

Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

31 March 2018

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
Accounting policies and notes to the interim condensed consolidated financial statements	8-22

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

<i>In thousands of tenge</i>	Notes	31 March 2018 (unaudited)	31 December 2017 (audited)
Assets			
Non-current assets			
Property and equipment	5	251,123,057	259,021,612
Intangible assets	6	14,879,096	15,592,544
Advances paid for non-current assets		174,353	39,678
Investments in an associates	7	70,065,203	69,246,140
Deferred tax assets		139,737	104,614
Other non-current financial assets		8,849,150	9,457,306
Other non-current assets		2,472,374	2,453,521
		347,702,970	355,915,415
Current assets			
Inventories		3,021,725	3,014,872
Trade receivables	9	32,338,024	32,094,228
Advances paid		450,381	538,756
Corporate income tax prepaid		19,748	7,269
Other current financial assets	10	49,527,328	62,133,687
Other current assets		1,646,957	1,624,022
Cash and cash equivalents	11	42,776,286	15,985,943
		129,780,449	115,398,777
Total assets		477,483,419	471,314,192

The accompanying policies and 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 2018 (unaudited)	31 December 2017 (audited)
Equity			
Shares outstanding		12,136,529	12,136,529
Treasury shares		(6,464,374)	(6,464,374)
Foreign currency translation reserve		(250)	(6,354)
Other reserves		1,820,479	1,820,479
Retained earnings		358,820,392	351,621,657
Total equity		366,312,776	359,107,937
Non-current liabilities			
Borrowings: non-current portion	12	24,361,175	24,967,690
Finance lease liabilities		6,992,703	7,681,118
Deferred tax liabilities		19,003,775	19,040,850
Employee benefit obligations		11,940,014	11,940,014
Debt component of preferred shares		874,244	874,244
Other non-current financial liabilities	13	947,305	260,431
Other non-current liabilities	13	5,995,058	5,361,847
		70,074,274	70,126,194
Current liabilities			
Borrowings: current portion	12	3,097,190	2,357,864
Financial lease liabilities: current portion		3,586,925	3,920,719
Employee benefit obligations: current portion		992,170	992,170
Trade payables		11,394,710	13,506,545
Advances received		2,880,105	3,033,151
Current corporate income tax payable		678,555	91,891
Other current financial liabilities	13	11,032,018	13,356,061
Other current liabilities	13	7,434,696	4,821,660
		41,096,369	42,080,061
Total liabilities		111,170,643	112,206,255
Total equity and liabilities		477,483,419	471,314,192
<i>Book value per one ordinary share, KZT</i>		32,791	32,052
<i>Book value per one preferred share of the first group, KZT</i>		8,576	8,538

Chief financial officer

Uzbekov A.A.

Chief accountant

Suleimanov Y.E.



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For three months period ended 31 March, 2018**


<i>In thousands of tenge</i>	Notes	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Continuing operations			
Revenue	14	51,468,123	50,060,896
Cost of sales	15	(31,673,905)	(31,336,015)
Gross profit		19,794,218	18,724,881
General and administrative expenses		(5,399,274)	(3,938,245)
Selling expenses		(696,673)	(591,735)
Operating profit		13,698,271	14,194,901
Share in profit/(loss) of associates		837,744	(1,942,580)
Finance costs		(1,096,814)	(1,315,860)
Finance income		792,903	780,407
Net foreign exchange loss		(2,987,927)	(2,326,761)
Gain on disposal of property and equipment		37,163	250,796
Other income		947,962	1,100,986
Other expenses		(182,228)	(169,350)
Profit before tax from continuing operations		12,047,074	10,572,539
Income tax expense	16	(2,661,095)	(2,428,060)
Profit for the period from continuing operations		9,385,979	8,144,479
Net profit for the period		9,385,979	8,144,479

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

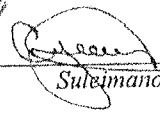
<i>In thousands of tenge</i>	Notes	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Foreign exchange differences from translation of financial statements of foreign subsidiaries		6,104	12,523
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		6,104	12,523
Total comprehensive income for the period, net of income tax		9,392,083	8,157,002
Earnings per share			
Basic and diluted, net profit for the period, tenge		853.29	740.72
Earnings per share for continuing operations			
Basic and diluted, profit from continuing operations for the period, tenge		853.29	740.72

Chief financial officer



 Uzbekov A.A.

Chief accountant



 Suleimanov Y.E.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2018

in thousands of tenge	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 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 (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
At 1 January 2018	12,136,529	(6,464,374)	(6,354)	1,820,479	351,621,657	359,107,937	-	359,107,937
Changes in accounting policy (Note 3)	-	-	-	-	(2,187,244)	(2,187,244)	-	(2,187,244)
Net profit for the period (unaudited)	-	-	-	-	9,385,979	9,385,979	-	9,385,979
Other comprehensive income (unaudited)	-	-	6,104	-	-	6,104	-	6,104
Total comprehensive income (unaudited)	-	-	6,104	-	9,385,979	9,392,083	-	9,392,083
At 31 March 2018 (unaudited)	12,136,529	(6,464,374)	(250)	1,820,479	358,820,392	366,312,776	-	366,312,776

Chief financial officer



Uzbekov A.A.

Chief accountant

Suleimanov Y.E.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For three months period ended 31 March, 2018**

<i>In thousands of tenge</i>	Notes	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Operating activities			
Profit before tax from continuing operations		12,047,074	10,572,539
Profit before tax		12,047,074	10,572,539
Adjustments for:			
Depreciation of property and equipment		8,794,421	7,099,989
Amortization of intangible assets		726,925	771,915
Change in deferred income		345,741	31,460
Unrealised foreign exchange loss/(gain), net		511,316	(702,283)
Allowance for doubtful receivables		1,067,225	97,902
Write-down of inventories to net realizable value		56,507	4,149
Share in (profit)/loss of associates		(837,744)	1,942,580
Finance costs accrued		1,096,814	1,315,860
Finance income accrued		(792,903)	(780,407)
Gain on disposal of property and equipment		(37,163)	(250,796)
Adjustments of working capital			
Change in trade receivables		(1,567,524)	(3,395,502)
Change in inventory		(63,360)	278,862
Change in current and non-current assets		3,702,687	2,843,255
Change in advances paid		141,396	(29,819)
Change in trade payables		(1,557,404)	(1,557,227)
Change in advances received		(153,046)	(191,224)
Change in other current liabilities		(2,041,423)	(373,780)
Cash flow received from operating activities		24,891,668	17,677,473
Dividends paid on common and preferred shares		(11,673)	(10,020)
Income tax paid		(2,159,108)	(2,035,867)
Interest paid		(857,600)	(1,669,022)
Interest received		479,504	168,272
Net cash flows from operating activities		22,342,791	14,130,836
Investing activities			
Purchase of property and equipment		(4,498,059)	(5,115,593)
Purchase of intangible assets		(221,377)	(7,339)
Proceeds from sale of property and equipment		65,051	94,572
Placement of deposits		(6,000,000)	(11,329,352)
Return of cash on deposits		16,689,130	5,725,493
Net cash inflow from subsidiary disposal (QazCloud LLP)		-	30,170
Issue of long-term loans to employees		(235,303)	(398,702)
Repayment of loans from employees		85,074	100,438
Return of funds of covered bank guarantee		-	50
Financial aid repaid		-	2,000
Net cash flows received/(used) in investing activities		5,884,536	(10,898,263)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Financing activities			
Borrowings repaid		-	(600,000)
Repayment of finance lease liabilities		(931,772)	(947,325)
Net cash flows used in financing activities		(931,772)	(1,547,325)
Effects of exchange rate changes on cash and cash equivalents		(505,212)	(829,476)
Net change in cash and cash equivalents		26,790,343	855,772
Cash and cash equivalents, as at 1 January		15,985,943	24,320,942
Cash and cash equivalents, as at 31 March	11	42,776,286	25,176,714

Disclosure of significant non-cash transactions is presented in *Note 17*.

Chief financial officer



Uzbekov A.A.

Chief accountant

Suleimanov Y.E.

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