



RG Brands JSC & Subsidiaries

NOTES

to the Interim Consolidated Financial Statements

as at 30 June 2019

(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 June 2019 and 31 December 2018 the registered share capital of RG Brands JSC was KZT 2 787 696 thousand. As at 30 June 2019 and 31 December 2018 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 June 2019 and 31 December 2018 shareholders of the Company were as follows:

Shareholders	Ownership interest		Number of shares		Amount	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Mr. T.S. Kaltayev Mr. K.K.	0,957%	0,95%	30 000	30 000	33 400	33 400
Mazhibayev	62,042%	61,77%	1 944 771	1 944 771	944 726	944 726
Mr. A. Agybayev	0,606%	0,72%	19 000	22 655	21 125	24 780
Mr. R. Bayazerov	0,586%	0,90%	18 355	28 355	20 481	30 481
Mr. A.V. Khalyapin Mr. Y.Zh.	0,004%	0,01%	138	138	501	501
Koshkimbayev	35,805%	35,35%	1 122 352	1 122 352	656 699	656 699
Total	100,0%	100,0%	3 134 616	3 148 271	1 676 932	1 690 587

As at 30 June 2019 and 31 December 2018 repurchased common shares of the Group made KZT 163 364 thousand or 318 114 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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
«RG Brands Kazakhstan» LLP	100%	100%	100%	100%
«Uni Commerce Ltd.» LLP	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%
«ЭрДжи Брэндс Север» 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 June 2019 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.

mRG 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.

RG Brands JSC on 02 April 2019 took decision to sell trade mark “Grizzly” and company’s chip production assets.

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-Up International. 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 2019, 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 June 2019.

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

The Group applied IFRS 15 revenue from Contracts with Customers starting January 1, 2018. The main impact of adoption of IFRS 15 relates to consideration payable to a customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer. The Group accounts for consideration payable to a customer as reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

In 2018 the Group applied IFRS 9 Financial Instruments. The Group changed incurred credit loss model for expected credit loss model, although the effect was not material.

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 2019	6 months of 2018
Sales of carbonated soft drinks and juice containing drinks	19 995 331	15 609 790
Sale of packed tea, packed milk and food products	8 828 384	7 724 631
Sale of wholesale products	52 673	33 432
	<u>28 876 388</u>	<u>23 367 853</u>

5. COST OF SALES

Cost of sales were as follows:

	(KZT'000)	
	6 months of 2019	6 months of 2018
Materials	15 279 025	13 161 275
Depreciation and amortisation	726 838	765 909
Payroll and related taxes	490 038	402 931
Utilities	265 400	237 343
Repairs	448 133	332 187
Cost of sale of wholesale products	145 493	116 805
Other costs	125 180	30 823
	<u>17 480 107</u>	<u>15 047 273</u>

6. SELLING EXPENSES

Selling expenses were as follows:

	6 months of 2019	6 months of 2018
		(KZT'000)
Transportation	1 954 112	1 583 872
Payroll and related taxes	446 704	456 178
Advertising campaigns and market research	1 528 350	1 355 981
Sales agents expenses	747 722	723 261
Other selling costs	306 944	452 649
Amortisation	364 771	311 607
Lease of vehicles, warehouses and office premises	216 863	187 115
Business trip expenses	16 009	10 291
Write-off of materials	-	373
Reimbursement of selling expenses	(278 816)	(125 659)
	5 302 659	4 955 668

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were as follows:

	6 months of 2019	6 months of 2018
		(KZT'000)
Payroll and related payments	1 223 245	1 425 851
Waste goods write-off	85 449	64 903
Consulting services	228 439	136 684
Penalties and fines	758	420
Depreciation and amortisation	68 932	60 226
Taxes other than income tax	84 693	130 951
Bank services	69 777	42 331
Transportation expenses	51 660	50 337
Utilities	40 454	32 534
Business trip expenses	62 775	60 861
Communication services	36 609	20 403
Insurance	60 673	3 581
Provision for doubtful debts	29 211	(6 696)
Others	497 675	262 016
	2 540 350	2 284 402

8. FINANCE COSTS

Finance costs were as follows:

	(KZT'000)	
	6 months of 2019	6 months of 2018
Interest on borrowings	1 080 926	906 615
Interest on notes payable	-	-
Interest on letter of credit	35 053	
Other	744	-
	<u>1 116 723</u>	<u>906 615</u>

9. OTHER EXPENSES / INCOME

Other costs were as follows:

	(KZT'000)	
	6 months of 2019	6 months of 2018
(Loss)/income from disposal of property, plant and equipment	394 775	3 292
Other operating expenses/income, net	204 465	1 761 402
Other	10 078	(20 829)
	<u>609 318</u>	<u>1 743 865</u>

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.

	(KZT'000)	
	6 months of 2019	6 months of 2018
Net profit /loss for the year attributable to equity holders	2 262 561	1 773 397
Weighted average number of common shares	3 134 616	3 148 271
Basic loss/earnings per share, in Tenge	722	563

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.

$$6\ 327 = 19\ 832\ 656 / 3\ 134\ 616$$

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.

$$19\,832\,656 = (59\,229\,785 - 78\,658) - 39\,318\,471$$

	(KZT'000)	
	at 30.06.2019	at 31.12.2018
Calculation of book value per common share		
Net assets of the Group excluding intangible assets	19 832 656	17 696 984
Number of outstanding common shares	3 134 616	3 148 271
Book value per common share, Tenge	6 327	5 621

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

$$1\,200 = 947\,400 / 789\,500$$

	(KZT'000)	
	at 30.06.2019	at 31.12.2018
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, Tenge	1 200	1 200

11. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2019 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 2019	1 609 345	6 896 384	20 511 356	202 134	1 242 396	185 441	30 647 056
Additions	-	-	131 734	-	35 899	97 133	264 766
Revaluation increase	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-
Internal transfers	-	24 576	(18 431)	-	(5 898)	(247)	-
Disposals	(56 510)	(161 237)	(137 786)	(17 856)	(51 971)	(56 872)	(482 232)
At 30 June 2019	1 552 835	6 759 723	20 486 873	184 278	1 220 426	225 455	30 429 590
Accumulated depreciation							
At 1 January 2019	-	(391 714)	(4 378 997)	(160 854)	(890 372)	-	(5 821 937)
Accrued for the period	-	(308 133)	(775 992)	(4 238)	(65 140)	-	(1 153 503)
Reclassifications	-	-	-	-	-	-	-
Internal transfers	-	-	1 632	-	(1 632)	-	-
Disposals	-	6 734	54 444	17 856	17 412	-	96 446
At 30 June 2019	-	(693 113)	(5 098 913)	(147 236)	(939 732)	-	(6 878 994)
Net book value at 30 June 2019	1 552 835	6 066 610	15 387 960	37 042	280 694	225 455	23 550 596

12. ACCOUNTS RECEIVABLE

As at 30 June 2019 accounts receivable were as follows

(KZT'000)

	at 31.12.2018	Debit turnover	Credit turnover	at 30.06.2019
Trade accounts receivable				
Magnolia Company LLP, Taraz (DR)	260 413	1 197 069	1 211 782	245 700
SOB LTD Company LLP Aktau	158 967	996 401	1 029 626	125 742
Rakhimzhanov IE, Semey	65 004	792 065	857 069	-
Aksai Market LLP	44 650	215 398	210 709	49 339
Mereke LLP Kokshetau	57 967	545 667	551 101	52 533
Metropolis Company LLC	23 073	74 838	70 607	27 304
Kredos Trade Company LLC	26 129	154 476	137 035	43 570
CARAT LLP, Petropavlovsk (DR)	39 658	366 112	356 308	49 462
Sauda-Inter LLP	45 196	808 946	848 145	5 997
G.K. Akhmetbekov IE	24 163	324 007	322 668	25 502

Luchshee reshenie LLP	35 533	144 042	116 061	63 514
Semipalatinsk Trading Company LLP	31 902	118 295	115 134	35 063
Other	1 274 906	28 371 990	28 315 595	1 331 301
TOTAL	2 087 561	34 109 306	34 141 840	2 055 027

Advances paid				
Tetra Pak Kazakhstan Ltd	5 298	12 361	17 659	-
TETRA PAK Global Distribution S.A.	18 604	97 565	112 822	3 347
Pivnoe Podvorie LLP, Uralsk	21 377	16 230	37 607	-
TEEPACK Spezialmaschinen GmbH AND Co.KG.	13 601	15 733	29 334	-
Atasu Logistics LLP	22	54 507	54 529	-
Deloitte LLP	19 152	9 576	28 728	-
Asian Tea Company Private Limited	-	1 009 543	279 199	730 344
Asia International Company LTD LLP	132 433	15 512	6 467	141 478
CENTRADE INTEGRATED S.R.L.	3 336	-	-	3 336
Partner Express Logistic LLP	35 071	78 474	100 277	13 268
Kargo Express LLP	-	112 123	14 160	97 963
M.J.CLARKE LTD	-	71 795	-	71 795
Other	673 089	68 153 375	68 560 102	266 362
TOTAL	921 983	69 710 620	69 304 710	1 327 893

13. INVENTORIES

	(KZT'000)	
	at 30.06.2019	at 31.12.2018
Finished goods	4 256 608	2 875 535
Raw material	3 110 056	3 014 238
Packing materials	1 652 621	870 930
Other	594 273	433 263
Spare parts	321 925	337 441
Less provision for slow moving inventories	(44 305)	(55 352)
	9 891 178	7 476 055
	9 891 178	7 476 055

14. OTHER CURRENT ASSETS

	(KZT'000)	
	at 30.06.2019	at 31.12.2018
Short-term accounts receivable from related parties	423 979	352 834
Receivables from employees	373 924	313 096
Other taxes receivable	247 077	229 614
Other receivables	468 717	315 196
Prepaid expenses	516 446	204 448
Less provision for doubtful debts	(15 219)	(13 443)
	2 014 924	1 401 745

15. LOANS, BONDED DEBTS AND FINANCE LEASE

Below is the information of loans and other financial liabilities as at 30 June 2019:

(KZT'000)

Creditor	Loan currency	Average rate, % per annum	Opening balance	Turnover		Closing balance	Maturity date
				Дебет	Кредит		
EBRD (1 st tranche 2015)	KZT'000	8,95%	1 838 545	459 636	-	1 378 909	2020
EBRD discount (2015)	KZT'000		-7 279	-	2 924	-4 355	
EBRD (2 tranche 2015)	KZT'000	8,95%	338 818	84 705	-	254 113	2020
EBRD discount (2015)	KZT'000		-1 341	-	539	-802	
EBRD (3 tranche 2016)	KZT'000	10,25%	1 533 333	383 333	-	1 150 000	2020
EBRD discount (2016)	KZT'000		-10 746	-	2 488	-8 257	
EBRD (4 tranche 2018)	KZT'000	9,90%	2 500 000	625 000	-	1 875 000	2020
EBRD discount (2018)	KZT'000		-17 171	-	6 903	-10 268	
International Finance Corporation	KZT'000	9,20%	2 005 867	250 733	-	1 755 134	2022
International Finance Corporation discount	KZT'000		-25 099	-	5 875	-19 224	
Subsidiary Bank ALFA BANK, OJSC	KZT'000	11,85%	300 000	607 444	4 818 044	4 510 600	2019

ATF BANK JSC	KZT'000	5,50%	555 334	138 833	-	416 501	2019
SHINHAN BANK KAZAKHSTAN	KZT'000	9,00%	466 667	120 284	-	346 383	2020
Eurasian Development Bank	RUB тыс	10,10%	1 058 566	264 641	-	793 925	2020
	KZT'000		5 843 283	1 643 423	595 443	4 795 303	
Eurasian Development Bank discount	RUB тыс		-1 500	-	673	-827	
	KZT'000		-8 281	897	4 184	-4 995	
Bank Center Credit JSC	KZT'000	6,00%	181 518	25 184	65 807	222 141	2023
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%	640 000	640 000	-	-	2019
Development Bank of Kazakhstan	KZT'000	6,00%	160 000	160 000	-	-	2019
Development Bank of Kazakhstan	KZT'000	6,00%	901 160	901 160	-	-	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
Development Bank of Kazakhstan	KZT'000	6,00%	250 000	250 000	-	-	2019
Development Bank of Kazakhstan	KZT'000	7,60%	-	170 000	964 790	794 790	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	350 000	350 000	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	600 000	600 000	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	374 000	374 000	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	700 000	700 000	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	616 000	616 000	2020
Development Bank of Kazakhstan	KZT'000	7,70%	-	-	440 000	440 000	2020
Development Bank of Kazakhstan	KZT'000	7,80%	-	-	198 840	198 840	2020
Development Bank of Kazakhstan	KZT'000	7,60%	-	-	640 000	640 000	2020

Development Bank of Kazakhstan	KZT'000.	7,70%	-	-	170 000	170 000	2020
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 тыс	9%	81 914	81 914	-	-	2019
	KZT'000.		452 166	477 186	25 020	-	
Altyn Bank JSC	RUB тыс	9%	95 238	95 238	-	-	2019
	KZT'000		525 714	555 238	29 524		
Altyn Bank JSC	RUB тыс	9%	-	-	85 000	85 000	2019
	KZT'000.		-	7 650	521 050	513 400	
Altyn Bank JSC	RUB тыс	9%	-	2 220	85 000	82 780	2019
	KZT'000.		-	20 741	520 732	499 991	

Creditor	Loan amount, total	Maturity date					
		2019	2020	2021	2022	2023	
International Finance Corporation	1 735 909	250 733	501 467	501 467	482 243	-	
Subsidiary Bank ALFA BANK, OJSC	4 510 600	2 153 333	2 357 267	-	-	-	
SHINHAN BANK KAZAKHSTAN	346 383	113 050	233 333	-	-	-	
ATF Bank JSC	416 501	138 834	277 667	-	-	-	
Development Bank of Kazakhstan	4 883 630	-	4 883 630	-	-	-	
Eurasian Development Bank	4 790 309	1 881 942	2 908 366	-	-	-	
Bank Center Credit JSC	222 141	23 374	58 176	58 176	58 176	24 240	
EBRD (2015)	1 374 553	459 637	914 917	-	-	-	
EBRD (2015)	253 311	84 704	168 606	-	-	-	
EBRD (2016)	1 141 743	383 334	758 409	-	-	-	
EBRD (2018)	1 864 732	625 000	1 239 732	-	-	-	
Altyn Bank JSC	2 013 391	2 013 391	-	-	-	-	
TOTAL	20 590 284	11 508 160	8 000 876	542 982	542 967	17 299	

	At 30.06.2019	At 31.12.2018
Principal	23 601 105	22 521 245
Discount	(47 901)	(69 917)
Interest	359 871	365 703
TOTAL	23 913 075	22 723 350

16. ACCOUNTS PAYABLE

As at 30 June 2019 accounts payable were as follows:

(KZT'000)

	At 31.12.2018	Debit turnover	Credit turnover	At 30.06.2019
Asian Tea Company Private Limited	1 432 076	6 339 474	4 907 398	-
Pepsi-Cola International, Cork	782 460	3 495 988	4 087 016	1 373 487
Tetra Pak Казахстан Ltd	201 586	1 940 814	2 189 990	450 762
P.E.T. TOO	223 662	1 993 935	2 326 954	556 681
VAN REES B. V.	536 900	1 742 486	1 829 065	623 478
PEPSI LIPTON INTERNATIONAL	9 975	745 669	740 082	4 389
M.J.CLARKE LTD	129 337	1 442 410	1 313 073	-
KazExportGarant JSC IC	-	89 756	384 540	294 783
Louis Dreyfus Company Suisse SA	-	2 802	326 771	323 969
Sudzucker AG	31 357	1 348 934	1 603 517	285 940
Other	4 330 433	21 413 960	22 342 886	5 259 359
TOTAL	7 677 786	40 556 230	42 051 291	9 172 848

17. TAXES PAYABLE

(KZT'000)

	At 30.06.2019	At 31.12.2018
Value added tax	1 156 396	688 453
Personal income tax	20 023	23 400
Other taxes	63 421	34 280
Social tax	10 674	13 541
	1 250 514	759 674

18. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	(KZT'000)	
	At 30.06.2019	At 31.12.2018
Payable to employees	221 079	180 642
Accrued vacation and bonuses	219 338	200 174
Advances received	27 468	11 414
Other accrued liabilities	44 864	42 426
	512 749	434 656

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, 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 Moyo 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	Trading	Consolidated
Period ended 30 June 2019				
Revenue	19 995 331	8 828 384	52 673	28 876 388
Operating profit (loss) before tax	1 705 674	700 420	52 673	2 458 767
Income tax expense	(136 110)	(60 096)	-	(196 206)
Net profit/(loss)	1 569 564	640 325	52 673	2 262 561
Depreciation	805 080	355 461	-	1 160 541
Acquisition of property, plant and equipment and intangible assets	193 279	71 487	-	264 766

	Production of juice and juice-containing beverages	Food stuff	Trading	Consolidated
Period ended 30 June 2019				
Segment assets	41 088 360	18 141 360	-	59 229 785
Deferred income tax assets	-	-	-	-
Total assets	41 088 360	18 141 360	-	59 229 785
Segment liabilities	24 716 517	10 912 893	-	35 629 410
Deferred income tax liabilities	2 559 143	1 129 918	-	3 689 061
Total liabilities	27 275 660	12 042 811	-	39 318 471

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

	6 months of 2019	6 months of 2018	(KZT'000)
Republic of Kazakhstan	23 833 300	19 368 296	
Kyrgyz Republic	3 810 675	2 885 584	
Russian Federation	1 213 016	1 100 262	
Tajikistan	11 822	13 712	
China	7 575	-	
	28 876 388	23 367 853	

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 212 500 a month since 1 January 2019, previously monthly contributions per employee amounted to KZT 212 130. 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 2019 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 2019 and 31 December 2018

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	
	6 months of 2019	6 months of 2018	6 months of 2019	6 months of 2018
RESMI Direct Investments				
LLP	5 268	5 768	130 771	130 399
Jointly controlled companies	-	-	49 551	1 203

	Related-party receivables		Related-party payables	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Jointly controlled companies:	294 174	419 480	405	-
<i>Money on broker's account</i>	71 814	66 646		
<i>Interest-free financial aid</i>	-	-		
<i>Liability on trade and other transactions</i>	352 164	352 834	405	-

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



Timur Kaltayev

Chief Financial Officer

Askat Agybayev

Chief Accountant

Uldar Idyrova