

Consolidated Interim Financial Statements

RG Brands JSC & Subsidiaries

as at 30 June 2017

**Consolidated Statement of Profit and Loss and Other Comprehensive
Income for the Period Ended
30 June 2017**

(KZT'000)

	Note	6 months of 2017	6 months of 2016
REVENUE	4	23 529 541	22 565 150
COST	5	(13 938 036)	(13 978 018)
GROSS PROFIT		9 591 505	8 587 132
Selling expenses	6	(5 052 746)	(4 327 740)
General and administrative expenses	7	(2 108 862)	(1 672 183)
OPERATING INCOME		2 429 897	2 587 209
Finance costs	8	(956 213)	(835 330)
Exchange loss		(495 255)	87 430
Investment income		7 217	181 247
Other (costs)/gains	9	96 335	(23 444)
PROFIT BEFORE TAX		1 081 981	1 997 112
Income tax payable		(186 575)	(100 345)
PROFIT/LOSS FOR THE PERIOD		895 406	1 896 767
Property, plant and equipment revaluation surplus less income tax			4 571 311
Exchange difference from foreign entity translation into the reporting currency during the period		22 671	80 118
Other comprehensive income		22 671	4 651 429
TOTAL COMPREHENSIVE INCOME		918 077	6 548 197
Earnings per common share, KZT	10	284	602


For the Group Management:



Deval Hans Alexander
Chairman of the Management Board




Askat Agybayev
Chief Financial Officer



Olesya Andreyeva
Acting Chief Accountant

**Consolidated Statement of Financial Position
as at 30 June 2017**

(KZT'000)

	Note	At 30 June 2017	At 31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	20 251 377	21 525 727
Investment property		568 973	507 889
Advances paid		27 396	20 500
Goodwill		60 198	66 107
Intangible assets		68 026	68 026
Total non-current assets		<u>20 975 970</u>	<u>22 188 249</u>
CURRENT ASSETS			
Inventory	13	9 349 205	7 115 482
Trade accounts receivable	12	1 952 957	2 082 152
Short-term advances paid	12	577 492	425 539
Other financial assets		4 856 498	
Other current assets	14	731 518	609 201
Bank deposits		2 996	99 077
Cash and cash equivalents		5 085 572	15 552 359
Assets classified as held for sale		924 443	1 929
Total current assets		<u>23 480 682</u>	<u>25 885 739</u>
TOTAL ASSETS		<u><u>44 456 652</u></u>	<u><u>48 073 988</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital		2 787 696	2 787 696
Repurchased common shares		(947 400)	(947 400)
Preferred shares held within the Group		(149 709)	(149 709)
Provisions		3 200 002	3 628 260
Retained earnings		7 985 819	6 639 484
Total equity		<u>12 876 408</u>	<u>11 958 331</u>
NON-CURRENT LIABILITIES			
Loans	15	10 480 449	10 519 930
Bonds payable		56 700	56 700
Deferred income tax liability		2 790 082	2 790 082
Accounts payable	16		
Total non-current liabilities		<u>13 327 231</u>	<u>13 366 712</u>

CURRENT LIABILITIES			
Short-term accounts payable	16	9 586 215	9 027 879
Short-term loans and current portion of long-term loans		7 976 278	12 203 420
Current portion of bonds payable		2 126	2 126
Corporate income tax payable			115 340
Taxes payable	17	247 348	1 003 411
Other accounts payable and accrued liabilities	18	441 045	396 769
Total current liabilities		<u>18 253 012</u>	<u>22 748 945</u>
TOTAL EQUITY AND LIABILITIES		<u>44 456 651</u>	<u>48 073 988</u>

Carrying amount per common share (KZT)

4 071 3 777


Carrying amount per preferred share (KZT)

1 200 1 200

For the Group Management:




Devael Hans Alexander
 Chairman of the Management Board



Askat Agybayev
 Chief Financial Officer



Olesya Andreyeva
 Acting Chief Accountant

**Consolidated Statement of Cash Flows
 for the period ended 30 June 2017 (indirect method)**

	(KZT'000)	
	6 months of 2017	6 months of 2016
OPERATING ACTIVITY:		
Profit from operating activity before tax	1 081 981	1 997 112
Adjustment for:		
Amortisation and depreciation	1 029 966	1 103 061
Finance costs	956 213	835 330
Exchange (profit)/loss	495 255	(87 430)
Loss from disposal of property, plant and equipment		
Non-operating loss	(96 335)	23 444
Loss from inventory write-off		
Recovery of selling expenses through set-off	(430 911)	(614 609)
Investment (gain)/loss, net	(7 218)	(181 247)
	<u>3 028 951</u>	<u>3 075 661</u>
Cash flow from operating activity before changes in working capital		
Increase/(decrease) of inventory	(2 233 723)	(2 789 293)
(Increase)/decrease of accounts receivable	129 195	(850 574)
Decrease/(increase) of advances paid	(151 953)	(346 843)
Decrease/(increase) of other current assets	(129 214)	(51 006)
Decrease/(increase) of accounts payable	935 673	3 065 778
Increase/(decrease) of taxes payable	(756 063)	(815 397)
Increase/(decrease) of other accounts payable and accrued liabilities	44 277	450 909
	<u>867 143</u>	<u>1 739 235</u>
Cash from operating activity		
Interest paid	(992 233)	(781 876)
Income tax paid	(275 882)	(199 397)
	<u>(400 972)</u>	<u>757 963</u>
Net cash from operating activity		
INVESTING ACTIVITY:		
Net acquisition of investments held for trading	(4 894 200)	(12 054 690)
Proceeds from disposal of property, plant and equipment and intangible assets	7 797	7 764
Receipts from sale of related party bonds		
Return of advances paid for acquisition of investment property		
Net cash inflow from acquisition and sale of other investments		12 134 270
Other receipts from related party		
Other payments to related party		59 711
Deposit top up		
Deposit withdrawal		
Return on deposits		

Acquisition of property, plant and equipment and intangible assets	<u>(403 354)</u>	<u>(395 805)</u>
Net cash used in investing activity	<u>(5 289 757)</u>	<u>(248 750)</u>
FINANCING ACTIVITY:		
Repayment of borrowings	(7 832 851)	(4 690 352)
Finance lease paid		
Dividends paid		(1 199 999)
Proceeds from issue (repurchase) of shares		
Borrowings received	<u>3 504 160</u>	<u>2 820 774</u>
Net cash from financing activities	<u>(4 328 691)</u>	<u>(3 069 577)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(10 019 420)</u>	<u>(2 560 364)</u>
CASH AND CASH EQUIVALENTS, beginning of the year	<u>15 552 359</u>	<u>10 541 082</u>
Effect of changes in foreign currency exchange rates on cash and cash equivalents	<u>(447 367)</u>	<u>108 109</u>
CASH AND CASH EQUIVALENTS, end of the year	<u><u>5 085 572</u></u>	<u><u>8 088 827</u></u>

For the Group Management:




Askat Agybayev

Chief Financial Officer


Olesya Andreyeva

Acting Chief Accountant



Consolidated Statement of Changes in Equity for the period ended 30 June 2017

	Share capital	Treasury shares	Preferred shares held within the Group	Real estate revaluation provision	Provision for share-based benefits	Exchange difference provision	Retained earnings	(KZT'000) Total equity
Balance at 1 January 2016	2 787 696	(152 436)	(947 400)	1 205 907	-	(295 275)	5 979 437	8 577 929
Net profit	-	-	-	-	-	-	1 896 767	1 896 767
Dividends paid	-	-	-	-	-	-	(1 199 999)	(1 199 999)
Increase of share capital	-	6 425	-	-	-	-	(16 627)	(10 202)
Revaluation of buildings and constructions	-	-	-	4 571 311	-	-	-	4 571 311
Exchange difference resulting from foreign exchange translation	-	-	-	-	-	80 119	-	80 119
Reclassification to retained earnings	-	-	-	(503 734)	-	-	503 734	-
Balance at 30 June 2016	2 787 696	(146 011)	(947 400)	5 273 484	-	(215 156)	7 163 312	13 915 924
Balance at 31 December 2016	2 787 696	(149 709)	(947 400)	4 015 099	-	(386 839)	6 639 484	11 958 331
Net profit	-	-	-	-	-	-	895 406	895 406
Dividends paid	-	-	-	-	-	-	-	-
Exchange difference resulting from foreign exchange translation	-	-	-	-	-	22 671	-	22 671
Reclassification to retained earnings	-	-	-	(450 929)	-	-	450 929	-
Balance at 30 June 2017	2 787 696	(149 709)	(947 400)	3 564 170	-	(364 168)	7 985 819	12 876 408

For the Group Management:

Devael Hans Alexander
 Chairman of the Management Board

Askat Agybayev

Chief Financial Officer

Olesya Andreyeva

Acting Chief Accountant

