



RG BRANDS JSC & SUBSIDIARIES

NOTES

to the Interim Consolidated Financial Statements
as at 30 June 2014.
(in KZT thousands unless stated otherwise)

I. 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 30 June 2014 and 31 December 2013 the registered share capital of RG Brands JSC was KZT 2,787,696 thousand. As at 30 June 2014 and 31 December 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 30 June 2014 and 31 December 2013 shareholders of the Company were as follows:

Shareholders	Interest		Common Shares		Amount	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	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. Bayazerov	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 3 June 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 30 June 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 and including 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 (IAS) 34 *Interim Financial Reporting*.

The reporting period is from 01 January to 30 June 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:

	6 months of 2014	6 months of 2013
Revenue from sale of juices, juice-containing drinks	3,942,658	4,247,763
Revenue from sale of packaged tea	4,867,945	4,200,655
Revenue from sale of alcohol-free beverages	6,382,919	5,892,109
Revenue from sale of packaged milk	2,544,525	2,218,045
Revenue from sale of chips	256,854	234,831
	<u>17,994,901</u>	<u>16,793,403</u>

5. COST OF SALES

Cost of sales was as follows:

	6 months of 2014	6 months of 2013
Materials	9,869,349	9,355,558
Depreciation and amortisation	419,733	376,170
Salaries and related taxes	381,253	393,011
Utilities	176,891	174,392
Repair	180,577	162,045
Other costs	17,008	17,611
	<u>11,044,811</u>	<u>10,478,787</u>

(KZT'000)

6. SELLING EXPENSES

Selling expenses were as follows:

	6 months of 2014	6 months of 2013
Transportation expenses	1 199 785	1 179 624
Salaries and related taxes	304 182	349 279
Advertising campaigns and marketing research	970 966	874 127
Expenses for sales reps	568 818	302 650
Other selling costs	180 162	218 546
Amortisation	279 789	229 465
Lease of vehicles, warehouses and office premises	119 358	123 023
Travel expenses	2 306	9 034
	<u>3 625 365</u>	<u>3 285 748</u>

(KZT'000)

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	6 months of 2014	6 months of 2013
Salaries and related payments	683 557	663 412
Write-off of defected goods, losses of raw materials and supplies	35 552	90 364
Consulting services	177 308	268 553
Penalties and fines	9 632	21 428
Depreciation and amortisation	24 751	34 225
Taxes other than income tax	71 538	163 850
Bank services	78 842	124 377
Transportation charges	42 854	60 227
Utilities	33 324	28 913
Travel expenses	20 147	24 686
Communication services	15 164	16 201
Insurance	12 435	6 695
Provision for unused employee leaves	16 951	14 114
(Reversal of)/provision for hard-to-sell and obsolete inventory	478	(252)
Accrual/(reversal) of provision for doubtful debts	(1 226)	(12 483)
Other costs	175 551	190 069
	<u>1 396 858</u>	<u>1 694 379</u>

(KZT'000)

8. FINANCE COSTS

Finance costs were as follows:

	6 months of 2014	6 months of 2013
Interest on bank and other loans	414 357	307 640
Interest accrued on bonds	88 687	84 707
Interest accrued on finance lease payable	19 477	37 346
Dividends on preferred shares	-	90 000
Amortization of discount on loan from the parent	-	-
	<u>522 521</u>	<u>519 693</u>

(KZT'000)

9. OTHER COSTS

	(KZT'000)	
Other costs were as follows:	6 months of 2014	6 months of 2013
(Loss)/income from disposal of property, plant and equipment	180	(25 406)
Other operating expenses, net	75 525	65 833
Other	(87 391)	(32 119)
	<u>(14 685)</u>	<u>8 308</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)	
	6 months of 2014	6 months of 2013
Net profit (loss) for the year attributable to equity holders	(307 934)	1 059 718
Weighted average number of common shares	3 159 593	3 159 593
Basic loss/earnings per share, KZT	<u>(97)</u>	<u>335</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.

$$2,779 = 8,781,483 / 3,159.59$$

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.

$$8,781,483 = (33,698,164 - 57,993) - 24,858,688$$

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

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

11. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 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		532	558 734	47 952	98 784	4 190	710 192
Reclassification	6 000	190 190					196 190
Revaluation surplus		750 000					750 000
Disposal			(30 802)	(5 131)	(6 009)		(41 942)
At 30 June 2014	<u>1 128 088</u>	<u>6 306 485</u>	<u>18 324 561</u>	<u>323 648</u>	<u>797 793</u>	<u>668 813</u>	<u>27 549 388</u>

Accumulated depreciation

At 1 January 2014	-	(795 027)	(7 469 501)	(160 405)	(510 403)	-	(8 935 336)
Accrued for the period		(255 406)	(409 991)	(17 125)	(54 595)		(737 117)
Reclassifications							-
Disposal			29 562	4 844	1 998		36 404
At 30 June 2014	-	(1 050 433)	(7 849 930)	(172 686)	(563 000)	-	(9 636 049)
Carrying amount at 30 June 2014	1 128 088	5 256 052	10 474 631	150 962	234 793	668 813	17 913 339

12. ACCOUNTS RECEIVABLE

As at 30 June 2014 accounts receivable were as follows:

(KZT'000)

Counterparty	Opening balance	Total debits	Total credits	Closing balance
Long-term accounts receivable	76,192	1,800	0	77,992
INNOVA INVESTMENT LLP	76 000			76 000
Svetlana Valeriyevna Rusyayeva	192			192
Alibek Kaldybayevich Ungarbayev		1,800		1 800
Short-term accounts receivable	6,341,091	562,490	431,616	6,471,965
CARAT LLP	1,221	17,083		18,304
Cinema Property Management LLP	0	1,654		1,654
DSF Trading Co LLP	2,657	4,262		6,919
Magnum Cash&Carry LLP	4,960	9,558		14,518
OSTEN LLP	884		10	874
Parade Retail LLP	1,621		75	1,546
Region Logistic Sole Proprietor	4,092	5,267		9,359
Silk Way City LLP	822	348		1,170
Sinooil LLP, Shymkent Branch	735	1,754		2,489
Sinooil LLP, Astana Branch	920	1,237		2,157
TANDEM EXCLUSIVE LLP	72,274		1,518	70,756
The Caspian International Restaurants Company LLP	31,163		1,207	29,956
Kairat Seitzhanovich Abiltayev Sole Proprietor	1,243	4,990		6,233
Alma Retail Systems LLP	3,042	1,599		4,641
Alma RS LLP	2,168		2,168	0
Alma Store LLP (ADK Mall)	0	11,841		11,841
Alma Store LLP	4,268		1,723	2,545
Alyp-2008 LLP	1,354	853		2,207
Anvar LLP, Astana Branch	429	1,283		1,712
S.T. Anitskaya	923	876		1,799
Anaur Consumers LLP, Atyrau	163,987	66,484		230,471
B.A. Atayev, Sole Proprietor	0	21,063		21,063
S.U. Asatov, Sole Proprietor	2,320		2,320	0
Almaty Branch No.1, Magnum Cash&Carry LLP	16,381	3,903		20,284
Almaty Branch No.2, Magnum Cash&Carry LLP	20,220		2,052	18,168
Almaty Branch No.3, Magnum Cash&Carry LLP	5,818	1,365		7,183
Branch No.4, Magnum Cash&Carry LLP	10,309	1,115		11,424
Almaty Branch No.6, Magnum Cash&Carry LLP	3,171	1,054		4,225
Almaty Branch No.7, Magnum Cash&Carry LLP	12,689	768		13,457
Astana Branch, Magnum Cash&Carry LLP	15,507	2,879		18,386
G.K. Akhmetbekov Sole Proprietor	19,813		4,835	14,978
Basis-Trade LLP, Aktobe	40,962	11,325		52,287
Bahus-Center LLP	4,728	3,026		7,754
Hermes-Trade LLP	108	1,380		1,488
Firkan City Hypermarket	249	2,407		2,656
Dastarkhan-TRADE LLP	2,735		376	2,359
Dastarkhan LLP*	517	1,260		1,777
Gulbanum Khamitovna Dulyatova Sole Proprietor	941		665	276

ZHETI ASPAN LLP	1,705	117		1,822
Balsheker Zhunusova Sole Proprietor (Distributor)	8,160		2,813	5,347
Ideal-2008 LLP	2,366			2,366
INTERFOOD KGJC LLP	1,091	1,965		3,056
Zh. Kenzhabayev (Atbasar)	1,435		1,435	0
Zh.N. Kabiyeu (Ucharal)	817		107	710
Kazakhstan LLP	486		198	288
Ye.M. Kerimbekov	6,827		1,778	5,049
L.V. Kishchuk	962	380		1,342
SOBLTD LLP	117,813	49,029		166,842
Leko LLP	3,554	1,420		4,974
Magnolia LLP, Taraz	45,501	43,053		88,554
Edik Fanilovich Konbekov	1,210		682	528
Kazbek Kussainov, Turkestan	4,808	19,915		24,723
O. Litvinova, Sole Proprietor	1,317		40	1,277
Lyudmila - KZ , LLP	2,748	3,639		6,387
A.K. Mazur, Sole Proprietor	8,500	2,997		11,497
Gulzhakhan Konysbekovna Meirmankulova	1,200			1,200
METRO Cash & Carry LLP	41,824	13,802		55,626
Nesipkul Omirzakhova Sole Proprietor	8,642			8,642
Wholesale Club LLP	15,671	5,420		21,091
Sigma-Import LLP, Petropavlovsk	0	5,693		5,693
Pischetorg LLP	16,910	2,192		19,102
Atrium LLP	0	4,648		4,648
Premium-Siberia LLC	6,929	3,376		10,305
Ya.T.Raziyev Sole Proprietor	8,774			8,774
Ramstore Kazakhstan LLP, Astana Branch	3,447	5,985		9,432
Ramstore Kazakhstan LLP	25,972		2,481	23,491
Ye. Rakhimzhanov, Semei (FS)	46,992	17,534		64,526
Aidos Redzhepbaiuly Sole Proprietor (Altyn-Orda Market)	2,144	342		2,486
RTS Distribution LLP	2,334	1,240		3,574
SABYRZHAN COMPANY LLP	26,734	4,103		30,837
Tair Imirovich Saitov (Panfilov)	8,213			8,213
Skif Sauda LLP	5,003	1,242		6,245
Skif Trade LLP	0	10,787		10,787
Skif Trade LLP, Almaty Branch	5,457	759		6,216
Skif Trade LLP, Branch	2,771		229	2,542
Skif Trade LLP, Karaganda Branch	8,398	964		9,362
Sultan Torg LLP	6,992		933	6,059
Bayan Sulu Supermarket LLP	637	435		1,072
Solnechnyi Supermarket LLP	1,092		13	1,079
Tandem LLP	2,421		506	1,915
Tamasha Market LLP	2,432		120	2,312
Keremet Company LLP	616		616	0
GREEN MART Retail Chain	14,287	2,391		16,678
ASV Trade LLP	4,999		102	4,897
TOT LLP	1,268	398		1,666
A.A. Trishnevskiy, Sole Proprietor	768	706		1,474
Menfiza Umarova Sole Proprietor	5,249		5,249	0
Ust-Kamenogorsk Branch, Wholesale Market LLP	1,871	2,627		4,498
Ramstore Kazakhstan LLP, Shymkent Branch	1,013	432		1,445
Ramstore Kazakhstan LLP, Karaganda Branch	1,122	862		1,984
Firkan LLP (Chernyshevskiy Str.)	1,405	2,155		3,560
Branch No.5, Magnum Cash&Carry LLP	4,941		561	4,380
Best Service LTD LLP	766	1,295		2,061
Astykhzhan Trade Center LLP	4,428	562		4,990
Uma Zapad LLP	858	872		1,730
Other	205,248		102,327	102,921
Trade accounts receivable	1,164,359	393,971	137,139	1,421,191
Alans Invest Company JV LLP		750		750

Arcon Industries Kazakhstan LLP		604		604
Ark Stone Group LLP	239		82	157
BC Industry LLP	34		7	27
DG CONSULTING LTD	1,632			1,632
DISTRILAB LLP		605		605
ED&F MAN SUGAR LTD		1,058		1,058
European Bank for Reconstruction and Development		841		841
Esperanza LLP	2,000		2,000	0
FIRST FACTORING COMPANY LLP		9,061		9,061
Forklift Trans LLP		1,125		1,125
Goodmorning KZ LLP		2,250		2,250
Happylon Corporation LLP		5,000		5,000
HEADHUNTER.KZ LLP	277		90	187
HYUNDAI CORPORATION	1,207		1,207	
KUIPERS FOOD PROCESSING MACHINERY B.V.		1,177		1,177
L.A.B. INTERNATIONAL KENYA LIMITED	219,612		154,753	64,859
MAS Agro (Ivanhoe Invest b.v.)	2,209			2,209
Machinery Spec Service LTD		7,006		7,006
Moody's Investors Service LTD	11,131		11,131	
MTK Complete Service Branch LLP		1,800		1,800
NAIMAN GROUP LLP		2,011		2,011
Oni Process		396		396
RGL SERVICE LLP	1,914	2,021		3,935
RVAgency LLP		3,048		3,048
Sinooil LLP, Almaty Branch		1,571		1,571
SINOOIL LLP, Shymkent Branch	1,278	2,140		3,418
Sinooil LLP, Astana Branch	1,332	1,685		3,017
SHANGHAI BOEVAN PACKAGING MACHINERY CO., LTD.	10,072		10,072	0
SS Electric Industry LLP	2,000		1,000	1,000
The Walt Disney Company CIS Limited LLC		735		735
TNO Triskelion B.V.	1,402			1,402
UNCO JET LLP		446		446
Ventara-Service Sole Proprietor		432		432
Agro Tom Plus LLP	23,786		1,000	22,786
Agroteploenergomontazh LLP	1,615		1,615	0
Azat Agricultural Production Cooperative		8,116		8,116
AkOrda Capital LLP		1,429		1,429
Almaty Gasservice Holding JSC	7,201		4,074	3,127
Almatyenergosbyt	819	5,695		6,514
Amanat Insurance JSC	1,880		1,292	588
S.G. ARAKELYAN Sole Proprietor		2,500		2,500
ASEM LLP	1,000			1,000
Bekas AGRO LLP		11,845		11,845
Borusan Makina Kazakhstan LLP	0	8,411		8,411
Gelios LLP, Almaty Branch	10,693		1,402	9,291
Globopak LLP		5,476		5,476
Davletov Sole Proprietor		1,013		1,013
DASTARKHAN LLP		545		545
Bank Subsidiary HSBC Bank Kazakhstan JSC	1,290	1,555		2,845
Deloitte LLP	17,671		17,671	0
Iliya Aleksandrovich Iliyın		602		602
Image Power LLP		1,355		1,355
Inter-Kholod LLP		536		536
Aslan Saparovich Moldakashev Sole Proprietor		1,842		1,842
Kar-Tel LLP	1,131	110		1,241
Kazakhstan Temir Zholy JSC	5,697	96		5,793
Kazakhstan Temir Zholy Technology Center for Carriage Document Processing, Almaty 4552911	4,459	2,025		6,484

Kazakhstan Stock Exchange JSC	3,561		560	3,001
KazTransGas Aimak JSC	0	12,234		12,234
KAZTRANSERVICE, South Branch	163		108	55
Komel LTD		2,176		2,176
KUN LLP Commercial Company		3,500		3,500
Aigerim Corporation LLP		6,616		6,616
ASSORTI LLP	250			250
Abdukadyr Kubenov Sole Proprietor	671	512		1,183
E.K. Nam Peasant Farm	8,800		8,800	0
Nikolai Peasant Farm	1,935			1,935
London-Almaty Insurance Company JSC	93		93	0
Morgan Lewis LLP		3,391		3,391
Moody's Investors Service Limited, Russia Branch		11,131		11,131
Oil Insurance Company OJSC	10,119		3,730	6,389
PricewaterhouseCoopers Tax & Advisory LLP	4,235		0	4,235
National Institute of Intellectual Property, Republican State-Run Enterprise, of the Committee for Intellectual Property Rights	1,489	160		1,649
Remenergo LLP	5,675		1,333	4,342
RTS LTD	30			30
EURASIA Insurance Company	93		40	53
Nikolai Andreyevich Ten	1,740			1,740
Technology Center for Carriage Document Processing, Branch of Kazakhstan Temir Zholy National Company CJSC	1,138	1,579		2,717
Agromir Woodgold KZ Trade House LLP	10,995		10,995	0
TMA-SpetsService LLP	4,448			4,448
ULBA IRON & STEEL PLANT OJSC	2	309		311
Halyk-Life JSC	1,117	290		1,407
Energoservice-Compressor LLP	29,226		29,226	0
Other	34,489		5,099	29,390
Advances paid	453,850	140,811	267,380	327,281
Almaty Cotton Plant LLP	882			882
Resmi Direct Investments	2,221,610		6,791	2,214,819
Retail Management	1,500,316			1,500,316
RESMI Group	28,671			28,671
Resmi Finance & Investment House JSC	67,428	16,357		83,785
Kazneftechim, Issuer	2,250			2,250
Almaly District Tax Administration	7,258	7,872		15,130
Talgar District Tax Administration		3,479		3,479
Customs Station – Alatau Customs Clearance Center	8,211		210	8,001
Zhetysu Customs 50207/54701/55301 (airport)	6,346		6,346	0
Tukym LLP	1,032			1,032
Other	878,878		13,750	865,128
Other accounts receivable	4,722,882	27,708	27,097	4,723,493
Total	6,417,283	564,290	431,616	6,549,957

13. INVENTORY

	(KZT'000)	
	at 30.06.2014	at 31.12.2013
Finished goods	3 108 360	2 018 118
Raw material	2 469 598	1 513 691
Packing material	957 994	776 768
Other	290 031	218 537
Spare parts	212 629	177 327
Less provision for hard-to-sell and obsolete inventories	(12 673)	(8 906)
	<u>7 025 940</u>	<u>4 695 535</u>

14. OTHER FINANCIAL ASSETS

	(KZT'000)	
	at 30.06.2014	
	at 31.12.2013	
Investments available for sale	63 305	66 136
Investments held for trading	23 036	38 508
	<u>86 341</u>	<u>104 644</u>
Current portion	86 341	104 644
Non-current portion of related party receivables	-	-
	<u>86 341</u>	<u>104 644</u>

15. OTHER CURRENT ASSETS

	(KZT'000)	
	at 30.06.2014	
	at 31.12.2013	
Other receivables	4 738 483	3 170 117
Employee debts	37 657	10 756
Other recoverable tax	71 488	61 564
Recoverable VAT	4	-
Prepaid expenses	37 802	33 621
Less provision for doubtful debts	(161 943)	(161 006)
	<u>4 723 493</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 30 June 2014:

(KZT'000)

Creditor	Loan currency	Average rate, % per annum	Opening balance	Total		Closing balance	Maturity date
				Debits	Credits		
Bonds	KZT'000	8.00%	1 553 534		34 815	1 588 349	2014
	EUR'000		148	67		82	
Tetra Laval	KZT'000	4.01%	31 482	11 044		20 438	2014
	EUR'000		105	105		-	
Tetra Laval	KZT'000	3.26%	22 247	22 247		-	2013
	EUR'000		1 310	258		1 052	
Tetra Laval	KZT'000	3.26%	277 682	14 053		263 629	2014
	EUR'000		220	220		-	
Caterpillar Financial Service	KZT'000	7.70%	46 696	46 696		-	2014
	EUR'000		278	278		-	
Caterpillar Financial Service	KZT'000	7.70%	58 973	58 973		-	2014
	EUR'000		29	29		-	
Caterpillar Financial Service	KZT'000	7.70%	6 232	6 232		-	2014
Asian Development Bank Administrative Expense Acco	USD'000	2.84%	16 667	834		15 833	
	KZT'000		2 567 667		338 067	2 095 733	2020
Discount Asian Development Bank Administrative Expense Acco	USD'000		(212)		(41)	(253)	
	KZT'000		(32 605)	13 858		(46 463)	
Kazinvest Bank JSC	KZT'000	8.50%	444 000			444 000	2015
Development Bank of Kazakhstan	KZT'000	8.00%	492 355	492 355		-	-
	USD'000		13 636	4 545		9 091	
Europe Development Bank	KZT'000	3.82%	2 100 818	432 454		1 668 364	2015
Europe Development Bank	KZT'000	8.6%	3 856 000			3 856 000	2016
Discount Europe Development Bank	KZT'000		(38 133)	7 273		(30 860)	
Al Hilal Bank JSC	KZT'000	7.50%	1 222 464		846 086	2 068 550	2019
Discount Al Hilal Bank JSC	KZT'000				(1 399)	(1 399)	
ALFA BANK JSC	KZT'000	8.00%			340 000	340 000	2016
Nurbank JSC	KZT'000	8.00%			1 500 000	1 500 000	2016
	EUR'000		222		547	769	
Sberbank of Russia	KZT'000	7.51%	47 005		145 679	192 684	2017
Creditor	Loan amount, total	Maturity date					
		2014	2015	2016	2017	2018	2019
Bonds	1 588 349	1 588 349					
Tetra Laval, EUR'000	82	82					
Tetra Laval, EUR'000	1 052	1 052					
Asian Development Bank Administrative Expense Acco, USD'000	15 833	833	2 417	3 167	3 167	3 167	3 082

Kazinvest Bank JSC, KZT'000	444 000		444 000				
Europe Development Bank, USD'000	9 091	4 545	4 545				
Europe Development Bank, KZT'000	3 856 000			3 856 000			
Al Hilal Bank JSC, KZT'000	2 068 550	295 204	590 408	590 408	320 795	217 389	54 347
Sberbank of Russia, EUR'000	769	44	258	213	254		

17. ACCOUNTS PAYABLE

As at 30 June 2014 accounts payable were as follows:

(KZT'000)

Counterparty	Opening balance	Total debits	Total credits	Closing balance
Long-term accounts payable	863,963	20,822	0	843,141
TETRA LAVAL CREDIT AB	148,964	20,822		128,142
Resmi Direct Investments	714,999			714,999
Short-term accounts payable	6,233,576	1,053,272	2,218,566	7,398,870
AB-MC Distribution Company LLP			4,333	4,333
Adnet Network Advertising Agency LLP			24,738	24,738
AF Compressors Middle East FZE			9,652	9,652
AIE Logistics LLP	15,110	3,080		12,030
Alatau Invest Construction LLP			7,263	7,263
ALBE LOGISTIC UND TRADE GMBH	4,962		1,848	6,810
ARBAT Advertising LLP			104,070	104,070
Arena-S LLP	37,876		27,387	65,263
AMRAZ LTD	20,740	14,553		6,187
Asian Tea Company Private Limited	770,863		22,243	793,106
BIG IDEA GROUP LLP	3,700	740		2,960
CLASSIC TEAS (PVT) LIMITED	16,203	16,203		0
CLICK ADVERTISING AGENCY LLP	9,193		1,076	10,269
COFCO Tunhe Co, Ltd	26,284	26,284		0
Crea LLP	3,610		16,168	19,778
Czarnikow Group Limited	142,234		311,658	453,892
Daewoo International Corporation	81,244	81,244		0
Das Marketing.kz LLP	7,630			7,630
DOHLER HOLLAND	74,883	24,132		50,751
Dohler Food & Beverage Ingredients (Rizhao) Co., l	24,878	15,867		9,011
Duet Print LLP			2,432	2,432
E-way.kz LLP			2,714	2,714
Ecoval Dairy Trade B.V.	184,655	184,655		0
Elke Company LLP	7,573	3,360		4,213
Favourite Media Group LLP	4,467	4,230		237
FIRMENICH SA	1,689		9	1,698
Flavourland LTD LLP	980		990	1,970
Food Island LLP	7,796		9,083	16,879
Fruit Tech Natural S.A.			13,525	13,525
G-Line LLP			6,003	6,003
Gan-Shmuel Foods LTD	125,583	74,919		50,664
Givat Haim Cooperative Society For P. of A.P ltd	84,231	62,584		21,647
Global Trans Service EURASIA LLP			6,047	6,047
Golden Country LLP	1,959		1,232	3,191
Gulser Computers LLP			36,568	36,568
High Tech Logistic JV LLP (Karaganda)	6,140	6,140		0
High Tech Logistic JV LLP	7,592		15,168	22,760
Hoogwert International B.V			22,253	22,253
HRC LLP	7,158	1,140		6,018
Huhtamaki S.N.G.LLP	17,618	14,159		3,459
HUNAN EAST LAND TEA CO., LTD			15,489	15,489
HYUNDAI CORPORATION	152,220	81,513		70,707
Hyundai Ontustik LLP			10,946	10,946
IFL LTD GRETTON HOUSE	41,969	19,559		22,410
INNOVA INVESTMENT	252,707	1,399		251,308

IZ-Plast LLP	446			446
K CREATION AND PRODUCTION			3,399	3,399
Kagazy Recycling LLP	49,115		16,220	65,335
KASKAT SP. Z O.O.	142,557		93,070	235,627
LG International corp.	60,618	60,405		213
MAGIC BOX	44,634	29,579		15,055
Magic System Market LLP	261	261		0
Magnum Cach&Carry LLP	27,950	19,966		7,984
Morgan David Robin Idris	2,198	830		1,368
Mosaic Media LLP	0		580	580
Optimum Media Eurasia LLP			10,440	10,440
P.E LABELLERS S.P.A	19,083		30	19,113
Peak Akzhal LLP	428		1,094	1,522
PEPSI LIPTON INTERNATIONAL	189,857	28,334		161,523
PEPSI-COLA INTERNATIONAL CORK			138,252	138,252
Peter Binder GMBH	39,777		2,702	42,479
Property Retail			2,534	2,534
PURICO GMBH	32,653	1,888		30,765
Ramok Gida Dis Ticaret LTD.STI.,			12,637	12,637
RED TECHNOLOGY LLP	7,175	2,374		4,801
Rim Company LLP	0		6,308	6,308
ROTOPACK LLP	4,593		4,312	8,905
Santrade Company LLP	8,052	2,697		5,355
SDA Team			4,320	4,320
Sidel Conveying SAS (GEBO PACKAGING SOLUTIONS FRANCE SAS)	460,414	177,390		283,024
Sinooil LLP			9,032	9,032
Spedilta Central Asia LLP			6,439	6,439
ST-ALTERNATIVA LLC			6,848	6,848
Technodom Operator JSC			22,735	22,735
TETRA PAK Export Ltd	22,052		34	22,086
Tetra Pak Kazakhstan Ltd	661,912		163,272	825,184
TETRA PAK SERVICE	312,402		58,254	370,656
Tetra Pak Service S.A.	7,201		13,934	21,135
TSPS Company LLP	6,357	2,830		3,527
TURKUAZ HORECA LLP	3,134		3,226	6,360
UBC Cool Astana LLP	137,756		7,454	145,210
UNIVERSAL LOGISTICS LLP	6,933	6,551		382
UPAK-Areal LLC			7,262	7,262
VAN DER MOLEN GMBA	41,765		12,811	54,576
VAN REES B. V.	749,129		176,089	925,218
Veles Freya LLP	10,099	5,419		4,680
Xinjiang lonran intl engineerin & technology Co.,L	44,365	29,313		15,052
Ybbstaler Fruit Austria Gmbh	6,475	5,670		805
YIYANG GOLD BUDDHA TEA CO. LTD	8,136	8,136		0
Asia International Company LLP			6,527	6,527
ASIA PLAST SERVICE LLP			7,840	7,840
Almaty Product LLP	900	900		0
Alaska-Poligraphoformleniye LLC	19,848		23,166	43,014
Arman-1, Peasant Farm	1,271		627	1,898
Astron LLP	1,358	664		694
Atasu Trans LLP	13,448	2,806		10,642
Bazis-2010 LLP	1,806		751	2,557
Batalinskoye LLP			7,320	7,320
Bek+ LLP			16,801	16,801
Bialowieza Fair LLC	16,226	9,655		6,571
BERICAP KAZAKHSTAN LLP	54,614	1,841		52,773
Birlesu Insurance Company LLP	5,496		2,684	8,180
VAIT CJSC	22,220	6,388		15,832
Viktorovskoye LLP	20,993	1,781		19,212
A.U. Borobkalo Sole Proprietor			21,221	21,221

Karasai Su Kubyry	2,505		146	2,651
Globus LLP	567			567
Doehler Kazakhstan LLP	30,027		21,402	51,429
DONCHENKO Sole Proprietor			23,777	23,777
Unified Trade System Kazakhstan LLP	3,105		8,936	12,041
Zholashar Railway Service LLP	1,986		487	2,473
Intellservice LLP	16,292		35,514	51,806
Issyk Fruit Canning Plant LLP	1,445	1,445		0
KazRefTransService	7,018		6,224	13,242
Raikhan Dzhientayevna Kasenova Sole Proprietor	234			234
Kombi Trans BM LLP	5,485	4,936		549
KustanaiTransService LLP	1,250		380	1,630
Megachimproject LLP	640		171	811
MONTAZHLEGMACH LLP	7,286	363		6,923
A.S. Murzabayeva Sole Proprietor	1,731		323	2,054
Nadezhdinka LLP	1,541		560	2,101
PEPSI INC., CORK, IRELAND, Concern	357,680		161,391	519,071
Sarsenbekova Sole Proprietor	1,521		859	2,380
SynteZ Firm LLP	663		5,256	5,919
Cleanness Technology LLP	1,184			1,184
TransMagistral, O.G. Minulin Sole Proprietor	210	210		0
Turar LLP	19,072	379		18,693
Ulba Complex LLP, Ust-Kamenogorsk	1,547		236	1,783
Ural-Paper LLC	5,849	4,500		1,349
Center No.1 LTD LLP	2,971		19,689	22,660
Eco Product LLC			18,121	18,121
Other	352,313		371,974	724,287
Total	7,097,539	1,074,094	2,218,566	8,242,011

18. TAXES PAYABLE

	at 30.06.2014	(KZT'000) at 31.12.2013
Value added tax	258 585	332 871
Personal income tax	26 428	28 738
Other taxes	5 521	3 922
Corporate income tax	-	-
Social tax	12 147	14 555
	<u>302 680</u>	<u>380 085</u>

19. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	at 30.06.2014	(KZT'000) at 31.12.2013
Employment expenses accrued	144 852	115 867
Employee leave allowances and bonuses accrued	214 473	193 201
Advances received	29 607	60 258
Other accrued liabilities	26 164	23 872
	<u>415 095</u>	<u>393 198</u>

20. 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:

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

						(KZT'000)
	Production of juice and juice- containing beverages	Milk	Food stuff	Franchise	Trading	Consolidated
Period ended 30 June		2014				
Revenue	4 725 158	2 544 525	5 124 799	5 600 419	-	17 994 90
Operating profit (loss) before tax	(56 805)	(10 924)	(125 020)	(24 069)	-	(216 818)
Income tax expense	(23 872)	(4 591)	(52 539)	(10 115)	-	(91 117)
Net profit/(loss)	(80 677)	(15 515)	(177 559)	(34 183)	-	(307 934)
Depreciation and amortization	(221 294)	(107 387)	(195 165)	(213 271)	-	(737 117)
Acquisition of property, plant and equipment and intangible assets	134 670	41 096	94 580	26 926	412 920	710 190

	Production of juice and juice- containing beverages	Milk	Food stuff	Franchise	Trading	Consolidated
Period ended 30 June		2014				
Segment assets	15 219 559	2 874 933	4 760 232	10 843 440	-	33 698 1
Deferred income tax assets	-	-	-	-	-	-
Total assets	15 219 559	2 874 933	4 760 232	10 843 440	-	33 698 1
Segment liabilities	10 007 715	1 245 149	5 564 992	6 978 091	-	23 795 5
Deferred income tax liabilities	319 052	154 825	281 379	307 484	-	1 062 7
Total liabilities	10 326 767	1 399 975	5 846 371	7 285 575	-	24 858 6

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

	6 months of 2014	6 months of 2013
	(KZT'000)	(KZT'000)
Kazakhstan	15 722 389	14 880 928
Kyrgyz Republic	1 316 189	1 214 768
Russia	656 733	339 603
Turkmenistan	233 911	280 126
Tajikistan	51 737	64 928
Mongolia	10 994	10 728
France	2 948	2 321
	17 994 901	16 793 402

21. 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 30 June 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.

22. 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 30 June 2014 and 31 December 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		Acquisitions	
	Year ended 30 June 2014	Year ended 31 December 2013	Year ended 30 June 2014	Year ended 31 December 2013
Parent company	592	8 278	114 915	167 332
Jointly controlled companies	1 141	249 418	20 077	153 077

	Accounts receivable		Accounts payable	
	At 30 June 2014	At 31 December 2013	At 30 June 2014	At 31 December 2013
Parent company				
Trading transactions	-	-	-	-
Loans from the parent	-	-	-	-
Transactions in securities	-	-	-	-
Jointly controlled companies				
Trading transactions	33	409 787	253 842	65 382
Transactions in securities	-	-	-	-
Broker's debt	83 785	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.

23. 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

