



**Kazakhtelecom JSC**

Interim condensed consolidated financial statements  
(unaudited)

*31 March 2019*

**CONTENTS**

---

**Interim condensed consolidated financial statements (unaudited)**

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 .....	8-36

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2019

<i>In thousands of tenge</i>	Note	31 March 2019 (unaudited)	31 December 2018 (audited)*
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	336,618,777	390,309,113
Right-of-use assets	3	70,430,117	-
Intangible assets	6	173,000,950	176,542,542
Advances paid for non-current assets		776,354	765,088
Investments in associates	7	80,848,776	77,669,224
Deferred tax assets		561,639	246,884
Costs to obtain a contract		1,026,480	1,037,984
Costs to fulfil a contract		738,944	107,539
Other non-current assets		2,417,285	3,194,682
Other non-current financial assets	9	8,547,513	9,649,734
		<b>674,966,835</b>	<b>659,522,790</b>
<b>Current assets</b>			
Inventories		6,619,739	8,402,436
Trade receivables	10	47,638,715	52,173,348
Advances paid		1,881,493	1,416,363
Indemnification assets	18	10,913,899	10,913,899
Corporate income tax prepaid		114,177	1,849
Costs to obtain a contract		420,604	420,604
Costs to fulfil a contract		892,828	115,285
Other current assets		11,365,365	10,392,954
Other current financial assets	11	4,548,501	4,685,111
Cash and cash equivalents	12	47,080,133	45,350,092
		<b>131,475,454</b>	<b>133,871,941</b>
<b>Total assets</b>		<b>806,442,289</b>	<b>793,394,731</b>

*The accounting policies and notes on pages 8 to 36 are an integral part of these interim condensed consolidated financial statements.*

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

As at 31 March 2019

<i>In thousands of tenge</i>	Note	31 March 2019 (unaudited)	31 December 2018 (audited)*
<b>Equity</b>			
Shares outstanding	13	12,136,529	12,136,529
Treasury shares	13	(7,065,614)	(6,464,374)
Foreign currency translation reserve	13	(8,057)	(15,157)
Other reserves	13	1,820,479	1,820,479
Retained earnings		381,626,647	373,429,312
		<b>388,509,984</b>	<b>380,906,789</b>
Non-controlling interests		33,721,054	33,934,146
<b>Total equity</b>		<b>422,231,038</b>	<b>414,840,935</b>
<b>Non-current liabilities</b>			
Borrowings: non-current portion	14	174,631,859	135,838,411
Lease liabilities		41,084,930	15,975,306
Other non-current financial liabilities	15	975,391	993,705
Deferred tax liabilities		38,849,234	38,897,126
Employee benefit obligations		15,722,481	14,471,353
Debt component of preferred shares	13	814,868	874,244
Non-current contract liabilities	16	5,746,724	5,699,301
Asset retirement obligations		1,428,084	1,444,530
		<b>279,253,571</b>	<b>214,193,976</b>
<b>Current liabilities</b>			
Borrowings: current portion	14	11,151,732	57,614,129
Lease liabilities: current portion		10,138,086	6,754,019
Other current financial liabilities	15	19,006,413	18,853,954
Employee benefit obligations: current portion		1,328,873	1,334,417
Trade payables		26,449,480	42,147,405
Current corporate income tax payable		1,883,141	3,319,656
Current contract liabilities	16	11,407,001	12,667,725
Obligation to pay a fine for termination of the contract	18	14,551,865	14,551,865
Other current liabilities	17	9,041,089	7,116,650
		<b>104,957,680</b>	<b>164,359,820</b>
<b>Total liabilities</b>		<b>384,211,251</b>	<b>378,553,796</b>
<b>Total equity and liabilities</b>		<b>806,442,289</b>	<b>793,394,731</b>

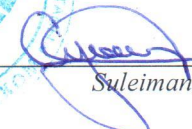
\* The Group has initially applied IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See Note 3.

Chief financial officer



Uzbekov A.A.

Chief accountant



Suleimanov Y.E.

The accounting policies and notes on pages 8 to 36 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 2019

<i>In thousands of tenge</i>	Note	31 March 2019 (unaudited)	31 March 2018 (unaudited)*
Revenue from contracts with customers	19	88,525,964	51,723,053
		<b>88,525,964</b>	<b>51,723,053</b>
Cost of sales	21	(64,781,147)	(31,928,835)
<b>Gross profit</b>		<b>23,744,817</b>	<b>19,794,218</b>
General and administrative expenses		(7,150,902)	(4,332,049)
Impairment losses on financial assets		(862,722)	(1,067,225)
Selling expenses		(1,106,785)	(696,673)
<b>Operating profit</b>		<b>14,624,408</b>	<b>13,698,271</b>
Share in profits of associates	7	3,179,552	819,063
Finance costs	22	(7,719,671)	(1,096,814)
Finance income		1,587,219	792,903
Net foreign exchange loss		(347,968)	(2,987,927)
Gain on disposal of property and equipment, net		93,257	37,163
Other income		747,311	947,962
Other expenses		(121,682)	(182,228)
<b>Profit before tax</b>		<b>12,042,426</b>	<b>12,028,393</b>
Income tax expenses	23	(2,986,439)	(2,661,095)
<b>Profit for the period</b>		<b>9,055,987</b>	<b>9,367,298</b>
<b>Profit attributable to:</b>			
Equity holders of the Parent		9,137,313	9,367,298
Non-controlling interests		(81,326)	-

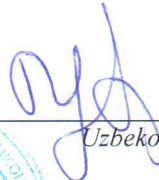
*The accounting policies and notes on pages 8 to 36 are an integral part of these interim condensed consolidated financial statements.*

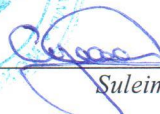

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (continued)**

<i>In thousands of tenge</i>	Note	31 March 2019 (unaudited)	31 March 2018 (unaudited)*
<b>Other comprehensive income</b>			
<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		7,100	6,104
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>7,100</b>	<b>6,104</b>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Actuarial losses on defined benefits plans, net of tax		(567,253)	265,685
<b>Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		<b>(567,253)</b>	<b>265,685</b>
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(560,153)</b>	<b>271,789</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>8,495,834</b>	<b>9,639,087</b>
<b>Profit attributable to:</b>			
Equity holders of the Parent		8,577,160	9,639,087
Non-controlling interests		(81,326)	-
		<b>8,495,834</b>	<b>9,639,087</b>
<b>Earnings per share</b>			
Basic, net profit for the period, tenge	13	830.75	851.60
Diluted, net profit for the period, tenge	13	828.58	851.60

\* The Group has initially applied IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See Note 3.

Chief financial officer

  
 \_\_\_\_\_  
 Uzbekov A.A.

  
  
 \_\_\_\_\_  
 Suleimanov Y.E.

Chief accountant

*The accounting policies and notes on pages 8 to 36 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 2019

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			
Note	13	13	13	13				
<b>At 1 January 2018 (audited)</b>	12,136,529	(6,464,374)	(6,354)	1,820,479	350,376,915	357,863,195	-	357,863,195
Net profit for the period (unaudited)	-	-	-	-	9,367,298	9,367,298	-	9,367,298
Other comprehensive income (unaudited)	-	-	6,104	-	265,685	271,789	-	271,789
<b>Total comprehensive income (unaudited)</b>	-	-	6,104	-	9,632,983	9,639,087	-	9,639,087
<b>At 31 March 2018 (unaudited)</b>	12,136,529	(6,464,374)	(250)	1,820,479	360,009,898	367,502,282	-	367,502,282
<b>At 1 January 2019 (audited)</b>	12,136,529	(6,464,374)	(15,157)	1,820,479	373,429,312	380,906,789	33,934,146	414,840,935
Change in accounting policy due to application of IFRS 16 (Note 3)*	-	-	-	-	(372,725)	(372,725)	(131,766)	(504,491)
<b>At 1 January 2019 (restated)</b>	12,136,529	(6,464,374)	(15,157)	1,820,479	373,056,587	380,534,064	33,802,380	414,336,444
Net profit for the period (unaudited)	-	-	-	-	9,137,313	9,137,313	(81,326)	9,055,987
Other comprehensive loss (unaudited)	-	-	7,100	-	(567,253)	(560,153)	-	(560,153)
<b>Total comprehensive income (unaudited)</b>	-	-	7,100	-	8,570,060	8,577,160	(81,326)	8,495,834
Own repurchased shares (Note 13)	-	(601,240)	-	-	-	(601,240)	-	(601,240)
<b>At 31 March 2019 (unaudited)</b>	12,136,529	(7,065,614)	(8,057)	1,820,479	381,626,647	388,509,984	33,721,054	422,231,038

\* The Group has initially applied IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See Note 3.

Chief financial officer



Uzbekov A.A.

Chief accountant

Suleimanov Y.E.

The accounting policies and notes on pages 8 to 36 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 2019

<i>In thousands of tenge</i>	Note	31 March 2019 (unaudited)	31 March 2018 (unaudited)*
<b>Operating activities</b>			
Profit before tax for the period		12,042,426	12,028,393
<b>Adjustment for:</b>			
Depreciation of property and equipment		16,277,552	8,794,421
Amortisation of intangible assets		4,479,680	726,925
Unrealised foreign exchange gain, net		334,162	511,316
Impairment losses on financial assets		862,722	1,067,225
Changes in employee benefit obligations		621,527	(265,685)
Write-down of inventories to net realizable value		(12,573)	56,507
Share in profits of associates	7	(3,179,552)	(819,063)
Finance costs accrued		7,719,671	1,096,814
Finance income accrued		(1,587,219)	(792,903)
Gain on disposal of property and equipment, net		(93,257)	(37,163)
<b>Changes in operating assets and liabilities</b>			
Change in trade receivables		3,699,154	(1,594,249)
Change in inventories		1,795,270	(63,360)
Change in other current assets		(1,450,128)	4,869,875
Change in advances paid		(681,977)	88,375
Change in trade payables		(1,819,566)	2,046,858
Change in costs to obtain a contract and costs to fulfil a contract		(1,397,444)	(3,695,608)
Change in contract liabilities		222,285	770,360
Changes in other current liabilities		1,364,158	219,794
<b>Cash flows from operating activities</b>		<b>39,196,891</b>	<b>25,008,832</b>
Income tax paid		(4,686,786)	(2,159,108)
Interest paid		(6,432,041)	(857,600)
Interest received		178,407	479,504
<b>Net cash flows received from operating activities</b>		<b>28,256,471</b>	<b>22,471,628</b>
<b>Investing activities</b>			
Purchase of property and equipment		(15,537,626)	(4,720,419)
Purchase of intangible assets		(1,152,352)	(227,741)
Proceeds from sale of property and equipment		477,497	176,631
Placement of deposits		-	(6,000,000)
Return of cash on deposits		-	16,689,130
Issue of long-term loans to employees		(351,354)	(235,303)
Repayment of loans from employees		97,008	85,074
<b>Net cash flows (used in) / received from in investing activities</b>		<b>(16,466,827)</b>	<b>5,767,372</b>

*The accounting policies and notes on pages 8 to 36 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>	Note	31 March 2019 (unaudited)	31 March 2018 (unaudited)*
<b>Financing activities</b>			
Borrowings received		22,024,647	-
Borrowings repaid		(28,490,516)	-
Dividends paid on common and preferred shares*	13	(2,678)	(11,673)
Repayment of lease liabilities		(3,264,533)	-
Repayment of finance lease liabilities		-	(931,772)
Proceeds from sale of securities		7,257	-
<b>Net cash flows used in financing activities</b>		<b>(9,725,823)</b>	<b>(943,445)</b>
Effect of exchange rate changes on cash and cash equivalents		(327,062)	(505,212)
Allowance for expected credit losses on cash and cash equivalents	12	(6,718)	-
<b>Net change in cash and cash equivalents</b>		<b>1,730,041</b>	<b>26,790,343</b>
Cash and cash equivalents, as at 1 January		45,350,092	15,985,943
<b>Cash and cash equivalents, as at 31 March</b>	12	<b>47,080,133</b>	<b>42,776,286</b>

\* The Group has initially applied IFRS 16 using the modified retrospective method. Under this method, the comparative information is not restated. See Note 3.


Disclosure of significant non-cash transactions is presented in Note 24.

Chief financial officer



Uzbekov A.A.

Chief accountant



Suleimanov Y.E.

*The accounting policies and notes on pages 8 to 36 are an integral part of these interim condensed consolidated financial statements.*