



RG BRANDS JSC & SUBSIDIARIES

NOTES

**to the Interim Consolidated Financial Statements
as at 30 June 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 30 June 2017 and 31 December 2016 the registered share capital of RG Brands JSC was KZT 2,787,696 thousand. As at 30 June 2017 and 31 December 2016 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 2017 and 31 December 2016 shareholders of the Company were as follows:

Shareholders	Interest		Common Shares		Amount	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	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	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 June 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 304,459 common shares respectively.

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

	Ownership interest		Voting right	
	30.06.2017	31.12.2016	30.06.2017	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 30 June 2017 RG Brands owned 100% authorized 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 North 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 produced and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements entered into and between RG Brands Kazakhstan and PepsiCo Inc. and RG Brands Kazakhstan 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 30 June 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. 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)	
	6 months of 2017	6 months of 2016
Revenue from sale of juices, juice-containing drinks	6 299 152	6 012 283
Revenue from sale of packaged tea	6 363 188	6 764 557
Revenue from sale of alcohol-free beverages	8 395 355	7 550 644
Revenue from sale of packaged milk	2 183 963	1 960 718
Revenue from sale of chips	256 065	249 584
Revenue from sale of goods for resale	31 818	27 364
	<u>23 529 541</u>	<u>22 565 150</u>

5. COST OF SALES

Cost of sales was as follows:

	(KZT'000)	
	6 months of 2017	6 months of 2016
Materials	12 322 120	12 475 811
Depreciation and amortisation	539 968	655 778
Salaries and related taxes	383 786	387 092
Utilities	284 944	182 111
Repair	337 112	210 643
Cost of goods acquired for sale	35 388	22 315
Other costs	34 718	44 267
	<u>13 938 036</u>	<u>13 978 017</u>

6. SELLING EXPENSES

Selling expenses were as follows:

	(KZT'000)	
	6 months of 2017	6 months of 2016
Transportation expenses	1 410 603	1 248 398
Salaries and related taxes	439 745	365 866
Advertising campaigns and marketing research	2 203 766	1 571 070
Expenses for sales reps	567 239	979 480
Other selling costs	310 959	158 492
Amortisation	405 158	457 613
Lease of vehicles, warehouses and office premises	265 690	148 508
Travel expenses	8 174	4 541
Inventory write-off	10 942	
Recovery of selling expenses	(569 530)	(606 228)
	<u>5 052 746</u>	<u>4 327 740</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	(KZT'000)	
	6 months of 2017	6 months of 2016
Salaries and related payments	956 597	811 692
Write-off of defected goods, losses of raw materials and supplies	52 275	43 394
Consulting services	133 664	164 928
Penalties and fines	1 539	269
Depreciation and amortisation	75 089	67 782
Taxes other than income tax	204 556	87 142

Bank services	89 629	62 096
Transportation charges	44 016	48 685
Utilities	27 729	15 858
Travel expenses	46 691	32 126
Communication services	14 652	13 363
Insurance	8 550	5 299
Provision for unused employee leaves	16 505	28 927
Accrual/(reversal) of provision for doubtful debts	37 984	
Other costs	399 386	290 622
	<u>2 108 862</u>	<u>1 672 183</u>

8. FINANCE COSTS

Finance costs were as follows:

	6 months of 2017	6 months of 2016	(KZT'000)
Interest on bank and other loans	953 360	833 204	
Interest accrued on bonds	2 126	2 126	
Other	727	-	
	<u>956 213</u>	<u>835 330</u>	

9. OTHER COSTS/GAINS

Other costs were as follows:

	6 months of 2017	6 months of 2016	(KZT'000)
(Loss)/income from disposal of property, plant and equipment	(2 598)	4 782	
Other operating expenses, net	110 577	(16 231)	
Other	(11 644)	(11 995)	
	<u>96 335</u>	<u>(23 444)</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.

	6 months of 2017	6 months of 2016	(KZT'000)
Net profit (loss) for the year attributable to equity holders	895 406	1 896 767	
Weighted average number of common shares	3 148 271	3 146 420	
Basic loss/earnings per share, KZT	284	602	

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.

$$4,071 = 12,816,210 / 3,148,271$$

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.

$$12,816,210 = (44,456,651 - 60,198) - 31,580,243$$

	at 30.06.2017	at 31.12.2016
(KZT'000)		
Calculation of carrying amount per common share		
Net assets of the Group excl. intangible assets	12 816 210	11 892 224
Number of outstanding common shares	3 148 271	3 148 271
Carrying amount per common share, KZT	4 071	3 777

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 30.06.2017	at 31.12.2016
(KZT'000)		
Calculation of carrying amount per preferred share		
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 30 June 2017 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 2017	1 252 319	7 138 048	16 050 581	283 496	928 988	88 030	25 741 466
Additions		-	693 203	10 124	46 505	62 243	812 075
Revaluation surplus/loss			-				
Other reclassifications	(17 930)	(1 552 168)					(1 570 099)
Internal relocation			52 709		(62 491)	-	(9 783)
Disposals			(22 781)	(25 549)	(4 747)	(33 554)	(86 631)
At 30 June 2017	<u>1 234 389</u>	<u>5 585 880</u>	<u>16 773 711</u>	<u>268 071</u>	<u>908 254</u>	<u>116 718</u>	<u>24 887 022</u>
Accumulated depreciation							
At 1 January 2017	-	(1 690 949)	(1 564 726)	(202 429)	(757 631)	-	(4 215 735)
Accrued for the period		(293 060)	(748 473)	(12 237)	(49 850)		(1 103 620)
Reclassifications		647 584	(55 233)		55 684		648 035
Disposals			6 572	23 719	5 382		35 673
At 30 June 2017	<u>-</u>	<u>(1 336 426)</u>	<u>(2 361 860)</u>	<u>(190 947)</u>	<u>(746 414)</u>	<u>-</u>	<u>(4 635 646)</u>
Carrying amount at 30 June 2017	<u>1 234 389</u>	<u>4 249 454</u>	<u>14 411 852</u>	<u>77 124</u>	<u>161 840</u>	<u>116 718</u>	<u>20 251 376</u>

12. ACCOUNTS RECEIVABLE

As at 30 June 2017 accounts receivable were as follows:

Counterparty	At 31.12.2016	Total debits	Total credits	At 30.06.2017
(KZT'000)				
Trade accounts receivable				
Tandem Trade Company LLP	42 205	210 557	213 902	38 860
SOBLTD LLP Aktau	137 080	1 159 913	1 142 726	154 267

Basis-Trade LLP Aktobe	57 498	638 499	655 840	40 157
G.K. Akhmetbekov Sole Proprietor	19 513	414 196	399 002	34 707
Trigon LLC	10 930	342	9 751	1 521
Leading Trade Company LLC	12 254	383	361	12 276
Rakhimzhanov Sole Proprietor, Semey	71 485	589 728	591 485	69 727
Magnolia LLP, Taraz (DR)	108 820	1 430 513	1 363 647	175 686
Mereke LLP Kokshetau	49 943	678 772	700 446	28 270
Andrey Anatoliyevich Rusakov Sole Proprietor	24 142	69 542	91 425	2 259
Aksai Market LLP	27 959	197 005	197 873	27 091
FILBI LLC	129 905	53 263	65 957	117 211
Sladex LLC	13 552	901	5 229	9 224
Other	1 376 866	16 864 434	16 999 599	1 241 701
TOTAL	2 082 152	22 308 048	22 437 243	1 952 957

Advances paid

KRONES AG		4 230		4 230
PBS Plus LLP		18 631	14 327	4 304
AETNA GROUP S.P.A.		197 027	98 513	98 513
Agro Tom Plus LLP		18 756		18 756
Agro 2020 LLP		26 000		26 000
ZEM-STORY LLP		4 000	2 000	2 000
EUROPOOL S.R.L.		36 135		36 135
Peter Binder GMBH	24 886	167 959	192 845	
Rhode Asia LLP	12 096	119 376	92 550	38 922
TETRA PAK Global Distribution S.A.	23 266	64 380	87 646	
UNION ENGINEERING		5 764	1 597	4 167
AiBat LLP	6 771	302 297	309 068	
Helios LLP, Almaty Branch	4 217	45 386	42 351	7 252
Globopack LLP	4 755	11 046	15 801	
Deloitte LLP	19 774	8 954	28 728	
Esil-Agro LLP		113 244	110 810	2 434
Kaz Spets Energo Montazh LLP		76 290	38 670	37 620
Aslan Saparovich Moldakashev Sole Proprietor	6 708	61 669	68 377	
Morgan Lewis LLP	3 752	21 287	22 132	2 907
Other	308 458	548 647	619 745	237 360
RASKO Voronezh Glass-Container Plant LLC		34 303	12 992	21 312
Rusdjam LLC		122 535	110 390	12 145
Taiynsha-Astykh LLP		128 836	117 594	11 242
G.Sh.Takuiyeva Sole Proprietor	4 334	47 348	43 388	8 294
TechEnergoholding LLC		7 798	3 899	3 899
Air Media LLC	6 552	70 750	77 272	
TOTAL	425 539	2 262 647	2 110 694	577 492

13. INVENTORY

	(KZT'000)	
	at 30.06.2017	at 31.12.2016
Finished goods	4 440 221	3 091 316
Raw material	3 856 534	2 263 421
Packing material	212 713	1 079 235
Other	605 196	443 091
Spare parts	272 618	272 296
Less provision for slow moving inventories	(38 077)	(33 877)
	<u>9 349 205</u>	<u>7 115 482</u>

14. OTHER CURRENT ASSETS

	(KZT'000)	
	at 31.03.2017	at 31.12.2016
Short-term accounts receivable from related parties	247 056	252 113
Employee debts	98 972	77 641

Other recoverable tax	235 845	111 270
Other receivables	89 317	107 816
Prepaid expenses	76 832	76 468
Less provision for doubtful debts	(16 504)	(16 107)
	731 518	609 201

15. LOANS, BONDED DEBTS AND FINANCE LEASE

Below is the information of loans and other financial liabilities as at 30 June 2017:

(KZT'000)

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	1 250	27.44	7 500.00	2020
	KZT'000		2 907 144,60	587 937.11	97 817.51	2 417 025	
ADB discount	USD'000		-71,97		18,16	-53,81	
	KZT'000		-23 987,45	676,53	7 321,14	-17 342,84	
Kazinvest Bank JSC	KZT'000	6.00%	450 000,00	514 285.71	64 285,70	0	2020
Kazinvest Bank JSC	KZT'000	6.00%	750 000,00	750 000,00		0	2017
Europe Development Bank (1 st tranche 2015)	KZT'000	8.95%	3 677 090,90	459 636,36		3 217 454,54	2020
EBRD discount (2015)	KZT'000		-26 558,33		5 901,39	-20 656,94	
Europe Development Bank (2 nd tranche 2015)	KZT'000	8.95%	677 636,36	84 704,54		592 931,82	2 020
EBRD discount (2015)	KZT'000		-4 893,98		1 087,46	-3 806,52	
Europe Development Bank (3 rd tranche 2015)	KZT'000	10.25%	3 066 666,66	383 333,33		2 683 333,33	2 020
EBRD discount (2016)	KZT'000		-22 588,78	4 535,89	5 011,21	-22 113,46	
Nurbank JSC	KZT'000	19.00%	2 000 000,00	2 000 000		0	2017
International Finance Corporation	KZT'000	9.50%	3 008 801,00	250 733,77		2 758 067,23	2022
International Finance Corporation discount	KZT'000		-54 170,58		8 639,34	-45 531,24	
Subsidiary Bank "ALFA BANK", OJSC	KZT'000	14.00%			1 250 000	1 250 000,00	2017
ATF Bank JSC	KZT'000	5.50%	499 999,99	83 333,33		416 666,66	2019
SHINHAN BANK KAZAKHSTAN	KZT'000	7.00%	553 000,00	553 000,00		0,00	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	6.00%			169 000	169 000	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	1 250 000	1 250 000,00					
Europe Development Bank (2015)	3 217 455	459 638,54	919 273,00	919 273,00	919 272,00		
Europe Development Bank (2015)	592 932	84 704,82	169 409,00	169 409,00	169 409,00		
Europe Development Bank (2016)	2 683 333	383 333,53	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	2 417 025	340 495,00	830 613,00	830 613,00	415 306,00		
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				
Development Bank of Kazakhstan	169 000		169 000				
ATF Bank JSC	416 667	83 333,66	166 666,75	166 666,50			
Total	18 315 479	5 593 239	5 593 093	3 354 093	2 772 120	501 467	501 467

	at 30.06.2017	at 31.12.2016
Loans	18 315 479	22 570 340
Discount	(109 451)	(132 199)
Loan %	250 699	285 210
TOTAL	18 456 727	22 723 350

16. ACCOUNTS PAYABLE

As at 30 June 2017 accounts payable were as follows:

Counterparty	at 31.12.2016	Total debits	Total credits	at 30.06 2017
Asian Tea Company Private Limited	2 511 484	3 294 931	3 773 909	2 990 462
CAMBERG TRADE LP	8 344	230 564	301 927	79 707
China Resources Packaging Materials Co.,Ltd	147 044	1 388 413	1 659 806	418 437
DASM/MS LLP		43 533	259 261	215 728
DOHLER HOLLAND	117 141	401 709	329 493	44 925
Gan-Shmuel Foods LTD	94 694	479 904	434 935	49 725
GODFREY PHILLIPS INDIA LTD		351 178	394 426	43 248
Hoogwert International B.V		209 543	250 792	41 249
Kagazy Recycling LLP	69 543	472 419	482 583	79 707
VAIT LLC		40 046	99 767	59 721
P.E.T. LLP	42 331	483 985	561 061	119 407
PEPSI LIPTON INTERNATIONAL	42 349	467 154	607 148	182 343
Pepsi-Cola International, Cork	531 665	1 831 617	2 118 002	818 050
SIDEL BLOWING AND SERVICES		8 757	67 310	58 553
TEEPACK Spezialmaschinen GmbH AND Co.KG.		198 374	320 472	122 098
Tetra Pak Kazakhstan Ltd	982 359	2 922 633	3 207 931	1 267 657

UBC Cool Almaty LLP			214 855	214 855
VAN REES B. V.	967 518	1 722 440	1 324 903	569 982
Xinjiang lonran intl engineerin & technology Co.,L	220 411	391 347	282 228	111 292
Alaska-Poligraphoformleniye LLC	39 470	159 427	230 220	110 263
Viktorovskoe LLP		219 651	260 756	41 105
Dohler Kazakhstan LLP	20 605	228 504	270 914	63 014
Intelservice LLP		309 656	400 649	90 993
Kombitechcenter LLP		96 761	131 662	34 902
Other	3 209 350	5 782 365	4 169 907	1 596 892
Rusagro-Sakhar LLC		1 887 378	1 928 907	41 529
Saryagash LLP		292 986	327 538	34 552
Lotte Logistics Kazakhstan Co LTD		63 468	103 228	39 760
Branch of Plasform ambalaj sanayi ve ticaret A.S	23 571	124 187	146 676	46 060
TOTAL	9 027 879	24 102 930	24 661 266	9 586 215

17. TAXES PAYABLE

	(KZT'000)	
	at 30.06.2017	at 31.12.2016
Value added tax	139 966	898 696
Personal income tax	25 335	32 817
Other taxes	63 096	49 740
Social tax	18 951	22 159
	<u>247 348</u>	<u>1 003 411</u>

18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(KZT'000)	
	at 30.06.2017	at 31.12.2016
Employment expenses accrued	188 802	193 683
Employee leave allowances and bonuses accrued	183 116	164 738
Advances received	35 631	29 001
Other accrued liabilities	33 496	9 347
	<u>441 045</u>	<u>396 769</u>

19. OPERATING AND GEOGRAPHICAL SEGMENTS

In view of the management's assessment of the business on a single geographic base, i.e. Kazakhstan where 83.09% 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, 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 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	Franchise	Trading	(KZT'000) Consolidated
Period ended 30 June 2017					
Revenue	8 261 016	8 803 216	6 433 491	31 818	23 529 541
Operating profit (loss) before tax	227 216	714 749	108 198	31 818	1 081 981
Income tax expense	(39 181)	(128 737)	(18 657)		(186 575)
Net profit/(loss)	188 035	586 012	89 541	31 818	895 406
		9			

Depreciation accrued	346 873	438 692	234 649	-	1 020 214
Acquisition of property, plant and equipment and intangible assets	81 207	219 260	511 607	-	812 074

	Production of juice and juice-containing beverages	Food stuff	Franchise	Trading	Consolidated
Period ended 30 June 2017					
Segment assets	17 988 844	10 479 037	15 988 770		44 456 651
Deferred income tax assets					-
Total assets	17 988 844	10 479 037	15 988 770	-	44 456 651
Segment liabilities	13 286 887	6 616 948	8 886 327		28 790 162
Deferred income tax liabilities	837 627	1 145 200	807 255		2 790 082
Total liabilities	14 124 514	7 762 147	9 693 582	-	31 580 243

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

	6 months of 2017	6 months of 2016	(KZT'000)
Republic of Kazakhstan	19 522 141	18 473 069	
Kyrgyz Republic	2 556 305	2 157 963	
Russian Federation	1 411 252	1 885 874	
Tajikistan	9 057	47 379	
France	786	865	
	23 529 541	22 565 150	

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 30 June 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 30 June 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.

	Sale		Acquisition		(KZT'000)
	6 months of 2017	6 months of 2016	6 months of 2017	6 months of 2016	
RESMI Direct Investments LLP	4 896	5 000	105 997	76 115	
Jointly controlled companies	-	472	1 897	16 637	
	Related-party receivables		Related-party payables		
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	
Jointly controlled companies:	247 056	256 913	-	27 518	

<i>Broker's debt</i>	34 799	53 292	
<i>Money on broker's account</i>	4 809	4 813	
<i>Interest-free financial aid</i>		4 745	
<i>Trade and other operations payable</i>	207 448	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  **Devail Hans Alexander**

Chief Financial Officer  **Askat Agybayev**

Acting Chief Accountant  **Olesya Andreyeva**

