



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

30 June 2015

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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 2015**

<i>In thousands of tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Assets			
Non-current assets			
Property and equipment	5	298,996,433	308,471,725
Intangible assets	6	22,797,691	24,531,269
Advances paid for non-current assets		356,813	207,263
Deferred tax asset		1,484,096	1,679,830
Other non-current financial assets		9,993,496	11,884,667
Other non-current assets		3,781,958	4,916,543
		337,410,487	351,691,297
Current assets			
Inventories		9,073,657	5,934,046
Trade accounts receivable	8	25,441,625	20,764,872
Prepayments		1,016,832	992,346
Income tax prepaid		565,394	1,054,311
Other financial assets	9	12,347,563	21,362,797
Other current assets		6,915,681	6,213,467
Cash and cash equivalents	10	16,139,636	8,729,297
		71,500,388	65,051,136
Assets classified as held for sale	11	-	951,019
Total assets		408,910,875	417,693,452

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 2015 (unaudited)	31 December 2014 (audited)
Equity and liabilities			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,377,255)	(6,398,619)
Currency translation reserve		(19,023)	(69,350)
Other capital reserve		1,820,479	1,820,479
Retained earnings		278,410,632	263,644,674
		285,971,362	271,133,713
Non-controlling interests		(878,352)	(824,365)
Total equity		285,093,010	270,309,348
Non-current liabilities			
Borrowings	12	44,313,422	56,426,152
Finance lease liabilities		7,885,921	10,629,340
Deferred tax liability		17,771,333	16,466,369
Employee benefit liability		4,976,842	5,055,066
Debt component of preferred shares		877,132	876,845
Other non-current liabilities	13	7,249,856	7,650,255
		83,074,506	97,104,027
Current liabilities			
Borrowings	12	4,149,659	5,762,823
Current portion of finance lease liabilities		6,261,762	7,519,979
Current portion of employee benefit liability		973,626	742,288
Accounts payable		11,378,468	21,401,773
Advances received		3,626,557	3,733,540
Income tax payable		2,266,339	110,742
Other current liabilities	13	12,086,948	11,008,932
		40,743,359	50,280,077
Total liabilities		123,817,865	147,384,104
Total equity and liabilities		408,910,875	417,693,452
Book value per one ordinary share, Tenge		24,449	22,913
Book value per one preferred share of the first group, Tenge		8,792	8,668

Chief Financial Director



Nurkееva A.N.

Chief Accountant

Zhumanova M.A.

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these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

<i>In thousands of tenge</i>	Notes	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Revenue	14	105,531,130	93,617,133
Compensation for provision of universal services in rural areas		3,297,307	3,131,766
		108,828,437	96,748,899
Cost of revenue	15	(72,148,927)	(68,244,917)
Gross profit		36,679,510	28,503,982
General and administrative expenses		(11,257,443)	(11,354,811)
Selling expenses		(2,848,546)	(1,840,488)
Operating profit		22,573,521	15,308,683
Finance costs		(4,055,201)	(3,293,863)
Finance income		1,407,325	1,269,005
Net foreign exchange loss	16	(415,505)	(7,853,948)
Loss from disposal of property and equipment		(197,344)	(193,064)
Other income		2,471,357	1,686,857
Other expense		(438,552)	(525,326)
Profit for the period before tax		21,345,601	6,398,344
Income tax expense	17	(5,561,034)	(3,762,315)
Profit for the period		15,784,567	2,636,029
Attributable to:			
Owners of the parent		15,838,554	2,786,970
Non-controlling interest		(53,987)	(150,941)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	30 June 2015 (unaudited)	30 June 2014 (unaudited)
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		50,327	9,911
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		50,327	9,911
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gains/(losses) on defined benefit plans, net of tax		16,963	(70,812)
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent periods		16,963	(70,812)
Other comprehensive income/(loss) for the period, net of tax		67,290	(60,901)
Total comprehensive income for the period, net of tax		15,851,857	2,575,128
Attributable to:			
Owners of the parent		15,905,844	2,726,069
Non-controlling interest		(53,987)	(150,941)
		15,851,857	2,575,128
Earnings per share			
Basic and diluted, profit for the period attributable to equity holders of the parent, tenge	18	1,439.95	256.86

Chief Financial Director



Nurkeeva A.N.

Chief Accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

In thousands of tenge	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 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
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)	-	-	-	-	15,838,554	15,838,554	(53,987)	15,784,567
Other comprehensive income (unaudited)	-	-	50,327	-	16,963	67,290	-	67,290
Total comprehensive income/(loss) (unaudited)	-	-	50,327	-	15,855,517	15,905,844	(53,987)	15,851,857
Treasury shares purchased (unaudited)	-	21,364	-	-	-	21,364	-	21,364
Dividends (unaudited) (Note 20)	-	-	-	-	(1,089,559)	(1,089,559)	-	(1,089,559)
At 30 June 2015 (unaudited)	12,136,529	(6,377,255)	(19,023)	1,820,479	278,410,632	285,971,362	(878,352)	285,093,010

Chief Financial Director



Nurkeeva A.N.

Chief Accountant



Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

<i>In thousands of tenge</i>	Notes	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Operating activities			
Profit before tax		21,345,601	6,398,344
Adjustments for:			
Depreciation of property and equipment	4	15,985,705	18,009,698
Amortization of intangible assets	4	2,062,154	1,613,069
Change in deferred revenues		12,499	56,524
Change in employee benefit liability		174,318	(81,735)
Foreign exchange loss		677,135	7,806,076
Provision for doubtful debts		757,359	387,216
Reversal of NRV write down		317,577	514,789
Finance costs		4,055,201	3,293,863
Finance income		(1,407,325)	(1,269,005)
Loss from disposal of property and equipment		197,344	193,064
Working capital adjustments:			
Change in trade accounts receivable		(5,218,244)	(7,914,524)
Change in inventories		(3,497,030)	(1,792,826)
Change in other current and non-current assets		(450,248)	1,586,505
Change in prepayments		(26,655)	79,864
Change in accounts payable		(2,086,894)	(2,502,516)
Change in advances received		(106,983)	(958,398)
Change in other current liabilities		3,107,239	2,004,926
Cash generated from operations		35,898,753	27,424,934
Dividends paid	20	(1,069,702)	(28,088,618)
Income taxes paid		(1,448,308)	(2,816,565)
Interest paid		(3,561,180)	(2,631,213)
Interest received		451,323	154,539
Net cash flows from / (used in) operating activities		30,270,886	(5,956,923)
Investing activities			
Purchase of property and equipment		(14,066,587)	(17,821,504)
Purchase of intangible assets		(329,004)	(1,692,516)
Proceeds from sale of property and equipment		19,439	70,294
Deposits placed		(6,039,475)	(13,060,675)
Refund on deposits		17,109,596	4,761,204
Long-term loans to employees		(934,996)	(1,144,825)
Loans repaid by employees		97,523	115,063
Restricted cash placed		(208,600)	-
Restricted cash returned		160	3,886,958
Financial aid returned		-	25,000
Net cash flows used in investing activities		(4,351,944)	(24,861,001)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Financing activities			
Proceeds from borrowings		2,773,696	8,130,771
Repayment of borrowings		(17,407,159)	(7,399,704)
Repurchase of treasury shares		(40,000)	(33,000)
Repayment of finance lease liabilities		(3,875,767)	(3,433,601)
Net cash flows used in financing activities		(18,549,230)	(2,735,534)
Impact of foreign exchange difference on cash and cash equivalents		40,627	290,396
Net increase/(decrease) in cash and cash equivalents during the period		7,410,339	(33,263,062)
Cash and cash equivalents at 1 January		8,729,297	42,352,823
Cash and cash equivalents at 30 June	10	16,139,636	9,089,761

Non-cash transactions are disclosed in *Note 19*.

Chief Financial Director



Nurkeeva A.N.

Chief Accountant

Zhumanova M.A.

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