

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS**For six months period ended 30 June 2024****1. GENERAL INFORMATION**

Kazakhtelecom JSC (the “Company” or “Kazakhtelecom”) was established in June 1994 in accordance with the legislation of the Republic of Kazakhstan.

The Company is incorporated, domiciled and operates in the Republic of Kazakhstan. The legal address of the Company is: 12 Sauran Str., Astana, 010000, Republic of Kazakhstan.

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns 79.2% of the Company’s controlling shares. Below is a list of the Company’s shareholders as at 30 June 2024:

	At 30 June 2024 (unaudited)	At 31 December 2023
Samruk-Kazyna	79,2%	79,2%
"First Heartland Jusan Bank" JSC	9,0%	9,0%
ADR (The Bank of New York – depositor)	0,6%	0,6%
Corporate fund “Social Development fund”	3,4%	3,4%
Other	7,8%	7,8%
	100,0%	100,0%

The Company is included in the register of natural monopolists in relation to transit traffic services provided to telecommunication operators, public switch telecommunication network (“PSTN”), connection services provided to third party telecommunication operators, and rental of phone channels to telecommunication operators for connection to PSTN.

The Company and its subsidiaries listed in *Note 2* (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication markets, including local, long-distance intercity and international telecommunication services including CIS and non-CIS countries; leases out lines and provides data transfer services, sells mobile devices and provides other telecommunication services.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Chief financial officer and the Chief accountant on behalf of the Management of the Company on 9 September 2024.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three and six month period ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023 and for the year then ended. The interim condensed consolidated financial statements are presented in Kazakhstan tenge, and all amounts are rounded to nearest thousands, except when otherwise indicated.

Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis. Management believes that there are no material uncertainties that could cast significant doubt on this assumption. In their judgment, it is reasonable to expect that the Group has sufficient resources to continue in operating existence for the foreseeable future and at least for 12 months after the end of the reporting period.

Foreign currency translation

The interim condensed financial statements of the Group are presented in tenge, which is the functional currency of the Company and its main subsidiaries. Tenge is the currency of the primary economic environment in which the Company and its main subsidiaries operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)****Foreign currency translation (continued)**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date when the transaction first qualifies for recognition criteria. Monetary assets and liabilities denominated in foreign currency are translated at the official exchange rate ruling at the reporting date established by Kazakhstan Stock Exchange ("KASE") and published by the National Bank of the Republic of Kazakhstan ("NBRK"). All translation differences are recognized in the interim condensed consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange rates are presented in the following table:

	30 June 2024 (unaudited)	31 December 2023
US dollar	471,46	454,56
Euro	504,79	502,24
Russian rubles	5,53	5,06

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rubles. During consolidation the assets and liabilities of foreign operation are translated into tenge at the rate of exchange prevailing at the reporting date and its statement of comprehensive income is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

The following subsidiaries have been included in these interim condensed consolidated financial statements:

	Country of incorporation	Percentage ownership	
		30 June 2024 (unaudited)	31 December 2023
Mobile Telecom-Service LLP	Kazakhstan	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
VostokTelecom LLP	Kazakhstan	100.00%	100.00%
Digital Economy Development Center LLP	Kazakhstan	100.00%	100.00%
Nursat+ LLP	Kazakhstan	100.00%	100.00%
KT-Telecom JSC	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as at 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Some amendments will enter into force for the first time in 2024, but have no impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**New and amended standards and interpretations (continued)***Amendments to IFRS (IAS) 7 and IFRS (IFRS) 7 – "Supplier Financing Agreements"*

In May 2023, the Council issued amendments to IFRS (IAS) 7 "Statement of Cash Flows" and IFRS (IFRS) 7 "Financial Instruments: Disclosure of Information", which describe the characteristics of supplier financing agreements and contain requirements for the disclosure of additional information about such agreements. Disclosure requirements are designed to help users of financial statements understand the impact of vendor financing agreements on an organization's liabilities, cash flows, and liquidity risk exposure.

The transition rules clarify that the company is not required to disclose information in any interim periods in the year of initial application of the amendments. Therefore, these amendments had no impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 16 – "Lease obligation under a sale-leaseback transaction"

In September 2022, the IASB issued amendments to IFRS 16 clarifying the requirements that a seller-lessee uses in assessing a lease liability arising from a sale-leaseback transaction in order to exclude recognition by the seller-lessee of any amounts of profit or loss related to the right of use that the seller retains- the tenant.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS (IAS) 1 "Classification of Liabilities as Short-term or Long-term"

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1, which clarify the requirements for classifying liabilities as short-term or long-term. The amendments clarify the following:

- What is meant by the right to postpone the settlement of obligations;
- The right to defer settlement of obligations should exist at the end of the reporting period;
- The classification of obligations is not affected by the likelihood that the organization will exercise its right to defer settlement of the obligation;
- The terms of the obligation will not affect its classification only if the derivative embedded in the convertible obligation is itself an equity instrument.

In addition, a disclosure requirement has been introduced in cases where the obligation arising from a loan agreement is classified as long-term and the organization's right to defer settlement of this obligation depends on compliance with future covenants within twelve months.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

4. SEGMENT INFORMATION

For management purposes, the Group represents business units based on the organizational structure of the Group and has reportable operating segments as follows:

- Rendering fixed-line telecommunication services by business units of Kazakhtelecom JSC and Vostoktelecom LLP;
- Rendering mobile telecommunication services in GSM and LTE standards by business units of Mobile Telecom-Service LLP and Kcell JSC.

Segment information represents the ongoing activities of the Group. Due to the reclassification of Mobile Telecom Service LLP (MTS) into discontinued operations in 2023 (Note 28), MTS is not included in the mobile telecommunications segment in GSM and LTE standards, as a result, comparative information does not correspond to the issued interim condensed consolidated financial statements for the three and six months ended 30 June 2023, as it does not include discontinued operations.

For the purposes of presenting the reporting segments mentioned above, no consolidation of the operating segments was performed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

Management monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The following tables disclose revenue and profit information for the Group's operating segments for the three and six months ended 30 June 2024 and 2023.

For the three months ended 30 June 2024 (unaudited):

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communica- tion services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	62,774,503	56,860,432	118,916	-	119,753,851
Inter-segment	3,293,699	1,173,075	291,141	(4,757,915)	-
Total revenue from contracts with customers	66,068,202	58,033,507	410,057	(4,757,915)	119,753,851
Income from government grants	441,535	1,463,292	-	-	1,904,827
Total	66,509,737	59,496,799	410,057	(4,757,915)	121,658,678
Financial results					
Depreciation and amortisation	(10,264,315)	(14,250,680)	(16,497)	353,129	(24,178,363)
Finance costs	(4,946,724)	(6,436,906)	-	142,251	(11,241,379)
Finance income	1,435,050	1,551,195	40,662	(223,454)	2,803,453
Income from dividends	9,263	-	-	(9,263)	-
The Group's share in the loss of the joint venture	-	-	(87,768)	-	(87,768)
Gain from reversal of impairment on non-financial assets/(loss from impairment)	37,308	(533,083)	-	(1,183)	(496,958)
Impairment losses on financial assets	(1,189,652)	(1,083,312)	(149)	(339,085)	(2,612,198)
Segment profit/(loss) before tax	4,465,672	1,526,321	(102,157)	(1,860,958)	4,028,878

For the three months ended 30 June 2023 (unaudited, recalculated)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	60,770,175	46,444,346	192,769	-	107,407,290
Inter-segment	3,947,400	1,019,714	355,098	(5,322,212)	-
Total revenue from contracts with customers	64,717,575	47,464,060	547,867	(5,322,212)	107,407,290
Compensation for provision of universal services in rural areas	1,993,471	-	-	-	1,993,471
Income from government grants	543,656	848,656	-	-	1,392,312
Total	67,254,702	48,312,716	547,867	(5,322,212)	110,793,073
Financial results					
Depreciation and amortisation	(9,648,340)	(12,346,708)	(14,944)	132,578	(21,877,414)
Finance costs	(5,009,636)	(3,173,781)	-	615,412	(7,568,005)
Finance income	1,396,206	1,248,261	20,853	(524,942)	2,140,378
Gain from reversal of impairment on non-financial assets/(loss from impairment)	14,044	(115,708)	4,369	-	(97,295)
Impairment losses on financial assets	(1,972,794)	(1,406,438)	(11,063)	25,621	(3,364,674)
Segment profit/(loss) before tax	9,482,462	3,337,589	(22,024)	(3,276,794)	9,521,233

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)****For the six months ended 30 June 2024 (unaudited)**

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	125,958,419	111,021,279	305,192	-	237,284,890
Inter-segment	21,807,167	2,357,274	578,543	(24,742,984)	-
Total revenue from contracts with customers	147,765,586	113,378,553	883,735	(24,742,984)	237,284,890
Income from government grants	904,449	2,926,585	-	-	3,831,034
Total	148,670,035	116,305,138	883,735	(24,742,984)	241,115,924
Financial results					
Depreciation and amortisation	(20,245,837)	(28,355,275)	(38,314)	706,257	(47,933,169)
Finance costs	(9,447,195)	(11,376,743)	-	366,993	(20,456,945)
Finance income	2,500,938	1,891,599	74,782	(505,655)	3,961,664
Income from dividends	9,263	-	-	(9,263)	-
The Group's share in the loss of the joint venture	-	-	(87,768)	-	(87,768)
Gain from reversal of impairment on non-financial assets/(loss from impairment)	44,031	(533,083)	-	-	(489,052)
Impairment losses on financial assets	(742,229)	(2,427,283)	1,450	(12,846)	(3,180,908)
Segment profit/(loss) before tax	9,773,202	4,254,112	(172,041)	746,108	14,601,381

For the six months ended 30 June 2023 (unaudited, recalculated)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	121,582,029	101,244,416	483,995	-	223,310,440
Inter-segment	7,461,066	2,101,545	654,096	(10,216,707)	-
Total revenue from contracts with customers	129,043,095	103,345,961	1,138,091	(10,216,707)	223,310,440
Compensation for provision of universal services in rural areas	4,206,946	-	-	-	4,206,946
Income from government grants	684,398	1,697,314	-	-	2,381,712
Total	133,934,439	105,043,275	1,138,091	(10,216,707)	229,899,098
Financial results					
Depreciation and amortisation	(19,840,955)	(23,650,085)	(19,130)	265,156	(43,245,014)
Finance costs	(10,863,684)	(4,648,337)	-	190,048	(15,321,973)
Finance income	2,591,754	3,257,114	42,565	(803,728)	5,087,705
Gain from reversal of impairment on non-financial assets	28,812	-	-	-	28,812
Impairment losses on financial assets	(2,240,557)	(2,280,020)	(7,378)	32,332	(4,495,623)
Segment profit/(loss) before tax	19,318,013	17,407,616	(31,925)	(5,294,995)	31,398,709

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

For the six months ended 30 June 2023 (unaudited, recalculated) (continued)

As at 30 June 2024 (unaudited) and 31 December 2023 (audited)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively:

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE stan- dards	Other	Elimina- tions and adjustments	Group
Operating assets					
As at 30 June 2024 (unaudited)	1,173,837,058	488,099,619	2,160,392	(193,093,276)	1,471,003,793
As at 31 December 2023 (audited)	1,230,455,728	987,987,652	2,417,860	(737,860,899)	1,483,000,341
Operating liabilities					
As at 30 June 2024 (unaudited)	246,885,023	224,011,718	1,519,180	199,485,086	671,901,007
As at 31 December 2023 (audited)	283,939,959	403,963,469	1,877,844	(10,443,268)	679,338,004

Reconciliation of profit

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited, recalculated)	2024 (unaudited)	2023 (unaudited, recalculated)
Segment profit	5,889,836	12,798,027	13,855,273	36,693,704
Other	(1,860,958)	(3,276,794)	746,108	(5,294,995)
Profit before tax of the Group	4,028,878	9,521,233	14,601,381	31,398,709

Reconciliation of assets

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Segment operating assets	1,664,097,069	2,220,861,240
Elimination of intra-group receivables and payables	(29,780,202)	(38,744,637)
Elimination of the Company's investments in subsidiaries	(699,803,713)	(699,485,713)
Assets held for sale (Note 28)	536,196,453	-
Deferred tax assets	294,186	369,451
Total assets of the Group	1,471,003,793	1,483,000,341

Reconciliation of liabilities

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Segment operating liabilities	472,415,921	689,781,272
Elimination of intra-group receivables and payables	(29,522,964)	(36,177,931)
Deferred tax liabilities	52,014,097	25,734,663
Liabilities directly associated with assets held for sale (Note 28)	176,993,953	-
Total liabilities of the Group	671,901,007	679,338,004

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**5. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY**

During the three and six months periods ended 30 June 2024, the Group acquired property and equipment for KZT 51,604,206 thousand and KZT 57,917,262 thousand, respectively (during the three and six months periods ended 30 June 2023: KZT 44,455,398 thousand and KZT 67,139,518 thousand, respectively).

During the three and six months ended 30 June 2024, the Group recognized depreciation expenses in the amount of KZT 15,549,581 thousand and KZT 37,261,299 thousand, respectively (during the three and six months ended 30 June 2023: KZT 18,929,961 thousand and KZT 39,351,941 thousand, respectively).

During the six months ended 30 June 2024, the Group reclassified property, plant and equipment into assets held for sale (Note 28) with an initial cost of KZT 299,090,329 thousand and accumulated depreciation in the amount of KZT 125,576,057 thousand.

As of 30 June 2024, the initial carrying amount of fully amortized fixed assets in operation amounted to KZT 531,506,212 thousand (as of 31 December 2023: KZT 514,731,498 thousand).

As of 30 June 2024, advances paid for non-current assets in the amount of KZT 385,198 thousand are mainly represented by advances paid for the installation of base stations, construction and supply of fixed assets (as of 31 December 2023: KZT 2,268,635 thousand).

6. INTANGIBLE ASSETS

During the three and six months periods ended 30 June 2024, the Group acquired intangible assets in the amount of KZT 2,225,268 thousand and KZT 7,159,263 thousand, respectively (during the three and six months periods ended 30 June 2023: KZT 93,509,315 thousand and KZT 172,676,349 thousand, respectively).

During the three and six months periods ended 30 June 2024, the Group recognized amortization expense in the amount of KZT 8,250,464 thousand and KZT 19,772,874 thousand, respectively (during the three and six months periods ended 30 June 2023: KZT 8,621,748 thousand and KZT 15,999,678 thousand, respectively).

During the six months ended 30 June 2024, the Group reclassified intangible assets to assets held for sale (Note 28) with an initial cost of KZT 221,455,165 thousand and accumulated depreciation in the amount of KZT 64,550,422 thousand.

As of 30 June 2024, the initial cost of fully amortized intangible assets in operation amounted to KZT 59,495,390 thousand (31 December 2023: KZT 68,741,862 thousand).

7. INVESTMENTS IN ASSOCIATES**Joint ventures**

The following joint ventures have been included in these interim condensed consolidated financial statements:

<i>In thousands of tenge</i>	Main activity	Country of registration	30 June 2024 (unaudited)		31 December 2023	
			Book value	Ownership share	Book value	Ownership share
Caspinet B.V.	Services	Netherlands	337,150	50%	-	-
			337,150	50%	-	-

Caspinet B.V.

Azertelecom INT LLC (AT) and Kazakhtelecom JSC (KT) have a mutual interest in the construction, operation and ownership of a fiber-optic cable between Azerbaijan and Kazakhstan along the bottom of the Caspian Sea ("Caspian Cable"). In this regard, and in accordance with the intergovernmental agreement between the Republic of Azerbaijan and the Republic of Kazakhstan, AT and KT agreed to cooperate in the establishment and management of the Business as a joint venture through "Caspinet B.V."

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**7. INVESTMENTS IN ASSOCIATES (continued)****Joint ventures (continued)***Caspinet B.V. (continued)*

The movement in the book value of investments in joint ventures for the six-month period ended 30 June 2024 is presented as follows:

<i>In thousands of tenge</i>	Caspinet B.V.
At 1 January 2024	–
Contribution to the equity	424,918
Share in the loss of the joint venture	(87,768)
30 June 2024 (unaudited)	337,150

The table below contains summarized financial information on the Group's investments in Caspinet B.V.:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)
Current assets, including	741,203
<i>Cash and cash equivalents</i>	733,515
Current liabilities, including	38,850
<i>Current financial liabilities</i>	11,977
Equity	702,353

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Operating expenses	(175,536)	–	(175,536)	–
Total comprehensive loss for the period	(175,536)	–	(175,536)	–
The Group's share of the loss for the period	(87,768)	–	(87,768)	–

8. IMPAIRMENT TESTING

Goodwill is tested by the Group for impairment annually as at 31 December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

As at 30 June 2024 there were no indicators for impairment of all CGUs, including those CGUs to which goodwill was allocated, therefore, management has not updated any of impairment calculations

9. OTHER NON-CURRENT FINANCIAL ASSETS

As at 30 June 2024 and 31 December 2023, other non-current financial assets comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Long-term accounts receivable	3,613,535	1,522,938
Loans to employees	2,623,620	2,717,964
Long-term deposits	1,084,903	1,283,649
Other	232,574	342,983
	7,554,632	5,867,534
Less: allowance for expected credit losses	(110,184)	(110,184)
	7,444,448	5,757,350

As at 30 June 2024 and 31 December 2023, the Group's other non-current financial assets were denominated in tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**9. OTHER NON-CURRENT FINANCIAL ASSETS (continued)**

As at 30 June 2024, the long-term accounts receivable represented by special agreements with customers for the purchase of contract phones for KZT 3,613,535 thousand (as at 31 December 2023: KZT 1,522,938 thousand). These long-term accounts receivable were discounted as at market interest rates of 20.1% per annum (2023: 20.1% per annum).

Loans to employees are interest free loans provided for the period from 1 to 15 years. These loans were discounted as at the issue date using market interest rates of 9.6% per annum to 19.1% (2023: from 9.6% per annum to 19.1%). Repayment of long-term loans to employees is made through withholding of amounts due from employees' salaries. Loans are secured by employees' real estate properties.

During six months ended 30 June 2024, the Group placed long-term deposits with Halyk Bank JSC for the total amount of KZT 30,000 thousand with the maturity in 2039 and interest rate of 0.1% per annum, within the framework of Cooperation Agreement with Halyk Bank JSC on the terms of funding by the Group by placing deposits under the program of preferential loans to employees. Employees are entitled to receive an interest-free loan from a bank secured by a deposit only if they work for the Company. In case of dismissal of an employee, the Company has the right to demand full repayment of the loan. These bank deposits were discounted at the date of placement using market interest rates, and the difference in the amount of KZT 633,230 thousand between the fair value and the nominal amount was recognized as deferred expenses in the interim condensed consolidated statement of financial position.

During the six months period ended 30 June 2024, the Group made a withdrawal in the amount of KZT 250,775 thousand (during the six months ended June 30, 2023: KZT 487,133 thousand).

10. TRADE RECEIVABLES

As at 30 June 2024 and 31 December 2023, trade receivables comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Trade receivables	62,004,480	63,179,413
	62,004,480	63,179,413
Less: allowance for expected credit losses	(14,155,608)	(12,423,599)
	47,848,872	50,755,814

Movements in the allowance for expected credit losses were as follows for the three and six months periods ended 30 June:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Allowance for expected credit losses at the beginning of the period	(13,216,771)	(14,240,207)	(12,423,599)	(12,996,108)
Charge for the period	(2,370,467)	(3,353,525)	(3,372,981)	(4,503,957)
Write-off for the period	53,497	262,994	262,839	169,327
Assets held for sale	1,378,133	-	1,378,133	-
Allowance for expected credit losses at the end of the period	(14,155,608)	(17,330,738)	(14,155,608)	(17,330,738)

11. OTHER CURRENT FINANCIAL ASSETS

As at 30 June 2024 and 31 December 2023, other current financial assets comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Bank deposits	3,739,186	3,503,379
Loans to employees	1,755,237	1,800,016
Restricted cash	911,059	912,769
Due from employees	552,687	494,924
Other accounts receivable	3,348,495	3,660,451
	10,306,664	10,371,539
Less: allowance for expected credit losses	(5,061,974)	(5,091,480)
	5,244,690	5,280,059

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**11. OTHER CURRENT FINANCIAL ASSETS (continued)**

As at 30 June 2024 and 2023, the allowance for expected credit losses includes a provision in the amount of KZT 3,399,500 thousand accrued on a deposit placed in Eximbank Kazakhstan JSC due to the liquidation of the bank.

During the six months ended June 30, 2024, the Group placed bank deposits with initial maturity of more than 3 (three) months but less than 12 (twelve) months in Russian ruble in Sberbank of Russia PJSC at the interest rate of 5.8% to 13.25% for KZT 195,758 thousand.

Restricted cash represents cash on the accounts with KazInvestBank JSC and Eximbank Kazakhstan JSC for KZT 411,605 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. Allowance for expected credit loss was recorded for the whole amount of this cash.

Movements in the allowance for expected credit losses were as follows for the three and six months periods ended 30 June:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Allowance for expected credit losses at the beginning of the period	(5,109,218)	(5,175,145)	(5,091,480)	(5,192,904)
Charge for the period	(45,549)	(70,378)	(63,599)	(53,151)
Write-off for the period	167	-	479	532
Assets held for sale	92,626	-	92,626	-
Allowance for expected credit losses at the end of the period	(5,061,974)	(5,245,523)	(5,061,974)	(5,245,523)

12. FINANCIAL ASSETS CARRIED AT AMORTISED COST

During the six months period ended 30 June 2024, the Group acquired discount notes discount international bonds of the United States Department of the Treasury (US Treasury bills), at an acquisition price of USD 39,630 thousand (equivalent to KZT 18,138,880 thousand).

During the six months ended June 30, 2024, discount international bonds with a nominal value of USD 107,193 thousand (equivalent to KZT 47,839,520 thousand) and interest income in the amount of USD 1,274 thousand (equivalent to KZT 566,155 thousand) were repaid.

During the six months ended June 30, 2023, the Group acquired short-term discount notes of the National Bank of the Republic of Kazakhstan (NBK) at an acquisition price of KZT 34,544,740 thousand. During the six months ended June 30, 2023, discount notes of the NBK with a nominal value of KZT 49,357,750 thousand and interest income in the amount of KZT 667,569 thousand were repaid.

As at 30 June 2024 and 31 December 2023, financial assets carried at amortised cost are:

<i>In thousands of tenge</i>	Maturity date	Yield to maturity	Nominal value	30 June 2024	31 December 2023
				(unaudited)	
US Treasury bills	25 July 2024	5.31%	14,212,633	14,142,851	-
US Treasury bills	5 September 2024	5.38%	2,291,576	2,291,576	-
US Treasury bills	25 January 2024	5.38%	11,769,468	-	11,679,960
US Treasury bills	25 January 2024	5.30%	18,274,221	-	18,181,790
US Treasury bills	25 January 2024	5.33%	15,974,148	-	15,909,063
			62,522,046	16,434,427	45,770,813

The Group recognized the financial assets at amortized cost as the contractual cash flows are solely principal and interest and the financial assets are held within a business model for collecting contractual cash flows.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**13. CASH AND CASH EQUIVALENTS**

As at 30 June 2024 and 31 December 2023, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Cash on current bank accounts	2,388,713	5,520,606
Deposits with less than 90 days maturity from the date of opening	26,307,890	65,453,268
Cash on hand	4,691	14,263
	28,701,294	70,988,137
Less: allowance for expected credit losses	(1,375)	(3,399)
	28,699,919	70,984,738

During the six months ended 30 June 2024, interest was accrued on funds placed in current bank accounts at interest rates from 0.5 to 12% per annum (31 December 2023: from 0.5 to 12% per annum).

Short-term bank deposits opened for a period of one day to three months, depending on the Group's current cash needs, as at 30 June 2024 amounted to KZT 26,307,890 thousand with a rate of 3 to 14.15% (as of December 31, 2023: KZT 65,453,268 thousand with a rate of up to 15.25%).

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
US dollars	17,412,627	41,840,133
Tenge	11,164,807	28,866,082
Russian roubles	108,068	35,545
Euro	6,985	202,685
Other	7,432	40,293
	28,699,919	70,984,738

The movement in the reserve for expected credit losses for the three and six months ended June 30 is presented as follows:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Allowance for expected credit losses at the beginning of the period	(1,545)	(8,390)	(3,399)	(10,646)
Recovery/(charge) for the period	170	3,751	2,024	6,007
Allowance for expected credit losses at the end of the period	(1,375)	(4,639)	(1,375)	(4,639)

For the purposes of the statement of cash flows, cash and cash equivalents included:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Cash on current bank accounts	2,388,713	5,520,606
Deposits with less than 90 days maturity from the date of opening	26,307,890	65,453,268
Cash on current bank accounts related to the disposal group (Note 29)	17,976,380	-
Cash on hand	4,691	14,263
	46,677,674	70,988,137
Less: allowance for expected credit losses	(1,375)	(3,399)
Total cash and cash equivalents	46,676,299	70,984,738

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY****Treasury shares**

	Number of shares		In thousands of tenge		Total
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2023	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 30 June 2024 (unaudited)	216,852	914,868	3,052,617	4,012,997	7,065,614

Shares issued less reacquired shares

As at 30 June 2024 and 31 December 2023, number of common and preferred shares issued net of reacquired shares was 10,706,024 and 298,785 shares, respectively.

Dividends

The preferred shares earn a non-discretionary dividend of 300 tenge per share in accordance with the Company's charter documents. Preferred shares are considered to be compound financial instruments, and accordingly the liability and equity components are presented separately in the consolidated statement of financial position. Dividends in the amount of KZT 44,818 thousand were accrued as at 30 June 2024 (at 30 June 2023: KZT 44,818 thousand) and are recorded as interest expenses in the interim condensed consolidated statement of comprehensive income (Note 26).

Movements in dividends payable for the periods ended 30 June were as follow:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Dividends payable at the beginning of the period	42,392	17,573
Dividends declared on common shares to shareholders of the parent company	22,446,250	-
Dividends declared on preferred shares	536,797	-
Interest on debt component of preferred shares (Note 26)	44,818	44,818
Dividends paid to the shareholders of the parent company	(23,007,866)	-
Dividends payable at the end of the period (Note 18)	62,391	62,391

During the six months ended 30 June 2024, the Group paid withholding tax on dividends in the amount of KZT 25,798 thousand.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to common equity holders of the Parent (after adjusting for the after-tax amount of dividends on preferred shares) by the weighted average number of common and preferred shares outstanding during the year.

Diluted earnings per share are equal to basic earnings per share, as the Group does not have any dilutive potential common shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Earnings per share (continued)**

The following tables reflects profit and share data used in the basic and diluted earnings per share computations:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Net profit from continuing operations	1,388,877	5,245,704	9,617,149	16,182,926
Net (loss)/profit from discontinued operations	(9,297,295)	18,755,697	7,146,372	36,096,548
Net (loss)/profit	(7,908,418)	24,001,401	16,763,521	52,279,472
Interest on preferred shares (Note 26)	22,409	22,409	44,818	44,818
Net (loss)/profit for calculating of basic and diluted earnings per share	(7,886,009)	24,023,810	16,808,339	52,324,290
Weighted average number of common and preferred shares for calculation of basic earnings per share	11,004,809	11,004,809	11,004,809	11,004,809
Basic and diluted earnings per share, tenge	(716.60)	2,183.03	1,527.36	4,754.68
Net (loss)/income from discontinued operations attributable to holders of common shares of the parent company for the calculation of basic and diluted earnings per share	(9,297,295)	18,755,697	7,146,372	36,096,548
Basic and diluted, in respect of profit from discontinued operations for the reporting period attributable to shareholders of the parent company, tenge	(844.84)	1,704.32	649.39	3,280.07
Net income from continuing operations attributable to holders of common shares of the parent company for the calculation of basic and diluted earnings per share	1,411,286	5,268,113	9,661,967	16,227,744
Basic and diluted, in respect of profit from continuing operations for the reporting period attributable to shareholders of the parent company, tenge	128.24	478.71	877.98	1,474.60

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of preparation of these interim condensed consolidated financial statements.

Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements

The cost of common shares, calculated in accordance with the requirements of the KASE

Below is the cost of one ordinary share, calculated in accordance with the requirements of the KASE:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Total assets	1,471,003,793	1,483,000,341
Less: intangible assets, including goodwill	228,601,641	494,391,460
Less: total liabilities	671,901,007	679,338,004
Less: preferred shares issued net of reacquired shares	298,785	298,785
Net assets for calculation of cost of ordinary share in accordance with listing requirements of KASE	570,202,360	308,972,092
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	53,260	28,860

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements (continued)**

The cost of common shares, calculated in accordance with the requirements of the KASE (continued)

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares. The carrying book value of one preferred non-voting share is calculated as the sum of the preferred non-voting shares in the equity and debt component of preferred non-voting shares, divided by the number of preferred non-voting shares. At the same time, according to the methodology of KASE, the dividend payable on preferred shares, which are not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at 30 June 2024, this indicator amounted to KZT 125,806 thousand (as at 31 December 2023: KZT 21,473 thousand).

15. BORROWINGS

As at 30 June 2024 and 31 December 2023, borrowings comprised:

<i>In thousands of tenge</i>	Weighted average effective interest rate	30 June 2024	Weighted average effective interest rate	31 December 2023
Borrowings with a fixed interest rate	14.89%	77,626,778	15.90%	168,557,967
Bonds with a fixed interest rate	12.79%	163,654,655	11.85%	122,833,631
		241,281,433		291,391,598

Borrowings are repayable as follows:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Current portion of borrowings	98,051,411	80,589,678
Maturity between 1 and 2 years	117,558,232	46,839,056
Maturity between 2 and 5 years	17,989,353	155,473,741
Maturity over 5 years	7,682,437	8,489,123
Total non-current portion of borrowings	143,230,022	210,801,920
Total borrowings	241,281,433	291,391,598

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)**

As at 30 June 2024 and 31 December 2023, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2024	2023
Halyk Bank of Kazakhstan JSC					
- Credit line agreement KS 02-23-06					
- Borrowing agreement KD 02-23-06-31	25-Jan-27	Tenge	18.70%	928,463	-
- Borrowing agreement KD 02-23-06-32	1-Feb-27	Tenge	18.70%	2,561,288	-
- Borrowing agreement KD 02-23-06-34	15- Feb -27	Tenge	18.70%	1,101,054	-
- Borrowing agreement KD 02-23-06-35	22- Feb -27	Tenge	18.70%	3,056,063	-
- Borrowing agreement KD 02-23-06-35	12-March-27	Tenge	18.10%	9,000,778	-
- Borrowing agreement KD 02-23-06-40	19- March -27	Tenge	18.10%	2,110,748	-
- Borrowing agreement KD 02-23-06-41	29- March -27	Tenge	18.10%	5,106,886	-
- Borrowing agreement KD 02-23-06-43	5-Apr-27	Tenge	18.10%	1,040,479	-
- Borrowing agreement KD 02-23-06-9	29-Sep-26	Tenge	18.5%	-	5,755,910
- Borrowing agreement KD 02-23-06-14	16-Nov-26	Tenge	18.0%	-	818,000
- Borrowing agreement KD 02-23-06-16	23- Nov -26	Tenge	18.0%	-	957,860
- Borrowing agreement KD 02-23-06-17	30- Nov -26	Tenge	17.75%	-	2,639,740
- Borrowing agreement KD 02-23-06-18	30- Nov -26	Tenge	17.75%	-	826,899
- Borrowing agreement KD 02-23-06-20	14-Dec-26	Tenge	17.75%	-	1,774,752
- Borrowing agreement KD 02-23-06-21	22- Dec -26	Tenge	17.75%	-	4,419,525
- Borrowing agreement KD 02-23-06-22	22- Dec -26	Tenge	17.75%	-	2,149,496
- Borrowing agreement KD 02-23-06-23	28- Dec -26	Tenge	17.75%	-	2,303,402
- Borrowing agreement KD 02-23-06-24	28- Dec -26	Tenge	17.75%	-	1,001,479
- Borrowing agreement KD 02-23-06-8	8-Sep-26	Tenge	20.1%	-	17,139,778
- Borrowing agreement KD 02-23-06-10	13-Oct-26	Tenge	19.5%	-	975,141
- Borrowing agreement KD 02-23-06-11	26- Oct -26	Tenge	19.5%	-	5,027,218
- Borrowing agreement KD 02-23-06-12	2- Nov -26	Tenge	19.5%	-	824,400
- Borrowing agreement KD 02-23-06-13	3- Nov -26	Tenge	19.5%	-	998,130
- Borrowing agreement KD 02-23-06-15	23- Nov -26	Tenge	19.5%	-	5,655,450
- Borrowing agreement KD 02-23-06-19	7- Dec -26	Tenge	19.2%	-	992,563
- Credit line agreement KS 02-19-06					
- Borrowing agreement KD 02-19-06-01	21-May-27	Tenge	12.2%	-	36,955,885
- Credit line agreement KS 02-23-05					
- Borrowing agreement KD 02-23-05-01	15-Sep-26	Tenge	20.1%	-	992,321
- Borrowing agreement KD 02-23-05-02	21-Sep-26	Tenge	20.1%	-	2,805,767
- Borrowing agreement KD 02-23-05-02	16-Nov-26	Tenge	19.5%	-	2,566,437
- Credit line agreement KS 02-23-40					
- Borrowing agreement KD 02-23-40-01	20-Nov-24	Tenge	19.5%	-	10,113,333
Development Bank of Kazakhstan JSC					
- Credit line agreement 39-CM-A/05-02					
- Borrowing agreement ДБЗИ 164-A/05-02	19-Dec-24	Tenge	7.12%	1,426,439	2,852,241
- Credit line agreement 40-CM-A/05-02					
- Borrowing agreement ДБЗИ 215-A/05	19-Dec-24	Tenge	7.12%	1,254,273	1,881,410
- Credit line agreement CM-170-19					
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	5,225,695	4,916,402
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	4,550,504	4,818,181
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	3,811,318	4,035,513
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	3,907,570	4,137,427
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	1,438,880	1,416,150
Bank of China Kazakhstan JSC					
- Credit line agreement #232001					
- Tranche #1	25-Dec-26	Tenge	17.5%	-	6,200,000
- Credit line agreement #192004					
- Tranche #1	1-Jun-24	Tenge	10.85%	-	2,094,806
- Tranche #2	23-Feb-2026	Tenge	17.8%	3,028,750	3,000,000
- Tranche #3	23-Feb-2026	Tenge	17.8%	9,907,500	10,000,000
Nurbank JSC					
- Credit line agreement #10/23-00					
- Borrowing agreement 1-10/23-00	8-Sep-2026	Tenge	18.7%	17,672,045	15,000,000
First Heartland Jusan Bank JSC					
	10-Nov-2024	Tenge	11.624%	498,045	512,351
Total				77,626,778	168,557,967

As at 30 June 2024 and 31 December 2023 the Group's borrowings have fixed interest rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

15. BORROWINGS (continued)**Halyk Bank of Kazakhstan JSC***Credit line agreement KS 02-19-06*

During the six months ended 30 June 2024, the Group repaid the principal debt on the loan in the amount of KZT 5,214,096 thousand and interest in the amount of KZT 2,097,841 thousand (during the six months ended 30 June 2023: KZT 5,214,096 thousand and KZT 2,689,134 thousand, respectively). As of June 30, 2024, the outstanding principal amount of the loan in the amount of 31,284,577 thousand tenge and interest in the amount of 395,583 thousand tenge was reclassified to liabilities held for sale (Note 28).

Credit line agreement KS 02-23-05

On 14 February 2023, the Group opened a non-revolving credit line in the amount of KZT 40,000,000 thousand in JSC Halyk Bank of Kazakhstan in order to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan, plus 2% (two percent) per annum of the loan amount, the term of the credit line is 60 months, the term of Tranches is up to 36 months, without collateral.

During the six months ended June 30, 2024, the Group repaid the principal debt in the amount of KZT 1,103,882 thousand and interest in the amount of KZT 558,285 thousand. The repayment period is 36 months from the date of financing. As of June 30, 2024, the outstanding principal amount of the loan in the amount of 5,176,428 thousand tenge and interest in the amount of 67,382 thousand tenge was reclassified to liabilities held for sale (Note 28).

Credit line agreement KS 02-23-40

On 17 November 2023, the Group opened a revolving credit line in the amount of KZT 20,000,000 thousand in JSC Halyk Bank of Kazakhstan in order to finance general corporate expenses and replenish working capital. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan, plus 2% (two percent) per annum of the amount of the bank loan, the term of the credit line is 36 months, the term of Tranches is up to 24 months, without collateral.

During 2023, the Group received KZT 10,000,000 thousand under this credit line. During the six months ended 30 June 2024, the Group repaid the principal debt in the amount of KZT 5,000,000 thousand and interest in the amount of KZT 797,500 thousand. The repayment period is 12 months from the date of financing.

As of June 30, 2024, the outstanding principal amount of the loan in the amount of 4,966,667 thousand tenge and interest in the amount of 102,500 thousand tenge was reclassified to liabilities held for sale (Note 28).

Credit line agreement KS 02-23-06

In February 2023, the Group signed an agreement on a non-revolving credit line with JSC Halyk Bank of Kazakhstan with a limit of 50,000,000 thousand tenge in order to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan, plus 2% (two percent) per annum of the amount of the bank loan, the term of the credit line is 24 months, the term of Tranches is up to 36 months, without collateral.

In September 2023, the Group signed an addendum to the existing credit line and increased the limit to KZT 90,500,000 thousand with a revolving limit of KZT 40,500,000 thousand to replenish working capital. During 2023, the Group received tranches under the credit line in the amount of 82,761,450 thousand tenge. During the six months ended 30 June 2024, the Group additionally received KZT 41,938,550 thousand, repaid the principal debt on the loan in the amount of KZT 70,954,450 thousand and interest in the amount of KZT 4,895,945 thousand.

Development Bank of Kazakhstan JSC*Credit line agreement 39-CM-A/05-02*

During the six months ended 30 June 2024, the Group repaid the principal debt in the amount of KZT 1,423,077 thousand and interest in the amount of KZT 99,615 thousand (during the six months ended 30 June 2023: The Group repaid the principal debt in the amount of KZT 1,423,077 thousand and interest in the amount of KZT 199,231 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

15. BORROWINGS (continued)**Development Bank of Kazakhstan JSC (continued)***Credit line agreement 40-CM-A/05-02*

During the six months ended June 30, 2024, the Group repaid the principal debt in the amount of KZT 606,515 thousand and interest in the amount of KZT 81,880 thousand (during the six months ended 30 June 2023: KZT 606,516 thousand and KZT 135,708 thousand, respectively).

Credit line agreement CM-170-19

During the six months ended 30 June 2024, the Group repaid the principal debt in the amount of KZT 1,066,667 thousand and interest in the amount of KZT 693,120 thousand (during the six months ended 30 June 2023: The Group repaid the principal debt in the amount of KZT 1,066,666 thousand and interest in the amount of KZT 778,690 thousand).

Bank of China Kazakhstan JSC*Credit line agreement #232001*

On 24 January 2024, the Group prematurely repaid the debt in the amount of KZT 6,200,000 thousand and interest in the amount of KZT 78,361 thousand under credit line agreements concluded with JSC Bank of China in Kazakhstan.

On 25 January 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with JSC Bank of China in Kazakhstan with a maturity of 3 years, until 25 December 2026 and an interest rate of 15.75% per annum. On 28 February 2024, the loan was fully repaid ahead of schedule with payment of remuneration in the amount of KZT 95,225 thousand.

On 1 March 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with JSC Bank of China in Kazakhstan with a maturity of 3 years and an interest rate of 15.25% per annum. On 1 April 2024, the loan was fully repaid ahead of schedule with payment of remuneration in the amount of KZT 81,418 thousand.

Credit line agreement #192004

In June 2023, the Group received an additional tranche in the amount of KZT 13,000,000 thousand from the Bank of China in Kazakhstan JSC. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan, plus 0.5% per annum.

During the six months ended 30 June 2024, the Group repaid the principal debt on the loan in the amount of KZT 2,000,000 thousand and interest in the amount of KZT 1,177,998 thousand (during the six months ended 30 June 2023: KZT 104,144 thousand).

Nurbank JSC*Credit line agreement #10/23-00*

On 8 September 2023, the Group opened a revolving credit line with a limit of KZT 15,000,000 thousand in Nurbank JSC in order to refinance its loans to First Heartland Jusan Bank JSC. The interest rate on this credit line is fixed and equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan, plus 0.77% per annum.

During the six months ended 30 June 2024, the Group repaid the principal debt on the loan in the amount of KZT 15,000,000 thousand and interest in the amount of KZT 863,500 thousand.

In April 2024, the Group received a loan from Nurbank JSC in the amount of KZT 15,000,000 thousand. The effective interest rate on the loan is 15.52% per annum. The loan repayment period is 8 September 2026.

In May 2024, the Group received a loan from Nurbank JSC in the amount of KZT 3,000,000 thousand. The effective interest rate on the loan is 15.52% per annum. The loan repayment period is 8 September 2026.

The loan arrangement fee in the amount of 457,955 thousand tenge was deducted from the amount of these loans in accordance with IFRS 9.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)****First Heartland Jusan Bank JSC**

On 2 August 2023, the Group received a letter from First Heartland Jusan Bank JSC requesting full early repayment of the Loan Agreement by 25 August 2023 due to the fact that the Group has become an affiliate of the bank. On 8 September 2023, the Group repaid the debt in the amount of KZT 40,000,000 thousand. The balance of the debt as of 30 June 2024 is KZT 498,045 thousand. During the six months ended 30 June 2024, the Group repaid interest in the amount of KZT 27,958 thousand.

Bonds

As of 30 June 2024 and 31 December 2023, bonds represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2024	2023
Local bonds of Kazakhtelecom JSC (KZTKb4)	June 2026	Tenge	11.86%	80,271,044	80,261,964
Local bonds of Kazakhtelecom JSC (KTCB.1024) (Note 30)	November 2024	Tenge	11.84%	42,571,667	42,571,667
Local bonds of Kcell JSC	April 2027	Tenge	15.75%	15,564,375	–
Local bonds of Kcell JSC	June 2025	Tenge	15.75%	25,247,569	–
				163,654,655	122,833,631

Local bonds of Kazakhtelecom JSC (KZTKb4)

On 19 June 2019, the Group placed bonds on the Kazakhstan Stock Exchange JSC for amount of KZT 80,000,000 thousand at an effective interest rate of 11.86% and maturity in June 2026. The nominal value of one bond is one thousand tenge.

During six months period ended 30 June 2024, the Group repaid interest for KZT 4,599,981 thousand (during six months period ended 30 June 2023: interest repayment for KZT 4,600,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB.1024)

On 6 November and 12 December 2018, the Group made a listing of coupon bonds on the stock exchange of the International Financial Center Astana (AIX) for amount of KZT 100,000,000 thousand at an effective interest rate of 11.84% and maturity in November 2024. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent company.

On 10 December 2020, the Group early redeemed local bonds with the maturity till 1 November 2024 in the amount of KZT 25,000,000 thousand from Parent company. During 2022, the Group has bought out part of the bonds ahead of schedule amount for KZT 34,000,000 thousand.

During six months period ended 30 June 2024, the Group has repaid interest for KZT 2,357,500 thousand (during six months period ended 30 June 2023: interest repayment for KZT 2,357,500 thousand).

Local bonds of Kcell JSC

The Group approved a bond program for a total amount of KZT 70,000,000 thousand at Astana International Exchange JSC. As part of this program, during the six months ended 30 June 2024, the Group placed two tranches of bonds with a nominal value of KZT 15,000,000 thousand and KZT 25,000,000 thousand with a floating interest rate (the base rate of the National Bank plus 1%, the interest rate at the time of issue of the bonds of the interim financial statements is 15.50%-15.75%) with a maturity of 36 months and 12 months accordingly.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)****Covenants**

The Group's long-term loans include loans in the amount of KZT 140,891,320 thousand, which contain conditions, failure to comply with which would lead to the loans being repayable on demand. Otherwise, these loans are repayable more than 12 months after the end of the reporting period. As of 30 June 2024, the Group complied with all the conditions that should have been met before June 30, 2024. The conditions that must be met after the end of the current interim period do not affect the classification of the relevant loans as current or long-term at the end of the current interim period. Thus, all these loans are still classified as long-term liabilities.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

<i>In thousands of tenge</i>	Buildings and constructions	Platform for networks and equipment of base stations	Equipment	Total
Cost	21,146,369	49,637,069	42,848,491	113,631,929
At 1 January 2023				
Additions	1,587,923	7,185,861	–	8,773,784
Modifications	1,032,852	2,824,797	–	3,857,649
Cancellation	(358,554)	–	–	(358,554)
At 30 June 2023	23,408,590	59,647,727	42,848,491	125,904,808
At 1 January 2024	22,441,171	111,050,725	–	133,491,896
Additions	3,800,489	5,442,573	–	9,243,062
Modifications	2,296,627	489,154	–	2,785,781
Disposals	(365,834)	–	–	(365,834)
Assets held for sale	(6,172,855)	(69,712,829)	–	(75,885,684)
At 30 June 2024	21,999,598	47,269,623	–	69,269,221
Accumulated depreciation				
At 1 January 2023	(11,201,028)	(26,150,429)	(12,985,667)	(50,337,124)
Depreciation charge	(4,296,596)	(2,962,399)	–	(7,258,995)
At 30 June 2023	(15,497,624)	(29,112,828)	(12,985,667)	(57,596,119)
At 1 January 2024	(13,254,704)	(33,939,885)	–	(47,194,589)
Depreciation charge	(1,081,685)	(6,041,077)	–	(7,122,762)
Assets held for sale	4,113,151	24,967,128	–	29,080,279
Disposals	202,733	–	–	202,733
At 30 June 2024	(10,020,505)	(15,013,834)	–	(25,034,339)
Net book value				
At 31 December 2023	9,186,467	77,110,840	–	86,297,307
At 30 June 2024	11,979,093	32,255,789	–	44,234,882

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	30 June 2023 (unaudited)
At the beginning of the period	91,518,878	40,825,884
Additions	9,243,062	8,773,784
Modifications	2,785,781	3,857,649
Cancellation	(177,594)	(358,554)
Assets held for sale	(47,931,409)	–
Interest expenses (Note 26)	3,131,280	3,110,554
Payment of interest part	(7,064,226)	(3,110,554)
Payment of principal part	(5,179,508)	(6,293,808)
At the end of the period	46,326,264	46,804,955

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

Set out below are the carrying amounts of non-current and current lease liabilities:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Non-current portion of liabilities	40,610,447	79,673,946
Current portion of lease liabilities	5,715,817	11,844,932

The following are the amounts recognised in profit or loss:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Depreciation expense of right-of-use assets	932,430	2,533,966	3,338,699	4,778,497
Interest expense on lease liabilities	1,394,778	1,262,594	3,131,280	1,660,203
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 24)	562,459	415,452	2,585,904	1,015,832
Expense relating to short-term leases (included in general and administrative expenses)	103,119	59,916	195,789	111,815
	2,992,786	4,271,928	9,251,672	7,566,347

During the six months period ended 30 June 2024, the Group had total cash outflows (principal and interest amount) for leases of KZT 14,522,785 thousand, including cash outflow of KZT 2,781,693 thousand related to leases of low-value assets and short-term leases (during six months period ended 30 June 2023: KZT 10,532,009 thousand and KZT 1,127,647 thousand, respectively).

17. NON-CURRENT CONTRACT LIABILITIES

As at 30 June 2024 and 31 December 2023, non-current contract liabilities comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Contract liabilities from operators	3,409,061	3,241,662
Contract liabilities for connection of subscribers	358,989	351,833
Other contract liabilities	2,717,902	3,495,147
	6,485,952	7,088,642

18. OTHER CURRENT FINANCIAL LIABILITIES

As at 30 June 2024 and 31 December 2023, other current financial liabilities comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Payable to employees	20,715,378	29,093,300
Dividends payable (Note 14)	62,391	42,392
Other	3,719,354	3,730,176
	24,497,123	32,865,868

As at 30 June 2024 and 31 December 2023, other current financial liabilities were not interest bearing and the balances were mainly denominated in tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**19. CURRENT CONTRACT LIABILITIES**

As at 30 June 2024 and 31 December 2023, current contract liabilities comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Advances received	13,921,786	30,584,127
Contract liabilities from operators	1,548,926	1,567,271
Contract liabilities for connection of subscribers	212,026	227,587
Other contract liabilities	104,252	112,568
Other	72,725	122,937
	15,859,715	32,614,490

Advances received represents the prepayment for the services of the Group like telecommunications services, internet services, IP-TV by customers.

20. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 30 June 2024 and 31 December 2023, other current non-financial liabilities comprised:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Provisions		
Legal claims on contractual obligation and penalties	2,011,158	2,061,971
Accrual of provisions for tax risks	-	2,025,935
Asset retirement obligation	-	955,785
	2,011,158	5,043,691
Other non-financial liabilities		
Taxes payable other than income tax	7,845,483	7,250,355
Payable to pension funds	1,121,698	1,187,388
Other	903,259	811,894
	9,870,440	9,249,637
	11,881,598	14,293,328

21. GOVERNMENT GRANTS

As at 30 June 2024 and 30 June 2023, government grants comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Government grants at the beginning of the period	44,849,640	31,008,871	40,176,438	26,857,966
Received during the period	5,800,221	4,060,388	13,709,411	10,055,073
Released to the consolidated statement of comprehensive income	(2,355,674)	(2,231,799)	(5,591,662)	(4,075,579)
Deferred income related to the disposal group (Note 28)	(18,519,580)	-	(18,519,580)	-
Government grants at the end of the period	29,774,607	32,837,460	29,774,607	32,837,460

Set out below are the carrying amounts of non-current and current government grants:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)	31 December 2023
Current portion	6,608,596	8,414,199
Non-current portion	23,166,011	31,762,239

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**21. GOVERNMENT GRANTS (continued)**

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices (“the Rules”), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the six months period ended 30 June 2024 in the amount of KZT 15,899,266 thousand were used by the Group for the purchase and construction of certain items of property and equipment (mainly base stations). Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As at 30 June 2024 the balance of government grants was equal to KZT 29,774,607 thousand (as of 31 December 2023: KZT 40,176,438 thousand), and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to KZT 3,831,034 thousand.

As at 30 June 2024 there are no unfulfilled conditions or contingencies attached to these grants.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers for the three and six months ended 30 June comprised:

<i>In thousands of tenge</i>	For the three months ended 30 June 2024			Total
	Fixed line	Mobile connection	Other	
Data transfer services	40,537,888	19,505,689	1,462	60,045,039
Rendering of fixed line and wireless phone services	9,215,237	16,251,055	-	25,466,292
Sale of equipment and mobile devices	2,372	10,407,821	-	10,410,193
Interconnect	3,600,271	2,414,185	-	6,014,456
Rent of channels	897,668	-	-	897,668
Other	9,107,304	7,664,228	148,671	16,920,203
	63,360,740	56,242,978	150,133	119,753,851
Services transferred over time	63,358,368	45,835,157	150,133	109,343,658
Goods transferred at a point of time	2,372	10,407,821	-	10,410,193
	63,360,740	56,242,978	150,133	119,753,851
B2C*	35,601,068	46,794,341	112,413	82,507,822
B2B**	9,185,257	7,620,827	37,720	16,843,804
B2O***	5,028,970	1,827,810	-	6,856,780
B2G****	13,545,445	-	-	13,545,445
	63,360,740	56,242,978	150,133	119,753,851
<i>In thousands of tenge</i>	For the three months ended 30 June 2023			Total
	Fixed line	Mobile connection	Other	
Data transfer services	36,417,606	16,440,250	-	52,857,856
Rendering of fixed line and wireless phone services	7,774,840	12,221,379	-	19,996,219
Sale of equipment and mobile devices	1,448	4,877,687	-	4,879,135
Interconnect	1,495,062	5,093,889	-	6,588,951
Rent of channels	690,212	-	-	690,212
Other	13,761,222	8,633,695	-	22,394,917
	60,140,390	47,266,900	-	107,407,290
Services transferred over time	60,138,942	42,389,213	-	102,528,155
Goods transferred at a point of time	1,448	4,877,687	-	4,879,135
	60,140,390	47,266,900	-	107,407,290
B2C*	33,697,097	39,816,527	-	73,513,624
B2B**	6,049,667	4,717,164	-	10,766,831
B2O***	5,110,550	2,105,266	-	7,215,816
B2G****	15,283,076	627,943	-	15,911,019
	60,140,390	47,266,900	-	107,407,290

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**22. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**

<i>In thousands of tenge</i>	For the six months ended 30 June 2024			
	Fixed line	Mobile connection	Other	Total
Data transfer services	79,041,468	45,095,052	3,573	124,140,093
Rendering of fixed line and wireless phone services	17,485,563	32,942,296	-	50,427,859
Sale of equipment and mobile devices	2,787	18,531,332	-	18,534,119
Interconnect	6,195,995	2,595,494	-	8,791,489
Rent of channels	1,538,233	-	-	1,538,233
Other	26,351,748	5,309,350	2,191,999	33,853,097
	130,615,794	104,473,524	2,195,572	237,284,890
Services transferred over time	130,613,007	85,942,192	2,195,572	218,750,771
Goods transferred at a point of time	2,787	18,531,332	-	18,534,119
	130,615,794	104,473,524	2,195,572	237,284,890
B2C*	70,521,703	87,354,200	273,516	158,149,419
B2B**	23,066,298	10,203,185	1,922,056	35,191,539
B2O***	10,017,293	6,916,139	-	16,933,432
B2G****	27,010,500	-	-	27,010,500
	130,615,794	104,473,524	2,195,572	237,284,890
<i>In thousands of tenge</i>	For the six months ended 30 June 2023			
	Fixed line	Mobile connection	Other	Total
Data transfer services	75,239,389	37,723,248	4,431	112,967,068
Rendering of fixed line and wireless phone services	17,631,989	32,442,560	-	50,074,549
Sale of equipment and mobile devices	3,216	14,469,341	-	14,472,557
Interconnect	4,673,622	3,475,225	-	8,148,847
Rent of channels	1,372,929	3,094,967	-	4,467,896
Other	27,032,418	5,826,064	321,041	33,179,523
	125,953,563	97,031,405	325,472	223,310,440
Services transferred over time	125,950,347	82,562,064	325,472	208,837,883
Goods transferred at a point of time	3,216	14,469,341	-	14,472,557
	125,953,563	97,031,405	325,472	223,310,440
B2C*	68,063,608	88,550,333	264,562	156,878,503
B2B**	17,266,011	3,533,976	60,910	20,860,897
B2O***	10,322,624	2,573,065	-	13,075,690
B2G****	30,301,320	2,194,031	-	32,495,350
	125,953,563	97,031,405	325,472	223,310,440

* B2C (Business-to-Consumer) – services rendered to private end consumers (individuals).

** B2B (Business to Business) – services rendered to the corporate sector, including large enterprises and SMEs.

*** B2O (Business-to-Operator) – services rendered to communication operators.

**** B2G (Business-to-Government) – services rendered to the state sector.

23. COMPENSATION FOR PROVISION OF UNIVERSAL SERVICES IN RURAL AREAS

According to the approved regulatory documents on subsidies, losses from the provision of universal telecommunication services in rural regions are subject to subsidies. The compensation amount is calculated as the difference between the costs and the actual income of the operator from unprofitable universal telecommunication services.

During the three and six months periods ended 30 June 2024, the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan did not hold tenders to determine the operator of universal services.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**24. OST OF SALES**

Cost of sales for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Personnel costs	29,531,719	25,144,826	57,583,601	49,364,415
Depreciation and amortization	14,063,613	13,875,631	46,009,642	40,969,469
Cost of SIM-card, scratch card and handsets	11,021,708	7,939,765	18,057,784	15,317,532
Rent of channels	9,115,600	8,802,535	5,240,589	5,246,225
Interconnect	6,088,255	3,470,216	8,815,816	8,110,179
Fees for radiofrequencies use	5,794,486	4,409,602	11,359,085	8,144,051
Repair and maintenance	5,909,050	4,834,091	11,230,287	8,426,492
Electricity	2,677,258	2,105,915	5,618,866	4,273,063
Content	1,559,669	1,413,971	2,985,000	2,724,033
Fee to provide telecom services	1,515,422	1,350,229	3,030,844	2,828,942
Inventories	1,208,329	1,376,700	2,435,250	2,461,071
Network sharing agreement	1,063,168	1,944,542	878,147	1,944,542
Security and safety	1,027,312	759,954	1,819,392	1,508,248
Business trip expenses	680,365	498,054	1,123,254	883,672
Short-term leases and leases of low-value assets (Note 16)	562,459	415,452	2,585,904	1,015,832
Utilities	333,681	666,422	1,142,712	1,406,255
Insurance	240,256	109,195	462,722	324,868
Satellite communication services	193,938	199,225	380,982	398,371
Other	1,751,811	2,321,820	4,479,993	5,148,109
	94,338,099	81,638,145	185,239,870	160,495,369

25. SELLING EXPENSES

Selling expenses for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Marketing and advertising	1,428,010	1,362,063	2,233,189	2,350,303
Amortization of cost to obtain a contract	653,468	507,675	1,100,553	939,558
Other	433,238	311,988	891,471	572,011
	2,514,716	2,181,726	4,225,213	3,861,872

26. FINANCE COSTS

Finance costs for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Interest expense on loans	8,668,470	5,507,353	16,623,784	10,856,618
Interest expense on lease liabilities (Note 16)	2,275,492	1,065,065	3,131,280	1,794,640
Amortization of discount (asset liquidation obligations)	210,604	206,688	421,207	271,915
Interest on debt component of preferred shares (Note 14)	22,409	22,409	44,818	44,818
Discounting of other non-current financial assets	1,343	43,983	1,196	220,791
Discounting of long-term loans to employees	–	717,203	–	2,110,393
Other costs	63,061	5,304	234,660	22,798
	11,241,379	7,568,005	20,456,945	15,321,973

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**27. INCOME TAX EXPENSES**

Income tax expense for the three and six months periods ended 30 June comprised the following:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Current income tax expenses	1,291,754	3,234,468	3,546,309	10,980,063
Deferred income tax expenses/(benefit)	659,565	(181,950)	(138,678)	(2,004,001)
	1,951,319	3,052,518	3,407,631	8,976,062

28. DISCONTINUED OPERATIONS**Mobile Telecom-Service LLP**

On 30 April 2024, the Group announced its decision to withdraw from Mobile Telecom-Service LLP (MTS) by selling a 100% stake in favor of Power International Holding (PIH) (or a PIH subsidiary owned 100% by PIH) adopted at the general meeting of shareholders. As at 30 April 2024, MTS was classified as a disposal group held for sale and as a discontinued operation, as MTS represents a separate significant line of business for the Group in providing mobile telecommunications in the GSM and LTE standards.

On 4 June 2024, the Group entered into an agreement on the sale of MTS with PIH Interconnect Ltd. (a subsidiary of PIH). As at 30 June 2024, not all conditions under the MTS sale agreement were satisfied, and accordingly, the Group retained control over MTS. The sale of 100% of MTS shares will be completed within a year after the reporting date.

As of 30 June 2024, the main classes of MTS assets and liabilities classified as held for sale as of 30 June 2024 are presented below:

<i>In thousands of tenge</i>	30 June 2024 (unaudited)
Assets	
Property and equipment	196,328,598
Right-of-use assets	48,301,017
Intangible assets	156,725,035
Goodwill	96,205,967
Advances paid for non-current assets	1,481,557
Inventories	3,350,382
Trade receivables	6,128,538
Advances paid	5,345,702
Other current financial assets	87,412
Other current assets	4,265,865
Cash and cash equivalents	17,976,380
Assets classified as held for sale	536,196,453
Liabilities	
Borrowings: non-current portion	23,825,051
Lease liabilities: non-current portion	45,079,042
Deferred tax liabilities	5,524,616
Non-current contract liabilities	1,177,549
Asset retirement obligation	9,877,156
Government grants: non-current portion	15,471,766
Borrowings: current portion	18,168,088
Lease liabilities: current portion	7,057,488
Trade payables	23,738,531
Current corporate income tax payable	191,878
Current contract liabilities	14,473,871
Government grants: current portion	4,357,355
Other current financial liabilities	2,731,707
Other current liabilities	5,319,855
Liabilities directly related to assets classified as held for sale	176,993,953
Net assets directly related to the disposal group	359,202,500

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**28. DISCONTINUED OPERATIONS (continued)**

The results of MTS operations for the reporting periods are presented below:

In thousands of tenge	For three months ended 30 June		For six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)	2024 (unaudited)	2023 (unaudited)
Revenue from contracts with customers	58,757,180	51,332,119	115,224,372	98,849,546
Government grants	1,334,452	839,487	2,640,942	1,693,867
	60,091,632	52,171,606	117,865,314	100,543,413
Cost of sales	(23,404,890)	(22,474,248)	(52,037,442)	(44,451,857)
Gross profit	36,686,742	29,697,358	65,827,872	56,091,556
General and administrative expenses	(1,746,493)	(1,955,025)	(3,686,368)	(3,876,219)
Impairment losses on financial assets	-	(55,478)	-	(55,478)
(Impairment loss)/gain from reversal of impairment of non-financial assets	-	262,571	-	162,767
Selling expenses	(3,644,937)	(3,401,415)	(6,634,706)	(5,479,628)
Loss on disposal of fixed assets, net	187,380	42,046		42,046
Other operating income	311,548	(337)	202,815	47,477
Other operating expenses	(685,320)	(7,541)	(780,073)	(7,541)
Operating profit	31,108,920	24,582,179	54,929,540	46,924,980
Financial expenses	(4,093,380)	(2,134,203)	(7,993,853)	(4,178,675)
Financial income	837,193	509,907	1,543,613	2,091,424
Net foreign exchange loss from foreign exchange differences	(87,091)	(14,035)	(110,410)	(277,969)
Profit before tax from discontinued operations	27,765,642	22,943,848	48,368,890	44,559,760
Income tax expenses	(37,062,937)	(4,188,151)	(41,222,518)	(8,463,212)
Profit for the period from discontinued operations net of tax	(9,297,295)	18,755,697	7,146,372	36,096,548

Net cash inflows/(outflows) MTS are presented below:

In thousands of tenge	For six months ended 30 June 2024 (unaudited)	For six months ended 30 June 2023 (unaudited)
Operating activities	54,822,451	54,512,756
Investment activities	(35,336,973)	(118,240,713)
Financial activities	(12,342,814)	16,284,105
Net cash inflow/ (outflow)	7,142,664	(47,443,852)

During the period from the date of reclassification of fixed assets to assets held for sale and June 30, 2024, MTS acquired fixed assets with a total initial cost of 22,821,015 thousand tenge.

29. NON-CASH TRANSACTIONS

The following significant non-cash transactions have been excluded from the interim condensed consolidated statement of cash flows:

During the six months period ended 30 June 2024, the Group received government grants in the total amount of KZT 15,899,266 thousand (during the six months period ended 30 June 2023: KZT 10,055,073 thousand), represented by 90% reduction in the annual fee for use of radio frequencies.

During the six months period ended 30 June 2024, the Group paid an amount of KZT 78,262,370 thousand (unaudited) for property and equipment purchased in prior year (during the six months period ended 30 June 2023: KZT 50,367,728 thousand (unaudited)). Property and equipment in the amount of KZT 22,008,935 (unaudited) thousand was purchased during the six months period ended 30 June 2024 but not paid as at 30 June 2024 (during the six months period ended 30 June 2023: KZT 36,123,189 thousand (unaudited)).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**29. NON-CASH TRANSACTIONS (continued)**

During the three and six months periods ended 30 June 2024, the Group received repayment of loans provided to employees in the amount of KZT 725,059 thousand and KZT 1,417,131 thousand, respectively (during the three and six months periods ended 30 June 2023: KZT 439,921 thousand and KZT 806,002 thousand, respectively). The repayments were withheld from the salary of employees.

30. RELATED PARTY TRANSACTIONS

The category 'entities under control of the Parent' include entities controlled by the Parent Company. Transactions with such entities are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC, NC KazMunayGaz JSC, KEGOC JSC, Kazpost JSC. The Group provides telecommunication services to the Parent and entities controlled by the Parent. The category of government-related entities includes different government agencies and ministries.

Related party transactions were made on terms, agreed to between the parties, which do not necessarily represent market terms and maybe not accessible to third parties. Outstanding balances at the end of the year are not secured, are short-term, and settlements are made in cash, except as described below.

As at 30 June 2024, the Group recognized a provision for expected credit loss in the amount of KZT 680,501 thousand in respect of receivables from related parties.

Sales and purchases with related parties during the periods of three and six months ended 30 June 2024 and 30 June 2023 and the balances with related parties at 30 June 2024 and 31 December 2023 were as follows:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2024	2023	2024	2023
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of goods and services				
Parent	3,271	3,273	6,508	6,531
Parent-controlled entities	887,351	1,183,267	1,612,257	2,042,317
Government-related entities	13,779,672	13,184,241	27,357,167	27,590,245
Purchases of goods and services				
Parent	–	163	–	163
Parent-controlled entities	952,107	1,250,715	2,405,383	2,152,991
Government-related entities	150,702	87,544	329,510	134,860
Interest accrued on borrowings				
Entities under state control (Development Bank of Kazakhstan JSC)	411,257	526,974	844,748	1,076,073
<i>Average interest rate on borrowings</i>	8.08%	8.03%	8.08%	8.03%
Parent*	1,990,694	1,178,750	3,169,444	2,357,500
<i>Average interest rate on borrowings</i>	13.63%	11.84%	13.63%	11.84%

* *Local bonds of Kazakhtelecom JSC (KTCB.1024) were purchased by the parent company, Samruk-Kazyna.*

<i>In thousands of tenge</i>	30 June 2024	31 December 2023
	(unaudited)	
Cash and cash equivalents		
Entities under state control (Development Bank of Kazakhstan JSC)	36	78
Borrowings and bonds (Note 15)		
Entities under state control (Development Bank of Kazakhstan JSC)	21,614,679	24,057,324
Parent*	83,383,611	42,571,667
Trade receivables		
Parent	1,212	1,216
Parent-controlled entities	486,437	571,856
Government-related entities	17,252,713	5,347,641
Trade payables		
Parent	59	59
Parent-controlled entities	627,108	1,064,069
Government-related entities	1,085,655	1,647,143

* *Local bonds of Kazakhtelecom JSC (KTCB.1024) were purchased by the parent company, Samruk-Kazyna.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES**

The Group's main financial instruments include loans, lease obligations, cash and cash equivalents, bank deposits, as well as accounts receivable and payable. The main risks associated with the Group's financial instruments include interest rate risk, currency and credit risks. In addition, the Group monitors market and liquidity risk associated with all financial instruments.

Fair value

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and risks of assets or liabilities and fair value hierarchy level as described above.

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 30 June 2024 was as follows:

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	30 June 2024	16,434,427	–	–	16,434,427
Investment property	30 June 2024	–	–	450,885	450,885
Other non-current financial assets	30 June 2024	–	–	7,447,448	7,447,448
Other current financial assets	30 June 2024	–	–	5,244,690	5,244,690
Trade receivables	30 June 2024	–	–	47,848,872	47,848,872
Liabilities for which fair values are disclosed					
Borrowings	30 June 2024	–	–	237,963,433	237,963,433
Other non-current financial liabilities	30 June 2024	–	–	5,586,596	5,586,596
Other current financial liabilities	30 June 2024	–	–	24,497,123	24,497,123
Trade payables	30 June 2024	–	–	39,989,490	39,989,490

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2023 was as follows:

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	31 December 2023	45,770,813	–	–	45,770,813
Investment property	31 December 2023	–	–	427,268	427,268
Other non-current financial assets	31 December 2023	–	–	4,911,010	4,911,010
Other current financial assets	31 December 2023	–	–	5,280,059	5,280,059
Trade receivables	31 December 2023	–	–	50,755,814	50,755,814
Liabilities for which fair values are disclosed					
Borrowings	31 December 2023	–	–	284,442,023	284,442,023
Other non-current financial liabilities	31 December 2023	–	–	7,339,002	7,339,002
Other current financial liabilities	31 December 2023	–	–	32,865,868	32,865,868
Trade payables	31 December 2023	–	–	106,813,027	106,813,027

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value (continued)**

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value in the interim condensed consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

<i>In thousands of tenge</i>	Carrying amount as at 30 June 2024 (unaudited)	Fair value as at 30 June 2024 (unaudited)	Unrecognised gain as at 30 June 2024 (unaudited)	Carrying amount as at 31 December 2023	Fair value as at 31 December 2023	Unrecognised gain/(loss) as at 31 December 2023
Financial assets						
Other non-current financial assets	7,444,448	7,447,448	(3,000)	5,757,350	4,911,010	(846,341)
Other current financial assets	5,244,690	5,244,690	–	5,280,059	5,280,059	–
Trade receivables	47,848,872	47,848,872	–	50,755,814	50,755,814	–
Financial assets carried at amortised cost	16,434,427	16,434,427	–	45,770,813	45,770,813	–
Financial liabilities						
Borrowings	241,281,433	237,963,433	3,318,000	291,391,598	284,442,023	6,949,575
Other non-current financial liabilities	5,071,596	5,586,596	(515,000)	7,339,002	7,339,002	–
Other current financial liabilities	24,497,123	24,497,123	–	32,865,868	32,865,868	–
Trade payables	39,989,490	39,989,490	–	106,813,027	106,813,027	–
Total unrecognised change in unrealised fair value			2,800,000			6,103,234

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial liabilities carried at amortised cost

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

32. COMMITMENTS AND CONTINGENCIES**Operating environment**

In Kazakhstan, economic reforms and the development of the legal, tax and administrative infrastructure that meets the developed markets are still in process. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (continued)**Capital commitments**

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 30 June 2024, the Group had contractual obligations in the total amount of KZT 69,687,101 thousand, including VAT (31 December 2023: KZT 97,649,118 thousand, including VAT) mainly related to purchase of telecommunication equipment and construction of telecommunication network.

License commitments

Under the terms of certain licenses on the provision of wireless telecom services, the Group has certain obligations in terms of coverage area of its network. The Group is obliged to expand the cellular telecommunication coverage to the regions along the major highways and small-sized towns and urban-type communities of the Republic of Kazakhstan. The Group's management believes that the Group is in compliance with the terms of the licenses.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. In addition, management believes that international agreements, under which the Group works with non-residents residing in International Telecommunication Union, and which provide for certain tax exemptions, have a priority over national tax legislation. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50-80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management believes that it has paid or accrued all applicable taxes. Where uncertainty exists, the Group has accrued tax liabilities based on its best estimate of the probable outflow of resources embodying economic benefits that will be required to settle the liabilities. Possible liabilities that were identified by management at the end of the reporting period as those that may be subject to varying interpretations of tax laws and other regulations are not accrued in these financial statements.

Government grant related to frequency fee

The Group has submitted consolidated report on expenditures used to finance broadband projects access to the Internet in urban and rural areas included capital and operational costs that are necessary for the provision of broadband Internet access services in urban and rural settlements throughout the territory of the Republic of Kazakhstan. Management believes that there are no unfulfilled conditions or contingencies attached to these grants. In case if, based on the results of the audited information, the fact of non-fulfillment by the telecom operator of obligations to allocate at least released funds from the reduction of the corresponding fee rate to finance broadband Internet access projects in urban and rural areas is confirmed, the authorized body in the field of communications not earlier than one year after of the year following the reporting year, recalculates the amount of the annual fee for the use of frequency fee for the reporting year, which should be proportional to the unfulfilled volume of financial obligations for this reporting year.

Agency for the Protection and Development of Competition of the Republic of Kazakhstan

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 15 June 2022

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty (hereinafter referred to as the APDC) No. 42-OD dated 15 June 2022 (hereinafter referred to as the Order), an investigation was initiated against Kcell JSC on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period per was from 1 January 2020 to 12 September 2022. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by Kcell JSC, expressed in maintaining a monopoly high price.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (continued)**Agency for the Protection and Development of Competition of the Republic of Kazakhstan (continued)**

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 15 June 2022 (continued)

During February 2024, the Group participated in preliminary court hearings related to the appeal filed with the Specialized Interdistrict Administrative Court of Almaty (SMAS). By the definition of the SMAS of Almaty dated 18 March 2024, the administrative claim of Kcell JSC was returned on the basis of paragraph 11 of Part 2 of Article 138 of the CPC of the Republic of Kazakhstan, as a case not subject to consideration in administrative proceedings. On 26 March 2024, the Group appealed the court's ruling on appeal. On 6 May 2024, the appellate board of the Almaty court considered a private complaint of the Group against the Definition of the SMAS of Almaty dated 11 March 2024, as a result of which the contested Definition was left unchanged. The Group has the right to file a cassation appeal.

On 3 May 2024, the contested Definition was left unchanged by the Ruling of the appellate board of the Almaty city Court. The decision was made in final form on 10 May 2024. The Group appealed the judicial acts of the first and appellate instance in cassation on 3 June 2024.

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 21 December 2023

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No. 38-OD dated 21 December 2023 an investigation was initiated against Kcell JSC. The subject of investigation is the susception of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. The Group started the appealing process.

On 15 February 2024, an administrative lawsuit was filed in the SMAS of Almaty to declare illegal and cancel the request for information necessary for the investigation. By the decision of the SMAS in Almaty dated 16 April 2024 (in final form made on 17 April 2024), the claim was denied.

On 13 June 2024, the Group filed an appeal against the decision of the court of first instance. The date of the hearing in the court of appeal has not yet been set

In addition, on 6 March 2024, an administrative complaint was filed with the AZRC on the recognition of illegal and cancellation of Order No. 38-OD dated 21 December 2023 on conducting an investigation. The Antimonopoly Authority refused to satisfy the Group's complaint. In this regard, on 26 April 2024, the Group filed an administrative lawsuit. The decision of the SMAS of Almaty dated 29 May 2024, issued in final form on 10 June 2024, denied satisfaction of the Company's claim.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices as of 30 June 2024.

33. SUBSEQUENT EVENTS

On 5 July 2024, the Group made an investment in the amount of KZT 6,244,898 thousand in the Phoenix Fund Limited Partnership, created jointly with ERG Investments Projects B.V., in accordance with the framework agreement signed on 30 May 2024.