HEALTHY WATER JSC

Summary Consolidated Financial Statements and Independent Auditor’s Report

31 December 2016 and 2017

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To the Owner and Management of Healthy Water JSC

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Healthy Water JSC and its subsidiaries (the "Group") are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the basis described in Note 2.

The summary consolidated financial statements

The Group's summary consolidated financial statements derived from the audited consolidated financial statements comprise:

- the consolidated statements of financial position as at 1 January 2016, 31 December 2016 and 31 December 2017;
- the consolidated statements of profit or loss and other comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 May 2018.

Responsibilities of management for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 2.

Auditor's responsibility for the summary consolidated financial statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent in all material respect with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers Georgia LLC

For and on behalf of PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Lasha Janelidze (Reg.#SARAS-A-562091)

10 December 2018
Tbilisi, Georgia

HEALTHY WATER JSC

Consolidated Statements of Financial Position

In thousands of Georgian Lari	31 December 2017	31 December 2016	1 January 2016
ASSETS			
Non-current assets			
Property, plant and equipment	100,807	84,678	19,879
Intangible assets	3,420	2,024	2,049
Prepayments for property, plant and equipment	679	4,372	6,287
Total non-current assets	**104,906**	**91,074**	**28,215**
Current assets			
Receivables from owner	-	6,050	13,380
Inventories	8,548	2,954	2,679
Trade and other receivables	7,958	5,789	3,373
Current income tax prepayment	-	345	345
Cash and cash equivalents	4,613	5,326	13,703
Total current assets	**21,119**	**20,464**	**33,480**
TOTAL ASSETS	**126,025**	**111,538**	**61,695**
EQUITY			
Share capital	24,000	24,000	16,000
Retained earnings	42,952	37,668	28,891
TOTAL EQUITY	**66,952**	**61,668**	**44,891**
LIABILITIES			
Non-current liabilities			
Borrowings	33,186	27,938	12,577
Deferred income tax liability	-	-	1,751
Trade and other payables	718	-	-
Total non-current liabilities	**33,904**	**27,938**	**14,328**
Current liabilities			
Borrowings	11,515	14,152	261
Trade and other payables	13,654	7,780	2,215
Total current liabilities	**25,169**	**21,932**	**2,476**
TOTAL LIABILITIES	**59,073**	**49,870**	**16,804**
TOTAL EQUITY AND LIABILITIES	**126,025**	**111,538**	**61,695**

Approved for issue and signed on behalf of Management on 10 December 2018 by:

Grigol Gogoladze
Director

Tamta Abramishvili
Finance Manager

HEALTHY WATER JSC
Consolidated Statements of Financial Position

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Grigol Gogoladze
Director

Tamta Abramishvili
Finance Manager

In thousands of Georgian Lari	**2017**	**2016**
Revenue	**42,036**	**35,782**
Cost of sales	(24,344)	(18,128)
Gross profit	**17,692**	**17,654**
Other income	541	366
Distribution costs	(3,440)	(2,684)
General and administrative expenses	(4,792)	(3,994)
Other operating expenses	(1,626)	(649)
Operating profit	**8,375**	**10,693**
Finance income	129	220
Finance costs	(3,220)	(3,649)
Profit before income tax	**5,284**	**7,264**
Income tax credit	-	1,751
Profit for the year	**5,284**	**9,015**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,284**	**9,015**

In thousands of Georgian Lari	**Share capital**	**Retained earnings**	**Total**
Balance at 1 January 2016	**16,000**	**28,891**	**44,891**
Increase of share capital	8,000	-	8,000
Professional service fees paid on behalf of the shareholder	-	(238)	(238)
Profit for the year	-	9,015	9,015
Total comprehensive income for the year	-	9,015	9,015
Balance at 31 December 2016	**24,000**	**37,668**	**61,668**
Profit for the year	-	5,284	5,284
Total comprehensive income for the year	-	5,284	5,284
Balance at 31 December 2017	**24,000**	**42,952**	**66,952**

In thousands of Georgian Lari	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	5,284	7,264
Adjustments for:		
Depreciation and amortisation expenses	3,689	1,620
Impairment loss provision for trade receivables, net	330	-
Loss on disposal of non-current assets	80	-
Interest income	(129)	(220)
Interest expense	1,579	728
Foreign exchange loss	1,641	2,921
Operating cash flows before working capital changes	**12,474**	**12,313**
Decrease in trade and other receivables	(2,574)	(2,057)
Increase in inventories	(5,594)	(275)
Increase in trade and other payables	7,192	1,718
Interest received	129	220
Interest paid	(3,625)	(1,100)
Changes in working capital	**(4,472)**	**(1,494)**
Net cash from operating activities	**8,002**	**10,819**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (“PP&E”)	(14,725)	(60,044)
Purchase of intangible assets	(774)	(104)
Proceeds from disposal of PP&E	33	10
Net cash used in investing activities	**(15,466)**	**(60,138)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	13,204	24,515
Repayment of borrowings	(13,130)	-
Proceeds from capital contribution by the owner	6,050	15,330
Net cash from financing activities	**6,124**	**39,845**
Effect of exchange rate changes on cash and cash equivalents	627	1,097
Net decrease in cash and cash equivalents	**(713)**	**(8,377)**
Cash and cash equivalents at the beginning of year	5,326	13,703
Cash and cash equivalents at the end of year	**4,613**	**5,326**

1 The Group and its Operations

Healthy Water JSC (the "Company") was incorporated in 1997 and is domiciled in Georgia. The Company is a joint stock company, set up in accordance with Georgian regulations and is registered by Chokhatauri District Court with identification number: 241997158.

The Company is solely owned by Margebeli JSC, which represents the Company's immediate and ultimate parent company established on 27 July 2009 in Georgia with the purpose to manage debt and equity investments in the investees. At 31 December 2017, 31 December 2016 and 1 January 2016 the Group had no ultimate controlling party.

The shareholdings of individual shareholders of Margebeli JSC were as follows:

Principal activity. Principal business activity of the Group is extraction and bottling of mineral and still water which are sold to local and foreign wholesalers. The Group exports to 33 countries, the major countries being Kazakhstan, Belarus, Russia, Ukraine, Turkey, USA and Lithuania.

On 23 September 2014, 18 August 2016 and 14 July 2017, Healthy Water JSC has established wholly-owned subsidiaries, UAB Healthy Water Europe in Lithuania, UAB Healthy Water Asia in Kazakhstan and Healthy Water Slavia LLC in Russia, engaged in distribution of the Company's products to the respective markets. The Company and its subsidiaries together are referred as the "Group".

In June 2015, Healthy Water JSC engaged Synergy Construction LLC in construction of the new water bottling, soft drink production and storage facility in Guria, Nabeghlavi region. Construction of facilities was completed in December 2016 and installation works were completed in 2017 and 2018. This will allow the Group to expand its capacity for existing products and produce new products such as, fruit juices, fruit juice drinks, ice teas and other beverages.

On 28 January 2016, Healthy Water JSC concluded licensing agreement with Rauch Fruchtsaefte GmbH & CO OG and obtained license to produce the products under the trademark "Rauch".

Registered address and place of business. The Company's registered address and place of business is Nabeghlavi, Chokhatauri region, Georgia.

Presentation currency. Theses summary consolidated financial statements are presented in thousands of Georgian Lari (GEL).

2 Basis of Preparation

These summary consolidated financial statements are derived from the audited consolidated financial statements of the Group for the years ended 31 December 2017 and 31 December 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

The purpose of preparation of these summary consolidated financial statements is to distribute to various third parties, such as international insurance organisations, key suppliers and financial institutions requiring demonstration of the Group's historical financial position and its profitability.

As such these summary consolidated financial statements do not contain all the disclosures, required by IFRS. For full IFRS consolidated financial statements, with all required disclosures, refer to the Group's audited consolidated financial statements of the respective periods.