



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

31 March 2017

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Unaudited interim condensed consolidated financial statements

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

<i>In thousands of tenge</i>	Notes	31 March 2017 (unaudited)	31 December 2016 (audited)
Assets			
Non-current assets			
Property and equipment	5	266,577,192	272,175,873
Intangible assets	6	16,414,575	17,140,121
Advances paid for non-current assets		277,469	40,243
Investments in an associate	7	65,218,212	67,160,792
Other non-current financial assets		5,878,544	5,876,966
Other non-current assets		1,562,232	1,708,901
		355,928,224	364,102,896
Current assets			
Inventories		4,200,713	4,483,724
Trade receivables	9	28,327,134	24,992,206
Advances paid		328,855	297,280
Corporate income tax prepaid		3,232	3,548
Other current financial assets	10	50,976,216	48,133,067
Other current assets		3,002,217	2,628,449
Cash and cash equivalents	11	25,176,714	24,320,942
		112,015,081	104,859,216
Total assets		467,943,305	468,962,112

The accompanying notes on pages 8 to 21 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 2017 (unaudited)	31 December 2016 (audited)
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Shares outstanding		12,136,529	12,136,529
Treasury shares		(6,464,374)	(6,464,374)
Foreign currency translation reserve		10,566	(1,957)
Other reserves		1,820,479	1,820,479
Retained earnings		344,451,412	336,306,933
		351,954,612	343,797,610
Total equity		351,954,612	343,797,610
Non-current liabilities			
Borrowings: non-current portion	12	52,251,662	53,794,669
Finance lease liabilities		795,634	1,273,015
Deferred tax liability		20,059,805	19,624,081
Employee benefit obligations		7,788,984	7,788,984
Debt component of preferred shares		874,244	874,244
Other non-current liabilities	13	4,838,415	4,209,139
		86,608,744	87,564,132
Current liabilities			
Borrowings: current portion	12	1,326,074	2,473,507
Current portion of finance lease liabilities		2,692,762	3,162,706
Current portion of employee benefit obligations		430,554	430,554
Trade payables		6,317,538	11,997,342
Advances received		2,643,882	2,835,106
Current corporate income tax payable		528,133	571,983
Other current liabilities	13	15,441,006	16,129,172
		29,379,949	37,600,370
Total liabilities		115,988,693	125,164,502
Total equity and liabilities		467,943,305	468,962,112

Book value per one ordinary share, Tenge 31.307 30.478

Book value per one preferred share of the first group, Tenge 8.596 8.552

Chief financial director



Uzbekov A.A.

Chief accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three months period ended 31 March, 2017

<i>In thousands of tenge</i>	Notes	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Continuing operations			
Revenue	14	50,060,896	47,695,856
Compensation for provision of universal services in rural areas		–	1,326,795
		50,060,896	49,022,651
Cost of sales	15	(31,336,015)	(29,902,960)
Gross profit		18,724,881	19,119,691
General and administrative expenses		(3,938,245)	(5,153,230)
Selling expenses		(591,735)	(285,200)
Operating profit		14,194,901	13,681,261
Share in losses of associate		(1,942,580)	(1,307,162)
Finance costs		(1,315,860)	(1,441,712)
Finance income		780,407	1,080,456
Net foreign exchange loss		(2,326,761)	(33,276)
Income/(loss) on disposal of property and equipment		250,796	(6,749)
Other income		1,100,986	1,168,638
Other expenses		(169,350)	(86,983)
Profit before tax from continuing operations		10,572,539	13,054,473
Income tax expense	16	(2,428,060)	(3,022,708)
Profit for the period from continuing operations		8,144,479	10,031,765
Discontinued operations			
Profit after tax for the period from discontinued operations		–	57,399,863
Net profit for the period		8,144,479	67,431,628
Profit attributable to:			
Equity holders of the Parent		8,144,479	67,431,628
Non-controlling interests		–	–

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Foreign exchange differences on translation of financial statements of foreign subsidiaries		-	-
Share of other comprehensive profit of an associate		12,523	(9,805)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	136,782
		12,523	126,977
Total comprehensive income for the period, net of income tax		8,157,002	67,558,605
Attributable to:			
Equity holders of the Parent		8,157,002	67,558,605
Non-controlling interest		-	-
		8,157,002	67,558,605
Earnings per share			
<i>Basic and diluted, profit for the period attributable to equity holders of the Parent, tenge</i>			
		740.42	6,116.85
Earnings per share for continuing operations			
<i>Basic and diluted, profit for the period from continuing operations attributable to equity holders of the Parent, tenge</i>			
		740.42	911.86

Chief financial director



Uzbekov A.A.

Chief accountant

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Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2017

<i>In thousands of tenge</i>	Attributable to equity holders of the parent					Total	Non-controlling interests	Total equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings			
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
Net profit for the period (unaudited)	–	–	–	–	67,431,628	67,431,628	–	67,431,628
Other comprehensive income/(loss) (unaudited)	–	–	(9,805)	–	136,782	126,977	–	126,977
Total comprehensive income/(loss) (unaudited)	–	–	(9,805)	–	67,568,410	67,558,605	–	67,558,605
Change in ownership in subsidiaries not resulting in 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
At 1 January 2017	12,136,529	(6,464,374)	(1,957)	1,820,479	336,306,933	343,797,610	–	343,797,610
Net profit for the period (unaudited)	–	–	–	–	8,144,479	8,144,479	–	8,144,479
Other comprehensive income/loss (unaudited)	–	–	12,523	–	–	12,523	–	12,523
Total comprehensive income (unaudited)	–	–	12,523	–	8,144,479	8,157,002	–	8,157,002
At 31 March 2017 (unaudited)	12,136,529	(6,464,374)	10,566	1,820,479	344,451,412	351,954,612	–	351,954,612

Chief financial director



Uzbekov A.A.

Chief accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For three months period ended 31 March, 2017

<i>In thousands of tenge</i>	Notes	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Operating activities			
Profit before tax from continuing operations		10,572,539	13,054,473
Profit before tax from discontinued operations		–	57,399,863
Profit before tax		10,572,539	70,454,336
Adjustments for:			
Depreciation of property and equipment		7,099,989	6,801,823
Amortization of intangible assets		771,915	796,905
Change in deferred income		31,460	5,942
Unrealized foreign exchange (gain)/loss		(702,283)	191,598
Allowance for doubtful receivables		97,902	776,591
NRV adjustments of slow-moving inventory		4,149	52,903
Share in losses of associates		1,942,580	1,307,162
Finance costs accrued		1,315,860	1,441,712
Finance income accrued		(780,407)	(1,080,456)
Gain on disposal of subsidiary		–	(57,272,831)
Loss on disposal of PPE and intangible assets		(250,796)	6,749
Adjustments of working capital			
Change in trade receivables		(3,395,502)	(9,565,947)
Change in inventory		278,862	159,658
Change in current and non-current assets		2,843,255	(4,400,656)
Change in advances paid		(29,819)	(39,089)
Change in trade payables		(1,557,227)	3,886,145
Change in advances received		(191,224)	(325,348)
Change in other current liabilities		(373,780)	4,914,376
Cash flow received from operating activities		17,677,473	18,111,573
Dividends paid on common and preferred shares		(10,020)	(31,283)
Income tax paid		(2,035,867)	(2,127,615)
Interest paid		(1,669,022)	(2,374,548)
Interest received		168,272	311,574
Net cash flows from operating activities		14,130,836	13,889,701
Investing activities			
Purchase of property and equipment		(5,115,593)	(6,246,012)
Purchase of intangible assets		(7,339)	(4,281,462)
Proceeds from sale of property and equipment		94,572	61,428
Placement of deposits		(11,329,352)	(1,388,030)
Return of cash on deposits		5,725,493	2,230,995
Reimbursement of loss of control over subsidiaries		30,170	–
Issue of long-term loans to employees		(398,702)	(419,219)
Repayment of loans from employees		100,438	96,574
Restricted cash returned		50	–
Financial aid repaid		2,000	13,556
Net cash flows used in investing activities		(10,898,263)	(9,932,170)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Financing activities			
Borrowings repaid		(600,000)	(3,825,024)
Acquisition of treasury shares		-	(201,728)
Repayment of finance lease liabilities		(947,325)	(1,262,537)
Net cash flows used in financing activities		(1,547,325)	(5,289,289)
Effects of exchange rate changes on cash and cash equivalents		(829,476)	88,539
Net increase/ (decrease) in cash and cash equivalents		1,685,248	(1,243,219)
Cash and cash equivalents, as at 1 January		24,320,942	19,965,042
Cash and cash equivalents, as at 31 March	11	25,176,714	18,721,823

Disclosure of significant non-cash transactions is presented in *Note 18*.

Chief financial director



 Uzbekov A.A.




 Zhumanova M.A.

Chief accountant

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