



**Kazakhtelecom JSC**  
Unaudited interim condensed  
consolidated financial statements  
*31 March 2015*

**CONTENTS**

---

**Unaudited interim condensed consolidated financial statements**

Interim condensed consolidated statement of financial position .....	1-2
Interim condensed consolidated statement of comprehensive income .....	3-4
Interim condensed consolidated statement of changes in equity .....	5
Interim condensed consolidated cash flow statement.....	6-7
Notes to the interim condensed consolidated financial statements.....	8-23

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2015

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	303,550,934	308,471,725
Intangible assets	6	23,518,204	24,531,269
Advances paid for non-current assets		224,395	207,263
Deferred tax asset		1,704,317	1,679,830
Other non-current financial assets		9,910,690	11,884,667
Other non-current assets		4,462,912	4,916,543
		<b>343,371,452</b>	<b>351,691,297</b>
<b>Current assets</b>			
Inventories		8,285,399	5,934,046
Trade accounts receivable	8	20,921,791	20,764,872
Prepayments		965,440	992,346
Income tax prepaid		970,760	1,054,311
Other financial assets	9	11,102,430	21,362,797
Other current assets		6,108,008	6,213,467
Cash and cash equivalents	10	14,152,865	8,729,297
		<b>62,506,693</b>	<b>65,051,136</b>
Assets classified as held for sale	11	953,416	951,019
<b>Total assets</b>		<b>406,831,561</b>	<b>417,693,452</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		(6,433,960)	(6,398,619)
Currency translation reserve		(32,326)	(69,350)
Other capital reserve		1,820,479	1,820,479
Retained earnings		274,638,542	263,644,674
		<b>282,129,264</b>	<b>271,133,713</b>
<b>Non-controlling interests</b>		<b>(875,566)</b>	<b>(824,365)</b>
<b>Total equity</b>		<b>281,253,698</b>	<b>270,309,348</b>

*The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
<b>Non-current liabilities</b>			
Borrowings	12	45,613,253	56,426,152
Finance lease liabilities		9,350,795	10,629,340
Deferred tax liability		17,011,193	16,466,369
Employee benefit liability		5,055,066	5,055,066
Debt component of preferred shares		869,329	876,845
Other non-current liabilities	13	7,435,523	7,650,255
		<b>85,335,159</b>	<b>97,104,027</b>
<b>Current liabilities</b>			
Borrowings	12	3,800,370	5,762,823
Current portion of finance lease liabilities		6,809,378	7,519,979
Current portion of employee benefit liability		742,285	742,288
Accounts payable		13,720,226	21,401,773
Advances received		3,384,633	3,733,540
Income tax payable		42,105	110,742
Other current liabilities	13	11,743,707	11,008,932
		<b>40,242,704</b>	<b>50,280,077</b>
<b>Total liabilities</b>		<b>125,577,863</b>	<b>147,384,104</b>
<b>Total equity and liabilities</b>		<b>406,831,561</b>	<b>417,693,452</b>

Book value per one ordinary share, Tenge 24,035 22,913

Book value per one preferred share of the first group, Tenge 8,763 8,668

Chief Financial Director



Nurkeyeva A.N.

Chief Accountant

Zhumanova M.A.

The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three months period ended 31 March, 2015

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 March 2014 (unaudited)
Revenue	14	51,809,478	46,387,370
Compensation for universal services provision in rural areas		1,218,433	1,257,682
		<b>53,027,911</b>	<b>47,645,052</b>
Cost of revenue	15	<b>(33,183,943)</b>	<b>(30,603,407)</b>
<b>Gross profit</b>		<b>19,843,968</b>	<b>17,041,645</b>
General and administrative expenses		<b>(5,255,971)</b>	<b>(5,164,388)</b>
Selling expenses		<b>(1,365,806)</b>	<b>(818,205)</b>
<b>Operating profit</b>		<b>13,222,191</b>	<b>11,059,052</b>
Finance costs		<b>(2,243,827)</b>	<b>(1,574,079)</b>
Finance income		679,411	641,367
Foreign exchange loss, net	16	<b>(367,647)</b>	<b>(7,450,064)</b>
Loss from disposal of property and equipment		<b>(95,216)</b>	<b>(72,804)</b>
Other income		1,363,054	758,539
Other expenses		<b>(226,025)</b>	<b>(193,050)</b>
<b>Profit before tax</b>		<b>12,331,941</b>	<b>3,168,961</b>
Income tax expense	17	<b>(1,389,274)</b>	<b>(2,326,676)</b>
<b>Profit for the period</b>		<b>10,942,667</b>	<b>842,285</b>
<b>Attributable to:</b>			
Owners of the parent		10,993,868	924,903
Non-controlling interests		<b>(51,201)</b>	<b>(82,618)</b>

*The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 March 2014 (unaudited)
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		37,024	2,156
<b>Net other comprehensive income to be reclassified to profit in subsequent periods</b>		<b>37,024</b>	<b>2,156</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>37,024</b>	<b>2,156</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>10,979,691</b>	<b>844,441</b>
<b>Attributable to:</b>			
Owners of the parent		11,030,892	927,059
Non-controlling interest		(51,201)	(82,618)
		<b>10,979,691</b>	<b>844,441</b>
<b>Earnings per share</b>			
Basic and diluted, profit for the year attributable to owners of the parent, tenge		998.99	86.00

Chief Financial Director





Nurkeyeva A.N.



*Caia*

Zhumanova M.A.

Chief Accountant

The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2015

In thousands of tenge	Attributable to owners of the parent					Total	Non- controlling interests	Total equity
	Charter capital	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings			
<b>At 1 January 2014</b>	12,136,529	(6,290,144)	(12,208)	1,820,479	257,903,737	265,558,393	(55,058)	265,503,335
Profit/(loss) for the period (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>	-	-	2,156	-	924,903	927,059	(82,618)	844,441
Treasury shares repurchased	-	(81,703)	-	-	-	(81,703)	-	(81,703)
Dividends	-	-	-	-	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>
<b>At 1 January 2015</b>	<b>12,136,529</b>	<b>(6,398,619)</b>	<b>(69,350)</b>	<b>1,820,479</b>	<b>263,644,674</b>	<b>271,133,713</b>	<b>(824,365)</b>	<b>270,309,348</b>
Profit/(loss) for the period (unaudited)	-	-	-	-	10,993,868	10,993,868	(51,201)	10,942,667
Other comprehensive loss (unaudited)	-	-	37,024	-	-	37,024	-	37,024
<b>Total comprehensive (loss) / income (unaudited)</b>	-	-	37,024	-	10,993,868	11,030,892	(51,201)	10,979,691
Treasury shares repurchased	-	(35,341)	-	-	-	(35,341)	-	(35,341)
<b>At 31 March 2015 (unaudited)</b>	<b>12,136,529</b>	<b>(6,433,960)</b>	<b>(32,326)</b>	<b>1,820,479</b>	<b>274,638,542</b>	<b>282,129,264</b>	<b>(875,566)</b>	<b>281,253,698</b>

Chief Financial Director



Nurkeyeva A.N.



Zhumanova M.A.

Chief Accountant

The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For three months period ended 31 March, 2015**

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 March 2014 (unaudited)
<b>Operating activities</b>			
<b>Profit before tax</b>		<b>12,331,941</b>	<b>3,168,961</b>
<b>Adjustments for:</b>			
Depreciation of property and equipment		7,958,460	7,832,414
Amortization of intangible assets		1,045,534	704,034
Change in deferred revenues		(23,917)	6,174
Unrealized foreign exchange loss		610,026	7,333,754
Provision for doubtful debts		541,239	187,601
Reversal of NRV write down		(97,491)	175,673
Finance costs		2,243,827	1,574,079
Finance revenue		(679,411)	(641,367)
Loss from disposal of P&E		95,216	72,804
<b>Working capital adjustments:</b>			
Change in trade accounts receivable		(505,088)	(5,601,661)
Change in inventories		(2,293,704)	(1,261,316)
Change in other current and non-current assets		(362,717)	3,957
Change in prepayments		26,153	(29,156)
Change in accounts payable		(2,369,638)	(1,258,159)
Change in advances received		(348,907)	(931,118)
Change in other current liabilities		1,695,697	2,572,024
<b>Cash generated from operations</b>		<b>19,867,220</b>	<b>13,908,698</b>
Dividends paid		(7,376)	(28,020,890)
Income taxes paid		(852,531)	(1,681,096)
Interest paid		(2,210,589)	(1,798,102)
Interest received		153,034	114,840
<b>Net cash flows from/(used in) operating activities</b>		<b>16,949,758</b>	<b>(17,476,550)</b>
<b>Investing activities</b>			
Purchase of property and equipment		(8,061,218)	(11,179,318)
Purchase of intangible assets		(206,581)	(764,851)
Proceeds from sale of property and equipment		11,966	27,133
Deposits placed		(1,204,775)	(3,008,445)
Refund on deposits		13,415,324	3,761,204
Long-term loans to employees		(372,009)	(458,585)
Loans repaid by employees		49,033	59,505
Restricted cash returned		160	-
Financial aid returned		-	2,500
<b>Net cash flows from/(used in) investing activities</b>		<b>3,631,900</b>	<b>(11,560,857)</b>

*The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.*



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

<i>In thousands of tenge</i>	Notes	31 March 2015 (unaudited)	31 March 2014 (unaudited)
<b>Financing activities</b>			
Proceeds from borrowings		-	5,538,963
Repayment of borrowings		(13,285,956)	(4,754,394)
Repurchase of treasury shares		(20,000)	(33,000)
Repayment of finance lease liabilities		(1,900,911)	(1,683,955)
Financial aid returned		-	(21,000)
<b>Net cash flows used in financing activities</b>		<b>(15,206,867)</b>	<b>(953,386)</b>
Net increase/(decrease) in cash and cash equivalents		5,374,791	(29,990,793)
Effects of exchange rate changes on cash and cash equivalents		48,777	271,704
Cash and cash equivalents at 1 January		8,729,297	42,352,823
<b>Cash and cash equivalents at 31 March</b>	10	<b>14,152,865</b>	<b>12,633,734</b>

Non-cash transactions are disclosed in *Note 18*.

Chief Financial Director



Nurkeyeva A.N.

Chief Accountant

Zhumanova M.A.

The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.