



RG BRANDS JSC & SUBSIDIARIES

NOTES

to the Interim Consolidated Financial Statements
as at 30 September 2013
(in KZT thousands unless stated otherwise)

1. GENERAL

The core business of RG Brands JSC and its subsidiaries (hereinafter 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 2013 and 31 December 2012 the registered share capital of RG Brands JSC was KZT 1,840,296 thousand. As at 30 September 2013 and 31 December 2012 the share capital was paid in full.

As at 30 September 2013 and 31 December 2012 shareholders of the Company were as follows:

Shareholders	Interest		Shares		Amount	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012	30.09.2013	31.12.2012
Mr. T.S. Kaltayev.	1.30%	1.30%	45 024	45 024	34 384	34 384
Mr. K.K. Mazhibayev	51.93%	51.18%	1 793 103	1 767 044	944 574	917 313
Mr. A. Agybayev	0.66%	0.66%	22 655	22 655	24 780	24 780
Mr. R. Bayazerov	0.71%	0.71%	24 653	24 653	26 778	26 778
Mr. A.A. Kanafin	-	0.70%	-	24 046	-	26 119
SMART WAY LTD	-	0.60%	-	20 882	-	20 882
Mr. A.V. Khalyapin	0.01%	0.01%	138	138	501	501
SUCCESSFUL INVESTMENT TRUST LLP	8.11%	7.85%	279 968	271 198	258 948	250 178
Mr. Y.Zh. Koshkimbayev	28.79%	28.50%	994 052	983 953	397 903	386 933
Withdrawn capital	8.49%	8.49%	293 137	293 137	152 428	152 428
Total	100.0%	100.0%	3 452 730	3 452 730	1 840 296	1 840 296

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

	Ownership interest		Voting right	
	2013	2012	2013	2012
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 September 2013 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 expiration 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 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 September 2013.

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.

