



**Kazakhtelecom JSC**

Unaudited Interim Condensed  
Consolidated Financial Statements

*For three month period ended 31 March, 2014*

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**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2014

<i>In thousands of tenge</i>	Notes	31 March 2014 (unaudited)	31 December 2013 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	286,678,855	289,230,439
Intangible assets	6	25,721,209	26,237,752
Advances paid for non-current assets		525,378	673,558
Deferred tax asset		668,942	352,200
Other non-current financial assets		10,243,261	10,807,868
Other non-current assets		4,042,457	4,450,873
		<b>327,880,102</b>	<b>331,752,690</b>
<b>Current assets</b>			
Inventories		6,424,857	5,339,214
Trade accounts receivable	7	21,629,489	16,192,756
Prepayments		1,088,509	1,063,692
Income tax prepaid		794,107	716,423
Other financial assets	8	12,090,427	12,146,401
Other current assets		6,928,963	6,571,279
Cash and cash equivalents	9	12,633,734	42,352,823
		<b>61,590,086</b>	<b>84,382,588</b>
<b>Total assets</b>		<b>389,470,188</b>	<b>416,135,278</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,371,847)	(6,290,144)
Currency translation reserve		(10,052)	(12,208)
Other capital reserve		1,820,479	1,820,479
Retained earnings		258,831,260	257,903,737
		<b>266,406,369</b>	<b>265,558,393</b>
<b>Non-controlling interests</b>		<b>(137,676)</b>	<b>(55,058)</b>
<b>Total equity</b>		<b>266,268,693</b>	<b>265,503,335</b>

*The accompanying notes on pages 8 to 18 are an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of tenge</i>	Notes	31 March 2014 (unaudited)	31 December 2013 (audited)
<b>Non-current liabilities</b>			
Borrowings	10	45,330,593	36,028,656
Finance lease liabilities		9,531,341	10,689,177
Deferred tax liability		14,345,467	13,313,741
Employee benefit liability		4,600,737	4,600,737
Debt component of preferred shares		894,780	892,966
Other non-current liabilities	11	4,810,216	4,433,757
		<b>79,513,134</b>	<b>69,959,034</b>
<b>Current liabilities</b>			
Borrowings	10	7,865,939	9,117,411
Current portion of finance lease liabilities		6,371,367	6,994,294
Current portion of employee benefit liability		362,721	362,721
Accounts payable		13,671,160	21,939,224
Advances received		3,307,453	4,238,571
Income tax payable		10,481	1,546
Other current liabilities	11	12,099,240	38,019,142
		<b>43,688,361</b>	<b>80,672,909</b>
<b>Total liabilities</b>		<b>123,201,495</b>	<b>150,631,943</b>
<b>Total equity and liabilities</b>		<b>389,470,188</b>	<b>416,135,278</b>

Book value per share, Tenge

22,425

22,291

Book value per one preferred share of  
the first group, Tenge

8,840

10,878

Chief Financial Director

Nurkatov A.A.

Chief Accountant

Baishumurova G.Zh.

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**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For three months period ended 31 March, 2014

<i>In thousands of tenge</i>	<b>Notes</b>	<b>31 March 2014 (unaudited)</b>	<b>31 March 2013 (unaudited)</b>
<b>Continuing operations</b>			
Revenue	12	46,387,370	43,316,298
Compensation for universal services provision in rural areas		1,257,682	1,230,922
		<b>47,645,052</b>	<b>44,547,220</b>
Cost of revenue	13	(30,603,407)	(30,454,506)
<b>Gross profit</b>		<b>17,041,645</b>	<b>14,092,714</b>
General and administrative expenses		(5,164,388)	(4,379,962)
Selling expenses		(818,205)	(994,725)
<b>Operating profit</b>		<b>11,059,052</b>	<b>8,718,027</b>
Finance costs		(1,574,079)	(2,393,145)
Finance income		641,367	1,225,724
Foreign exchange loss, net		(7,450,064)	4,875
Loss from disposal of property and equipment		(72,804)	(50,229)
Other income		758,539	672,895
Other expenses		(193,050)	(143,874)
<b>Profit before tax from continuing operations</b>		<b>3,168,961</b>	<b>8,034,273</b>
Income tax expense	14	(2,326,676)	(2,550,630)
<b>Profit for the period from continuing operations</b>		<b>842,285</b>	<b>5,483,643</b>
<b>Discontinued operations</b>			
Profit after tax for the year from discontinued operations		-	-
<b>Profit for the period</b>		<b>842,285</b>	<b>5,483,643</b>
<b>Attributable to:</b>			
Owners of the parent		924,903	5,511,203
Non-controlling interests		(82,618)	(27,560)

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**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

<i>In thousands of tenge</i>	Notes	31 March 2014 (unaudited)	31 March 2013 (unaudited)
<b>Other comprehensive income</b>			
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		2,156	10,612
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>		<b>2,156</b>	<b>10,612</b>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial losses on defined benefit plan		-	-
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>2,156</b>	<b>10,612</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>844,441</b>	<b>5,494,255</b>
<b>Attributable to:</b>			
Owners of the parent		927,059	5,521,815
Non-controlling interest		(82,618)	(27,560)
		<b>844,441</b>	<b>5,494,255</b>
<b>Earnings per share</b>			
Basic and diluted, profit for the year attributable to owners of the parent, tenge		86.00	500.50
<b>Earnings per share for continuing operations</b>			
Basic and diluted, profit for the year from continuing operations attributable to owners of the parent, tenge		86.00	500.50

Chief Financial Director



Nurkatov A.A.

Baishumurova G.Zh.

Chief Accountant

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## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2014

In thousands of tenge	Attributable to owners of the parent						Non- controlling interests	Total equity
	Charter capital	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total		
<b>At 1 January 2013</b>	<b>12,136,529</b>	<b>(6,019,715)</b>	<b>(4,576)</b>	<b>1,820,479</b>	<b>268,816,693</b>	<b>276,749,410</b>	<b>(1,911)</b>	<b>276,747,499</b>
Profit/(loss) for the year (unaudited)	-	-	-	-	5,511,203	5,511,203	(27,560)	5,483,643
Other comprehensive income (unaudited)	-	-	10,612	-	-	10,612	-	10,612
<b>Total comprehensive income (unaudited)</b>	<b>-</b>	<b>-</b>	<b>10,612</b>	<b>-</b>	<b>5,511,203</b>	<b>5,521,815</b>	<b>(27,560)</b>	<b>5,494,255</b>
Treasury shares repurchased	-	(120,342)	-	-	-	(120,342)	-	(120,342)
<b>At 31 March 2013 (unaudited)</b>	<b>12,136,529</b>	<b>(6,140,057)</b>	<b>6,036</b>	<b>1,820,479</b>	<b>274,327,896</b>	<b>282,150,883</b>	<b>(29,471)</b>	<b>282,121,412</b>
<b>At 1 January 2014</b>	<b>12,136,529</b>	<b>(6,290,144)</b>	<b>(12,208)</b>	<b>1,820,479</b>	<b>257,903,737</b>	<b>265,558,393</b>	<b>(55,058)</b>	<b>265,503,335</b>
Profit/(loss) for the year (unaudited)	-	-	-	-	924,903	924,903	(82,618)	842,285
Other comprehensive income (unaudited)	-	-	2,156	-	-	2,156	-	2,156
<b>Total comprehensive income (unaudited)</b>	<b>-</b>	<b>-</b>	<b>2,156</b>	<b>-</b>	<b>924,903</b>	<b>927,059</b>	<b>(82,618)</b>	<b>844,441</b>
Treasury shares repurchased	-	(81,703)	-	-	-	(81,703)	-	(81,703)
Dividends (unaudited)	-	-	-	-	2,620	2,620	-	2,620
<b>At 31 March 2014 (unaudited)</b>	<b>12,136,529</b>	<b>(6,371,847)</b>	<b>(10,052)</b>	<b>1,820,479</b>	<b>258,831,260</b>	<b>266,406,369</b>	<b>(137,676)</b>	<b>266,268,693</b>

Chief Financial Director



Nurkatov A.A.

Baishumurova G.Zh.

Chief Accountant

The accompanying notes on pages 8 to 18 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED CASH FLOW STATEMENT****For three months period ended 31 March, 2014**

<i>In thousands of tenge</i>	<b>Notes</b>	<b>31 March 2014 (unaudited)</b>	<b>31 March 2013 (unaudited)</b>
<b>Operating activities</b>			
Profit before tax from continuing operations		3,168,961	8,034,273
Profit before tax from discontinued operations		-	-
<b>Profit before tax</b>		<b>3,168,961</b>	<b>8,034,273</b>
<b>Adjustments for:</b>			
Depreciation of property and equipment		7,832,414	8,565,401
Amortization and impairment of intangibles assets		704,034	971,511
Change in deferred revenues		6,174	(8,740)
Unrealized foreign exchange loss		7,333,754	33,515
Provision for doubtful debts		187,601	183,513
Provision for obsolete and slow moving inventories		175,673	161,080
Finance costs		1,574,079	2,393,145
Finance revenue		(641,367)	(1,225,724)
Loss from disposal of property and equipment		72,804	50,229
<b>Working capital adjustments:</b>			
Change in trade accounts receivable		(5,601,661)	(2,839,025)
Change in inventories		(1,261,316)	(30,327)
Change in other current and non-current assets		3,957	14,558
Change in prepayments		(29,156)	94,025
Change in accounts payable		(1,258,159)	(1,147,900)
Change in advances received		(931,118)	(152,854)
Change in other current liabilities		2,572,024	1,472,970
<b>Cash generated from operations</b>		<b>13,908,698</b>	<b>16,569,650</b>
Dividends paid		(28,020,890)	(36,009)
Income taxes paid		(1,681,096)	(1,283,017)
Interest paid		(1,798,102)	(3,099,114)
Interest received		114,840	161,910
<b>Net cash flows used in/ (from) operating activities</b>		<b>(17,476,550)</b>	<b>12,313,420</b>
<b>Investing activities</b>			
Purchase of property and equipment		(11,179,318)	(7,602,787)
Purchase of intangible assets		(764,851)	(365,690)
Proceeds from sale of property and equipment		27,133	45,516
Acquisition of control over subsidiaries		-	(10,540,550)
Deposits placed		(3,008,445)	(2,142,347)
Issue of bank guarantee		-	(3,886,958)
Refund on deposits		3,761,204	-
Long-term loans to employees		(458,585)	(561,317)
Loans repaid by employees		59,505	64,405
Financial aid returned		2,500	2,500
<b>Net cash flows (used in) / from investing activities</b>		<b>(11,560,857)</b>	<b>(24,987,228)</b>

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**INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)**

<i>In thousands of tenge</i>	Notes	31 March 2014 (unaudited)	31 March 2013 (unaudited)
<b>Financing activities</b>			
Proceeds from borrowings		5,538,963	750,000
Repayment of borrowings		(4,754,394)	(4,011,882)
Repurchase of treasury shares		(33,000)	(20,772)
Financial aid returned		(21,000)	-
Repayment of finance lease liabilities		(1,683,955)	(1,834,944)
<b>Net cash flows used in financing activities</b>		<b>(953,386)</b>	<b>(5,117,598)</b>
Net decrease in cash and cash equivalents		(29,990,793)	(17,791,406)
Effects of exchange rate changes on cash and cash equivalents		271,704	(34,534)
Cash and cash equivalents at 1 January		42,352,823	53,466,201
<b>Cash and cash equivalents at 31 March</b>	9	<b>12,633,734</b>	<b>35,640,261</b>

Non-cash transactions are disclosed in *Note 15*.

Chief Financial Director

  
Nurkatov A.A.

Chief Accountant

  
Baishumurova G.Zh.