



# **RG BRANDS JSC & SUBSIDIARIES**

## **NOTES**

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

Shareholders	Interest		Common Shares		Amount	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016	30.09.2017	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						
Mr. Y.Zh. Koshkimbayev	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
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3 148 271</b>	<b>3 148 271</b>	<b>1 690 587</b>	<b>1 690 587</b>

As at 30 September 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	
	30.09.2017	31.12.2016	30.09.2017	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 September 2017 RG Brands owned 100% authorised capital of RG Brands Kyrgyzstan LLC registered on 11 March 2004. The interest of the minority shareholder was purchased on 7 October 2008.

RG Brands Kazakhstan LLP (hereinafter “RG Brands Kazakhstan”) was established on 4 April 2006 and comprised production facilities engaged in manufacture of juice, beverages, packaged milk under Moye trade mark, tea under Piala trade mark, bottled water under Asu trade mark, and Grizzly chips. This Company is also engaged in distribution of the Group products in the Republic of Kazakhstan.

In accordance with the decision of RG Brands 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 06 May 2016 in the Russian Federation.

The Head Office of the Company is located in Almaty; its production capacities are located in Almaty, Almaty Oblast, and Kostanai, Republic of Kazakhstan. As specified above, the Company is also present in Kyrgyz Republic, Republic of Uzbekistan and Russian Federation to implement its sale and distribution strategies.

Legal address: 212b, Raimbek ave., Almaty, Republic of Kazakhstan

Form of ownership: Private

#### ***Bottling Agreements with PepsiCo and Seven-Up International***

The Group produced and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements entered into and between 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 September 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)

**9 months of**                      **9 months of**

	<b>2017</b>	<b>2016</b>
Revenue from sale of juices, juice-containing drinks	9 669 977	9 710 684
Revenue from sale of packaged tea	9 515 436	10 376 599
Revenue from sale of alcohol-free beverages	15 435 376	12 879 329
Revenue from sale of packaged milk	3 457 295	3 109 650
Revenue from sale of chips	394 144	379 740
Revenue from sale of goods for resale	44 123	43 101
	<b>38 516 351</b>	<b>36 499 103</b>

## 5. COST OF SALES

Cost of sales was as follows:

	<b>9 months of 2017</b>	<b>9 months of 2016</b>
Materials	19 978 110	20 440 078
Depreciation and amortisation	850 914	1 002 908
Salaries and related taxes	576 018	563 554
Utilities	431 959	304 500
Repair	444 745	303 937
Other costs		
Materials	32 196	72 801
	<b>22 313 942</b>	<b>22 687 778</b>

## 6. SELLING EXPENSES

Selling expenses were as follows:

	<b>9 months of 2017</b>	<b>9 months of 2016</b>
Transportation expenses	2 293 118	2 047 061
Salaries and related taxes	696 531	556 725
Advertising campaigns and marketing research	4 084 205	3 426 972
Expenses for sales reps	1 017 876	923 023
Other selling costs	488 045	330 421
Amortisation	606 546	686 032
Lease of vehicles, warehouses and office premises	407 950	241 893
Travel expenses	15 601	8 100
Inventory write-off	25 943	146 848
Recovery of selling expenses	(540 287)	(658 598)
	<b>9 095 528</b>	<b>7 708 477</b>

## 7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	<b>9 months of 2017</b>	<b>9 months of 2016</b>
Salaries and related payments	1 486 041	1 223 721
Write-off of defected goods, losses of raw materials and supplies	112 724	114 539
Consulting services	204 871	240 090
Penalties and fines	4 625	107
Depreciation and amortisation	114 439	104 889
Taxes other than income tax	130 458	132 844
Bank services	155 946	130 648
Transportation charges	78 562	68 458
Utilities	43 794	41 973
Travel expenses	74 464	65 521
Communication services	25 981	28 196
Insurance	12 198	11 361
Provision for unused employee leaves	12 554	13 937
Accrual/(reversal) of provision for doubtful debts	92 477	6 404

Other costs	427 900	396 767
	<u>2 977 034</u>	<u>2 579 455</u>

## 8. FINANCE COSTS

Finance costs were as follows:

	9 months of 2017	9 months of 2016
Interest on bank and other loans	1 321 891	1 340 313
Interest accrued on bonds	3 189	18 979
Other	1 174	701
	<u>1 326 254</u>	<u>1 359 993</u>

## 9. OTHER COSTS/GAINS

Other costs were as follows:

	9 months of 2017	9 months of 2016
(Loss)/income from disposal of property, plant and equipment	16 990	50 909
Other operating expenses, net	(96 535)	
Other	60 274	227 338
	<u>19 271</u>	<u>278 248</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.

	9 months of 2017	9 months of 2016
Net profit (loss) for the year attributable to equity holders	2 160 107	2 324 047
Weighted average number of common shares	3 148 271	3 147 037
Basic loss/earnings per share, KZT	686	738

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.

$$4,338 = 13,657,138 / 3,148,271$$

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

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

- 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.

$$13,657,138 = (42,628,621 - 62,010) - 28,909,473$$

	at 30.09.2017	at 31.12.2016
<b>Calculation of carrying amount per common share</b>		
Net assets of the Group other than intangible assets	13 657 138	11 892 224
Number of outstanding common shares	3 148 271	3 148 271
Carrying amount per common share, KZT	4 338	3 777

**Carrying amount per preferred share is calculated using the following formula:**

BVPS2 = LPS / NOPS2, 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 30.09.2017	(KZT'000) at 31.12.2016
<b>Calculation of carrying amount per preferred share</b>		
Balance of preferred shares held within the Group	947 400	947 400
Number of outstanding preferred shares	789,500	789,500
Carrying amount per preferred share, KZT	1 200	1 200

## 11. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2017 property, plant and equipment less accumulated depreciation were as follows:

	(KZT'000)						
	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<b>Historical cost</b>							
At 1 January 2017	1 252 319	7 138 048	16 050 581	283 496	928 988	88 030	25 741 462
Additions		-	1 019 235	10 684	63 205	379 090	1 472 214
Revaluation surplus/loss			-				-
Other reclassifications	(17 930)	(1 552 168)					(1 570 098)
Internal relocation			71 341		(71 415)	-	(74)
Disposal			(65 365)	(39 123)	(15 093)	(182 274)	(301 855)
At 30 September 2017	<u>1 234 389</u>	<u>5 585 880</u>	<u>17 075 792</u>	<u>255 057</u>	<u>905 685</u>	<u>284 846</u>	<u>25 341 649</u>
<b>Accumulated depreciation</b>							
At 1 January 2017	-	(1 690 949)	(1 564 726)	(202 429)	(757 631)	-	(4 215 735)
Accrued for the period		(337 704)	(1 136 048)	(18 601)	(60 533)		(1 552 886)
Reclassifications		647 584	(60 432)		60 509		647 661
Disposal			30 228	37 293	13 679		81 200
At 30 September 2017	<u>-</u>	<u>(1 381 069)</u>	<u>(2 730 978)</u>	<u>(183 737)</u>	<u>(743 976)</u>	<u>-</u>	<u>(5 039 760)</u>
<b>Carrying amount at 30 September 2017</b>	<u>1 234 389</u>	<u>4 204 811</u>	<u>14 344 814</u>	<u>71 320</u>	<u>161 709</u>	<u>284 846</u>	<u>20 301 889</u>

## 12. ACCOUNTS RECEIVABLE

As at 30 September 2017 accounts receivable were as follows:

Counterparty	(KZT'000)			
	at 31.12.2016	Total debits	Total credits	at 30.09.2017
	<b>Trade accounts receivable</b>			
Tandem Trade Company LLP	42 205	337 619	340 743	39 081
SOBLTD LLP Aktau	137 080	2 132 758	2 123 653	146 185
Basis-Trade LLP Aktobe	57 498	923 341	924 445	56 394
G.K. Akhmetbekov Sole Proprietor	19 513	706 357	706 670	19 200
Trigon LLC	10 930	470	9 751	1 649
Leading Trade Company LLC	12 254	1 421	361	13 314
Rakhimzhanov Sole Proprietor Semey	71 485	938 057	935 432	74 110
Magnolia LLP, Taraz (DR)	108 820	2 507 343	2 472 270	143 893
Mereke LLP Kokshetau	49 943	1 256 411	1 273 311	33 043
Andrey Anatoliyevich Rusakov Sole Proprietor	24 142	71 876	96 018	-
Aksay Market LLP	27 959	340 099	332 503	35 555
FILBI LLC	129 905	49 260	96 640	82 525
Sladex LLC	13 552	1 414	13 703	1 263
Other	1 376 866	18 654 879	19 120 187	911 558

<b>TOTAL</b>	<b>2 082 152</b>	<b>27 921 305</b>	<b>28 445 687</b>	<b>1 557 770</b>
	<b>Advances paid</b>			
KRONES AG		13 433		13 433
ALIMAK LLC		30 789	23 085	7 704
Alladin-2010 LLP		15 702	8 794	6 908
IPSOS COMCON LLC		6 393		6 393
KazExportGarant IC JSC		58 480	47	58 433
Peter Binder GMBH	24 886	244 518	248 019	21 385
Rhode Asia LLP	12 096	221 039	233 135	
TETRA PAK Global Distribution S.A.	23 266	201 579	224 845	
AiBat LLP	6 771	122 001	128 772	
Helios LLP, Almaty Branch	4 217	32 394	29 499	7 112
Globopack LLP	4 755	13 409	18 164	
Deloitte LLP	19 774	5 558	25 332	
Aslan Saparovich Moldakashev Sole Proprietor	6 708	35 399	41 349	758
Morgan Lewis LLP	3 752	21 426	25 178	
Other	308 458	457 895	401 151	365 202
Rusjam LLC		192 072	173 257	18 815
Taiynsha-Astykh LLP		136 836	129 594	7 242
G.Sh.Takauiyeva Sole Proprietor	4 334	51 779	53 344	2 769
Air Media LLP	6 522	70 749	77 271	
<b>TOTAL</b>	<b>425 539</b>	<b>1 931 451</b>	<b>1 840 837</b>	<b>516 153</b>

### 13. INVENTORY

	<b>at 30.09.2017</b>	<b>(KZT'000) at 31.12.2016</b>
Finished goods	4 444 167	3 091 316
Raw material	3 336 753	2 263 421
Packing material	1 026 856	1 079 235
Other	365 290	443 091
Spare parts	259 775	272 296
Less provision for hard-to-sell and obsolete inventories	(28 516)	(33 877)
	<b>9 404 325</b>	<b>7 115 482</b>

### 14. OTHER CURRENT ASSETS

	<b>at 30.09.2017</b>	<b>(KZT'000) at 31.12.2016</b>
Short-term accounts receivable from related parties	285 879	252 113
Employee debts	62 820	77 641
Other recoverable tax	207 654	111 270
Other receivables	115 711	107 816
Prepaid expenses	186 064	76 468
Less provision for doubtful debts	(15 939)	(16 107)
	<b>842 189</b>	<b>609 201</b>

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

Below is the information of loans, finance lease and other financial liabilities as at 30 September 2016:

Creditor	Loan currency	Average rate, % per annum	Opening balance	Total		Closing balance	Maturity date
				Debits	Credits		
Asian Development Bank Administrative Expense Acco	USD'000	3.50%	8 722,56	8 722,56			
	KZT'000		2 907 144,60	2 907 144,6			2020
ADB discount	USD'000		-71,97		71,97		
	KZT'000		-23 987,45		23 987,45		
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 <sup>st</sup> 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		8 549,82	-18 008,51	

Europe Development Bank (2 <sup>nd</sup> 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		1 575,5	-3 318,48	
Europe Development Bank (3 <sup>rd</sup> 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	7 255,45	-19 869,22	
Nurbank JSC	KZT'000	7%	2 000 000,00	2 000 000		0	2017
International Finance Corporation	KZT'000	9,20%	3 008 801,00	501 467,15		2 507 333,85	2022
International Finance Corporation, discount	KZT'000		-54 170,58	2 077,11	12 872,56	-43 375,13	
Subsidiary Bank "ALFA BANK", OJSC	KZT'000	7,80%			1 450 000	1 450 000,00	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	2018
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	8.35%			1 980 000,00	1 980 000,00	2018
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	1 450 000	550 000,00	900 000				
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
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	15 847 720	5 202 011	4 762 481	2 523 481	2 356 814	501 467	501 467
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	<b>at 30.09.2017</b>	<b>at 31.12.2016</b>
Loans	15 847 720	22 570 340
Discount	(84 571)	(132 199)
Loan %	135 414	285 210
<b>TOTAL</b>	<b>15 898 563</b>	<b>22 723 350</b>

## 16. ACCOUNTS PAYABLE

As at 30 September 2017 accounts payable were as follows:

COUNTERPARTY	at 31.12.2016	Total debits	Total credits	(KZT'000) at 30.09 2017
Asian Tea Company Private Limited	2 511 484	6 364 561	6 694 143	2 841 066
CAMBERG TRADE LP	8 344	503 421	595 259	100 182
China Resources Packaging Materials Co.,Ltd	147 044	1 944 959	2 237 171	439 256
DASM/MS LLP		619 080	706 134	87 054
DOHLER HOLLAND	117 141	595 966	657 114	178 289
Gan-Shmuel Foods LTD	94 694	583 473	488 779	
Lonran intl engineering and technology co ltd		36 579	182 690	146 111
Olam International Limited		86 694	434 538	347 844
Kagazy Recycling LLP	69 543	637 467	654 798	86 874
VAIT LLP		149 017	178 699	29 682
P.E.T. LLP	42 331	824 880	865 986	83 437
PEPSI LIPTON INTERNATIONAL	42 349	733 679	826 599	135 268
Pepsi-Cola International, Cork	531 665	4 100 692	3 930 705	361 678
Sudzucker AG		605 187	860 089	254 902
TETRA PAK Global Distribution S.A.		796 277	852 040	55 763
TEEPACK Spezialmaschinen GmbH AND Co.KG.		280 912	386 067	105 155
Tetra Pak Kazakhstan Ltd	982 359	4 492 449	4 872 835	1 362 745
UBC Cool Almaty LLP		30 000	312 247	282 247
VAN REES B. V.	967 518	2 569 882	1 967 575	365 211
Xinjiang lonran intl engineerin & technology Co.,L	220 411	446 914	266 668	40 165
Alaska-Poligraphoformleniye LLC	39 470	387 670	392 338	44 138
Dohler Kazakhstan LLP	20 605	376 527	393 090	37 168
Intelservice LLP		599 479	663 294	63 815
Kombitechcenter LLP		257 484	269 892	12 408
Other	3 209 350	6 782 569	5 264 878	1 691 659
Frigoglass Eurasia LLC			86 082	86 082
Saryagash Limited Liability Partnership		424 910	432 129	7 219
Lotte Logistics Kazakhstan Co LTD		188 270	218 074	29 804
Branch of Plasform ambalaj sanayi ve ticaret A.S	23 571	317 977	332 584	38 178
<b>TOTAL</b>	<b>9 027 879</b>	<b>35 736 975</b>	<b>36 022 495</b>	<b>9 313 399</b>

## 17. TAXES PAYABLE

	(KZT'000)	
	at 30.09.2017	at 31.12.2016
Value added tax	313 174	898 696
Personal income tax	35 297	32 817
Other taxes	38 304	49 740
Social tax	20 132	22 159
	<b>406 907</b>	<b>1 003 411</b>

## 18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(KZT'000)	
	at 30.09.2017	at 31.12.2016
Employment expenses accrued	214 160	193 683

Employee leave allowances and bonuses accrued	171 063	164 738
Advances received	15 155	29 001
Other accrued liabilities	42 382	9 347
	<u>442 760</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 more than 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, 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.

(KZT'000)

	Production of juice and juice-containing beverages	Food stuff	Franchise	Trading	Consolidated
<b>Period ended 30 September 2017</b>					
Revenue	11 631 842	13 366 875	13 473 512	44 122	38 516 351
Operating profit (loss) before tax	513 925	1 644 484	244 726	44 122	2 447 257
Income tax expense	(66 933)	(219 923)	(31 873)		(318 729)
Net profit/(loss)	453 622	1 446 351	216 012	44 122	2 160 107
Accumulated depreciation	534 446	675 917	361 537	-	1 571 900
Acquisition of property, plant and equipment and intangible assets	147 221	397 498	927 494	-	1 472 213

	Production of juice and juice-containing beverages	Food stuff	Franchise	Trading	Consolidated
<b>Period ended 30 September 2017</b>					
Segment assets	17 249 154	10 048 146	15 331 321		42 628 621
Deferred income tax assets					
Total assets	17 249 154	10 048 146	15 331 321		46 628 621
Segment liabilities	12 054 300	6 003 120	8 061 971		26 119 391
Deferred income tax liabilities	837 627	1 145 199	807 255		2 790 082
Total liabilities	12 891 932	7 148 319	8 869 222		28 909 473

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

(KZT'000)

	9 months of 2017	9 months of 2016
Republic of Kazakhstan	31 957 486	29 756 315
Kyrgyz Republic	4 512 864	3 810 991
Russian Federation	2 036 158	2 874 027
Tajikistan	9 057	56 904
France	786	866
	<b>38 516 351</b>	<b>36 499 103</b>

## 20. RETIREMENT BENEFITS

In accordance with the requirements of the laws of the Republic of Kazakhstan, the Group makes 10% pension contributions from the employee salaries. However, subject to the Republic of Kazakhstan laws, this amount per employee shall not exceed KZT 183,442.5 a month since 1 January 2017; previously monthly contributions per employee amounted to KZT 171,442.5. These amounts are expensed as incurred. Contributions to the pension funds are deducted from the employee salary and recognised in the total salaries paid in the consolidated statement of comprehensive income.

As of 30 September 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 Mr. Ye.Zh. Koshkinbayev.

Transactions between the Company and its subsidiaries are eliminated at consolidation and not disclosed in this note. Transactions entered into by the Group with the related parties are disclosed below.

**Trading transactions** – as at 30 September 2017 and 31 December 2016 transactions with the related parties included:

- 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	
	9 month of 2017	9 months of 2016	9 months of 2017	9 months of 2016
RESMI Direct Investments LLP	6 709	6 925	167 319	144 891
Jointly controlled companies	18	472	3 092	19 302
	Related party receivables		Related party payables	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Jointly controlled companies:	<b>285 879</b>	<b>256 913</b>	-	<b>27 518</b>
Broker's debt	57 268	53 292		
Cash on broker's account	4 809	4 813		
Interest-free financial aid		4 745		
Debts under trade and other transactions	223 802	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

Deval Hans Alexander

Chief Financial Officer

Askat Agybayev

Chief Accountant

Olesya Andreyeva

