



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

30 June 2014

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Unaudited interim condensed consolidated financial statements

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

<i>In thousands of tenge</i>	Notes	30 June 2014 (unaudited)	31 December 2013 (audited)
ASSETS			
Non-current assets			
Property and equipment	6	285,297,308	289,230,439
Intangible assets	7	25,021,302	26,237,752
Advances paid for non-current assets		375,272	673,558
Deferred tax asset		1,200,675	352,200
Other non-current financial assets		10,039,746	10,807,868
Other non-current assets		3,931,382	4,450,873
		325,865,685	331,752,690
Current assets			
Inventories		6,577,409	5,339,214
Trade accounts receivable	9	23,736,341	16,192,756
Prepayments		980,973	1,063,692
Income tax prepaid		657,858	716,423
Other financial assets	10	17,825,625	12,146,401
Other current assets		6,521,276	6,571,279
Cash and cash equivalents	11	9,089,761	42,352,823
		65,389,243	84,382,588
Assets classified as held for sale		34,496	-
TOTAL ASSETS		391,289,424	416,135,278
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,329,116)	(6,290,144)
Currency translation reserve		(2,297)	(12,208)
Other capital reserve		1,820,479	1,820,479
Retained earnings		260,619,895	257,903,737
		268,245,490	265,558,393
Non-controlling interests		(205,999)	(55,058)
Total equity		268,039,491	265,503,335


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	30 June 2014 (unaudited)	31 December 2013 (audited)
Non-current liabilities			
Borrowings	12	48,253,549	36,028,656
Finance lease liabilities		7,983,327	10,689,177
Deferred tax liability		14,453,666	13,313,741
Employee benefit liability		4,555,045	4,600,737
Debt component of preferred shares		892,301	892,966
Other non-current liabilities	13	5,392,882	4,433,757
		81,530,770	69,959,034
Current liabilities			
Borrowings	12	6,677,367	9,117,411
Current portion of finance lease liabilities		6,166,877	6,994,294
Current portion of employee benefit liability		397,490	362,721
Accounts payable		12,385,342	21,939,224
Advances received		3,280,173	4,238,571
Income tax payable		578,084	1,546
Other current liabilities	13	12,233,830	38,019,142
		41,719,163	80,672,909
		123,249,933	150,631,943
TOTAL EQUITY AND LIABILITIES		391,289,424	416,135,278
Book value per share, Tenge		22,648	22,291
Book value per one preferred share of the group, Tenge		8,841	10,878

Chief Financial Director

Chief Accountant



Nurkatov A.A.

Baishumurova G.Zh.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

<i>In thousands of tenge</i>	Notes	30 June 2014 (unaudited)	30 June 2013 (audited)*
Revenue	14	93,617,133	88,689,814
Compensation for provision of universal services in rural areas		3,131,766	2,511,076
		96,748,899	91,200,890
Cost of revenue	15	(68,244,917)	(63,519,569)
Gross profit		28,503,982	27,681,321
General and administrative expenses		(11,354,811)	(9,549,752)
Selling expenses		(1,840,488)	(2,046,716)
Operating profit		15,308,683	16,084,853
Finance costs		(3,293,863)	(4,971,925)
Finance income		1,269,005	2,455,222
Net foreign exchange loss	16	(7,853,948)	(79,929)
Loss from disposal of property and equipment		(193,064)	(89,797)
Other income		1,686,857	1,487,318
Other expense		(525,326)	(421,081)
Profit for the period before tax		6,398,344	14,464,661
Income tax expense	17	(3,762,315)	(3,856,135)
Profit for the period		2,636,029	10,608,526
Attributable to:			
Owners of the parent		2,786,970	10,685,969
Non-controlling interest		(150,941)	(77,443)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		9,911	8,584
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		9,911	8,584
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial losses on defined benefit plans		(70,812)	(293,070)
Net other comprehensive loss not being reclassified to profit or loss in subsequent periods		(70,812)	(293,070)
Other comprehensive loss, net of tax		(60,901)	(284,486)
Total comprehensive income, net of tax		2,575,128	10,324,040
Attributable to:			
Owners of the parent		2,726,069	10,401,483
Non-controlling interest		(150,941)	(77,443)
		2,575,128	10,324,040

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	30 June 2014 (unaudited)	30 June 2013 (audited)*
Earnings per share		
Basic and diluted, profit for the period attributable to equity holders of the parent, tenge	256.86	971.28

* Certain amounts shown here do not correspond to the interim condensed consolidated financial statements as at 30 June 2013 and reflect reclassification adjustment made as detailed in Note 3.

Chief Financial Director



Nurkatov A.A.

Baishumurova G.Zh.

Chief Accountant

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

<i>In thousands of tenge</i>	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Charter capital	Treasury shares	Currency translation reserve	Other capital reserves	Retained earnings			
At 1 January 2013	12,136,529	(6,019,715)	(4,576)	1,820,479	268,816,693	276,749,410	(1,911)	276,747,499
Profit/(loss) for the period	-	-	-	-	10,685,969	10,685,969	(77,443)	10,608,526
Other comprehensive income/(loss)	-	-	8,584	-	(293,070)	(284,486)	-	(284,486)
Total comprehensive income/(loss)	-	-	8,584	-	10,392,899	10,401,483	(77,443)	10,324,040
Treasury shares purchased	-	(242,316)	-	-	-	(242,316)	-	(242,316)
Dividends	-	-	-	-	(1,779,254)	(1,779,254)	-	(1,779,254)
At 30 June 2013	12,136,529	(6,262,031)	4,008	1,820,479	277,430,338	285,129,323	(79,354)	285,049,969
At 1 January 2014	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)	-	-	-	-	2,786,970	2,786,970	(150,941)	2,636,029
Other comprehensive income/(loss) (unaudited)	-	-	9,911	-	(70,812)	(60,901)	-	(60,901)
Total comprehensive income/(loss) (unaudited)	-	-	9,911	-	2,716,158	2,726,069	(150,941)	2,575,128
Treasury shares purchased (unaudited)	-	(38,972)	-	-	-	(38,972)	-	(38,972)
At 30 June 2014 (unaudited)	12,136,529	(6,329,116)	(2,297)	1,820,479	260,619,895	268,245,490	(205,999)	268,039,491

Chief Financial Director

Chief Accountant



Nurkatov A.A.

Baishumurova G.Zh.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

<i>In thousands of tenge</i>	Notes	30 June 2014 (unaudited)	30 June 2013 (audited)
Operating activities			
Profit before tax		6,398,344	14,464,661
Adjustments for:			
Depreciation of property and equipment		18,009,698	17,628,390
Amortization and impairment of intangibles assets		1,613,069	1,999,924
Change in deferred revenues		56,524	(401,385)
Change in employee benefit liability		(81,735)	(43,435)
Unrealized foreign exchange loss		7,806,076	321,849
Provision for doubtful debts		387,216	299,269
Reversal of NRV write down		514,789	-
Finance costs		3,293,863	4,971,925
Finance revenue		(1,269,005)	(2,455,222)
Loss from disposal of property and equipment		193,064	89,797
Working capital adjustments:			
Change in trade accounts receivable		(7,914,524)	(3,005,975)
Change in inventories		(1,792,826)	(1,585,416)
Change in other current and non-current assets		1,586,505	1,355,045
Change in prepayments		79,864	(615,995)
Change in accounts payable		(2,502,516)	(726,334)
Change in advances received		(958,398)	(657,475)
Change in other current liabilities		2,004,926	1,100,736
Cash generated from operations		27,424,934	32,740,359
Dividends paid		(28,088,618)	(1,778,970)
Income taxes paid		(2,816,565)	(1,672,997)
Interest paid		(2,631,213)	(3,661,689)
Interest received		154,539	334,097
Net cash flows (used in)/from operating activities		(5,956,923)	25,960,800

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	30 June 2014 (unaudited)	30 June 2013 (audited)
Investing activities			
Purchase of property and equipment		(17,821,504)	(16,132,645)
Purchase of intangible assets		(1,692,516)	(947,281)
Proceeds from sale of property and equipment		70,294	72,097
Purchase of subsidiaries, excluding acquired cash	4	-	(10,232,457)
Deposits placed		(13,060,675)	(7,029,305)
Refund on deposits		4,761,204	1,890,000
Long-term loans to employees		(1,144,825)	(2,018,134)
Loans repaid by employees		115,063	139,925
Restricted cash returned		3,886,958	-
Financial aid returned		25,000	5,000
Net cash flows used in investing activities		(24,861,001)	(34,252,800)
Financing activities			
Proceeds from borrowings		8,130,771	2,061,000
Repayment of borrowings		(7,399,704)	(5,832,049)
Repurchase of treasury shares		(33,000)	(166,942)
Repayment of finance lease liabilities		(3,433,601)	(3,732,361)
Net cash flows used in financing activities		(2,735,534)	(7,670,352)
Net decrease in cash and cash equivalents during the period		(33,553,458)	(15,962,352)
Net impact of foreign exchange difference on cash and cash equivalents		290,396	(7,166)
Cash and cash equivalents at 1 January		42,352,823	53,466,201
Cash and cash equivalents at 30 June	11	9,089,761	37,496,683

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

Chief Financial Director


Nurkatov A.A.

Chief Accountant


Baishumurova G.Zh.

 
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