



Kazakhtelecom JSC

Interim condensed consolidated financial statements
(unaudited)

30 June 2017

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Interim condensed consolidated financial statements (unaudited)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

<i>In thousands of tenge</i>	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
Assets			
Non-current assets			
Property and equipment	5	261,585,416	272,175,873
Intangible assets	6	16,022,368	17,140,121
Advances paid for non-current assets		62,814	40,243
Investments in associates	7	64,090,692	67,160,792
Other non-current financial assets		5,943,344	5,876,966
Other non-current assets		1,415,441	1,708,901
		349,120,075	364,102,896
Current assets			
Inventories		4,608,154	4,483,724
Trade receivables	9	30,939,034	24,992,206
Advances paid		284,757	297,280
Corporate income tax prepaid		3,122	3,548
Other current financial assets	10	62,343,612	48,133,067
Other current assets		2,554,075	2,628,449
Cash and cash equivalents	11	23,957,216	24,320,942
		124,689,970	104,859,216
Total assets		473,810,045	468,962,112
Equity and liabilities			
Shares outstanding		12,136,529	12,136,529
Treasury shares		(6,464,374)	(6,464,374)
Foreign currency translation reserve		15,756	(1,957)
Other reserves		1,820,479	1,820,479
Retained earnings		346,818,285	336,306,933
Total equity		354,326,675	343,797,610

The accompanying notes on pages 8 to 23 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 2017 (unaudited)	31 December 2016 (audited)
Non-current liabilities			
Borrowings: non-current portion	12	52,882,566	53,794,669
Finance lease liabilities		318,254	1,273,015
Deferred tax liabilities		19,409,120	19,624,081
Employee benefit obligations		9,670,129	7,788,984
Debt component of preferred shares		874,244	874,244
Other non-current liabilities	13	4,571,211	4,209,139
		87,725,524	87,564,132
Current liabilities			
Borrowings: current portion	12	1,313,541	2,473,507
Finance lease liabilities: current portion		2,222,818	3,162,706
Employee benefit obligations: current portion		454,641	430,554
Trade payables		7,852,013	11,997,342
Advances received		2,696,629	2,835,106
Current income tax payable		720,782	571,983
Other current liabilities	13	16,497,422	16,129,172
		31,757,846	37,600,370
Total liabilities		119,483,370	125,164,502
Total equity and liabilities		473,810,045	468,962,112
<i>Book value per one ordinary share, Tenge</i>		31,566	30,478
<i>Book value per one preferred share of the first group, Tenge</i>		8,682	8,552

Chief financial director



Uzbekov A.A.

Chief accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2017

<i>In thousands of tenge</i>	Notes	For three months ended 30 June		For six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Continuing operations					
Revenue	14	50,381,136	48,077,669	100,442,032	95,367,278
Compensation for provision of universal services in rural areas	19	–	1,605,976	–	3,211,953
		50,381,136	49,683,645	100,442,032	98,579,231
Cost of sales	15	(33,758,742)	(31,498,526)	(65,094,757)	(60,845,355)
Gross profit		16,622,394	18,185,119	35,347,275	37,733,876
General and administrative expenses		(5,755,516)	(4,893,238)	(9,693,761)	(10,157,787)
Selling expenses		(540,563)	(470,450)	(1,132,298)	(755,650)
Operating profit		10,326,315	12,821,431	24,521,216	26,820,439
Share in loss of associates	7	(1,127,520)	(3,907,654)	(3,070,100)	(5,214,816)
Finance costs		(1,468,904)	(1,723,054)	(2,784,764)	(3,164,766)
Finance income		1,224,211	999,787	2,004,618	1,968,223
Net foreign exchange gain/(loss)		751,175	(124,733)	(1,575,586)	(158,009)
(Loss)/gain on disposal of property and equipment		(16,145)	(140,843)	234,651	(147,592)
Other income		1,082,057	1,256,084	2,183,043	2,349,780
Other expenses		(140,512)	(197,757)	(309,862)	(284,740)
Profit before tax for the period from continuing operations		10,630,677	8,983,261	21,203,216	22,168,519
Income tax expenses	16	(2,560,009)	(4,357,389)	(4,988,069)	(7,380,097)
Profit for the period from continuing operations		8,070,668	4,625,872	16,215,147	14,788,422
Discontinued operations					
Profit after tax for the period from discontinued operations	17	–	–	–	42,198,166
Profit for the period		8,070,668	4,625,872	16,215,147	56,986,588

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	For three months ended 30 June		For six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Other comprehensive income					
<i>Other comprehensive income/(loss) 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		5,190	2,596	17,713	(7,209)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		5,190	2,596	17,713	(7,209)
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Actuarial losses on defined benefit plans, net of income tax		(739,675)	(575,704)	(1,338,413)	(1,054,558)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(739,675)	(575,704)	(1,338,413)	(1,054,558)
Other comprehensive loss for the period, net of income tax		(734,485)	(573,108)	(1,320,700)	(1,061,767)
Total comprehensive income for the period, net of income tax		7,336,183	4,052,764	14,894,447	55,924,821
Earnings per share					
Basic and diluted, tenge		734.02	421.65	1,474.74	5,171.88
Earnings per share from continuing operations					
Basic and diluted, tenge		734.02	421.65	1,474.74	1,345.37

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 2017

<i>In thousands of tenge</i>	Attributable to owners of the Parent						Non-controlling interests	Total equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total		
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 income/(loss) (unaudited)	-	-	(7,209)	-	55,932,030	55,924,821	-	55,924,821
Treasury shares repurchased (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
At 1 January 2017	12,136,529	(6,464,374)	(1,957)	1,820,479	336,306,933	343,797,610	-	343,797,610
Profit for the period (unaudited)	-	-	-	-	16,215,147	16,215,147	-	16,215,147
Other comprehensive income/(loss) (unaudited)	-	-	17,713	-	(1,338,413)	(1,320,700)	-	(1,320,700)
Total comprehensive income (unaudited)	-	-	17,713	-	14,876,734	14,894,447	-	14,894,447
Dividends (unaudited)	-	-	-	-	(4,365,382)	(4,365,382)	-	(4,365,382)
At 30 June 2017 (unaudited)	12,136,529	(6,464,374)	15,756	1,820,479	346,818,285	354,326,675	-	354,326,675

Chief financial director



Uzbekov 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 2017

<i>In thousands of tenge</i>	Notes	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Operating activities			
Profit before tax from continuing operations		21,203,216	22,168,519
Profit before tax from discontinued operations		-	42,621,503
Profit before tax		21,203,216	64,790,022
Adjustments for:			
Depreciation of property and equipment		14,329,864	13,705,089
Amortization of intangible assets		1,543,169	1,555,516
Loss from impairment of property and equipment	5	769,768	-
Change in deferred income		34,241	951,981
Unrealised foreign exchange (gain)/loss, net		296,081	(37,642)
Change in employee benefit obligations		232,216	21,204
Allowance for doubtful receivables		466,630	892,862
NRV adjustment of slow-moving inventory		2,069	55,880
Share in loss of associates	7	3,070,100	5,214,816
Finance costs accrued		2,784,764	3,586,091
Finance income accrued		(2,004,618)	(2,143,308)
Gain on disposal of subsidiary	17	-	(41,579,323)
(Gain)/loss on disposal of property and equipment and intangible assets		(234,651)	147,592
Change in working capital			
Change in trade receivables		(6,381,651)	(10,953,035)
Change in inventories		(126,499)	(593,802)
Change in other current and non-current assets		2,009,716	1,117,909
Change in advances paid		13,441	(395,228)
Change in accounts payable		(428,333)	(316,265)
Change in advances received		(138,477)	(221,708)
Change in other current liabilities		664,498	(429,754)
Cash generated from operations		38,105,544	35,368,897
Dividends paid on ordinary and preferred shares		(4,204,274)	(3,533,201)
Income tax paid		(4,719,199)	(3,467,739)
Interest paid		(2,439,347)	(3,083,768)
Interest received		602,058	1,068,947
Net cash flows received from operating activities		27,344,782	26,353,136
Investing activities			
Purchase of property and equipment		(7,944,780)	(8,691,197)
Purchase of intangible assets		(129,431)	(4,282,432)
Proceeds from sale of property and equipment		166,306	64,741
Placement of deposits		(26,639,052)	(15,233,806)
Return of cash on deposits		11,383,925	11,270,650
Net cash inflow from subsidiary disposal	7	30,170	-
Issue of long-term loans to employees		(926,223)	(867,474)
Repayment of loans to employees		179,254	211,219
Net cash outflow from subsidiary disposal	17	-	(1,683,295)
Financial aid repaid		2,426	-
Net cash flows used in investing activities		(23,877,405)	(19,211,594)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Financing activities			
Borrowings repaid		(1,100,000)	(4,825,055)
Acquisition of non-controlling interests in a subsidiary		-	(235,326)
Repayment of finance lease liabilities		(1,894,649)	(2,525,075)
Net cash flows used in financing activities		(2,994,649)	(7,585,456)
Effect of exchange rate changes on cash and cash equivalents		(836,454)	(22,672)
Net decrease in cash and cash equivalents during the period		(363,726)	(466,586)
Cash and cash equivalents, as at 1 January		24,320,942	19,965,042
Cash and cash equivalents, as at 30 June	11	23,957,216	19,498,456

Disclosure of significant non-cash transactions is presented in *Note 18*.

Chief financial director



Uzbekov A.A.

Chief accountant

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Zhumanova M.A.

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