



RG BRANDS JSC & SUBSIDIARIES

NOTES

to the Interim Consolidated Financial Statements

as at 30 September 2018

(in KZT thousands unless stated otherwise)

1. GENERAL

The principal activity of RG Brands JSC and its subsidiaries (“the Group”) is production, sale and distribution of juices, carbonated soft drinks, milk, chips, as well as the packing, sale and distribution of tea and other commercial products. The Group’s operations are primarily in the Republic of Kazakhstan (“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 September 2018 and 31 December 2017 the registered share capital of RG Brands JSC was KZT 2 787 696 thousand. As at 30 September 2018 and 31 December 2017 the share capital comprised of 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 September 2018 and 31 December 2017 shareholders of the Company were as follows:

Shareholders	Ownership interest		Number of shares		Amount	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017	30.09.2018	31.12.2017
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	30 481	30 481
Mr. A.V. Khalyapin	0.01%	0.01%	138	138	501	501
SUCCESSFUL INVESTMENT TRUST LLP	8.89%	8.89%	279 968	279 968	258 948	258 948
Mr. Y.Zh. Koshkimbayev	26.76%	26.76%	842 384	842 384	397 751	397 751
Total	100.0%	100.0%	3 148 271	3 148 271	1 690 587	1 690 587

As at 30 September 2018 and 31 December 2017 repurchased common shares of the Group made KZT 149 709 thousand or 304 459 common shares and KZT 149 709 thousand or 304 459 common shares respectively.

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

	Ownership interest		Voting power	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
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 soft drinks under the trademarks of Pepsi, Seven Up, Mirinda and Aquafina in November 1999.

As at 30 September 2018 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 JSC, 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 Sever LLC was registered on 6 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 Russia 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 operates its carbonated soft drinks production and distribution under an exclusive bottling appointment agreement, concluded between RG Brands Kazakhstan and Seven-UpInternational. Under these agreements, RG Brands Kazakhstan received the rights for bottling, sale and distribution of PepsiCo and Seven-Up products in Kazakhstan until 21 July 2010 with automatic prolongation for 5 years and subsequently for another 5-year period at the end of each 5-year period.

The rights for distribution of Pepsico Inc., Pepsi Lipton International Limited and Seven-Up products in the Kyrgyz Republic are provided under agreements concluded with these companies till 31 December 2018, inclusive.

2. BASIS OF PREPARATION

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

The reporting period is from 01 January to 30 September 2018.

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 and going concern.

To calculate the book value 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. KEY ACCOUNTING POLICIES

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:

	(KZT'000)	
	9 months of 2018	9 months of 2017
Sales of carbonated soft drinks and juice containing drinks	28 586 771	25 105 354
Sale of packed tea, packed milk and food products	13 113 341	13 366 875
Sale of wholesale products	64 094	44 122
	<u>41 764 206</u>	<u>38 516 351</u>

5. COST OF SALES

Cost of sales was as follows:

	(KZT'000)	
	9 months of 2018	9 months of 2017
Materials	21 884 162	19 821 474
Depreciation and amortisation	937 258	850 914
Payroll and related taxes	587 985	576 018
Utilities	385 738	431 959
Repairs	427 171	444 745
Cost of sale of wholesale products	190 271	156 637
Other costs	23 849	32 195
	<u>24 436 434</u>	<u>22 313 942</u>

6. SELLING EXPENSES

Selling expenses were as follows:

	(KZT'000)	
	9 months of 2018	9 months of 2017
Transportation	2 800 180	2 293 118
Payroll and related taxes	685 733	696 531
Advertising campaigns and market research	4 841 350	4 084 205
Sales agents expenses	1 138 507	1 017 876
Other selling costs	563 490	488 045
Amortisation	499 266	606 546
Lease of vehicles, warehouses and office premises	328 502	407 950
Business trip expenses	16 049	15 601
Write-off of materials	9 879	25 943
Reimbursement of selling expenses	(627 143)	(540 287)
	<u>10 255 813</u>	<u>9 095 528</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	(KZT'000)	
	9 months of 2018	9 months of 2017
Payroll and related payments	1 843 864	1 486 041
Waste goods write-off	103 676	112 724
Consulting services	363 507	204 871
Penalties and fines	6 572	4 625
Depreciation and amortisation	93 703	114 439

Taxes other than income tax	176 253	130 458
Bank services	67 591	155 946
Transportation expenses	77 522	78 562
Utilities	53 578	43 794
Business trip expenses	72 078	74 464
Communication services	26 713	25 981
Insurance	2 025	12 198
Provision for unused vacation	41 148	12 554
Provision for doubtful debts	27 319	92 477
Others	840 601	427 900
	<u>3 799 150</u>	<u>2 977 034</u>

8. FINANCE COSTS

Finance costs were as follows:

	9 months of 2018	9 months of 2017
Interest on borrowings	1 451 091	1 321 891
Interest on notes payable	-	3 189
Other	-	1 174
	<u>1 451 091</u>	<u>1 326 254</u>

(KZT'000)

9. OTHER EXPENSES/INCOME

Other costs were as follows:

	9 months of 2018	9 months of 2017
(Loss)/income from disposal of property, plant and equipment	2 168	(16 990)
Other operating expenses/income, net	1 184 116	96 535
Other	(35 240)	(60 274)
	<u>1 151 044</u>	<u>19 271</u>

(KZT'000)

10. EARNINGS PER SHARE AND BOOK VALUE 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 as shown below.

	9 months of 2018	9 months of 2017
Net profit /loss for the year attributable to equity holders	2 981 898	2 160 107
Weighted average number of common shares	3 148 271	3 148 271
Basic loss/earnings per share, in Tenge	947	686

(KZT'000)

The Company uses the following calculation method to determine the book value of shares.

Book value per common share is a quotient of the net assets for common shares by the number of common shares.

$$6\,079 = 19\,137\,472 / 3\,148\,271$$

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

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

- 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.

$$19\,137\,472 = (56\,051\,869 - 72\,515) - 36\,841\,882$$

	at 30.09.2018	at 31.12.2017
		(KZT'000)
Calculation of book value per common share		
Net assets of the Group excluding intangible assets	19 137 472	13 426 709
Number of outstanding common shares	3 148 271	3 148 271
Book value per common share, KZT	6 079	4 265

Book value per preferred share is calculated using the following formula:

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

- BVPS2– book value 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 30.09.2018	at 31.12.2017
		(KZT'000)
Calculation of book value per preferred share		
Balance of preferred shares held within the Group	947 400	947 400
Number of outstanding preferred shares	789 500	789 500
Book value per preferred share, KZT	1 200	1 200

11. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2018 property, plant and equipment less accumulated depreciation were as follows:

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
							(KZT'000)
Historical cost							
At 1 January 2018	1 252 519	7 218 261	17 337 401	245 637	1 011 665	511 356	27 576 839
Additions	-	362	2 418 900	10 276	187 336	426 245	3 043 119
Revaluation increase	793 402	4 558 854	-	-	-	-	5 352 256
Transfer to assets held for sale	(77 263)	(220 287)	(48 661)	-	-	-	(346 211)
Elimination of accumulated depreciation due to revaluation	-	(2 488 594)	-	-	-	-	(2 488 594)
Other reclassifications	-	-	-	-	-	-	-
Internal transfers	-	(20 505)	789 541	-	(12 670)	(756 366)	-
Disposals	-	-	(36 301)	(35 231)	(9 859)	-	(81 391)
At 30 September 2018	1 968 658	9 048 091	20 460 880	220 682	1 176 472	181 235	33 0556 018
Accumulated depreciation							
At 1 January 2018	-	(2 252 428)	(2 929 420)	(184 958)	(853 275)	-	(6 220 081)
Accrued for the period	-	(460 363)	(1 138 619)	(17 260)	(27 176)	-	(1 643 418)
Elimination of accumulated depreciation due to revaluation	-	2 488 594	-	-	-	-	2 488 594
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	18 328	33 939	2 284	-	54 551
At 30 September 2018	-	(224 197)	(4 049 711)	(168 279)	(878 167)	-	(5 320 354)
Net book value at 30 September 2018	1 968 658	8 823 894	16 411 169	52 403	298 305	181 235	27 735 664

12. ACCOUNTS RECEIVABLE

As at 30 September 2018 accounts receivable were as follows:

(KZT'000)

Counterparty	At 31.12.2017	Debit turnover	Credit turnover	At 30.09.2018
Trade accounts receivable				
Magnolia Company LLP, Taraz (DR)	-	3 107 115	2 899 187	207 928
SOB LTD Company LLP Aktau	128 103	2 750 479	2 692 708	185 874
Rakhimzhanov IE, Semey	59 342	1 275 237	1 237 533	97 046
Aksai Market LLP	47 369	587 918	600 779	34 508
Mereke LLP Kokshetau	36 324	1 276 425	1 249 568	63 181
Pivnoe Podvorie LLP, Aktobe	10 985	645 667	656 652	-
CARAT LLP, Petropavlovsk (DR)	30 983	922 678	916 934	36 727
Tandem Trade Company LLP	31 288	172 786	200 650	3 424
G.K. Akhmetbekov IE	19 487	801 943	796 595	24 835
Luchshee reshenie LLP	-	253 876	162 174	91 702
Semipalatinsk Trading Company LLP	12 739	237 012	212 305	37 446
Other	1 303 859	50 624 105	50 868 869	1 059 095
TOTAL	1 680 479	62 655 241	62 493 954	1 841 766

Advances paid				
UBC Cool Almaty LLP	-	1 200 690	1 190 388	10 302
Tetra Pak Kazakhstan Ltd	11 792	2 155 117	2 036 053	130 856
TETRA PAK Global Distribution S.A.	66 583	434 398	471 364	29 617
Pivnoe Podvorie LLP, Uralsk	-	230 249	170 676	59 573
TEEPACK Spezialmaschinen GmbH AND Co.KG.	-	355 362	353 822	1 540
Financial Holding Respublika LLP	3 500	71 094	43 391	31 203
Deloitte LLP	19 152	19 152	28 728	9 576
Payment Systems LLP	-	124 241	101 460	22 781
Asia International Company LTD LLP	11 779	137 800	25 243	124 336
CENTRADE INTEGRATED S.R.L.	-	109 564	78 844	30 720
Partner Express Logistic LLP	-	78 090	50 628	27 462
Peter Binder GMBH	20 890	279 419	283 952	16 416
Other	760 890	183 483 983	184 220 352	24 521
TOTAL	894 645	188 679 159	189 054 901	518 903

13. INVENTORIES

(KZT'000)

	at 30.09.2018	at 31.12.2017
Finished goods	4 385 899	3 229 882
Raw material	3 033 723	2 799 687
Packing materials	1 495 062	697 382
Other	483 414	353 311
Spare parts	285 345	256 380
Less provision for slow moving inventories	(49 066)	(39 676)
	9 634 377	7 296 966

14. OTHER CURRENT ASSETS

	at 30.09.2018	(KZT'000) at 31.12.2017
Short-term accounts receivable from related parties	66 646	274 912
Receivables from employees	219 146	91 953
Other taxes receivable	166 409	231 396
Other receivables	459 546	37 993
Prepaid expenses	135 681	202 380
Less provision for doubtful debts	(15 617)	(15 756)
	<u>1 031 811</u>	<u>822 878</u>

15. LOANS, BONDED DEBTS AND FINANCE LEASE

Below is the information of loans and other financial liabilities as at 30 September 2018:

(KZT'000)

Creditor	Loan currency	Average rate, % per annum	Opening balance	Debit turnover	Credit turnover	Closing balance	Maturity date
EBRD (1 st tranche 2015)	KZT'000	8.95%	2 757 818	459 636		2 298 182	2020
EBRD discount (2015)	KZT'000		-15 418		6 305	-9 113	
EBRD (2 nd tranche 2015)	KZT'000	8.95%	508 227	84 704		423 523	2 020
EBRD discount (2015)	KZT'000		-2 841		1 162	-1 679	
EBRD (3 rd tranche 2016)	KZT'000	10.25%	2 300 000	383 333		1 916 667	2 020
EBRD discount (2016)	KZT'000		-17 663		5 353	-12 310	
International Finance Corporation	KZT'000	9.20%	2 507 334	501 467		2 005 867	2022
International Finance Corporation discount	KZT'000		-39 345		11 022	-28 323	
Subsidiary Bank ALFA BANK, OJSC	KZT'000	7.80%	1 200 000	6 262 000	7 339 000	2 277 000	2018
ATF Bank JSC	KZT'000	5.50%	333 333	804 166	1 165 000	694 167	2019
SHINHAN BANK KAZAKHSTAN	KZT'000	9.00%	700 000	116 667		583 333	2020
Eurasian Development Bank	RUB'000	10.10%	370 721	211 434	686 451	845 738	2020
	KZT'000		2 139 059	1 424 894	3 954 305	4 668 470	
Eurasian Development Bank discount	RUB'000		-3 351		1 460	-1 891	
	KZT'000		-19 338		8 899	-10 439	
	RUB'000	9.60%		99 000	198 000	99 000	2018
ALFA BANK	KZT'000			546 480	1 092 960	546 480	
Bank Center Credit JSC	KZT'000	6.00%			182 027	182 027	2023
Development Bank of Kazakhstan	KZT'000	6.00%	576 000	576 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	198 840	198 840	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	185 000	185 000	-	-	2018

Development Bank of Kazakhstan	KZT'000	6.00%	170 000	170 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	169 000	169 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	1 701 160	1 701 160	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	116 000	116 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	700 000	700 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	500 000	500 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	8.35%	664 000	664 000	-	-	2018
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	300 000	300 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	400 000	400 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	800 000	800 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	901 160	901 160	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	250 000	250 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	290 000	290 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	316 000	316 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	300 000	300 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	150 000	150 000	2019
Development Bank of Kazakhstan	KZT'000	6.00%	-	-	198 840	198 840	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	100 000	100 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	350 000	350 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	374 000	374 000	2019
Development Bank of Kazakhstan	KZT'000	8.35%	-	-	250 000	250 000	2019
Altyn Bank JSC	KZT'000	10.75%	-	-	200 000	200 000	2019
Altyn Bank JSC	KZT'000	10.75%	-	-	300 000	300 000	2019
Altyn Bank JSC	KZT'000	10.75%	-	-	300 000	300 000	2019
Altyn Bank JSC	KZT'000	10.75%	-	-	200 000	200 000	2019
Altyn Bank JSC	RUB'000	9.00%	-	8 964	95 238	86 274	2019
	KZT'00		-	48 515	524 748	476 233	
Altyn Bank JSC	RUB'000	9.00%	-	-	95 238	95 238	2019
	KZT'00		-	-	525 714	525 714	

Creditor	Loan amount, total	Maturity date					
		2018	2019	2020	2021	2022	2023
International Finance Corporation	938 383	-	234 576	234 576	234 576	234 595	-
International Finance Corporation	1 067 484	-	266 871	266 871	266 871	266 871	-
Subsidiary Bank ALFA BANK, OJSC	2 823 480	2 823 480	-	-	-	-	-

SHINHAN BANK KAZAKHSTAN	583 333	116 666	233 333	233 334	-	-	-
ATF Bank JSC	694 167	138 835	277 666	277 666	-	-	-
Development Bank of Kazakhstan	4 980 000	-	4 980 000	-	-	-	-
Eurasian Development Bank	4 668 470	-	2 334 231	2 334 239	-	-	-
Bank Center Credit JSC	182 027	509	39 670	41 511	41 511	41 511	17 315
EBRD (2015)	2 298 182	459 637	919 273	919 272	-	-	-
EBRD (2015)	423 523	84 705	169 409	169 409	-	-	-
EBRD (2016)	1 916 667	383 334	766 667	766 666	-	-	-
Altyn Bank JSC	2 001 947	24 067	1 977 880	-	-	-	-
Total	22 577 663	4 031 233	12 199 596	5 243 564	542 978	542 977	17 315

	At 30.09.2018	At 31.12.2017
Principal	22 577 663	17 425 771
Discount	(61 864)	(94 604)
Interest	172 394	225 376
TOTAL	22 688 193	17 556 543

16. ACCOUNTS PAYABLE

As at 30 September 2018 accounts payable were as follows:

(KZT'000)

Counterparty	at 31.12.2017	Debit turnover	Credit turnover	at 30.09.2018
Asian Tea Company Private Limited	2 391 236	5 362 651	4 817 798	1 846 383
Pepsi-Cola International, Cork	672 451	5 440 515	5 556 157	788 093
DOHLER HOLLAND	90 051	667 366	775 700	198 385
Olam International Limited	115 908	118 038	212 573	210 443
P.E.T. LLP	197 357	2 274 570	2 608 969	531 756
PEPSI LIPTON INTERNATIONAL	108 376	1 158 785	1 126 367	75 958
M.J.CLARKE LTD	140 461	1 114 014	1 111 577	138 024
Tetra Pak Қазақстан Ltd	808 533	5 427 584	4 733 431	114 380
VAN REES B. V.	353 150	1 729 713	1 770 439	393 876
Other	1 712 936	37 070 929	38 508 129	3 150 136
TOTAL	6 590 459	60 364 165	61 221 140	7 447 434

17. TAXES PAYABLE

(KZT'000)

	at 30.09.2018	at 31.12.2017
Value added tax	414 353	565 792
Personal income tax	37 364	27 046
Other taxes	53 233	40 279
Social tax	16 794	17 507
	521 744	650 624

18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	at 30.09.2018	(KZT'000) at 31.12.2017
Payable to employees	240 026	168 624
Accrued vacation and bonuses	223 453	182 305
Advances received	41 387	15 879
Other accrued liabilities	842 539	68 543
	<u>1 347 405</u>	<u>435 351</u>

19. BUSINESS AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where 82.97% 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 under the home brands of the Group including juices (Gracio, DaDa, 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 alcohol-free 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	Trading	(KZT'000) Consolidated
Period ended 30 September 2018				
Revenue	28 586 771	13 113 341	64 094	41 764 206
Operating profit (loss) before tax	1 011 977	2 188 372	64 094	3 264 443
Income tax expense	(87 589)	(194 956)	-	(282 545)
Net profit/(loss)	924 388	1 993 416	64 094	2 981 898
Depreciation	872 229	657 997	-	1 530 226
Acquisition of property, plant and equipment and intangible assets	2 221 447	821 642	-	3 043 119

	Production of juice and juice-containing beverages	Food stuff	Trading	Consolidated
Period ended 30 September 2018				
Segment assets	42 839 681	13 212 188	-	56 051 869
Deferred income tax assets	-	-	-	-
Total assets	42 839 681	13 212 188	-	56 051 869
Segment liabilities	25 304 358	7 551 347	-	32 855 705
Deferred income tax liabilities	2 350 036	1 636 141	-	3 986 177
Total liabilities	27 654 395	9 187 487	-	36 841 882

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

(KZT'000)

	9 months of 2018	9 months of 2017
Republic of Kazakhstan	34 696 826	31 957 485
Kyrgyz Republic	5 253 469	4 512 864
Russian Federation	1 794 278	2 036 158
Tajikistan	9 523	9 057
Luxembourg	-	787
China	10 110	-
	41 764 206	38 516 351

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 212 130 a month since 1 January 2018, previously monthly contributions per employee amounted to KZT 183 442.5. 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 30 September 2018 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 30 September 2018 and 31 December 2017

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)

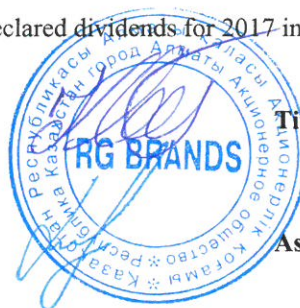
	Sale		Acquisition	
	9 months of 2018	9 months of 2017	9 months of 2018	9 months of 2017
RESMI Direct Investments				
LLP	8 079	6 709	173 609	167 319
Jointly controlled companies	-	-	1 706	3 092
	Related-party receivables		Related-party payables	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Jointly controlled companies:	66 646	256 913	3 055	27 518
<i>Broker's debt</i>	61 846	53 292		
<i>Money on broker's account</i>	4 800	4 813		
<i>Interest-free financial aid</i>	-	4 745		
<i>Trade and other operations payable</i>	-	194 063	3 055	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

October 17, 2018 the Company paid second part of declared dividends for 2017 in the amount of 795 977 thousands of Tenge.

Chairman of the Management Board



Timur Kaltayev

Chief Financial Officer

Askat Agybayev

Chief Accountant

Uldar Idyrova