



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

30 September 2014

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Unaudited interim condensed consolidated financial statements

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

<i>In thousands of tenge</i>	Notes	30 September 2014 (unaudited)	31 December 2013 (audited)
ASSETS			
Non-current assets			
Property and equipment	6	292,177,644	289,230,439
Intangible assets	7	24,365,974	26,237,752
Advances paid for non-current assets		392,032	673,558
Deferred tax asset		1,440,543	352,200
Other non-current financial assets		10,335,667	10,807,868
Other non-current assets		3,632,987	4,450,873
		332,344,847	331,752,690
Current assets			
Inventories		7,790,539	5,339,214
Trade accounts receivable	9	24,595,217	16,192,756
Prepayments		878,681	1,063,692
Income tax prepaid		658,304	716,423
Other financial assets	10	17,754,991	12,146,401
Other current assets		7,095,877	6,571,279
Cash and cash equivalents	11	9,280,451	42,352,823
		68,054,060	84,382,588
Assets classified as held for sale		34,496	-
TOTAL ASSETS		400,433,403	416,135,278
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,255,808)	(6,290,144)
Currency translation reserve		9,010	(12,208)
Other capital reserve		1,820,479	1,820,479
Retained earnings		267,930,937	257,903,737
		275,641,147	265,558,393
Non-controlling interests		(294,073)	(55,058)
Total equity		275,347,074	265,503,335

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	30 September 2014 (unaudited)	31 December 2013 (audited)
Non-current liabilities			
Borrowings	12	46,077,330	36,028,656
Finance lease liabilities		9,325,005	10,689,177
Deferred tax liability		15,196,426	13,313,741
Employee benefit liability		4,555,045	4,600,737
Debt component of preferred shares		891,286	892,966
Other non-current liabilities	13	5,310,298	4,433,757
		81,355,390	69,959,034
Current liabilities			
Borrowings	12	6,451,414	9,117,411
Current portion of finance lease liabilities		6,690,846	6,994,294
Current portion of employee benefit liability		397,492	362,721
Accounts payable		16,118,485	21,939,224
Advances received		3,318,604	4,238,571
Income tax payable		1,555,231	1,546
Other current liabilities	13	9,198,867	38,019,142
		43,730,939	80,672,909
Total liabilities		125,086,329	150,631,943
TOTAL EQUITY AND LIABILITIES		400,433,403	416,135,278

Book value per share, Tenge 23,378 22,291

Book value per one preferred share of the group, Tenge 8,855 10,878

Chief Financial Director

Chief Accountant



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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

<i>In thousands of tenge</i>	Notes	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Revenue	14	143,512,417	134,032,621
Compensation for provision of universal services in rural areas		5,199,696	3,768,759
		148,712,113	137,801,380
Cost of revenue	15	(104,110,707)	(97,195,029)
Gross profit		44,601,406	40,606,351
General and administrative expenses		(15,833,605)	(14,004,983)
Selling expenses		(3,330,491)	(3,537,975)
Operating profit		25,437,310	23,063,393
Finance costs		(5,307,737)	(9,602,001)
Finance income		1,947,477	3,466,459
Net foreign exchange loss	16	(7,501,385)	(446,029)
Loss from disposal of property and equipment		(317,257)	(151,583)
Other income		2,690,358	2,451,596
Other expense		(644,434)	(764,488)
Profit for the period before tax		16,304,332	18,017,347
Income tax expense	17	(6,392,365)	(4,314,311)
Profit for the period		9,911,967	13,703,036
Attributable to:			
Owners of the parent		10,140,944	13,860,189
Non-controlling interest		(228,977)	(157,153)
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		21,218	11,046
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		21,218	11,046
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial losses on defined benefit plans, net of tax		(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		(49,594)	(282,024)
Total comprehensive income, net of tax		9,862,373	13,421,012
Attributable to:			
Owners of the parent		10,091,350	13,578,165
Non-controlling interest		(228,977)	(157,153)
		9,862,373	13,421,012

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Earnings per share		
Basic and diluted, profit for the period attributable to equity holders of the parent, tenge	924.91	1,259.74

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

Chief Financial Director



Nurkatov A.A.

Chief Accountant

Baishumurova G.Zh.

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014

In thousands of tenge	Attributable to owners of the parent						Non-controlling interests	Total equity
	Charter capital	Treasury shares	Currency translation reserve	Other capital reserves	Retained earnings	Total		
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 (unaudited)	-	-	-	-	13,860,189	13,860,189	(157,153)	13,703,036
Other comprehensive income/(loss) (unaudited)	-	-	11,046	-	(293,070)	(282,024)	-	(282,024)
Total comprehensive income/(loss) (unaudited)	-	-	11,046	-	13,567,119	13,578,165	(157,153)	13,421,012
Treasury shares purchased	-	(258,421)	-	-	-	(258,421)	-	(258,421)
Dividends (unaudited)	-	-	-	-	(1,779,254)	(1,779,254)	-	(1,779,254)
At 30 September 2013 (unaudited)	12,136,529	(6,278,136)	6,470	1,820,479	280,604,558	288,289,900	(159,064)	288,130,836
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)	-	-	-	-	10,140,944	10,140,944	(228,977)	9,911,967
Other comprehensive income/(loss) (unaudited)	-	-	21,218	-	(70,812)	(49,594)	-	(49,594)
Total comprehensive income/(loss) (unaudited)	-	-	21,218	-	10,070,132	10,091,350	(228,977)	9,862,373
Treasury shares purchased	-	34,336	-	-	-	34,336	-	34,336
Changes of share in subsidiaries	-	-	-	-	(42,932)	(42,932)	(10,038)	(52,970)
At 30 September 2014 (unaudited)	12,136,529	(6,255,808)	9,010	1,820,479	267,930,937	275,641,147	(294,073)	275,347,074

Chief Financial Director

Chief Accountant



Nurkatov A.A.

Baishumurova G.Zh.

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

<i>In thousands of tenge</i>	Notes	30 September 2014 (unaudited)	30 September 2013 (unaudited)
Operating activities			
Profit before tax		16,304,332	18,017,347
Adjustments for:			
Depreciation of property and equipment		25,794,782	26,706,135
Amortization and impairment of intangibles assets		2,683,425	3,082,236
Change in deferred revenues		66,841	(545,577)
Change in employee benefit liability		(81,733)	366,336
Unrealized foreign exchange loss		7,353,809	1,087,149
Provision for doubtful debts		381,422	492,789
Reversal of NRV write down		743,789	53,930
Finance costs		5,307,737	9,602,001
Finance revenue		(1,947,477)	(3,466,459)
Loss from disposal of property and equipment		317,257	112,789
Working capital adjustments:			
Change in trade accounts receivable		(8,768,176)	(2,803,179)
Change in inventories		(3,234,956)	(1,583,942)
Change in other current and non-current assets		2,579,282	(174,831)
Change in prepayments		182,403	(729,258)
Change in accounts payable		(1,445,905)	777,703
Change in advances received		(919,967)	(570,350)
Change in other current liabilities		285,869	1,412,471
Cash generated from operations		45,602,734	51,837,290
Dividends paid		(28,110,696)	(1,834,527)
Income taxes paid		(3,356,662)	(2,730,191)
Interest paid		(4,564,013)	(7,097,425)
Interest received		175,922	1,190,227
Net cash flows from operating activities		9,747,285	41,365,374

The accompanying notes on pages 8 to 22 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 September 2014 (unaudited)	30 September 2013 (audited)
Investing activities			
Purchase of property and equipment		(29,283,616)	(29,440,922)
Purchase of intangible assets		(1,930,221)	(4,022,154)
Proceeds from sale of property and equipment		120,568	118,493
Purchase of subsidiaries, excluding acquired cash	4	-	(10,232,457)
Deposits placed		(13,060,675)	(3,142,347)
Refund on deposits		4,761,204	21,426,688
Long-term loans to employees		(1,907,524)	(2,995,475)
Loans repaid by employees		179,820	191,017
Issue of bank guarantee		-	(3,886,958)
Restricted cash returned		4,056,059	-
Dividends received		-	614
Financial aid returned		25,000	7,500
Net cash flows used in investing activities		(37,039,385)	(31,976,001)
Financing activities			
Proceeds from borrowings		9,130,771	3,864,291
Repayment of borrowings		(9,779,064)	(42,005,190)
Repurchase of treasury shares		(33,000)	(236,182)
Financial aid paid		(34,998)	-
Purchase of share in subsidiary		(42,377)	-
Repayment of finance lease liabilities		(5,281,021)	(5,450,641)
Net cash flows used in financing activities		(6,039,689)	(43,827,722)
Net decrease in cash and cash equivalents during the period		(33,331,789)	(34,438,349)
Net impact of foreign exchange difference on cash and cash equivalents		259,417	41,308
Cash and cash equivalents at 1 January		42,352,823	53,466,201
Cash and cash equivalents at 30 September	11	9,280,451	19,069,160

Non-cash transactions are disclosed in *Note 18*

Chief Financial Director

Chief Accountant



Nurkatov A.A.

Baishumurova G.Zh.

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