



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

31 March 2016

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 statement of cash flows	6-7
Notes to the interim condensed consolidated financial statements	8-22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

<i>In thousands of tenge</i>	Notes	31 March 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property and equipment	5	279,941,247	285,555,708
Intangible assets	6	18,873,247	19,558,165
Advances paid for non-current assets		95,597	79,256
Investments in an associate		97,488,509	-
Deferred tax asset		1,354	204,814
Other non-current financial assets		4,963,874	10,557,028
Other non-current assets		2,301,710	2,514,632
		403,665,538	318,469,603
Current assets			
Inventories		3,930,583	3,760,673
Trade accounts receivable	8	24,031,334	16,385,102
Prepayments		543,363	507,630
Income tax prepaid		4,978	64,629
Other financial assets	9	31,270,978	33,949,795
Other current assets		3,798,325	3,602,421
Cash and cash equivalents	10	18,721,823	11,276,891
		82,301,384	69,547,141
Assets classified as held for sale	17	-	48,477,200
Total assets		485,966,922	436,493,944

The accompanying notes on pages 8 to 22 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 2016 (unaudited)	31 December 2015 (audited)
Equity and liabilities			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,464,488)	(6,464,488)
Currency translation reserve		37,857	47,662
Other capital reserve		1,820,479	1,820,479
Retained earnings		352,214,344	285,884,903
		359,744,721	293,425,085
Non-controlling interests		-	(1,003,643)
Total equity		359,744,721	292,421,442
Non-current liabilities			
Borrowings	11	55,087,552	27,299,921
Finance lease liabilities		3,488,396	4,435,721
Deferred tax liability		18,481,255	18,167,340
Employee benefit liability		7,274,355	7,274,355
Debt component of preferred shares		874,156	874,156
Other non-current liabilities	12	6,335,036	2,976,133
		91,540,750	61,027,626
Current liabilities			
Borrowings	11	6,015,557	4,138,393
Current portion of finance lease liabilities		4,392,250	4,707,462
Current portion of employee benefit liability		511,689	511,689
Trade accounts payable		8,984,230	11,893,469
Advances received		2,203,861	2,529,209
Income tax payable		499,443	146,920
Other current liabilities	12	12,074,421	10,630,418
		34,681,451	34,557,560
Liabilities directly associated with assets classified as held for sale	17	-	48,487,316
Total liabilities		126,222,201	144,072,502
Total equity and liabilities		485,966,922	436,493,944

Book value per one ordinary share, Tenge 31,805 25,454

Book value per one preferred share of the first group, Tenge 8,640 8,662

Chief Financial Officer

Chief Accountant



Zhumanova M.A.

The accompanying notes on pages 8 to 22 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, 2016

<i>In thousands of tenge</i>	Notes	31 March 2016 (unaudited)	31 March 2015 (unaudited)
Continuing operations			
Revenue	13	47,695,856	45,117,549
Compensation for universal services provision in rural areas		1,326,795	1,648,650
		49,022,651	46,766,199
Cost of revenue	14	(29,902,960)	(27,864,503)
Gross profit		19,119,691	18,901,696
General and administrative expenses		(5,153,230)	(4,799,725)
Selling expenses		(285,200)	(755,680)
Operating profit		13,681,261	13,346,291
Share of loss of an associate		(1,307,162)	-
Finance costs		(1,441,712)	(1,857,295)
Finance income		1,080,456	648,047
Foreign exchange loss, net	15	(33,276)	(378,659)
Loss from disposal of property and equipment		(6,749)	(94,659)
Other income		1,168,638	928,924
Other expenses		(86,983)	(221,601)
Profit before tax from continuing operations		13,054,473	12,371,048
Income tax expense	16	(3,022,708)	(1,423,907)
Profit for the period from continuing operations		10,031,765	10,947,141
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations		57,399,863	(4,474)
Profit for the period		67,431,628	10,942,667
Attributable to:			
Owners of the parent		67,431,628	10,993,868
Non-controlling interest		-	(51,201)

The accompanying notes on pages 8 to 22 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 2016 (unaudited)	31 March 2015 (unaudited)
Other comprehensive income			
<i>Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
		-	-
Exchange differences on translation of foreign operations		(9,805)	37,024
Share of other comprehensive profit of an associate		136,782	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		126,977	37,024
Total comprehensive income for the period, net of tax		67,558,605	10,979,691
Attributable to:			
Owners of the parent		67,558,605	11,030,892
Non-controlling interest		-	(51,201)
		67,558,605	10,979,691
Earnings per share			
Basic and diluted, profit for the period attributable to owners of the parent, tenge			
		6,116.85	998.99
Earnings per share for continuing operations			
Basic and diluted, profit for the period from continuing operations attributable to owners of the parent, tenge			
		911.86	999.39

Chief Financial Officer

Chief Accountant



 Nurkeyeva A.N.

 Zhumanov M.A.

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

Handwritten signature

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2016

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			
At 1 January 2015	12,136,529	(6,398,619)	(69,350)	1,820,479	263,644,674	271,133,713	(824,365)	270,309,348
Profit/(loss) for the period (unaudited)	-	-	-	-	10,993,868	10,993,868	(51,201)	10,942,667
Other comprehensive income (unaudited)	-	-	37,024	-	-	37,024	-	37,024
Total comprehensive income/(loss) (unaudited)	-	-	37,024	-	10,993,868	11,030,892	(51,201)	10,979,691
Treasury shares repurchased (unaudited)	-	(35,341)	-	-	-	(35,341)	-	(35,341)
At 31 March 2015 (unaudited)	12,136,529	(6,433,960)	(32,326)	1,820,479	274,638,542	282,129,264	(875,566)	281,253,698
At 1 January 2016	12,136,529	(6,464,488)	47,662	1,820,479	285,884,903	293,425,085	(1,003,643)	292,421,442
Profit for the period (unaudited)	-	-	-	-	67,431,628	67,431,628	-	67,431,628
Other comprehensive (loss) / income (unaudited)	-	-	(9,805)	-	136,782	126,977	-	126,977
Total comprehensive (loss) / income (unaudited)	-	-	(9,805)	-	67,568,410	67,558,605	-	67,558,605
Change in ownership interests of subsidiaries, without loss of control	-	-	-	-	(1,238,969)	(1,238,969)	1,003,643	(235,326)
At 31 March 2016 (unaudited)	12,136,529	(6,464,488)	37,857	1,820,479	352,214,344	359,744,721	-	359,744,721

Chief Financial Officer

Chief Accountant



Nurkeyeva A.N.

Zhumanova M.A.

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For three months period ended 31 March, 2016

<i>In thousands of tenge</i>	Notes	31 March 2016 (unaudited)	31 March 2015 (unaudited)
Operating activities			
Profit before tax from continuing operations		13,054,473	12,371,048
Profit/(loss) before tax from discontinued operations		57,399,863	(39,107)
Profit before tax		70,454,336	12,331,941
Adjustments for:			
Depreciation of property and equipment		6,801,823	7,958,460
Amortization of intangible assets		796,905	1,045,534
Change in deferred revenues		5,942	(23,917)
Unrealized foreign exchange loss		191,598	610,026
Provision for doubtful debts		776,591	541,239
Reversal of NRV write down		52,903	(97,491)
Share in net income of associate		1,307,162	-
Finance costs		1,441,712	2,243,827
Finance income		(1,080,456)	(679,411)
Gain on disposal of discontinued operation		(57,272,831)	-
Loss from disposal of property and equipment		6,749	95,216
Working capital adjustments:			
Change in trade accounts receivable		(9,565,947)	(505,088)
Change in inventories		159,658	(2,293,704)
Change in other current and non-current assets		(4,400,656)	(362,717)
Change in prepayments		(39,089)	26,153
Change in accounts payable		3,886,145	(2,369,638)
Change in advances received		(325,348)	(348,907)
Change in other current liabilities		4,914,376	1,695,697
Cash generated from operations		18,111,573	19,867,220
Dividends paid		(31,283)	(7,376)
Income taxes paid		(2,127,615)	(852,531)
Interest paid		(2,374,548)	(2,210,589)
Interest received		311,574	153,034
Net cash flows from operating activities		13,889,701	16,949,758
Investing activities			
Purchase of property and equipment		(6,246,012)	(8,061,218)
Purchase of intangible assets		(4,281,462)	(206,581)
Proceeds from sale of property and equipment		61,428	11,966
Deposits placed		(1,388,030)	(1,204,775)
Refund on deposits		2,230,995	13,415,324
Long-term loans to employees		(419,219)	(372,009)
Loans repaid by employees		96,574	49,033
Restricted cash returned		-	160
Financial aid returned		13,556	-
Net cash flows (used in)/from investing activities		(9,932,170)	3,631,900

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	31 March 2016 (unaudited)	31 March 2015 (unaudited)
Financing activities			
Repayment of borrowings		(3,825,024)	(13,285,956)
Repurchase of treasury shares		-	(20,000)
Acquisition of non-controlling interests in a subsidiary		(201,728)	-
Repayment of finance lease liabilities		(1,262,537)	(1,900,911)
Net cash flows used in financing activities		(5,289,289)	(15,206,867)
Effects of exchange rate changes on cash and cash equivalents		88,539	48,777
Net (decrease) / increase in cash and cash equivalents		(1,243,219)	5,423,568
Cash and cash equivalents at 1 January		19,965,042	8,729,297
Cash and cash equivalents at 31 March	10	18,721,823	14,152,865

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

Chief Financial Officer

Chief Accountant


Nurkeyeva A.N.

Zhumanova M.A.

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

Accountant