



RG BRANDS
НА ВСЮ ЖИЗНЬ

RG BRANDS JSC & SUBSIDIARIES

NOTES

to the Interim Consolidated Financial Statements
as at 31 March 2014.
(in KZT thousands unless stated otherwise)

1. GENERAL

The core business of RG Brands JSC and its subsidiaries (jointly referred to as “the Group”) is production, sale and distribution of juices, carbonated beverages, milk, chips, packing, sale and distribution of tea and other commercial products. The Group mainly operates in the Republic of Kazakhstan (hereinafter “Kazakhstan”).

Ownership structure of the Company – RG Brands JSC was initially registered on 22 June 1998 as a limited liability partnership and transformed into an open joint stock company on 27 March 2001. The Company was re-registered as a joint stock company on 17 February 2004.

As at 31 March 2014 and 31 March 2013 the registered share capital of RG Brands JSC was KZT 2,787,696 thousand. As at 31 March 2014 and 31 March 2013 the share capital comprised 3,452,730 common shares amounting to KZT 1,840,296 thousand and 789,500 preferred shares amounting to KZT 947,400 thousand. The share capital was paid in full.

As at 31 March 2014 and 31 December 2013 shareholders of the Company were as follows:

Shareholders	Interest		Common Shares		Amount	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Mr. T.S. Kaltayev.	1.42%	1.42%	45 024	45 024	34 384	34 384
Mr. K.K. Mazhibayev	61.55%	56.75%	1 944 771	1 793 103	944 726	944 574
Mr. A. Agybayev	0.72%	0.72%	22 655	22 655	24 780	24 780
Mr. R. Bayazero	0.78%	0.78%	24 653	24 653	26 779	26 779
Mr. A.V. Khalyapin	0.01%	0.01%	138	138	501	501
SUCCESSFUL INVESTMENT TRUST LLP						
Mr. Y.Zh. Koshkimbayev	8.86%	8.86%	279 968	279 968	258 948	258 948
Koshkimbayev	26.66%	31.46%	842 384	994 052	397 751	397 903
Total	100.0%	100.0%	3 159 593	3 159 593	1 687 869	1 687 869

As at 31 March 2014 and 31 December 2013 repurchased common shares of the Group made KZT 152,427 thousand or 293,137 common shares.

Group structure and transactions – The Group consists of RG Brands JSC and subsidiaries as follows:

	Ownership interest		Voting right	
	2014	2013	2014	2013
RG Brands Kazakhstan LLP	100%	100%	100%	100%
Uni Commerce Ltd.	100%	100%	100%	100%
RG Brands Kyrgyzstan LLC	100%	100%	100%	100%
RG Brands Tashkent LLC	100%	100%	100%	100%

RG Brands began production and packing of juice and juice-containing drinks in November 1999. Today the Group has the following trade marks in its portfolio: Gracio, Da-Da and Nectar Solnechnyi, Da-Da Day, Aport, and ASU.

The Group started up the first line for production of carbonated beverages under the trademarks of Pepsi, Seven Up, Mirinda and Aquafina in November 1999.

On 27 January 2004 RG Brands JSC acquired 99.9933% interest in the charter capital of Uni Commerce Ltd. Uni Commerce Ltd. was registered in 2003 to transfer the sale and distribution business of actual shareholders to the Group. On 28 November 2005 and 17 June 2008 RG Brands JSC acquired additional 0.0022% and 0.0045% interests in the charter capital of Uni Commerce Ltd. from the minority shareholder. Accordingly, as at 31 December 2009 RG Brands held 100% interest in the charter capital of Uni Commerce Ltd.

As at 31 March 2014 RG Brands owned 100% authorised capital of RG Brands Kyrgyzstan LLC registered on 11 March 2004. The interest of the minority shareholder was purchased on 7 October 2008.

RG Brands Kazakhstan LLP (hereinafter “RG Brands Kazakhstan”) was established on 4 April 2006 and comprised production facilities engaged in manufacture of juice, beverages, packaged milk under Moye trade

mark, tea under Piala trade mark, bottled water under Asu trade mark, and Grizzly chips. This Company is also engaged in distribution of the Group products in the Republic of Kazakhstan.

In accordance with the decision of RG Brands, a 100% subsidiary – RG Brands Tashkent LLC was registered on 29 August 2009 in the Republic of Uzbekistan.

RG Brands Tashkent LLC and RG Brands Kyrgyzstan LLC are engaged in sale and distribution of the Group products in the Republic of Uzbekistan and Kyrgyz Republic accordingly.

The Head Office of the Company is located in Almaty; its production capacities are located in Almaty, Almaty Oblast, and Kostanai, Republic of Kazakhstan. As specified above, the Company is also present in Kyrgyz Republic and Republic of Uzbekistan to implement its sale and distribution strategies.

Legal address: 212b, Raimbek ave., Almaty, Republic of Kazakhstan

Form of ownership: Private

Bottling Agreements with PepsiCo and Seven-Up International – the Group produced and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements entered into and between PRG Bottlers and PepsiCo Inc. and PRG Bottlers and Seven-Up International on 22 July 2000. On 1 April 2008 the Group signed new exclusive bottling agreements under which the rights to bottle, sell and distribute PepsiCo and Seven-Up products in Kazakhstan passed to RG Brands Kazakhstan till 21 July 2010 with automatic prolongation for 5 years and subsequently for another 5-year period upon the end of each 5-year period.

On 12 January 2009 PepsiCo Inc., Seven-Up and the Group entered into the agreement providing the right to export PepsiCo Inc. products to Kyrgyzstan. Besides the Group entered into distribution agreements covering Tajikistan and Turkmenistan. These agreements were extended to 31 December 2013.

2. BASIS OF PREPARATION

These consolidated interim financial statements of RG Brands JSC and its subsidiaries (hereinafter “the Group”) have been prepared in accordance with International Financial Reporting Standard (hereinafter “IAS”) 34 *Interim Financial Reporting*.

The reporting period is from 01 January to 31 March 2014.

The Group keeps accounts in Kazakhstan monetary units (KZT) in accordance with the effective laws of the Republic of Kazakhstan. These consolidated interim financial statements are presented in KZT thousands.

These consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities measured at fair value.

These consolidated interim financial statements have been prepared based on two fundamental assumptions – accrual basis of accounting and going concern.

To calculate the carrying amount of shares, the Group uses the following method: the carrying amount per common share equals the difference between the Company equity and the value of preferred shares divided by the number of common shares placed.

The carrying amount per preferred share equals the value of preferred shares placed divided by the number thereof.

3. MAIN PRINCIPLES OF ACCOUNTING POLICY

Since 1 January 2010 the Group has made changes to the accounting policies for depreciation of production-related property, plant and equipment. Such equipment is depreciated using the units of production method instead of the straight-line method.

As for other recognition and measurement policies, when preparing these interim financial statements the Group used accounting policies applied in the latest annual financial statements.

4. REVENUE

Revenue was as follows:

	(KZT'000)	
	3 months of 2014	3 months of 2013
Revenue from sale of juices, juice-containing drinks	1 715 802	1 987 462
Revenue from sale of packaged tea	2 590 032	1 973 257
Revenue from sale of alcohol-free beverages	1 911 591	2 000 175
Revenue from sale of packaged milk	1 207 621	1 147 789
Revenue from sale of chips	99 889	94 273
	<u>7 524 934</u>	<u>7 202 955</u>

5. COST OF SALES

Cost of sales was as follows:

	(KZT'000)	
	3 months of 2014	3 months of 2013
Materials	4 322 225	4 003 787
Depreciation and amortisation	190 031	205 920
Salaries and related taxes	179 453	189 812
Utilities	67 010	71 179
Repair	66 447	68 068
Other costs	5 059	9 072
	<u>4 830 226</u>	<u>4 547 838</u>

6. SELLING EXPENSES

Selling expenses were as follows:

	(KZT'000)	
	3 months of 2014	3 months of 2013
Transportation expenses	464 472	443 857
Salaries and related taxes	146 982	166 634
Advertising campaigns and marketing research	225 862	221 426
Expenses for sales reps	179 038	173 874
Other selling costs	77 781	97 125
Amortisation	140 102	105 864
Lease of vehicles, warehouses and office premises	54 635	55 370
Travel expenses	964	6 770
	<u>1 289 836</u>	<u>1 270 920</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	(KZT'000)	
	3 months of 2014	3 months of 2013
Salaries and related payments	337 363	352 607
Write-off of defected goods, losses of raw materials and supplies	15 384	21 116
Consulting services	65 062	72 841
Penalties and fines	19	201
Depreciation and amortisation	14 575	18 099
Taxes other than income tax	31 948	37 450
Bank services	34 717	54 630
Transportation charges	20 828	23 485
Utilities	19 827	10 246
Travel expenses	4 575	12 837
Communication services	7 796	8 009

Insurance	6 136	4 060
Provision for unused employee leaves	17 884	6 588
(Reversal of)/provision for hard-to-sell and obsolete inventory	433	-
Accrual/(reversal) of provision for doubtful debts	(10)	(1 883)
Other costs	67 381	66 309
	<u>643 918</u>	<u>686 595</u>

8. FINANCE COSTS

Finance costs were as follows:

		(KZT'000)
	3 months of	3 months of
	2014	2013
Interest on bank and other loans	199 026	162 797
Interest accrued on bonds	44 357	42 171
Interest accrued on finance lease payable	9 951	17 294
Dividends on preferred shares	-	35 519
Amortization of discount on loan from the parent		
	<u>253 334</u>	<u>257 781</u>

9. OTHER COSTS

Other costs were as follows:

		(KZT'000)
	3 months of	3 months of
	2014	2013
(Loss)/income from disposal of property, plant and equipment	499	(14 629)
Other operating expenses, net	20 326	25 381
Other	(44 458)	(10 509)
	<u>(23 633)</u>	<u>243</u>

10. EARNINGS PER SHARE

Earnings/(loss) per share is calculated by dividing net profit/(loss) for the year attributable to equity holders by the weighted average number of common shares outstanding during the year determined as follows:

		(KZT'000)
	3 months of	3 months of
	2014	2013
Net profit (loss) for the year attributable to equity holders	(1 168 430)	589 645
Weighted average number of common shares	3 159 593	3 159 593
Basic loss/earnings per share, KZT	<u>(370)</u>	<u>187</u>

The Company uses the following calculation method to determine the carrying amount of shares:

Carrying amount per common share is a quotient of the net assets for common shares by the number of common shares.

$$2,514 = 7,944,604 / 3,159.59$$

Net assets for common shares are calculated using the following formula:

$$NAV = (TA - IA) - TL - PS, \text{ where}$$

- TA – issuer's assets recognised in the issuer's statement of financial position as at the calculation date;
- IA – intangible assets in the issuer's statement of financial position as at the calculation date;
- TL – liabilities in the issuer's statement of financial position as at the calculation date;
- PS – balance of Authorised Capital, Preferred Shares item in the issuer's statement of financial position as at the calculation date.

$$7,944,604 = (31,636,827 - 70,140) - 23,622,083$$

Carrying amount per preferred share of the first group is calculated using the following formula:

$$BVPS2 = LPS / NOPS2, \text{ where}$$

BVPS2 – (book value per preferred share of the second group) carrying amount per preferred share of the second group as at the calculation date;

NOPS2 – number of outstanding preferred shares of the second group as at the calculation date;

LPS – balance of preferred shares recorded as liabilities in the issuer's statement of financial position as at the calculation date

1,200= 947,400/ 789,500

11. PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2014 property, plant and equipment less accumulated depreciation were as follows:

(KZT'000)

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Constructi on in progress	Total
Historical cost							
At 1 January 2014	1 122 088	5 365 763	17 796 629	280 827	705 018	664 623	25 934 948
Additions			183 362		5 020	4 190	192 572
Reclassification	6 000	190 190					196 190
Revaluation surplus		750 000					750 000
Disposal			(847)	(287)	(2 673)		(3 807)
At 31 March 2014	<u>1 128 088</u>	<u>6 305 953</u>	<u>17 979 144</u>	<u>280 540</u>	<u>707 365</u>	<u>668 813</u>	<u>27 069 903</u>
Accumulated depreciation							
At 1 January 2014	-	(795 027)	(7 469 501)	(160 405)	(510 403)	-	(8 935 336)
Accrued for the period		(127 703)	(168 439)	(9 275)	(21 271)		(326 688)
Reclassifications							-
Disposal					1 903		1 903
At 31 March 2014	<u>-</u>	<u>(922 730)</u>	<u>(7 637 940)</u>	<u>(169 680)</u>	<u>(529 771)</u>	<u>-</u>	<u>(9 260 121)</u>
Carrying amount at 31 March 2014	<u>1 128 088</u>	<u>5 383 223</u>	<u>10 341 204</u>	<u>110 860</u>	<u>177 594</u>	<u>668 813</u>	<u>17 809 782</u>

12. ACCOUNTS RECEIVABLE

As at 31 March 2014 accounts receivable were as follows:

(KZT'000)

Counterparty	Opening balance	Total debits	Total credits	Closing balance
Long-term accounts receivable	76,192	-	-	76,192
INNOVA INVESTMENT LLP	76 000			76 000
Svetlana Valeriyevna Rusyayeva	192			192
Short-term accounts receivable	4,809,992	2,056,588	525,489	6,341,091
CARAT LLP	2,338		1,117	1,221
Cinema Property Management LLP	1,285		1,285	0
DSF Trading Co LLP	1,074	1,583		2,657
Magnum Cash&Carry LLP	5,541		581	4,960
MART 2012 LLP	1,059		1,059	0
OSTEN LLP	2,026		1,142	884
Parade Retail LLP	1,566	55		1,621
Region Logistic Sole Proprietor	3,000	1,092		4,092
Silk Way City LLP	2,298		1,476	822
Sinooil LLP, Shymkent Branch	1,314		579	735
Sinooil LLP, Astana Branch	1,296		376	920
TANDEM EXCLUSIVE LLP	76,664		4,390	72,274
The Caspian International Restaurants Company LLP	18,784	12,379		31,163
Kairat Seitzhanovich Abiltayev Sole Proprietor	1,248		5	1,243
Alma Retail Systems LLP	5,341		2,299	3,042
Alma RS LLP	4,325		2,157	2,168

Alma Store LLP (ADK Mall)	6,002		6,002	0
Alma Store LLP	2,148	2,120		4,268
Alyp-2008 LLP	3,761		2,407	1,354
ALIKA LLC export	10,668		10,668	0
Anvar LLP, Astana Branch	1,121		692	429
S.T. Anitskaya	2,999		2,076	923
Anaur Consumers LLP, Atyrau	187,225		23,238	163,987
B.A. Atayev, Sole Proprietor	10,404		10,404	0
S.U. Asatov, Sole Proprietor	3,753		1,433	2,320
Almaty Branch No.1, Magnum Cash&Carry LLP	32,656		16,275	16,381
Almaty Branch No.2, Magnum Cash&Carry LLP	28,678		8,458	20,220
Almaty Branch No.3, Magnum Cash&Carry LLP	7,008		1,190	5,818
Branch No.4, Magnum Cash&Carry LLP	15,577		5,268	10,309
Almaty Branch No.6, Magnum Cash&Carry LLP	4,732		1,561	3,171
Almaty Branch No.7, Magnum Cash&Carry LLP	11,801	888		12,689
Astana Branch, Magnum Cash&Carry LLP	20,717		5,210	15,507
G.K. Akhmetbekov Sole Proprietor	28,102		8,289	19,813
Basis-Terra LLP, Aktobe	66,997		26,035	40,962
Bahus-Center LLP	5,302		574	4,728
O.P. Belyanskiy Sole Proprietor	8,900		8,900	0
Hermes-Trade LLP	4,497		4,389	108
Firkan City Hypermarket	2,666		2,417	249
Dastarkhan-TRADE LLP	2,299	436		2,735
Dastarkhan LLP*	2,171		1,654	517
Gulbanum Khamitovna Dulyatova Sole Proprietor	14,004		13,063	941
ZHETI ASPAN LLP	1,532	173		1,705
Balsheker Zhunusova Sole Proprietor (Distributor)	11,376		3,216	8,160
Ideal-2008 LLP	2,366			2,366
INTERFOOD KGJC LLP	1,761		670	1,091
Zh. Kenzhabayev (Atbasar)	1,390	45		1,435
Zh.N. Kabiyeu (Ucharal)	1,195		378	817
Kazakhstan LLP	1,025		539	486
Ye.M. Kerimbekov	10,570		3,743	6,827
L.V. Kishchuk	2,518		1,556	962
Taimas LTD LLP	436		436	0
SOBLTD LLP	164,637		46,824	117,813
Leko LLP	4,741		1,187	3,554
Magnolia LLP, Taraz	24,952	20,549		45,501
Edik Fanilovich Konbekov	1,263		53	1,210
Kazbek Kussainov, Turkestan	9,033		4,225	4,808
O. Litvinova, Sole Proprietor	1,507		190	1,317
Lyudmila - KZ , LLP	1,378	1,370		2,748
Lotos-Kokshe LLP, Kokshetau	9,874		9,874	0
A.K. Mazur, Sole Proprietor	15,914		7,414	8,500
Kristina Valeriyevna Malinovskaya Sole Proprietor	18,781		18,781	0
Gulzhakhan Konysbekovna Meirmankulova	1,200			1,200
METRO Cash & Carry LLP	44,557		2,733	41,824
Zhailybek Mukatayev Sole Proprietor	3,336		3,336	0
Nesipkul Omirzakhova Sole Proprietor	8,651		9	8,642
Wholesale Club LLP	24,728		9,057	15,671
Sigma-Import LLP, Petropavlovsk	6,812		6,812	0
Pischetorg LLP	16,635	275		16,910
Atrium LLP	3,159		3,159	0
Premium-Siberia LLC	8,689		1,760	6,929
Ya.T.Raziyev Sole Proprietor	8,794		20	8,774
Ramstore Kazakhstan LLP, Astana Branch	7,097		3,650	3,447
Ramstore Kazakhstan LLP	35,560		9,588	25,972
Ye. Rakhimzhanov, Semei (FS)	49,779		2,787	46,992
Aidos Redzhepbaiuly Sole Proprietor (Altyn-Orda Market)	1,273	871		2,144
RTS Distribution LLP	1,269	1,065		2,334
SABYRZHAN COMPANY LLP	21,078	5,656		26,734
Tair Imirovich Saitov (Panfilov)	8,213			8,213
Skif Sauda LLP	5,115		112	5,003
Skif Trade LLP	46,553		46,553	0
Skif Trade LLP, Almaty Branch	16,829		11,372	5,457

Skif Trade LLP, Branch	6,117		3,346	2,771
Skif Trade LLP, Karaganda Branch	15,278		6,880	8,398
Sultan Torg LLP	9,800		2,808	6,992
Bayan Sulu Supermarket LLP	1,061		424	637
Solnechnyi Supermarket LLP	2,481		1,389	1,092
Tandem LLP	3,553		1,132	2,421
Tamasha Market LLP	4,221		1,789	2,432
Keremet Company LLP	999		383	616
GREEN MART Retail Chain	22,673		8,386	14,287
ASV Trade LLP	10,000		5,001	4,999
Balkhashtamak LLP	2,981		2,981	0
TOT LLP	1,286		18	1,268
A.A. Trishnevskiy, Sole Proprietor	1,283		515	768
Menfiza Umarove Sole Proprietor	6,998		1,749	5,249
Ust-Kamenogorsk Branch, Wholesale Market LLP	3,728		1,857	1,871
Ramstore Kazakhstan LLP, Shymkent Branch	1,815		802	1,013
Ramstore Kazakhstan LLP, Karaganda Branch	2,167		1,045	1,122
Firkan LLP (Chernyshevskiy Str.)	4,149		2,744	1,405
Branch No.5, Magnum Cash&Carry LLP	6,101		1,160	4,941
Best Service LTD LLP	3,688		2,922	766
G.S.Khozhaniyazova	1,540		1,540	0
Astykhzhan Trade Center LLP	1,942	2,486		4,428
Uma Zapad LLP	748	110		858
Other	151,038	54,210		205,248
Trade accounts receivable	1,484,570	105,363	425,574	1,164,359
AMRAZ LTD	7,564		7,564	0
APPLIED MEMBRANES INC	163		163	0
Ark Stone Group LLP	365		126	239
AROQ LTD	749		749	0
BC Industry LLP	106		72	34
DG CONSULTING LTD	1,632			1,632
Esperanza LLP	2,000			2,000
GVGroup Kazakhstan LLP	226		226	0
HEADHUNTER.KZ LLP	475		198	277
HYUNDAI CORPORATION	1,207			1,207
InterTeach System Ltd LLP	265		265	
L.A.B. INTERNATIONAL KENYA LIMITED		219,612		219,612
MAS Agro (Ivanhoe Invest b.v.)	2,210		1	2,209
Moody's Investors Service LTD		11,131		11,131
Miranti GmbH &Co.KG	489		489	0
RED TECHNOLOGY LLP	17,316		17,316	0
RGL SERVICE LLP	23,357		21,443	1,914
SINOOIL LLP, Shymkent Branch	2,906		1,628	1,278
Sinooil LLP, Satana Branch	1,594		262	1,332
SHANGHAI BOEVAN PACKAGING MACHINERY CO., LTD.		10,072		10,072
SS Electric Industry LLP	2,000			2,000
TNO Triskelion B.V.		1,402		1,402
UBC Cool Astana LLP	1,045		1,045	0
UNION ENGINEERING	1,260		1,260	0
Agro Tom Plus LLP	25,786		2,000	23,786
Agroteploenergomontazh LLP	1,615			1,615
Almaty Gasservice Holding JSC	11,495		4,294	7,201
Almatyenergosbyt	1,357		538	819
Amanat Insurance JSC	2,248		368	1,880
ASEM LLP	1,000			1,000
Borusan Makina Kazakhstan LLP	483		483	0
Gelios LLP, Almaty Branch	6,586	4,107		10,693
Bank Subsidiary HSBC Bank Kazakhstan JSC	3,296		2,006	1,290
Deloitte LLP	7,977	9,694		17,671
Kar-Tel LLP	1,269		138	1,131
Kazakhstan Temir Zholy JSC	6,122		425	5,697
Kazakhstan Temir Zholy Technology Center for Carriage Document Processing, Almaty 4552911	3,026	1,433		4,459

Kazakhstan Stock Exchange JSC	4,122		561	3,561
KazTransGas Aimak JSC	759		759	0
KAZTRANSERVICE, South Branch	935		772	163
ASSORTI LLP	250			250
Abdukadyr Kubenov Sole Proprietor	500	171		671
E.K. Nam Peasant Farm		8,800		8,800
Nikolai Peasant Farm	1,935			1,935
London-Almaty Insurance Company JSC	187		94	93
Oil Insurance Company OJSC	13,499		3,380	10,119
PricewaterhouseCoopers Tax & Advisory LLP	4,235			4,235
National Institute of Intellectual Property, Republican State-Run Enterprise, of the Committee for Intellectual Property Rights	1,525		36	1,489
Remenergo LLP	3,942	1,733		5,675
RTS LTD	5,030		5,000	30
EURASIA Insurance Company	133		40	93
Tau-Dastarkhan LLP	143		143	0
Nikolai Andreyevich Ten	1,740			1,740
Technology Center for Carriage Document Processing, Branch of Kazakhstan Temir Zholy National Company CJSC	1,379		241	1,138
Agromir Woodgold KZ Trade House LLP		10,995		10,995
TMA-SpetsService LLP	4,448			4,448
ULBA IRON & STEEL PLANT OJSC	488		486	2
Halyk-Life JSC	1,716		599	1,117
Energoservice-Compressor LLP		29,226		29,226
Other	24,215	10,274		34,489
Advances paid	210,370	318,650	75,170	453,850
Almaty Cotton Plant LLP	882			882
Resmi Direct Investments	1,985,326	236,284		2,221,610
Retail Management	223,785	1,276,531		1,500,316
Smart Way Ltd	24,170		24,170	0
RESMI Group	4,838	23,833		28,671
Resmi Finance & Investment House JSC	24,461	42,967		67,428
Kazneftechim, Issuer	2,250			2,250
Almaly District Tax Administration		7,258		7,258
Customs Station – Alatau Customs Clearance Center		8,211		8,211
Zhetysu Customs 50207/54701/55301 (airport)	6,921		575	6,346
Tukym LLP	1,032			1,032
Other	841,387	37,491		878,878
Other accounts receivable	3,115,052	1,632,575	24,745	4,772,372
Total	4,886,184	2,056,588	525,489	6,417,283

13. INVENTORY

	(KZT'000)	
	at 31.03.2014	at 31.12.2013
Finished goods	2 098 549	2 018 118
Raw material	1 804 044	1 513 691
Packing material	659 122	776 768
Other	206 075	218 537
Spare parts	187 628	177 327
Less provision for hard-to-sell and obsolete inventories	(9 417)	(8 906)
	<u>4 946 000</u>	<u>4 695 535</u>

14. OTHER FINANCIAL ASSETS

	(KZT'000)	
	at 31.03.2014	at 31.12.2013
Investments available for sale	63 305	66 136
Investments held for trading	35 495	38 508
	<u>98 800</u>	<u>104 644</u>
Current portion	98 800	104 644
Non-current portion of related party receivables	-	-
	<u>98 800</u>	<u>104 644</u>

15. OTHER CURRENT ASSETS

	at 31.03.2014	(KZT'000) at 31.12.2013
Other receivables	4 693 940	3 170 117
Employee debts	14 513	10 756
Other recoverable tax	135 144	61 564
Recoverable VAT	223	-
Prepaid expenses	40 945	33 621
Less provision for doubtful debts	(161 882)	(161 006)
	<u>4 722 882</u>	<u>3 115 052</u>

16. LOANS, BONDS AND FINANCE LEASE

Below is the information of loans, finance lease and other financial liabilities as at 31 March 2014:

(KZT'000)

Creditor	Loan currency	Average rate, % per annum	Opening balance	Total		Closing balance	Maturity date
				Debits	Credits		
Bonds	KZT'000	8%	1 553 534		17 408	1 570 942	2014
	EUR'000		148	67		82	
Tetra Laval	KZT'000	4.01%	31 482	11 076		20 406	2014
	EUR'000		105			105	
Tetra Laval	KZT'000	3.26%	22 247		4 007	26 254	2013
	EUR'000		1 310			1 310	
Tetra Laval	KZT'000	3.26%	277 682		50 017	327 699	2014
	EUR'000		220	109		111	
Caterpillar Financial Service	KZT'000	7.70%	46 696	18 881		27 815	2014
	EUR'000		278	139		140	
Caterpillar Financial Service	KZT'000	7.70%	58 973	24 039		34 935	2014
	EUR'000		29	15		15	
Caterpillar Financial Service	KZT'000	7.70%	6 232	2 518		3 714	2014
	USD'000		16 667			16 667	
Asian Development Bank Administrative Expense Acco	KZT'000	2.86%	2 567 667		466 667	3 034 333	2019
	USD'000		(212)	15		(196)	
Discount Asian Development Bank Administrative Expense Acco	KZT'000		(32 605)	3 118		(35 724)	
Kazinvest Bank JSC	KZT'000	8.50%	444 000			444 000	2015
Development Bank of Kazakhstan	KZT'000	8%	492 355	164 118		328 237	2015
	USD'000		13 636	10		13 626	
Europe Development Bank	KZT'000	4.24%	2 100 818		379 951	2 480 769	2015
Europe Development Bank	KZT'000	8.6%	3 856 000			3 856 000	2016
Discount Europe Development Bank	KZT'000		(38 133)	3 617		(34 516)	
Al Hilal Bank JSC	KZT'000	7.50%	1 222 464		993 688	2 216 152	2017
	EUR'000		222		592	813	
Sberbank of Russia	KZT'000	7.50%	47 005		156 474	203 478	2013
Creditor	Loan amount, total	Maturity date					
		2014	2015	2016	2017	2018	2019
Bonds	1 570 942	1 570 942					
Tetra Laval, EUR'000	82	82					
Tetra Laval, EUR'000	105	105					
Tetra Laval, EUR'000	1 310	1 310					
Caterpillar Financial Service, EUR'000	111	111					
Caterpillar Financial Service, EUR'000	140	140					
Caterpillar Financial Service, EUR'000	15	15					
Asian Development Bank Administrative Expense Acco, USD'000	16 667	3 031	3 031	3 031	3 031	3 031	1 513
Kazinvest Bank JSC, KZT'000	444 000		444 000				
Development Bank of Kazakhstan, KZT'000	328 237	164 119	164 119				
Europe Development Bank, USD'000	13 626	4 535	9 091				
Europe Development Bank, KZT'000	3 856 000			3 856 000			
Al Hilal Bank JSC, KZT'000	2 216 152	497 153	590 408	590 408	320 795	217 389	54 347
Sberbank of Russia, EUR'000	813		391	169	254		

17. ACCOUNTS PAYABLE

As at 31 March 2014 accounts payable were as follows:

(KZT'000)

Counterparty	Opening balance	Total debits	Total credits	Closing balance
Long-term accounts payable	840,638	-	23,325	863,963
TETRA LAVAL CREDIT AB	125,639		23,325	148,964
Resmi Direct Investments	714,999			714,999
Short-term accounts payable	6,170,557	1,648,894	1,711,913	6,233,576
AIE Logistics LLP	12,502		2,608	15,110
ALBE LOGISTIC UND TRADE GMBH	3,432		1,530	4,962
Arena-S LLP	39,839	1,963		37,876
AMRAZ LTD	-		20,740	20,740
Asian Tea Company Private Limited	791,182	20,319		770,863
Astana Capital Advisors	156,375	156,375		-
Ballahane LTD (Cofftea agencies ltd)	92,235	92,235		-
BIG IDEA GROUP LLP	5,054	1,354		3,700
CLASSIC TEAS (PVT) LIMITED			16,203	16,203
CLICK ADVERTISING AGENCY LLP			9,193	9,193
COFCO Tunhe Co, Ltd	20,528		5,756	26,284
Crea LLP	29,668	26,058		3,610
Czarnikow Group Limited			142,234	142,234
Daewoo International Corporation			81,244	81,244
Das Marketing.kz LLP	12,208	4,578		7,630
DOHLER HOLLAND	64,750		10,133	74,883
Dohler Food & Beverage Ingredients (Rizhao) Co., I	103,233	78,355		24,878
Ecoval Dairy Trade B.V.	261,610	76,955		184,655
ED&F MAN SUGAR LTD	325,271	325,271		-
Elke Company LLP	746		6,827	7,573
ERP Systems Sole Proprietor (A.V. Goryunov)	632	632		-
Favourite Media Group LLP	5,728	1,261		4,467
FIRMENICH SA	2,165	476		1,689
Flavourland LTD LLP	1,691	711		980
Food Island LLP	9,646	1,850		7,796
G-FORCE LLP	20,149	20,149		-
Gan-Shmuel Foods LTD	53,786		71,797	125,583
Givat Haim Cooperative Society For P. of A.P ltd	38,259		45,972	84,231
Golden Country LLP	8,755	6,796		1,959
GTS EURASIA LLP	17,146	17,146		-
High Tech Logistic JV LLP (Karaganda)	6,660	520		6,140
High Tech Logistic JV LLP	21,803	14,211		7,592
HRC LLP	7,894	736		7,158
Huhtamaki S.N.G. LLC			17,618	17,618
HYUNDAI CORPORATION			152,220	152,220
IFL LTD GRETTON HOUSE	42,952	983		41,969
INNOVA INVESTMENT	47,261		205,446	252,707
IZ-Plast LLP	446			446
Kagazy Recycling LLP	84,385	35,270		49,115
KASKAT SP. Z O.O.	95,731		46,826	142,557
Klimasan klima sanayi ve ticaret A.S.	8,652	8,652		-
L.A.B. INTERNATIONAL KENYA LIMITED	50,364	50,364		-
LG International corp.	41,836		18,782	60,618
Lonran intl engineering and technology co ltd	83,812	83,812		-
MAGIC BOX	31,994		12,640	44,634
Magic System Market LLP	104		157	261
Magnum Cach&Carry LLP	33,548	5,598		27,950
Morgan David Robin Idris	891		1,307	2,198
Mosaic Media LLP	139,221	139,221		-
P.E LABELLERS S.P.A	90,231	71,148		19,083
Peak Akzhal LLP	240		188	428
PEAK Logistics LLP	5,414	5,414		-
PEPSI LIPTON INTERNATIONAL	0		189,857	189,857
Peter Binder GMBH	91,058	51,281		39,777
PURICO GMBH	28,215		4,438	32,653
RED TECHNOLOGY LLP			7,175	7,175
Rim Company LLP	6,049	6,049		-

ROTOPACK LLP	3,800		793	4,593
Santrade Company LLP	5,840		2,212	8,052
Sidel Conveying SAS (GEBO PACKAGING SOLUTIONS FRANCE SAS)	485,667	25,253		460,414
TETRA PAK Export Ltd	18,686		3,366	22,052
Tetra Pak Kazakhstan Ltd	617,325		44,587	661,912
TETRA PAK SERVICE	192,942		119,460	312,402
Tetra Pak Service S.A.	11,457	4,256		7,201
TSPS Company LLP	4,527		1,830	6,357
TURKUAZ HORECA LLP	6,510	3,376		3,134
UBC Cool Astana LLP			137,756	137,756
UNIVERSAL LOGISTICS LLP	12,760	5,827		6,933
VAN DER MOLEN GMBA	41,741		24	41,765
VAN REES B. V.	634,266		114,863	749,129
Veles Freya LLP	10,370	271		10,099
Xinjiang Ionran intl engineerin & technology Co.,L	41,062		3,303	44,365
Ybbstaler Fruit Austria GmbH	21,871	15,396		6,475
YIYANG GOLD BUDDHA TEA CO. LTD	19,301	11,165		8,136
Almaty Product LLP	2,475	1,575		900
Alaska-Poligraphoformleniye LLC	4,129		15,719	19,848
Arman-1, Peasant Farm	367		904	1,271
Astron Limited Liability Partnership	1,739	381		1,358
Atasu Trans LLP	38,073	24,625		13,448
Basis-2010 LLP	2,950	1,144		1,806
Bialowieza Fair LLC	4,474		11,752	16,226
BERICAP KAZAKHSTAN LLP	21,981		32,633	54,614
Birlesu Insurance Company LLP	5,636	140		5,496
VAIT CJSC	15,495		6,725	22,220
Viktorovskoye LLP	16,551		4,442	20,993
Karasai Su Kubyry	2,135		370	2,505
Globus LLP	567			567
Doehler Kazakhstan LLP	25,021		5,006	30,027
Unified Trade System Kazakhstan LLP	2,024		1,081	3,105
Zholashar Railway Service LLP	1,894		92	1,986
Intellservice LLP	21,168	4,876		16,292
Issyk Fruit Canning Plant LLP	1,799	354		1,445
KazRefTransService	21,522	14,504		7,018
Raikhan Dzhientayevna Kasenova Sole Proprietor	234			234
Kombi Trans BM LLP	3,326		2,159	5,485
KustanaiTransService LLP	1,880	630		1,250
MEGAPACK TRADE HOUSE LLP	11,905	11,905		-
Megachimproject LLP	580		60	640
MONTAZHLEGMACH LLP	5,829		1,457	7,286
A.S. Murzabayeva Sole Proprietor	1,674		57	1,731
Nadezhdinka LLP	1,741	200		1,541
PEPSI INC., CORK, IRELAND, Concern	231,730		125,950	357,680
Oleg Gadzhibabayevich Radzhabi-Mugadam Sole Proprietor	1,602	1,602		-
Sarsenbekova Sole Proprietor	2,219	698		1,521
SynteZ Firm LLP	756	93		663
Cleanness Technology LLP	1,184			1,184
TransMagistral, O.G. Minulin Sole Proprietor	3,160	2,950		210
Turar LLP	16,289		2,783	19,072
Ulba Complex LLP, Ust-Kamenogorsk	2,957	1,410		1,547
Ural-Paper LLC	4,211		1,638	5,849
Center No.1 LTD LLP	8,442	5,471		2,971
Admaker Marketing Group LLP	20,481	20,481		0
Other	536,881	184,568		352,313
Total	7,011,195	1,648,894	1,735,238	7,097,539

18. TAXES PAYABLE

	(KZT'000)	
	at 31.03.2014	at 31.12.2013
Value added tax	281 389	332 871
Personal income tax	26 222	28 738
Other taxes	3 431	3 922
Corporate income tax	44 179	-

Social tax	11 879	14 555
	367 099	380 085

OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(KZT'000)

	at 31.03.2014	at 31.12.2013
Employment expenses accrued	148 985	115 867
Employee leave allowances and bonuses accrued	215 061	193 201
Advances received	51 004	60 258
Other accrued liabilities	25 453	23 872
	440 503	393 198

19. OPERATING AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where 93% (2008: 95%) of the business is done, the management determined that the Group segmentation base is best reflected by the following business lines:

- Production, distribution and sale of products including juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drink (DaDa-Day), Aport, Asu bottled water;
- Production, distribution and sale of milk under the home brand of the Group (Moye);
- Production, distribution and sale of other products under the home brands of the Group including Piala Tea and Grizzly Chips;
- Production, distribution and sale of franchised products including carbonated nonalcoholic beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up, AquaFina);
- Trade transactions including sale and distribution of imported goods of other manufacturers.

	(KZT'000)					Consolidated
	Production of juice and juice- containing beverages	Milk	Food stuff	Franchise	Trading	
Period ended 31 March		2014				
Revenue	2 498 302	1 207 621	2 689 921	1 129 091	-	7 524 934
Operating profit (loss) before tax	(294 547)	(56 644)	(648 259)	(124 802)	-	(1 124 252)
Income tax expense	(11 575)	(2 226)	(25 474)	(4 904)	-	(44 179)
Net profit/(loss)	(306 121)	(58 870)	(673 733)	(129 706)	-	(1 168 430)
Depreciation and amortization	(98 077)	(47 594)	(86 496)	(94 521)	-	(326 688)
Acquisition of property, plant and equipment and intangible assets	148 358	16 264	1 025	26 926	-	192 573

	(KZT'000)					Consolidated
	Production of juice and juice- containing beverages	Milk	Food stuff	Franchise	Trading	
Period ended 31 March		2014				
Segment assets	14 288 569	2 699 072	4 469 045	10 180 140	-	31 636 826
Deferred income tax assets	-	-	-	-	-	-
Total assets	14 288 569	2 699 072	4 469 045	10 180 140	-	31 636 826
Segment liabilities	9 487 644	1 180 443	5 275 796	6 615 460	-	22 559 343
Deferred income tax liabilities	319 052	154 825	281 379	307 484	-	1 062 740
Total liabilities	9 806 696	1 335 268	5 557 175	6 922 944	-	23 622 067

The Group's revenue from sales by countries was as follows:

	(KZT'000)	
	3 months of 2014	3 months of 2013
Kazakhstan	6 764 423	6 521 924
Kyrgyz Republic	457 724	488 410
Russia	273 450	109 832
Turkmenistan	29 337	72 337
Tajikistan	-	6 566
Mongolia	-	3 556
France	-	330
	7 524 934	7 202 956

20. RETIREMENT BENEFITS

In accordance with the requirements of the laws of the Republic of Kazakhstan, the Group makes 10% pension contributions from the employee salaries. However, subject to the Republic of Kazakhstan laws, this amount per employee shall not exceed KZT 149,745 a month since 1 January 2014; previously monthly contributions per employee amounted to KZT 139,950. These amounts are expensed as incurred. Contributions to the pension funds are deducted from the employee salary and recognised in the total salaries paid in the consolidated statement of comprehensive income.

As of 31 March 2014 the Group had no liabilities to its current or former employees on additional pension contributions, postretirement medical benefits, insurance payments or other retirement benefits.

21. RELATED PARTIES

Related parties of the Group are companies controlled and related to the Company shareholders – Mr. K.K. Mazhibayev and Ye.Zh. Koshkinbayev (see Note 1).

Transactions between the Company and its subsidiaries are eliminated at consolidation and not disclosed in this note. Transactions entered by the Group with the related are disclosed below.

Trading transactions – as at 31 March 2014 and 31 March 2013

Trading transactions with the related parties include:

- sale of carbonated alcohol-free beverages, natural juice, tea;
- sale/purchase of other materials, property, plant and equipment, securities and rendering of various services;
- loans and borrowings.

	Sale		Acquisition	
	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2014	Year ended 31 December 2013
Parent company	129	8 278	51 432	167 332
Jointly controlled companies	976	249 418	12 044	153 077
	Receivables		Payables	
	At 31 March 2014	At 31 December 2013	At 31 March 2014	At 31 December 2013
Parent company				
Trading transactions	-	-	-	-
Loans from the parent	-	-	-	-
Transactions in securities	-	-	-	-
Jointly controlled companies				
Trading transactions	183 184	409 787	252 715	65 382
Transactions in securities	-	-	-	-
Broker's debt	67 428	24 461	-	-
Temporary financial aid	2 959 338	2 735 869	714 999	714 999

Key management benefits – Key management benefits are determined by the shareholders' meeting and senior management of the companies in accordance with the staff policy, staff list, personal employment contracts, decisions of the shareholders, orders on accrual of bonuses, etc.

22. **EVENTS AFTER THE REPORTING DATE**

During the period after the reporting date and prior to the date of the financial statements approval, no events have happened to the Group which would require adjustments or disclosures in the notes to the consolidated interim financial statements.

Chairman of the Management Board

David Paul Westall

Chief Financial Officer

Askat Agybayev

Chief Accountant

Yelena Chumichyova

