



# **RG BRANDS JSC & SUBSIDIARIES**

## **NOTES**

**to the Interim Consolidated Financial Statements**  
**as at 31 March 2017**  
*(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 2017 and 31 December 2016 the registered share capital of RG Brands JSC was KZT 2,787,696 thousand. As at 31 March 2017 and 31 December 2016 the share capital comprised 3,452,730 common shares totaling KZT 1,840,296 thousand and 789,500 preferred shares totaling KZT 947,400 thousand. The share capital was paid in full.

As at 31 March 2017 and 31 December 2016 shareholders of the Company were as follows:

Shareholders	Interest		Common Shares		Amount	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Mr. T.S. Kaltayev.	0.95%	0.95%	30 000	30 000	33 400	33 400
Mr. K.K. Mazhibayev	61.77%	61.77%	1 944 771	1 944 771	944 726	944 726
Mr. A. Agybayev	0.72%	0.72%	22 655	22 655	24 780	24 780
Mr. R. Bayazerov	0.90%	0.90%	28 355	28 355	34 178	34 178
Mr. A.V. Khalyapin	0.01%	0.01%	138	138	501	501
SUCCESSFUL INVESTMENT TRUST LLP						
Mr. Y.Zh.	8.89%	8.89%	279 968	279 968	258 948	258 948
Koshkimbayev	26.76%	26.76%	842 384	842 384	397 751	397 751
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3 148 271</b>	<b>3 148 271</b>	<b>1 694 285</b>	<b>1 694 285</b>

As at 31 March 2017 and 31 December 2016 repurchased common shares of the Group made KZT 149,709 thousand or 304,459 common shares and KZT 149,709 thousand or 302,459 common shares accordingly.

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

	Ownership interest		Voting right	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
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%
PRG Bottlers Kazakhstan LLP	100%	100%	100%	100%
RG Brands North 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.

As at 31 March 2017 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.

In accordance with the decision of RG Brands JSC, a 100% subsidiary – RG Brands North LLC – was registered on 06 May 2016 in the Russian Federation.

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, Republic of Uzbekistan and Russian Federation 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. Under these agreements, 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.

The right to distribute PepsiCo Inc., Pepsi Lipton International Limited and Seven-Up products in the Kyrgyz Republic is provided based on the agreements signed with these companies, which operate up to and including 31 December 2018.

## **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 2017.

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.

Since 1 January 2016 the Group has made changes to the accounting policies to replace the cost method used for Machinery and Equipment group of the property, plant and equipment for revaluation model.

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:

	<b>3 months of 2017</b>	<b>3 months of 2016</b>	(KZT'000)
Revenue from sale of juices, juice-containing drinks	2 738 867	2 515 717	

Revenue from sale of packaged tea	2 991 061	3 097 060
Revenue from sale of alcohol-free beverages	3 126 259	2 743 353
Revenue from sale of packaged milk	1 166 597	930 381
Revenue from sale of chips	118 047	105 569
Revenue from sale of goods for resale	56 883	19 709
	<u>10 197 714</u>	<u>9 411 789</u>

## 5. COST OF SALES

Cost of sales was as follows:

	3 months of 2017	3 months of 2016
Materials	5 548 547	5 254 553
Depreciation and amortisation	307 687	188 469
Salaries and related taxes	188 423	172 798
Utilities	81 450	91 049
Repair	21 185	107 251
Cost of goods acquired for sale	38 557	15 795
Other costs	15 290	60 543
	<u>6 201 139</u>	<u>5 890 458</u>

## 6. SELLING EXPENSES

Selling expenses were as follows:

	3 months of 2017	3 months of 2016
Transportation expenses	532 851	461 997
Salaries and related taxes	217 038	162 081
Advertising campaigns and marketing research	621 923	466 209
Expenses for sales reps	433 926	370 304
Other selling costs	150 337	70 704
Amortisation	211 706	168 506
Lease of vehicles, warehouses and office premises	63 998	65 699
Travel expenses	3 332	1 864
Inventory write-off	3 981	
Recovery of selling expenses	(430 986)	(590 821)
	<u>1 808 106</u>	<u>1 176 543</u>

## 7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	3 months of 2017	3 months of 2016
Salaries and related payments	482 438	346 213
Write-off of defected goods, losses of raw materials and supplies	28 464	15 761
Consulting services	63 163	45 248
Penalties and fines	2 825	15
Depreciation and amortisation	37 056	28 422
Taxes other than income tax	39 270	30 846
Bank services	55 780	37 951
Transportation charges	28 464	21 424
Utilities	9 664	8 014
Travel expenses	21 993	12 008
Communication services	8 003	7 959
Insurance	4 262	2 281
Provision for unused employee leaves	12 108	19 229
(Reversal of)/provision for doubtful debts	15 025	
Other costs	102 519	181 591
	<u>911 034</u>	<u>756 962</u>

## 8. FINANCE COSTS

Finance costs were as follows:

	3 months of 2017	3 months of 2016	(KZT'000)
Interest on bank and other loans	502 221	249 257	
Interest accrued on bonds	1 063	-	
Other	363	-	
	<u>503 647</u>	<u>249 257</u>	

## 9. OTHER COSTS/GAINS

Other costs were as follows:

	3 months of 2017	3 months of 2016	(KZT'000)
(Loss)/income from disposal of property, plant and equipment	(7 757)	-	
Other operating expenses, net	-	(6 771)	
Other	386	(25 745)	
	<u>(7 371)</u>	<u>(32 515)</u>	

## 10. EARNINGS AND CARRYING AMOUNT 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.

	3 months of 2017	3 months of 2016	(KZT'000)
Net profit (loss) for the year attributable to equity holders	206 593	1 374 193	
Weighted average number of common shares	3 148 271	3 144 569	
Basic loss/earnings per share, KZT	66	437	

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.

$$3\,845 = 12\,105\,065 / 3,148,271$$

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

$NAV = (TA - IA) - TL - PS$ , 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.

$$12,105,065 = (46,165,849 - 64,681) - 33,996,103$$

	at 31.03.2017	at 31.12.2016	(KZT'000)
<b>Calculation of carrying amount per common share</b>			
Net assets of the Group other than intangible assets	12 105 065	11 892 224	
Number of outstanding common shares	<u>3 148 271</u>	<u>3 148 271</u>	
Carrying amount per common share, KZT	<u>3 845</u>	<u>3 777</u>	

**Carrying amount per preferred share** 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

$$1,200 = 947,400 / 789,500$$

	at 31.03.2017	at 31.12.2016	(KZT'000)
<b>Calculation of carrying amount per preferred share</b>			
Balance of preferred shares held within the Group	947 400	947 400	
Number of outstanding preferred shares	789,500	789,500	
Carrying amount per preferred share, KZT	1 200	1 200	

## 11. PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2017 property, plant and equipment less accumulated depreciation were as follows:

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	(KZT'000) Total
<b>Historical cost</b>							
At 1 January 2017	1 252 319	7 138 048	16 050 581	283 496	928 988	88 030	25 741 462
Additions		-	153 756	-	14 446	33 879	202 081
Revaluation surplus/loss							
Other reclassifications			-				-
Internal relocation							-
Disposal			7 185 (32 147)	(9 593)	-	(7 185)	-
At 31 March 2017	<u>1 252 319</u>	<u>7 138 048</u>	<u>16 179 375</u>	<u>273 903</u>	<u>936 555</u>	<u>114 724</u>	<u>25 894 924</u>
<b>Accumulated depreciation</b>							
At 1 January 2017	-	(1 690 949)	(1 564 726)	(202 429)	(757 631)	-	(4 215 735)
Accrued for the period		(120 241)	(258 469)	(5 992)	(21 647)		(406 349)
Reclassifications							
Disposal			1 314	9 593	2 954		13 861
At 31 March 2017	<u>-</u>	<u>(1 811 190)</u>	<u>(1 821 882)</u>	<u>(198 828)</u>	<u>(776 324)</u>	<u>-</u>	<u>(4 608 223)</u>
<b>Carrying amount at 31 March 2017</b>	<u><u>1 252 319</u></u>	<u><u>5 326 858</u></u>	<u><u>14 357 494</u></u>	<u><u>75 075</u></u>	<u><u>160 231</u></u>	<u><u>114 724</u></u>	<u><u>21 286 701</u></u>

## 12. ACCOUNTS RECEIVABLE

As at 31 March 2016 accounts receivable were as follows:

Counterparty	at 31.12.2016	Total debits	Total credits	(KZT'000) at 31.03.2017
	<b>Trade accounts receivable</b>			
Tandem Trade Company LLP	42 205	86 393	87 666	40 932
SOB Ltd Company LLP, Aktau	137 080	463 069	486 563	113 585
Basic Trade LLP, Aktobe	57 498	351 135	360 874	47 758
G.K. Akhmetbekov Sole Proprietor	19 513	135 821	121 869	33 464
Trigon LLC	10 930	342	60	11 211
Leading Trade Company LLC	12 254	383	68	12 570
Rakhimzhanov Sole Proprietor, Semei	71 485	250 393	239 543	82 335
Magnolia LLP, Taraz (DR)	108 820	514 219	508 323	114 716
Mereke LLP Kokshetau (DR)	49 943	228 867	267 148	11 662
Andrei Anatoliyevich Rusakov Sole	24 142	46 317	49 256	21 203



Proprietor				
Aksai Market LLP	27 959	82 707	79 360	31 306
FILBI LLC	129 905	39 783	34 917	134 771
Sladeks LLC	13 552	424	75	13 902
Other	1 376 866	585 628	925 395	1 037 101
<b>TOTAL</b>	<b>2 082 152</b>	<b>2 785 481</b>	<b>3 161 117</b>	<b>1 706 516</b>
	<b>Advances paid</b>			
AETNA GROUP S.P.A.		75 986	37 993	37 993
Peter Binder GMBH	24 886	22 373	14 502	32 757
Rhode Asia LLP	12 096	9 815	4 976	16 935
Sanmenxia City Yitong Industry and Trade Co. LTD		10 163		10 163
TETRA PAK Global Distribution S.A.	23 266	64 380	68 031	19 615
AiBat LLP	6 771	110 002	85 772	31 001
Helios LLP, Almaty Branch	4 217	10 428	9 481	5 164
Globopack LLP	4 755	11 046	7 810	7 991
Deloitte LLP	19 774	8 955		28 729
Aslan Saparovich Moldakashev Sole Proprietor	6 708	8 064	4 032	10 740
Morgan Lewis LLP	3 752	4 114		7 866
Region-Media-Solutions LLC		15 254		15 254
G.Sh.Takuiyeva Sole Proprietor	4 334	29 650	19 521	14 463
Air Media LLC	6 522	42 902	43 911	5 513
Other	308 458	28 501	64 206	272 753
<b>TOTAL</b>	<b>425 539</b>	<b>451 633</b>	<b>360 235</b>	<b>516 937</b>

### 13. INVENTORY

	at 31.03.2017	(KZT'000) at 31.12.2016
Finished goods	3 310 759	3 091 316
Raw material	3 542 411	2 263 421
Packing material	184 739	1 079 235
Other	1 266 646	443 091
Spare parts	248 846	272 296
Less provision for slow moving inventories	(36 415)	(33 877)
	<u>8 516 986</u>	<u>7 115 482</u>

### 14. OTHER CURRENT ASSETS

	at 31.03.2017	(KZT'000) at 31.12.2016
Short-term accounts receivable from related parties	203 118	252 113
Employee debts	65 157	77 641
Other recoverable tax	264 277	111 270
Other receivables	427 816	107 816
Prepaid expenses	61 945	76 468
Less provision for doubtful debts	(9)	(16 107)
	<u>1 022 304</u>	<u>609 201</u>

### 15. LOANS, BONDED DEBTS AND FINANCE LEASE

Below is the information of loans and other financial liabilities as at 31 March 2017:

Creditor	Loan currency	Average rate, % per annum	Opening balance	Total		Closing balance	Maturity date
				Debits	Credits		
Asian Development Bank Administrative Expense Acco	USD'000	3.50%	8 722.56			8 722.56	2020
	KZT'000		2 907 144.60	179 074.32	8 460.89	2 736 531.18	
ADB discount	USD'000		-71.97		9.13	-63.00	
	KZT'000		-23 987.45	69.73	4 343.90	-19 713.00	
Kazinvest Bank JSC	KZT'000	6.00%	450 000.00	96 428.57	64 285.70	417 857.00	2020
Kazinvest Bank JSC	KZT'000	6.00%	750 000.00	750 000.00			2017
Europe Development Bank	KZT'000	8.95%	3 677 090.90			3 677 090.90	2020

(1 <sup>st</sup> tranche 2015)							
EBRD discount (2015)	KZT'000		-26 558.33		2 960.97	-23 597.00	
Europe Development Bank (2 <sup>nd</sup> tranche 2015)	KZT'000	8.95;%	677 636.36			677 636.36	2 020
EBRD discount (2015)	KZT'000		-4 893.98		545.62	-4 348.00	
Europe Development Bank (3 <sup>rd</sup> tranche 2015)	KZT'000	10.25%	3 066 666.66			3 066 666.66	2 020
EBRD discount (2016)	KZT'000		-22 588.78	4 535.89	2 509.09	-24 616.00	
Nurbank JSC	KZT'000	19.00%	2 000 000.00			2 000 000.00	2017
International Finance Corporation	KZT'000	9.50%	3 008 801.00	250 733.77		2 758 068.00	2022
International Finance Corporation discount	KZT'000		-54 170.58		4 451.45	-49 719.00	
Subsidiary Bank "ALFA BANK", OJSC	KZT'000	14.00%	1 000 000.00			1 000 000.00	2017
ATF Bank JSC	KZT'000	5.50%	499 999.99			499 999.99	2019
SHINHAN BANK KAZAKHSTAN	KZT'000	7.00%	553 000.00	553 000,00		0.00	2017
SHINHAN BANK KAZAKHSTAN	KZT'000	7.30%			553 000.00	553 000.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	576 000.00			576 000.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	198 840.00			198 840.00	2018
Development Bank of Kazakhstan	KZT'000	6.00%	185 000.00			185 000.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	1 320 000.00	1 320 000.00		0.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	660 000.00	660 000.00		0.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	339 000.00	169 000.00		170 000.00	2018
Development Bank of Kazakhstan	KZT'000	6.00%			1 701 160.00	1 701 160.00	2018
Development Bank of Kazakhstan	KZT'000	12.40%			1 980 000.00	1 980 000.00	2017
Development Bank of Kazakhstan	KZT'000	6.00%	1 701 160.00	1 701 160.00		0.00	2017

Creditor	Loan amount, total	Maturity date					
		2017	2018	2019	2020	2021	2022
Subsidiary Bank "ALFA BANK", OJSC	1 000 000	1 000 000,00					
Kazinvest Bank JSC	417 857	96 428,57	128 571,00	128 571,42	64 285,71		
Europe Development Bank (2015)	3 677 091	919 273,00	919 273,00	919 273,00	919 272,00		
Europe Development Bank (2015)	677 636	169 409,00	169 409,00	169 409,00	169 409,00		
Europe Development Bank (2016)	3 066 667	766 666,60	766 667,00	766 666,66	766 666,66		
International Finance Corporation	2 758 068	250 733,77	501 466,78	501 466,78	501 466,78	501 466,78	501 466,78
Asian Development Bank Administrative Expense Acco	2 736 531	659 999,00	830 613,00	830 613,00	415 306,00		
SHINHAN BANK KAZAKHSTAN	553 000	553 000,00					
Nurbank JSC	2 000 000	2 000 000,00					
Development Bank of Kazakhstan	185 000	185 000,00					
Development Bank of Kazakhstan	170 000		170 000,00				
Development Bank of Kazakhstan	576 000	576 000,00					



Development Bank of Kazakhstan	1 701 160		1 701 160,00				
Development Bank of Kazakhstan	1 980 000	1 980 000,00					
Development Bank of Kazakhstan	198 840		198 840,00				
ATF Bank JSC	500 000	166 666,75	166 666,75	166 666,50			
Subsidiary Bank "ALFA BANK", OJSC	1 000 000	1 000 000,00					
<b>Total</b>	<b>22 197 850</b>	<b>9 323 177</b>	<b>5 552 667</b>	<b>3 482 666</b>	<b>2 836 406</b>	<b>501 467</b>	<b>501 467</b>

	<b>at 31.03.2017</b>	<b>at 31.12.2016</b>
Loans	22 197 850	22 570 340
Discount	(121 993)	(132 199)
Loan %	222 444	285 210
Factoring	-	
<b>TOTAL</b>	<b>22 298 301</b>	<b>22 723 350</b>

## 16. ACCOUNTS PAYABLE

As at 31 March 2017 accounts payable were as follows:

Counterparty	at 31.12.2016	Total debits	Total credits	(KZT'000) at 31.03.2017
<b>Short-term accounts payable</b>				
Asian Tea Company Private Limited	2 511 484	2 164 433	1 837 779	2 184 830
China Resources Packaging Materials Co., Ltd	147 044	340 262	753 847	560 629
DOHLER HOLLAND	117 141	233 690	156 083	39 534
GODFREY PHILLIPS INDIA LTD		177 881	263 216	85 335
Gan-Shmuel Foods LTD	94 694	231 976	238 431	101 149
CAMBERG TRADE LP	8 344	833	52 222	59 733
Kagazy Recycling LLP	69 543	262 115	242 135	49 564
P.E.T. LLP	42 331	178 736	228 902	92 496
PEPSI LIPTON INTERNATIONAL	42 349	171 188	267 262	138 424
Pepsi-Cola International, Cork	531 665	51 991	415 168	894 841
TEEPACK Spezialmaschinen GmbH AND Co.KG.		221 344	333 579	112 235
Tetra Pak Қазақстан Ltd	982 359	1 849 065	1 833 448	966 742
VAN REES B. V.	967 518	1 067 359	652 975	553 134
Xinjiang lonran intl engineerin & technology Co.,L	220 411	307 124	108 971	22 258
Alaska-Poligraphoformleniye LLC	39 470	41 922	74 761	72 309
Outspan International LLC		138 149	271 814	133 665
Doehler Kazakhstan LLP	20 605	108 477	145 530	57 658
Plasform ambalaj sanayi ve ticaret A.S., Branch (Free Economic Zone)	23 571	41 792	49 289	31 068
Other	3 209 350	2 032 729	436 000	1 612 621
<b>TOTAL</b>	<b>9 027 879</b>	<b>9 621 066</b>	<b>8 361 412</b>	<b>7 768 225</b>

## 17. TAXES PAYABLE

	(KZT'000)	
	at 31.03.2017	at 31.12.2016
Value added tax	467 774	898 696
Personal income tax	26 028	32 817
Other taxes	48 326	49 740
Land tax	22	-
Social tax	20 152	22 159
	<b>562 302</b>	<b>1 003 411</b>

## 18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(KZT'000)	
	at 31.03.2017	at 31.12.2016

Employment expenses accrued	218 723	193 683
Employee leave allowances and bonuses accrued	174 687	164 738
Advances received	44 013	29 001
Other accrued liabilities	10 328	9 347
	<b>447 751</b>	<b>396 769</b>

## 19. OPERATING AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where more than 83.95% of the Company 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 under the home brands of the Group including juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drinks (DaDa Day, Aport), Asu bottled water, CiTi ice tea and Yeti energy drink;
- Production, distribution and sale of other products under the home brands of the Group including Piala Tea, Grizzly Chips and Moye milk;
- Production, distribution and sale of franchised products including carbonated nonalcoholic beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up and Lipton Ice Tea);
- Trade transactions including sale and distribution of imported goods of other manufacturers.

	Production of juice and juice-containing beverages	Food stuff	Franchise	Trading	(KZT'000) Consolidated
<b>Period ended 31 March 2017</b>					
Revenue	3 146 561	4 275 706	2 718 565	56 882	10 197 714
Operating profit (loss) / before tax	67 018	201 878	31 914	18 325	319 135
Income tax expense	(23 634)	(77 654)	(11 254)		(112 542)
Net profit/(loss)	43 385	124 224	20 659	18 325	206 593
Depreciation and amortization	189 192	239 273	127 983	-	556 448
Acquisition of property, plant and equipment and intangible assets	20 208	54 562	127 311	-	202 081
	<b>Production of juice and juice-containing beverages</b>	<b>Food stuff</b>	<b>Franchise</b>	<b>Trading</b>	<b>Consolidated</b>
<b>Period ended 31 March 2017</b>					
Segment assets	18 680 450	10 881 919	16 603 480		46 165 849
Deferred income tax assets					-
Total assets	18 680 450	10 881 919	16 603 480	-	46 165 849
Segment liabilities	14 401 825	7 172 193	9 632 003		31 206 021
Deferred income tax liabilities	837 627	1 145 200	807 255		2 790 082
Total liabilities	15 424 055	8 409 327	10 562 721	-	34 396 103

The Group's revenue from sales to third-party buyers by countries was as follows:

	3 months of 2017	3 months of 2016	(KZT'000)
Republic of Kazakhstan	8 560 758	7 815 787	
Kyrgyz Republic	941 185	496 516	
Russian Federation	695 771	1 085 437	
Tajikistan	-	11 554	
France	-	2 494	
	<b>10 197 714</b>	<b>9 411 789</b>	

## 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 183,442.5 a month since 1 January 2017, previously monthly contributions per employee amounted to KZT 171,442.5. 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 2017 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.

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 2017 and 31 December 2016

Related party transactions 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.

	(KZT'000)			
	Sale		Acquisition	
	3 months of 2017	3 months of 2016	3 months of 2017	3 months of 2016
RESMI Direct Investments LLP	2 362	2 642	61 216	27 796
Jointly controlled companies	-	175	1 587	9 564

	Related-party receivables		Related-party payables	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
<b>Jointly controlled companies:</b>	<b>230 962</b>	<b>256 913</b>	-	<b>27 518</b>
<i>Broker's debt</i>	56 630	53 292		
<i>Money on broker's account</i>	4 809	4 813		
<i>Interest-free financial aid</i>	4 745	4 745		
<i>Trade and other operations payable</i>	164 778	194 063	-	27 518

**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**

**Devael Hans Alexander**

**Chief Financial Officer**

**Askat Agymbayev**

**Chief Accountant**

**Daulet Uvaliyev**

