



KCELL JSC

Condensed interim consolidated financial information
for the three months ended 31 March 2019
(unaudited)

KCELL JSC

CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2019	1
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION	
Condensed interim consolidated statement of financial position	2
Condensed interim condensed statement of comprehensive income	3
Condensed interim condensed statement of changes in equity	4
Condensed interim condensed statement of cash flows	5
Notes to the condensed interim consolidated financial information	6-31

KCELL JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2019

Management is responsible for the preparation of the interim condensed consolidated financial information that present fairly the financial position of Kcell JSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2019, the results of its operations, cash flows and changes in equity for the three months then ended, in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

In preparing the condensed interim consolidated financial information, management is responsible for:

- properly selecting and applying accounting policies;
- making judgements and estimates that are reasonable and prudent;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time financial position of the Group, and which enable them to ensure that the consolidated financial information of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Kazakhstan and accounting standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The condensed interim consolidated financial information of the Group for the three months ended 31 March 2019 were approved by management on 6 May 2019.

Approved for issue and signed on behalf of the Management



Kaspars Kukelis
Chief Executive Officer





Bunyod Ramatov
Chief Financial Officer

KCELL JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousand of Kazakhstani Tenge)

	Note	31 March 2019 (unaudited)	31 December 2018
ASSETS			
Non-current assets			
Property and equipment		85,517,708	88,675,636
Intangible assets		39,061,922	40,605,754
Right-of-use assets		23,301,415	-
Long-term trade receivables	10	2,079,719	3,009,995
Restricted cash		36,533	36,533
Deferred tax assets		328,447	-
Cost to obtain contract		377,299	388,802
Total non-current assets		150,703,043	132,716,720
Current assets			
Inventories		2,945,625	4,728,092
Trade and other receivables	10	22,729,967	22,580,797
Due from related parties	9	714,191	1,018,003
Cash and cash equivalents		6,758,373	6,029,042
Total current assets		33,148,156	34,355,934
TOTAL ASSETS		183,851,199	167,072,654
EQUITY			
Share capital	11	33,800,000	33,800,000
Retained earnings		24,874,482	34,275,289
TOTAL EQUITY		58,674,482	68,075,289
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		-	1,503,915
Other non-current liabilities		1,361,952	1,362,042
Long-term lease liability		21,567,999	-
Borrowings	13	54,749,558	14,935,969
Total non-current liabilities		77,679,509	17,801,926
Current liabilities			
Borrowings	13	5,510,340	51,782,817
Shor-term lease liability		2,799,560	-
Trade and other payables	12	28,371,937	18,000,475
Due to related parties	9	2,235,297	674,718
Deferred revenue		6,291,280	7,297,746
Income tax payable		441,931	1,853,827
Taxes payable		1,846,863	1,585,856
Total current liabilities		47,497,208	81,195,439
TOTAL LIABILITIES		125,176,717	98,997,365
TOTAL EQUITY AND LIABILITIES		183,851,199	167,072,654

Approved for issue and signed on behalf of the Management on 6 May 2019


Kaspars Kukelis
Chief Executive Officer


Bunyod Ramatov
Chief Financial Officer

The accompanying notes on pages 6 to 31 are an integral part of these condensed interim consolidated financial information

KCELL JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousand of Kazakhstani Tenge, unless otherwise stated)

	Three months ended	
	31 March 2019 (unaudited)	31 March 2018 (unaudited)
Revenues	35,179,925	36,385,984
Cost of sales	(23,341,454)	(23,838,794)
Gross profit	11,838,471	12,547,190
Selling and marketing expenses	(2,119,733)	(2,363,729)
General and administrative expenses	(18,086,304)	(4,574,644)
Other operating income	251,333	453,025
Other operating expenses	(159,040)	(127,362)
Operating profit	(8,275,273)	5,934,480
Finance income	1,039,628	128,320
Finance costs	(3,185,774)	(2,443,849)
Profit before income tax	(10,421,419)	3,618,951
Income tax expense	1,670,012	(1,259,600)
(Loss)/profit and total comprehensive income for the year	(8,751,407)	2,359,351
Earnings per share (Kazakhstani Tenge), basic and diluted	(43.76)	11.80

Profit and total comprehensive income for both periods are fully attributable to the Group's shareholders.

Approved for issue and signed on behalf of the Management on 6 May 2019


Kaspars Kukelis
Chief Executive Officer


Bunyod Ramatov
Chief Financial Officer

The accompanying notes on pages 6 to 31 are an integral part of these condensed interim consolidated financial information

KCELL JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in thousand of Kazakhstani Tenge)

	Share capital	Retained earnings	Total equity
Balance at 1 January 2018 (restated)*	33,800,000	36,739,391	70,539,391
Impact of adopting IFRS 9	-	682,866	682,866
Restated opening balance under IFRS 9	33,800,000	37,422,257	71,222,257
Profit and total comprehensive income for the year	-	2,359,351	2,359,351
Balance at 31 March 2018	33,800,000	36,739,391	70,539,391
Balance at 1 January 2019	33,800,000	34,275,289	68,075,289
Impact of adopting IFRS 16	-	(649,400)	(649,400)
Restated opening balance under IFRS 16	33,800,000	33,625,889	67,425,889
Profit and total comprehensive income for the year	-	(8,751,407)	(8,751,407)
Balance at 31 March 2019	33,800,000	24,874,482	58,674,482

Approved for issue and signed on behalf of the Management on 6 May 2019


Kaspars Kukelis
Chief Executive Officer


Bunyod Ramatov
Chief Financial Officer

The accompanying notes on pages 6 to 31 are an integral part of these condensed interim consolidated financial information

KCELL JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand of Kazakhstani Tenge)

	Note	Three months ended	
		31 March 2019 (unaudited)	31 March 2018 (unaudited)
Cash flows from operating activities			
Profit for the year		(8,751,407)	2,359,351
Adjustments for:			
Depreciation of property and equipment		5,399,408	4,702,405
Amortisation of intangible assets		2,347,528	1,451,342
Income tax		(281,200)	(677,758)
Net foreign exchange loss		(5,074)	(50,307)
Interest income		(1,033,353)	(117,291)
Interest expense		3,163,312	2,329,590
Impairment of trade receivables		449,781	939,000
		1,288,995	10,936,332
Operating cash flows before working capital changes			
Change in working capital and other balances:			
Trade and other receivables		(700,204)	(1,006,133)
Long-term trade receivables	10	930,276	(433,271)
Due from related parties	9	303,812	(105,792)
Inventories		1,782,467	(1,471,830)
Taxes payable		261,007	442,221
Trade and other payables	12	14,234,806	(336,424)
Lease liability		(1,424,825)	-
Due to related parties	9	1,560,579	277,221
Deferred revenue		(1,006,466)	(609,241)
Cost to obtain contract		11,503	(84,155)
		17,241,950	7,608,928
Cash generated from operations			
Interest received		350,107	117,291
Taxes paid		(2,800,708)	-
Interest paid		(1,912,545)	(2,140,117)
		12,878,804	5,586,102
Net cash generated from operating activities			
Cash flows from investing activities			
Purchase of property and equipment		(4,350,074)	(3,520,562)
Purchase of intangible assets		(1,703,211)	(562,771)
		(6,053,285)	(4,083,333)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from bank borrowings	13	5,000,000	6,420,000
Proceeds from bond issued	13	16,804,000	4,950,000
Repayment of borrowings	13	(27,884,000)	(12,000,000)
		(6,080,000)	(630,000)
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents			
Effects of exchange rate changes on the balance of cash held in foreign currencies		(16,188)	(103,230)
Cash and cash equivalents at the beginning of the year		6,029,042	12,659,844
		6,758,373	13,429,383
Cash and cash equivalents at the end of the year			

Approved for issue and signed on behalf of the Management on 6 May 2019


Kaspars Kukelis
Chief Executive Officer


Bunyod Ramatov
Chief Financial Officer

The accompanying notes on pages 6 to 31 are an integral part of these condensed interim consolidated financial information