its accuracy in all material respects.

Sources of information

The information contained in this report is based primarily on:

- The Management
- Publicly available sources

We do not accept responsibility for such information which remains the responsibility of Management. We have satisfied ourselves, so far as possible, that the information presented in our report is consistent with other information which was made available to us in the course of our work in accordance with the terms of the Contract. We have not, however, sought to establish the reliability of the sources by reference to other evidence.

Our report makes reference to 'Grant Thornton Analysis'; this indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented; we do not accept responsibility for the underlying data.

Location of our work

Our work was conducted as an office based exercise and we did not visit any of the Company's locations.

Forecasts

The responsibility for forecasts and the assumptions on which they are based is solely that of Management. It must be emphasised that profit and cash flow forecasts necessarily depend on subjective judgement. They are, to a greater or lesser extent, according to the nature of the businesses and the period covered by the forecasts, subject to inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements which present the results of completed accounting periods.

Forms of report

For your convenience, this report may have been made available to you in electronic as well as hard copy format. Multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

General

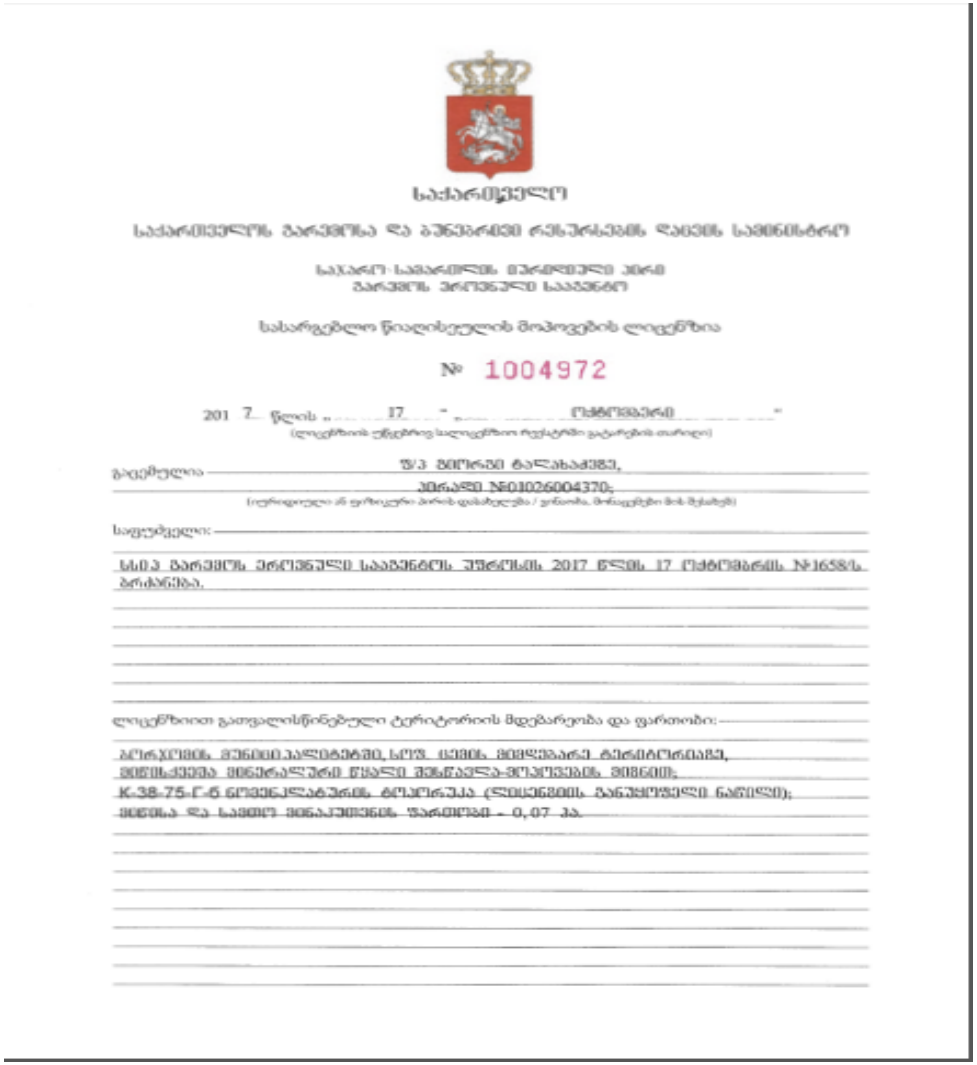
Our report is issued on the understanding that Management have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report.

Events and circumstances occurring after the date of our report will, in due course, render our report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report. Additionally, we have no responsibility to update this report for events and circumstances occurring after its date.

Contacts

If there are any matters upon which you require clarification or further information please contact Grant Thornton LLC, T +995 (0)32 2 60 44 06, E info@ge.gt.com

C. The licence for studying and extracting mineral water



საქართველო

საქართველოს ბარემწისა და ბუნებრივი რესურსების დაცვის სამინისტრო

სააკარ სამარილის მართველი ორგ
ბარემწის ეროვნული სააგენტო

სახარგებლო წიაღისეულის მოპოვების ლიცენზია

№ 1004972

201 7 წლის „ 17 " ოქტომბერი "
(ლიცენზიის უწყვეტად სალიცენზიო რეესტრში გატარების თარიღი)

გაეცემელია შპს მთირული ტალახაძეს,
პირადი №01026004370;
(იურიდიული ან ფიზიკური პირის დასახელება / სახელი, მონაცემები მის შესახებ)

საფუძველი:

სსიპ გარემოს ეროვნული სააგენტოს უფროსის 2017 წლის 17 ოქტომბრის №1658/ს ბრძანება.

ლიცენზიით გათვალისწინებული ტერიტორიის მდებარეობა და ფართობი:

ბორჯომის მუნიციპალიტეტში, სოფ. ცაგის მიმდებარედ ტერიტორიაზე, მდებარე მინერალური წყალი შემწოვი-მოპოვების მიზნით; K-38-75-Г-ბ ნომენკლატურის ტოპორუკა (ლიცენზიის განყოფილი ნაწილი); მდებარე და საერთო მინაკუთვნის ფართობი - 0,07 ჰა.

მოსაპოვებელი რესურსის სახეობა და მოცულობა:

მიწისქვეშა მინერალური წყლის მისწავლა-მოპოვება;

სალიცენზიო პირობები:

პანსიონატი ლტა ბარემწის ტერიტორიაზე მდებარე 2 ჭაბურღილიდან მინერალური წყლის მოპოვება ხორციელდება საქართველოს მთავრობის 2017 წლის 17 ოქტომბრის №1658/ს დადგენილების საფუძველზე.

ლიცენზიის მოქმედების ვადა: 25 წელი, 17.10.2017 დან 18.10.2042 მდე

სსიპ „გარემოს ეროვნული სააგენტოს"
უფლებამოსილი წარმომადგენელი

(ხელმოწერა)

ბ.ა

გვეცნობა ლიცენზიის პირობებს და ვიღებ პასუხისმგებლობას მათი შესრულებაზე.

(ხელმოწერა)

ბ.ა

დამკვეთი: სსიპ გარემოს ეროვნული სააგენტო
დამზადებული შპს „ტექტრა"
სფრ-ს რეგისტრაციის № 23-4000

GEORGIA

Ministry of Environment and Natural Resources Protection of Georgia

Legal Entity of Public Law

National Environmental Agency

License for the extraction of minerals

No. **1004972**

17 October 2017

(Date of registration of the license at departmental license register)

Issued to the physical person GIORGI TALAKHADZE

Personal No. 01026004370

(Name/personality of a legal entity or individual)

Basis:

Order No. 1658/S of 17 October 2017 of the head of LEPL National Environmental Agency

Location and area of the territory covered by the license:

Borjomi municipality, near the village of Tsemi, for the purpose of examination and extraction of underground mineral water;

K-38-75-Г-Б nomenclature topographic map (integral part of the licence);

Land and mining allotment area – 0,07 h

Description and volume of the resource to be extracted:

Underground mineral water examination and extraction

Terms of licensing:

Has been determined in accordance with Order No. 1658/S of 17 October 2017 of the head of LEPL National Environmental Agency

Validity of the license: 25 years

From 17.10.2017 till 18.10.2042

Authorized representative of LEPL "National Environmental Agency"	I have acquainted with the terms of the license and assume a liability to perform thereof
(Signature)	(Signature)

Customer: LEPL National Environmental Agency
Made by: "Kechera" Ltd
Registration No. 23-4000

D. The resume of Giorgi Talakhadze

Resume: Talakhadze Giorgi

Born on the 23rd of December in 1958 in Borjomi City

In 1966-1976 he studied at Borjomi N1 Secondary School and graduated with a golden medal.

Since 1976 he'd been studying at Bauman Moscow Highest Technical School (nowadays known as Bauman Moscow State Technical University) on the Constructing-Mechanical faculty that he graduated in 1982 with the specialty of Crane-Transport Machinery Engineer-Mechanic.

In 1982-1985 he was worked in the scientific-research and project-constructing institute "Transautomatics" of the Georgian State Committee "SakSakhSpetsTrans" as an engineer-constructor in the field oftransport and cargo-transport rope-way roads constructing.

In 1985-1988 studied at Kalinin Leningrad Polytechnic Institute (nowadays known as St. Petersburg Polytechnic Institute) on the Post-Graduate level in the crane-transport machines department.

In 1988 successfully presented his dissertation on the complex type spatial-cable hanger crane machines in dynamics, more precisely: productivity increase and development of the method of calculation for the bridge-type cranes with spatial and hanger cargo on the ropes.

In 1988-1990 he workedin the scientific-research and project-constructing institute "Transautomatics" of the Georgian State Committee "SakSakhSpetsTrans" as senior engineer in the field of transport and cargo-transport rope-way roads design and constructing.

In 1990-1999 he worked as a director of the budget enterprise "Inspetstransagro" of the Georgian State Committee "SakSakhSpetsTrans".

In 1999-2005 he worked in „Bagrationi 1882" JSC (sparkling wine production and bottling) as a production director.

In 2005-2006 he was the governor of Borjomi municipality,

In 2006-2008 he was the chairman if Borjomi municipality city council,

In 2008-2012 he was a member of the 7th Term of the Parliament – majoritarian from the Borjomi constituency,

Since 2013 he's been an adviser of the director of "Aspindza Product" company.

Doctor of Technical Sciences.

Author of seven scientific papers and inventions,

Member of Borjomi City Council of the 1991, 1998, 2002, 2006 and 2014 terms.

He has a wife and two children.

Fluent in Georgian and Russian languages.

E. The cost of one bottle in the package

The cost of one bottle in the package

Name of the indicator	Unit	0.5 glass bottle	0.5 l PET	1 l PET
23 grams of capsule for 0.5 liter PET bottle	USD/per unit		0.061	
33 gram capsules for 1.0 liter PET bottle	USD/per unit			0.091
bottle	USD/per unit	0.151		
Cork	USD/per unit	0.018	0.007	0.007
Etiquette	USD/per unit	0.008	0.008	0.011
Glue	USD/per unit	0.002	0.002	0.003
Carbon dioxide	USD/per unit	0.005	0.005	0.010
Polyethylene film	USD/per unit	0.009	0.009	0.015
Filter board	USD/per unit	0.003	0.003	0.006
Pallet	USD/per unit	0.006	0.006	0.010
Other minor auxiliary materials	USD/per unit	0.002	0.002	0.003
The cost of one bottle in the package	**-**	**0.204**	**0.103**	**0.156**

F. The order of the government N 296, 21.02.2017

Ordinance of the Government of

Georgia

No. 296 of 21 February 2017 Tbilisi
on granting consent for determining the initial auction price and additional license conditions for issuance of a license for examination-extraction of minerals (mineral water "ZANAVI")

On the basis of Article 6 (2) and Article 7 (1^3) and (1^4) of the provision approved by the decree No. 136 of 11 August 2005 of the Government of Georgia "on approval of the regulation on the rules and conditions of issuance of a license for extraction of minerals":

1. To determine the initial price of the auction (wells: No. 143, No. 144 and No. 39) for issuance of a license for examination-extraction of minerals (mineral water "ZANAVI") as 5 000 000 (five million) GEL.
2. To allow LEPL – National Environmental Agency of the Ministry of Environment and Natural Resources Protection of Georgia, to determine the following additional terms of licensing for issuance of a license for examination-extraction of minerals (mineral water "ZANAVI"):
   a) The Licensee is obliged:
   a.a) to study the resources of minerals within 2 (two) years after issuance of a license, calculate water reserves and submit report of reserves to the competent body to be approved;
   a.b) to adopt entire resource of the deposit after the approval of the reserves within the approved reserves;
   a.c) to carry out investment in the amount of at least one million USD dollars in GEL for the purpose of bottling the mineral water within 2 years after issuance of the license;
   a.d) to employ at least 30 (thirty) citizens of Georgia in the fields of activity provided by the license;
   a.e) to finance environmental measures in the amount of 300 000 (three hundred thousand) GEL at the request and the terms stated by the Ministry of Environment and Natural Resources Protection of Georgia, within 3 years after approval of reserves;
   a.f) within 1 month after fulfillment of obligations provided by sub-paragraph "a.c" of the present paragraph, to provide the Licensor with the report made by LEPL – Levan Samkharauli National Forensics Bureau, which will confirm the implementation of the investment of one million USD equivalent on GEL.

3. On the basis of Article 61 of General Administrative Code of Georgia, the ordinance No. 1494 of 23 October 2013 of the Government of Georgia "on stating the requirements for issuance of a license of extraction of minerals (mineral water "ZANAVI") shall be deemed invalid.

Prime-minster signed and sealed by Giorgi Kvirikashvili

G. The land in village Daba and its surrounding area

მიწის (უძრავი ქონების) საკადასტრო კოდი: **N 64.26.06.255**

ამონაწერი საჯარო რეესტრიდან

განცხადების რეგისტრაცია	მომზადების თარიღი
N 882015454114 - 12/08/2015 09:12:38	**18/08/2015 10:39:32**

საკუთრების განყოფილება

მონა	სექტორი	კვარტალი	ნაკვეთი
ბორჯომი	ღაბა წალერი		
64	26	06	255

მისამართი: რაიონი ბორჯომი , სოფელი ღაბა

ნაკვეთის საკუთრების ტიპი:საკუთრება
ნაკვეთის დანიშნულება: სასოფლო-სამეურნეო (საკარმიდამო)
დაშუსტებული ფართობი: 8939.00 კვ.მ.
ნაკვეთის წინა ნომერი:**64.06.03.078; 64.26.06.234;**

მესაკუთრის განყოფილება

განცხადების რეგისტრაცია : ნომერი **882015436000** , თარიღი **03/08/2015 13:54:40**
უფლების რეგისტრაცია: თარიღი **07/08/2015**

უფლების დამადასტურებელი დოკუმენტი:

- უძრავი ქონების ნასყიდობის ხელშეკრულება , ღამოწმების თარიღი:27/07/2015 ,სსიპ "საჯარო რეესტრის ეროვნული სააგენტო"
- უძრავი ქონების ნასყიდობის ხელშეკრულება N110343277 , ღამოწმების თარიღი:05/04/2011 ,ნოტარიუსი ნინო გელაშვილი

მესაკუთრეები:
მურთაზ გაბუნია ,P/N: 01030019518

მესაკუთრე:	აღწერა:
მურთაზ გაბუნია	

იპოთეკა

საგადასახადო გირავნობა:

რეგისტრირებული არ არის

ვალდებულება

ყადაღა/აკრძალვა:

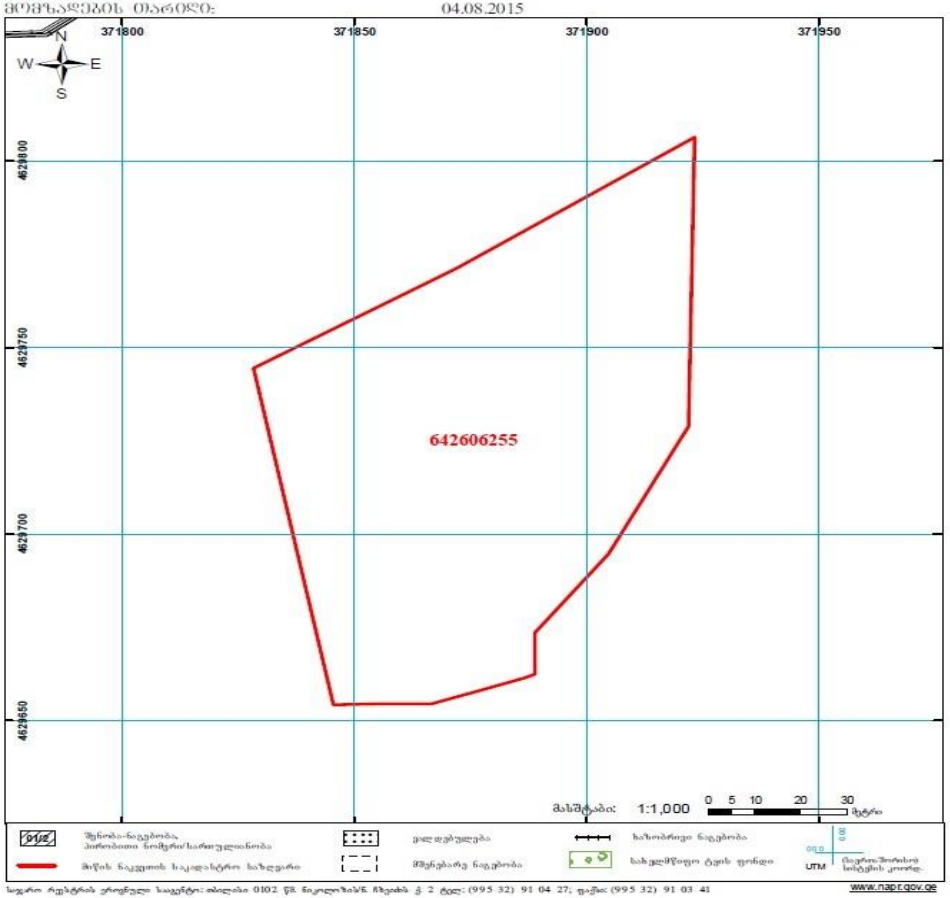
რეგისტრირებული არ არის

მოვალეთა რეესტრი:

რეგისტრირებული არ არის

საქართველოს ეკონომიკის სამინისტრო
საჯარო რეესტრის ეროვნული სააგენტო
საკადასტრო გეგმა

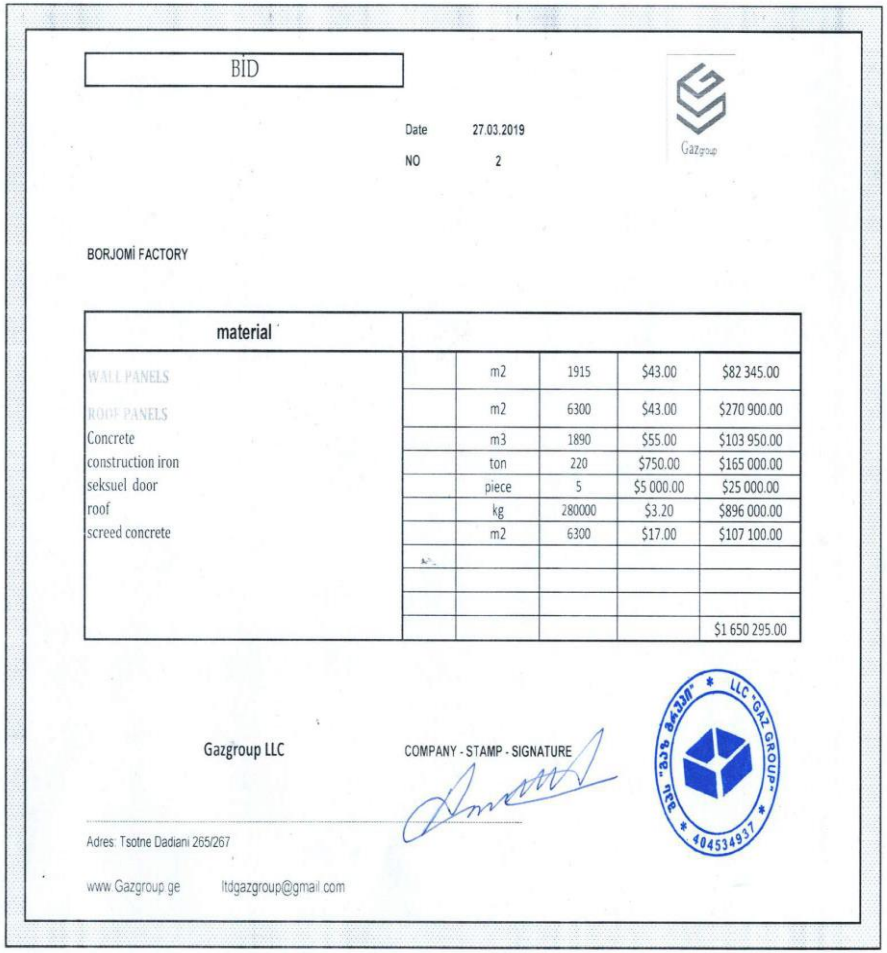
მიწის ნაკვეთის საკადასტრო კოდი:	64 26 06 255
განცხადების რეგისტრაციის ნომერი:	882015436000
მიწის ნაკვეთის ფართობი:	8939 კვ.მ.
დანიშნულება:	სასოფლო-სამეურნეო
კატეგორია:	
მოზომვის თარიღი:	04.08.2015



საჯარო რეესტრის ეროვნული სააგენტო: თბილისი 0102 წ. ნიკოლოზიძის ქუჩის # 2 ტელ: (995 32) 91 04 27; ფაქსი (995 32) 91 03 41 www.nagr.gov.ge

H. Daba mountain spring water borehole picture

I. An expense record of the construction of the factory and repair of warehouse



BID

Date 27.03.2019

NO 2

BORJOMİ FACTORY

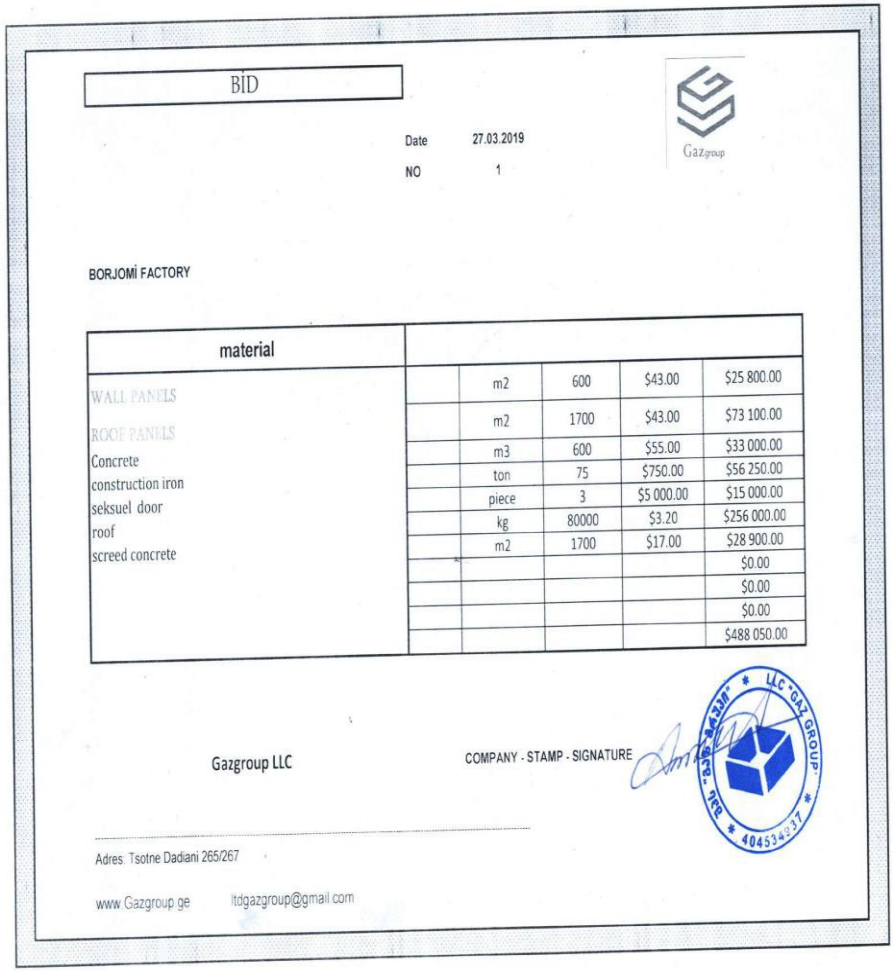
material					
WALL PANELS		m2	1915	$43.00	$82 345.00
ROOF PANELS		m2	6300	$43.00	$270 900.00
Concrete		m3	1890	$55.00	$103 950.00
construction iron		ton	220	$750.00	$165 000.00
seksuel door		piece	5	$5 000.00	$25 000.00
roof		kg	280000	$3.20	$896 000.00
screed concrete		m2	6300	$17.00	$107 100.00
					$1 650 295.00

Gazgroup LLC

COMPANY - STAMP - SIGNATURE

Adres: Tsotne Dadiani 265/267

www.Gazgroup.ge ltdgazgroup@gmail.com



BID

Date 27.03.2019

NO 1

BORJOMİ FACTORY

material					
WALL PANELS		m2	600	$43.00	$25 800.00
ROOF PANELS		m2	1700	$43.00	$73 100.00
Concrete		m3	600	$55.00	$33 000.00
construction iron		ton	75	$750.00	$56 250.00
seksuel door		piece	3	$5 000.00	$15 000.00
roof		kg	80000	$3.20	$256 000.00
screed concrete		m2	1700	$17.00	$28 900.00
					$0.00
					$0.00
					$0.00
					$488 050.00

Gazgroup LLC

COMPANY - STAMP - SIGNATURE

Adres: Tsotne Dadiani 265/267

www.Gazgroup.ge ltdgazgroup@gmail.com

J. The warehouse and the surrounding area

ბინის (ფართის) ნომრის) საკადასტრო კოდი N 64.23.03.085

ამონაწერი საჯარო რეესტრიდან

განცხადების რეგისტრაცია	მომზადების თარიღი
N 892018096006 - 05/02/2018 15:49:28	05/02/2018 16:47:13

საკუთრების განყოფილება

მონა	სექტორი	კვარტალი	ნაკვეთი
ბორჯომი	ქ. ბორჯომი		
64	23	03	085

მისამართი: ქალაქი ბორჯომი , ქუჩა თორის , (საბარგოს ქუჩის მიმდებარედ)

ნაკვეთის საკუთრების ტიპი:საკუთრება
ნაკვეთის ღანიშნულება: არასასოფლო სამეურნეო
დაშუკგებული ფართობი: 1835.00 კვ.მ.
ნაკვეთის წინა ნომერი:64.03.08.150;
შენობა-ნაგებობის ჩამონათვალიყოფილი წესქვილქარხნის მაღლივი კორპუსი (დარჩენილია კარკასი)

მესაკუთრის განყოფილება

განცხადების რეგისტრაცია : ნომერი 882011623347 , თარიღი 22/12/2011 12:27:57
უფლების რეგისტრაცია: თარიღი 28/12/2011

უფლების დამადასტურებელი დოკუმენტი:

- უძრავი ქონების ნასყიდობის ხელშეკრულება , დამოწმების თარიღი:22/12/2011 ,სსიპ "საჯარო რეესტრის ეროვნული სააგენტო"

მესაკუთრეები:
გიორგი კირალიანი,P/N: 57001012171

მესაკუთრე: აღწერა:
გიორგი კირალიანი

იპოთეკა

საგადასახადო გირავნობა:

რეგისტრირებული არ არის

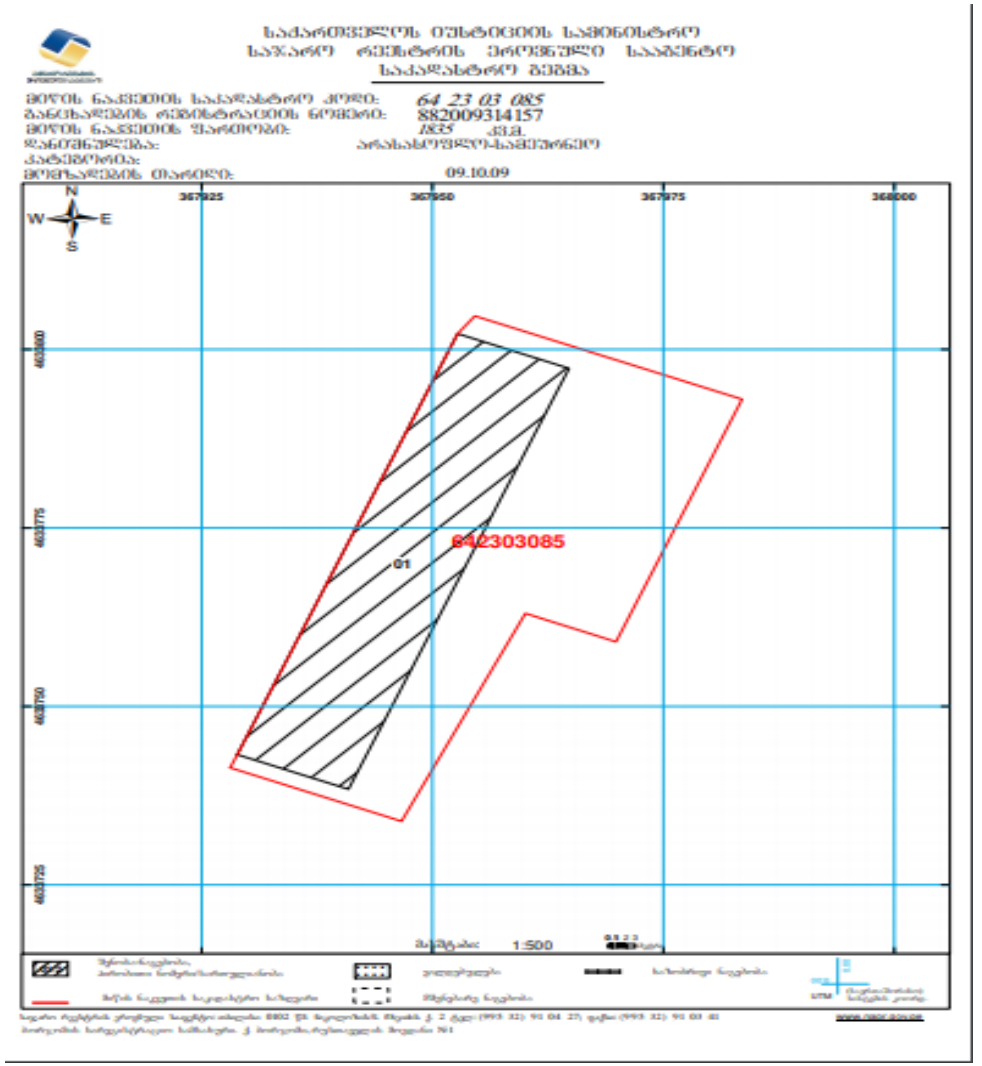
ვალდებულება

ყადაღა/აკრძალვა:

რეგისტრირებული არ არის

მოვალეთა რეესტრი:

რეგისტრირებული არ არის



K. Export of carbonated mineral water from Georgia

Export of carbonated mineral water from Georgia

	2014		2015		2016		2017		2018	
	000 USD	000 litre	000 USD	000 litre	000 USD	000 litre	000 USD	000 litre	000 USD	000 litre
Russia	64,105	62,474	31,823	38,097	34,407	50,313	44,935	66,131	48,848	71,626
Ukraine	27,741	30,045	13,477	16,338	13,823	21,987	16,216	29,307	17,356	33,108
Lithuania	10,788	16,048	10,357	16,137	11,699	18,171	12,542	19,468	15,417	22,839
Kazakhstan	9,731	6,703	8,160	5,744	5,692	5,303	5,548	6,487	8,829	11,306
Belarus	8,112	7,891	4,339	5,134	4,264	6,452	5,905	8,950	7,908	12,279
USA	1,092	1,216	1,158	1,300	861	971	1,202	1,325	1,073	1,184
Israel	666	981	574	837	675	996	776	1,132	905	1,317
Azerbaijan	1,640	2,409	1,409	1,945	758	1,102	562	935	795	1,664
Uzbekistan	930	902	1,081	1,052	950	941	1,219	1,258	650	659
Kirgizia	696	794	334	379	465	527	468	548	551	629
Tajikistan	726	665	662	627	511	505	498	472	524	498
Moldova	72	72	449	466	356	373	483	501	484	494
Canada	326	379	312	357	299	342	311	354	309	356
Turkmenistan	1,558	1,579	1,087	1,128	555	561	487	504	235	261
Armenia	170	269	52	76	72	115	123	206	115	190
Bulgaria	100	89	66	71	39	40	82	87	84	81
United Kingdom	-	-	-	-	81	80	94	105	77	88
Greece	-	-	84	103	45	54	36	40	64	69
Hungary	-	-	-	-	-	-	14	14	41	43
Latvia	-	-	13	21	67	104	104	161	26	41
Cyprus	-	-	-	-	37	46	51	57	14	14
China	-	-	12	12	122	121	98	103	-	-
Mongolia	-	-	103	77	-	-	-	-	-	-
Japan	25	19	76	56	-	-	-	-	-	-
Germany	-	-	23	17	34	30	20	18	-	-
Other countries	-	-	2	4	39	47	79	97	14	22
Borjomi total	**128,478**	**132,533**	**75,654**	**89,978**	**75,853**	**109,182**	**91,852**	**138,261**	**104,319**	**158,769**

Belarus	1,290	2,232	1,020	2,369	877	2,009	1,298	3,049	1,277	3,137
Ukraine	337	740	87	186	80	173	393	907	883	2,079
Kazakhstan	2,959	4,659	2,216	3,580	602	1,292	529	1,089	803	1,757
Russia	1,435	2,177	569	1,219	386	725	71	116	295	480
Lithuania	40	113	43	94	108	219	63	146	286	696
USA	88	166	172	353	154	366	172	418	181	442
Azerbaijan	587	946	325	523	54	108	59	127	133	277
Turkey	263	585	354	695	238	581	157	451	111	349
Germany	72	166	53	131	64	157	22	53	44	106
Israel	14	24	10	13	-	-	29	59	38	86
Canada	22	83	17	42	25	67	17	42	32	83
Japan	-	-	-	-	-	-	10	11	29	33
Moldova	30	62	30	69	25	57	17	38	16	36
Cyprus	-	-	7	11	7	11	-	-	13	23
Bulgaria	-	-	11	29	6	16	5	14	9	22
Armenia	26	53	53	112	41	96	25	56	8	18
Italy	8	14	11	20	6	13	8	15	8	17
Greece	25	61	15	37	7	19	15	29	7	18
China	-	-	8	10	-	-	18	25	7	11
Poland	27	39	1	2	4	5	3	5	3	5
Tajikistan	126	170	47	64	26	35	10	14	-	-
Turkmenistan	25	36	78	107	77	105	-	-	-	-
Latvia	121	338	-	-	-	-	-	-	-	-
Uzbekistan	35	34	37	34	-	-	-	-	-	-
Kirgizia	-	-	32	46	-	-	-	-	-	-
United Arab Emirates	0	0	29	34	-	-	0	0	-	-
Iran	-	-	-	-	-	-	16	26	-	-
Other countries	5	7	4	8	9	11	0	0	13	12
Nabeghlavi Total	**7,537**	**12,705**	**5,229**	**9,789**	**2,797**	**6,066**	**2,936**	**6,690**	**4,195**	**9,688**

Russia	449	676	282	508	142	268	182	269	271	367
Ukraine	6	12	8	16	7	13	24	77	42	132
Belarus	15	44	21	55	7	16	11	25	28	80
Lithuania	16	35	-	-	-	-	-	-	10	41
China	2	3	32	44	10	14	4	9	9	18
Azerbaijan	18	22	12	14	11	22	10	22	5	10
Moldova	-	-	-	-	6	11	3	4	5	8
Kazakhstan	-	-	30	49	-	-	5	9	0	0
Turkey	23	55	42	112	25	83	25	76	-	-
Turkmenistan	-	-	75	105	-	-	-	-	-	-
Israel	6	14	10	15	-	-	26	51	-	-
Latvia	17	34	-	-	6	19	-	-	-	-
Saudi Arabia	-	-	15	29	-	-	-	-	-	-
Czech Republic	0	1	5	12	3	5	-	-	-	-
Australia	5	11	-	-	-	-	-	-	-	-
Other countries	1	2	3	7	0	0	0	0	0	0
Sairme Total	**559**	**908**	**536**	**966**	**217**	**451**	**289**	**542**	**371**	**655**
Russia	26	34	23	37	13	36	-	-	410	551
Belarus	0	0	66	153	45	126	97	299	63	211
Azerbaijan	11	28	34	13	-	-	16	28	50	122
Ukraine	-	-	-	-	-	-	-	-	15	53
China	-	-	-	-	-	-	0	0	11	24
USA	3	5	2	5	7	24	2	5	7	25
Turkey	-	-	-	-	-	-	-	-	6	12
Turkmenistan	-	-	166	178	419	371	-	-	-	-
Kazakhstan	19	55	22	60	-	-	-	-	-	-
Other countries	1	2	0	0	-	-	0	0	5	9
Other mineral waters total	**60**	**124**	**314**	**445**	**484**	**557**	**114**	**332**	**566**	**1,006**
Total export	**136,633**	**146,271**	**81,733**	**101,178**	**79,350**	**116,255**	**95,191**	**145,825**	**109,450**	**170,118**

Registered office:
54 Ketevan Tsamebuli Ave .,
Tbilisi 0144, Georgia.

grantthronton.ge