

Consolidated Financial Statements

RG Brands JSC & Subsidiaries

as at 31 March 2015

**Consolidated Statement of Profit and Loss and Other
Comprehensive Income for the Period Ended
31 March 2015**

| | Note | 3 months of 2015 | 3 months of 2014 |
|---|------|--------------------|--------------------|
| REVENUE | 4 | 7 910 541 | 7 524 934 |
| COST OF SALES | 5 | (4 875 429) | (4 830 226) |
| GROSS PROFIT | | 3 035 112 | 2 694 708 |
| Selling expenses | 6 | (1 733 719) | (1 289 836) |
| General and administrative expenses | 7 | (729 746) | (643 918) |
| OPERATING INCOME | | 571 647 | 760 954 |
| Finance costs | 8 | (255 746) | (253 334) |
| Exchange (loss)/gain | | (69 284) | (1 604 620) |
| Investment income, net | | 4 335 | (3 619) |
| Other (costs)/gains | 9 | (32 686) | (23 633) |
| (Loss)/profit before income tax benefit | | 218 267 | (1 124 252) |
| Income tax payable | | (77 481) | (44 179) |
| (Loss)/profit for the period | | 140 786 | (1 168 430) |
| Exchange difference from foreign entity translation | | 14 171 | (40 564) |
| Total comprehensive (loss)/income | | 154 957 | (1 208 994) |
| Profit/(loss) attributable to: | | | |
| Shareholders of the parent company | | 140 786 | (1 168 430) |
| Minority interest | | 140 786 | (1 168 430) |
| Earnings per common share, KZT | 10 | 45 | (370) |

For the Group Management:

David Paul Westall
Chairman of the Management
Board



Askat Agybayev
Chief Financial Officer

Olesya Andreyeva

Acting Chief Accountant

**Consolidated Statement of Financial Position
 as at 31 March 2015**

(KZT'000)

| ASSETS | Note | At 31 March 2015 | At 31 December 2014 |
|---|------|---------------------|------------------------|
| NON-CURRENT ASSETS: | | | |
| Property, plant and equipment | 11 | 17 704 629 | 17 685 705 |
| Advances paid | 12 | 133 820 | 220 098 |
| Intangible assets | | 44 524 | 50 583 |
| Goodwill | | 68 026 | 68 026 |
| TOTAL NON-CURRENT ASSETS | | <u>17 950 998</u> | <u>18 024 412</u> |
| CURRENT ASSETS: | | | |
| Inventory | 13 | 6 076 488 | 6 780 179 |
| Trade accounts receivable | 12 | 1 463 908 | 1 591 948 |
| Advances paid | 12 | 264 837 | 222 481 |
| Other financial assets | 14 | 230 218 | 244 758 |
| Other current assets | 15 | 1 203 804 | 1 547 990 |
| Bank deposits | | 1 973 | 2 394 |
| Cash and cash equivalents | | 4 249 817 | 1 907 359 |
| Non-current assets classified as held for sale | | 1 585 284 | 1 585 284 |
| TOTAL CURRENT ASSETS | | <u>15 076 331</u> | <u>13 882 392</u> |
| TOTAL ASSETS | | <u>33 027 329</u> | <u>31 906 805</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | | 2 787 696 | 2 787 696 |
| Preferred shares held within the Group | | (947 400) | (947 400) |
| Withdrawn capital | | (152 427) | (152 427) |
| Provisions | | 2 317 522 | 2 357 050 |
| Retained earnings | | 5 432 706 | 5 238 219 |
| Equity attributable to shareholders of parent company | | 9 438 096 | 9 283 138 |
| Minority interest | | | |
| TOTAL EQUITY | | <u>9 438 096</u> | <u>9 283 138</u> |

| | | | |
|---|----|-------------------|-------------------|
| NON-CURRENT LIABILITIES : | | | |
| Long-term loans | 16 | 9 974 204 | 9 179 015 |
| Deferred corporate income tax liability | | 1 352 416 | 1 352 416 |
| Accounts payable | 17 | <u>120 563</u> | <u>116 811</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>11 447 184</u> | <u>10 648 243</u> |
| CURRENT LIABILITIES : | | | |
| Accounts payable | 17 | 5 318 749 | 6 867 523 |
| Short-term loans and current portion of long-term loans | 16 | 5 754 293 | 4 045 755 |
| Current portion of finance lease payable | 16 | 106 586 | 136 703 |
| Current portion of bonds payable | 16 | - | - |
| Taxes payable | 18 | 446 766 | 491 000 |
| Other accounts payable and accrued liabilities | 19 | <u>515 655</u> | <u>434 443</u> |
| TOTAL CURRENT LIABILITIES | | <u>12 142 049</u> | <u>11 975 424</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>33 027 329</u> | <u>31 906 805</u> |
| <i>Carrying amount per common share (KZT)</i> | | 2 973 | 2 922 |
| <i>Carrying amount per preferred share (KZT)</i> | | 1 200 | 1 200 |





Askat Agybayev
Chief Financial Officer



Olesya Andreyeva
Acting Chief Accountant

**Consolidated Statement of Cash Flows
for the period ended 31 March 2015 (indirect method)**

(KZT'000)

| | 01.01.2015-31.03.2015 | 01.01.2014-31.03.2014 |
|---|-----------------------|-----------------------|
| 1. OPERATING ACTIVITY: | | |
| Profit before tax | 218 267 | (1 124 252) |
| Adjustments for: | | |
| Amortisation and depreciation | 377 072 | 338 248 |
| Finance costs | 255 746 | 253 334 |
| Exchange loss, net | 69 284 | 1 604 620 |
| Non-operating loss | 32 686 | 23 633 |
| Recovery of selling expenses through set-off | (22 915) | - |
| Investment (gain)/loss, net | (4 335) | 3 619 |
| Loss from inventory write-off | - | - |
| | - | - |
| Cash flow from operating activity before changes in working capital | 925 804 | 1 099 202 |
| Change in inventory | 703 691 | (250 464) |
| Change in trade receivables | 128 039 | 320 211 |
| Change in advances paid | 43 923 | (243 480) |
| Change in other current assets | 326 581 | (1 017 860) |
| Change in payables | (1 522 107) | 86 343 |
| Change in taxes payable | (44 231) | (12 986) |
| Change in other payables and accrued liabilities | 58 296 | 47 305 |
| Cash from operating activity | 619 997 | 28 271 |
| Interest paid | (208 240) | 147 300 |
| Income tax paid | - | - |
| Net cash from operating activity | 411 756 | 175 571 |
| 2. INVESTING ACTIVITY: | | |
| Proceeds from disposal of property, plant and equipment and intangible assets | | 1 040 |
| Acquisition of property, plant and equipment and intangible assets | (675 120) | (1 717 949) |
| Net cash from investing activity | (675 120) | (1 716 909) |
| 3. FINANCING ACTIVITY: | | |
| Repayment of borrowings | (1 097 883) | (2 164 668) |
| Finance lease paid | (17 076) | (17 005) |
| Repayment of bonds | - | - |
| Dividends paid | - | - |




| | | |
|--|-----------|-----------|
| Borrowings received | 3 720 781 | 2 936 943 |
| | - | - |
| Net cash from financing activities | 2 605 821 | 755 270 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2 342 457 | (786 068) |
| CASH AND CASH EQUIVALENTS, beginning of the period | 1 907 359 | 1 933 318 |
| CASH AND CASH EQUIVALENTS, end of the period | 4 249 817 | 1 147 250 |

For the Group Management


David Paul Westall
 Chairman of the Management Board




Askat Agybayev
 Chief Financial Officer


Olesya Andreyeva
 Acting Chief Accountant



Consolidated Statement of Changes in Equity for the period ended 31 March 2015

(KZT'000)

| | Share capital | Treasury shares | Preferred shares held within the Group | Debt component of preferred shares | Real estate revaluation provision | Provision for share-based benefits | Exchange difference provision | Retained earnings | Total equity |
|---|---------------|-----------------|--|------------------------------------|-----------------------------------|------------------------------------|-------------------------------|-------------------|--------------|
| Balance at 01 January 2014 | 2 787 696 | (152 428) | (947 400) | | 1 020 052 | 944 599 | 706 | 4 820 513 | 8 473 738 |
| Net profit (loss) | | | | | | | | (1 168 430) | (1 168 430) |
| Reduction of share capital | | | | | | | | | |
| Dividends paid | | | | | | | | | |
| Additional paid-in capital | | | | | | | | | |
| Restatement of buildings and constructions | | | | - | 750 000 | | | | 750 000 |
| Exchange difference resulting from foreign exchange translation | | | | | | | (40 564) | | (40 564) |
| Reclassification to retained earnings | | | | | (40 248) | | | 40 248 | - |
| Balance at 31 March 2014. | 2 787 696 | (152 428) | (947 400) | - | 1 729 804 | 944 599 | (39 858) | 3 692 331 | 8 014 744 |
| Balance at 01 January 2015 | 2 787 696 | (152 428) | (947 400) | - | 1 419 391 | 944 599 | (6 942) | 5 238 219 | 9 283 136 |
| Net profit (loss) | | | | | | | | 140 786 | 140 786 |
| Expansion of capital stock | | | | | | | | | - |
| Retirement of preferred stock | | | | | | | | | - |
| Restatement of buildings and constructions | | | | | | | | | - |
| Exchange difference resulting from foreign exchange translation | | | | | | | 14 171 | | 14 171 |
| Reclassification to retained earnings | | | | | (53 698) | | | 53 698 | - |
| Balance at 31 March 2015 | 2 787 696 | (152 428) | (947 400) | - | 1 365 693 | 944 599 | 7 229 | 5 432 704 | 9 438 093 |

For the Group Management:

David Paul Westall,
Chairman of the Management Board

Askat Agybayev,
Chief Financial Officer

Olesya Andreyeva,
Acting Chief Accountant

