



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

30 June 2016

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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 2016

<i>In thousands of tenge</i>	Notes	30 June 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property and equipment	5	275,636,544	285,555,708
Intangible assets	6	18,182,686	19,558,165
Advances paid for non-current assets		62,976	79,256
Investments in an associate	7	75,485,184	-
Deferred tax asset		1,354	204,814
Other non-current financial assets		5,599,502	10,557,028
Other non-current assets		2,085,600	2,514,632
		377,053,846	318,469,603
Current assets			
Inventories		4,681,066	3,760,673
Trade accounts receivable	9	25,310,707	16,385,102
Prepayments		899,502	507,630
Income tax prepaid		5,033	64,629
Other financial assets	10	35,701,460	33,949,795
Other current assets		3,484,972	3,602,421
Cash and cash equivalents	11	19,498,456	11,276,891
		89,581,196	69,547,141
Assets classified as held for sale	17	-	48,477,200
Total assets		466,635,042	436,493,944
Equity and liabilities			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,464,488)	(6,464,488)
Foreign currency translation reserve		40,453	47,662
Other capital reserve		1,820,479	1,820,479
Retained earnings		337,015,128	285,884,903
		344,548,101	293,425,085
Non-controlling interests		-	(1,003,643)
Total equity		344,548,101	292,421,442

The accompanying notes on pages 8 to 24 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 2016 (unaudited)	31 December 2015 (audited)
Non-current liabilities			
Borrowings	12	54,240,587	27,299,921
Finance lease liabilities		2,541,072	4,435,721
Deferred tax liability		18,648,250	18,167,340
Employee benefit liability		8,613,756	7,274,355
Debt component of preferred shares		874,156	874,156
Other non-current liabilities	13	4,410,766	2,976,133
		89,328,587	61,027,626
Current liabilities			
Borrowings	12	6,304,442	4,138,393
Current portion of finance lease liabilities		4,077,036	4,707,462
Current portion of employee benefit liability		511,689	511,689
Trade accounts payable		5,271,035	11,893,469
Advances received		2,307,501	2,529,209
Income tax payable		3,086,124	146,920
Other current liabilities	13	11,200,527	10,630,418
		32,758,354	34,557,560
Liabilities directly associated with assets classified as held for sale	17	-	48,487,316
Total liabilities		122,086,941	144,072,502
Total equity and liabilities		466,635,042	436,493,944

Book value per one ordinary share, Tenge 30,451 25,454

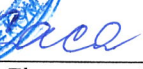
Book value per one preferred share of the first group, Tenge 8,690 8,662

Chief Financial Director




A.A. Zbekov

Chief Accountant



M.A. Zhumanova

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

<i>In thousands of tenge</i>	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Continuing operations					
Revenue	14	48,077,669	45,518,435	95,367,278	90,635,984
Compensation for universal services provision in rural areas		1,605,976	1,648,657	3,211,953	3,297,307
		49,683,645	47,167,092	98,579,231	93,933,291
Cost of revenue	15	(31,498,526)	(31,557,104)	(60,845,355)	(59,421,607)
Gross profit		18,185,119	15,609,988	37,733,876	34,511,684
General and administrative expenses		(4,893,238)	(4,696,152)	(10,157,787)	(9,495,877)
Selling expenses		(470,450)	(557,365)	(755,650)	(1,313,045)
Operating profit		12,821,431	10,356,471	26,820,439	23,702,762
Share of loss of an associate	7	(3,907,654)	-	(5,214,816)	-
Finance costs		(1,723,054)	(1,554,927)	(3,164,766)	(3,412,222)
Finance income		999,787	681,958	1,968,223	1,330,005
Foreign exchange loss, net		(124,733)	(46,897)	(158,009)	(425,556)
Loss from disposal of property and equipment		(140,843)	(85,739)	(147,592)	(180,398)
Other income		1,256,084	1,018,917	2,349,780	1,947,841
Other expense		(197,757)	(210,333)	(284,740)	(431,934)
Profit before tax for the period from continuing operations		8,983,261	10,159,450	22,168,519	22,530,498
Income tax expense	16	(4,357,389)	(3,977,367)	(7,380,097)	(5,401,274)
Profit for the period from continuing operations		4,625,872	6,182,083	14,788,422	17,129,224
Discontinued operations					
(Loss)/gain after tax for the period from discontinued operations	17	-	(1,340,183)	42,198,166	(1,344,657)
Profit for the period		4,625,872	4,841,900	56,986,588	15,784,567
Attributable to:					
Owners of the parent		4,625,872	4,844,686	56,986,588	15,838,554
Non-controlling interest		-	(2,786)	-	(53,987)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Other comprehensive income					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Exchange differences on translation of foreign operations		2,596	13,303	(7,209)	50,327
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		2,596	13,303	(7,209)	50,327
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Actuarial (losses)/gains on defined benefit plans, net of tax		(575,704)	16,963	(1,054,558)	16,963
Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent periods		(575,704)	16,963	(1,054,558)	16,963
Other comprehensive (loss)/income for the period, net of tax		(573,108)	30,266	(1,061,767)	67,290
Total comprehensive income for the period, net of tax		4,052,764	4,872,166	55,924,821	15,851,857
Attributable to:					
Owners of the parent		4,052,764	4,874,952	55,924,821	15,905,844
Non-controlling interest		-	(2,786)	-	(53,987)
		4,052,764	4,872,166	55,924,821	15,851,857
Earnings per share					
<i>Basic and diluted, profit for the period attributable to owners of the Parent, tenge</i>					
Earnings per share for continuing operations		421.65	441.30	5,171.88	1,439.95
<i>Basic and diluted, profit for the period from continuing operations attributable to owners of the Parent, tenge</i>					
		421.65	562.78	1,345.37	1,561.83

Chief Financial Director



Uzbekov A.A.

Chief Accountant

Zhumanova M A

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

<i>In thousands of tenge</i>	Attributable to owners of the Parent					Total	Non-controlling interests	Total equity
	Charter capital	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings			
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 repurchased (unaudited)	-	21,364	-	-	-	21,364	-	21,364
Dividends (unaudited)	-	-	-	-	(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
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
Profit for the period (unaudited)	-	-	-	-	56,986,588	56,986,588	-	56,986,588
Other comprehensive loss (unaudited)	-	-	(7,209)	-	(1,054,558)	(1,061,767)	-	(1,061,767)
Total comprehensive (loss)/income (unaudited)	-	-	(7,209)	-	55,932,030	55,924,821	-	55,924,821
Acquisition of non-controlling interest in subsidiary (unaudited)	-	-	-	-	(1,238,969)	(1,238,969)	1,003,643	(235,326)
Dividends (unaudited)	-	-	-	-	(3,562,836)	(3,562,836)	-	(3,562,836)
At 30 June 2016 (unaudited)	12,136,529	(6,464,488)	40,453	1,820,479	337,015,128	344,548,101	-	344,548,101

Chief Financial Director



Nzbekov A.A.

Chief Accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

<i>In thousands of tenge</i>	Notes	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Operating activities			
Profit before tax from continuing operations		22,168,519	22,530,498
Profit/(loss) before tax from discontinued operations		42,621,503	(1,184,897)
Profit before tax		64,790,022	21,345,601
Adjustments for:			
Depreciation of property and equipment		13,705,089	15,985,705
Amortization of intangible assets		1,555,516	2,062,154
Change in deferred revenues		951,981	12,499
Unrealized foreign exchange (gain)/loss		(37,642)	677,135
Change in employee benefit liability		21,204	174,318
Provision for doubtful debts		892,862	757,359
Net realizable value write down		55,880	317,577
Share of loss of an associate	7	5,214,816	-
Finance costs		3,586,091	4,055,201
Finance income		(2,143,308)	(1,407,325)
Gain from disposal of a subsidiary	17	(41,579,323)	-
Loss from disposal of property and equipment		147,592	197,344
Change in working capital			
Change in trade accounts receivable		(10,953,035)	(5,218,244)
Change in inventories		(593,802)	(3,497,030)
Change in other current and non-current assets		1,117,909	(450,248)
Change in prepayments		(395,228)	(26,655)
Change in accounts payable		(316,265)	(2,086,894)
Change in advances received		(221,708)	(106,983)
Change in other current liabilities		(429,754)	3,107,239
Cash generated from operations		35,368,897	35,898,753
Dividends paid on ordinary and preferred shares		(3,533,201)	(1,069,702)
Income taxes paid		(3,467,739)	(1,448,308)
Interest paid		(3,083,768)	(3,561,180)
Interest received		1,068,947	451,323
Net cash flows from operating activities		26,353,136	30,270,886
Investing activities			
Purchase of property and equipment		(8,691,197)	(14,066,587)
Purchase of intangible assets		(4,282,432)	(329,004)
Proceeds from sale of property and equipment		64,741	19,439
Deposits placed		(15,233,806)	(6,039,475)
Proceeds from deposits received		11,270,650	17,109,596
Long-term loans granted to employees		(867,474)	(934,996)
Loans repaid by employees		211,219	97,523
Restricted cash placed		-	(208,600)
Restricted cash returned		-	180
Net cash outflow from the disposal of a subsidiary	17	(1,683,295)	-
Net cash flows used in investing activities		(19,211,594)	(4,351,944)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Financing activities			
Proceeds from borrowings		-	2,773,696
Repayment of borrowings		(4,825,055)	(17,407,159)
Repurchase of treasury shares		-	(40,000)
Acquisition of non-controlling interests in a subsidiary		(235,326)	-
Repayment of finance lease liabilities		(2,525,075)	(3,875,767)
Net cash flows used in financing activities		(7,585,456)	(18,549,230)
Effect of exchange rate changes on cash and cash equivalents		(22,672)	40,627
Net (decrease)/increase in cash and cash equivalents		(466,586)	7,410,339
Cash and cash equivalents at 1 January		19,965,042	8,729,297
Cash and cash equivalents at 30 June	11	19,498,456	16,139,636

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

Chief Financial Director



Uzbekov A.A.

Chief Accountant



Zhumanova M.A.

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