



Kazakhtelecom JSC

Unaudited interim condensed
consolidated financial statements

30 September 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 September 2016

<i>In thousands of tenge</i>	Notes	30 September 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property and equipment	5	271,297,565	285,555,708
Intangible assets	6	17,418,655	19,558,165
Advances paid for non-current assets		58,375	79,256
Investments in an associate	7	71,729,037	-
Deferred tax asset		-	204,814
Other non-current financial assets		5,715,534	10,557,028
Other non-current assets		1,884,532	2,514,632
		368,103,698	318,469,603
Current assets			
Inventories		6,041,419	3,760,673
Trade accounts receivable	9	27,967,273	16,385,102
Prepayments		551,501	507,630
Income tax prepaid		3,482	64,629
Other financial assets	10	43,685,995	33,949,795
Other current assets		3,038,548	3,602,421
Cash and cash equivalents	11	17,252,620	11,276,891
		98,540,838	69,547,141
Assets classified as held for sale	17	-	48,477,200
Total assets		466,644,536	436,493,944
Equity and liabilities			
Equity attributable to equity holders of the parent			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,464,374)	(6,464,488)
Foreign currency translation reserve		40,370	47,662
Other capital reserve		1,820,479	1,820,479
Retained earnings		343,908,276	285,884,903
		351,441,280	293,425,085
Non-controlling interests		-	(1,003,643)
Total equity		351,441,280	292,421,442

The accompanying notes on pages 8 to 26 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 September 2016 (unaudited)	31 December 2015 (audited)
Non-current liabilities			
Borrowings	12	53,964,085	27,299,921
Finance lease liabilities		1,750,395	4,435,721
Deferred tax liability		19,143,516	18,167,340
Employee benefit liability		8,382,226	7,274,355
Debt component of preferred shares		874,244	874,156
Other non-current liabilities	13	4,160,640	2,976,133
		88,275,106	61,027,626
Current liabilities			
Borrowings	12	2,880,729	4,138,393
Current portion of finance lease liabilities		3,632,651	4,707,462
Current portion of employee benefit liability		444,723	511,689
Trade accounts payable		6,041,696	11,893,469
Advances received		2,507,120	2,529,209
Income tax payable		2,748,893	146,920
Other current liabilities	13	8,672,338	10,630,418
		26,928,150	34,557,560
Liabilities directly associated with assets classified as held for sale	17	-	48,487,316
Total liabilities		115,203,256	144,072,502
Total equity and liabilities		466,644,536	436,493,944
<i>Book value per one ordinary share, Tenge</i>		31,166	25,454
<i>Book value per one preferred share of the first group, Tenge</i>		8,725	8,662
Chief Financial Director		 _____ Uzbekov A.A.	
Chief Accountant		 _____ Zhumanova M.A.	

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2016

<i>In thousands of tenge</i>	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Continuing operations					
Revenue	14	52,527,817	45,030,288	147,895,095	135,666,272
Compensation for universal services provision in rural areas		1,605,975	1,648,649	4,817,928	4,945,956
		54,133,792	46,678,937	152,713,023	140,612,228
Cost of revenue	15	(36,577,351)	(31,032,010)	(97,422,706)	(90,453,617)
Gross profit		17,556,441	15,646,927	55,290,317	50,158,611
General and administrative expenses		(3,992,474)	(4,608,335)	(14,150,261)	(14,104,212)
Selling expenses		(402,036)	(419,897)	(1,157,686)	(1,732,942)
Operating profit		13,161,931	10,618,695	39,982,370	34,321,457
Share of loss of an associate	7	(3,785,134)	-	(8,999,950)	-
Finance costs		(1,607,556)	(1,230,992)	(4,772,322)	(4,643,214)
Finance income		861,857	653,002	2,830,080	1,983,007
Foreign exchange loss, net		(516,915)	(521,347)	(674,924)	(946,903)
Loss from disposal of property and equipment		(72,246)	(33,425)	(219,838)	(213,823)
Other income		1,032,548	1,110,204	3,382,328	3,058,045
Other expense		(139,435)	(367,834)	(424,175)	(799,768)
Profit before tax for the period from continuing operations		8,935,050	10,228,303	31,103,569	32,758,801
Income tax expense	16	(2,142,578)	(2,460,019)	(9,522,675)	(7,861,293)
Profit for the period from continuing operations		6,792,472	7,768,284	21,580,894	24,897,508
Discontinued operations					
(Loss)/gain after tax for the period from discontinued operations	17	-	(241,502)	42,198,166	(1,586,159)
Profit for the period		6,792,472	7,526,782	63,779,060	23,311,349
Attributable to:					
Owners of the parent		6,792,472	7,730,350	63,779,060	23,568,904
Non-controlling interest		-	(203,568)	-	(257,555)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	Three months ended 30 September		Nine months ended 30 September	
		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		(83)	31,192	(7,292)	81,519
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		(83)	31,192	(7,292)	81,519
<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		364,316	(4,240)	(953,882)	16,963
Net other comprehensive (loss)/income not being reclassified to profit or loss in subsequent periods		364,316	(4,240)	(953,882)	16,963
Other comprehensive (loss)/income for the period, net of tax		364,233	26,952	(961,174)	98,482
Total comprehensive income for the period, net of tax		7,156,705	7,553,734	62,817,886	23,409,831
Attributable to:					
Owners of the parent		7,156,705	7,757,302	62,817,886	23,667,386
Non-controlling interest		-	(203,568)	-	(257,555)
		7,156,705	7,553,734	62,817,886	23,409,831
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		618.12	702.96	5,790.00	2,143.17
<i>Basic and diluted, profit for the period from continuing operations attributable to owners of the Parent, tenge</i>					
		618.12	724.85	1,963.49	2,286.97

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 nine months ended 30 September 2016

In thousands of tenge	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)	-	-	-	-	23,568,904	23,568,904	(257,555)	23,311,349
Other comprehensive income (unaudited)	-	-	81,519	-	16,963	98,482	-	98,482
Total comprehensive income/(loss) (unaudited)	-	-	81,519	-	23,585,867	23,667,386	(257,555)	23,409,831
Treasury shares repurchased (unaudited)	-	(57,542)	-	-	-	(57,542)	-	(57,542)
Dividends (unaudited)	-	-	-	-	(1,089,559)	(1,089,559)	-	(1,089,559)
At 30 September 2015 (unaudited)	12,136,529	(6,456,161)	12,169	1,820,479	286,140,982	293,653,998	(1,081,920)	292,572,078
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)	-	-	-	-	63,779,060	63,779,060	-	63,779,060
Other comprehensive loss (unaudited)	-	-	(7,292)	-	(953,882)	(961,174)	-	(961,174)
Total comprehensive (loss)/income (unaudited)	-	-	(7,292)	-	62,825,178	62,817,886	-	62,817,886
Treasury shares repurchased (unaudited)	-	114	-	-	-	114	-	114
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 September 2016 (unaudited)	12,136,529	(6,464,374)	40,370	1,820,479	343,908,276	351,441,280	-	351,441,280

Chief Financial Director



Uzbekov A.A.

Chief Accountant

Zhumanova M.A.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2016

<i>In thousands of tenge</i>	Notes	30 September 2016 (unaudited)	30 September 2015 (unaudited)
Operating activities			
Profit before tax from continuing operations		31,103,569	32,758,801
Profit/(loss) before tax from discontinued operations		42,198,166	(1,684,962)
Profit before tax		73,301,735	31,073,839
Adjustments for:			
Depreciation of property and equipment		20,760,281	24,050,863
Amortization of intangible assets		2,290,183	3,081,763
Change in deferred revenues		913,326	52,876
Unrealized foreign exchange (gain)/loss		(201,574)	4,215,309
Change in employee benefit liability		1,040,905	153,117
Provision for doubtful debts		970,636	1,146,993
Net realizable value write down		35,765	356,455
Share of loss of an associate	7	8,999,950	-
Finance costs		4,772,322	5,738,855
Finance income		(2,830,080)	(2,070,827)
Gain from disposal of a subsidiary	17	(42,071,134)	-
Loss from disposal of property and equipment		219,838	231,570
Change in working capital			
Change in trade accounts receivable		(13,641,535)	(5,384,619)
Change in inventories		(1,934,040)	(2,697,953)
Change in other current and non-current assets		2,182,381	(1,356,925)
Change in prepayments		(43,528)	(209,423)
Change in accounts payable		1,025,655	(3,127,267)
Change in advances received		(22,089)	(242,812)
Change in other current liabilities		(2,891,366)	143,113
Cash generated from operations		52,877,631	55,154,927
Dividends paid on ordinary and preferred shares		(3,548,036)	(1,076,327)
Income taxes paid		(5,476,348)	(2,493,197)
Interest paid		(4,977,107)	(5,172,208)
Interest received		1,169,659	542,413
Net cash flows from operating activities		40,045,799	46,955,608
Investing activities			
Purchase of property and equipment		(11,270,764)	(22,629,941)
Purchase of intangible assets		(4,348,947)	(608,794)
Proceeds from sale of property and equipment		105,188	111,964
Deposits placed		(27,355,481)	(6,039,475)
Proceeds from deposits received		14,671,593	17,098,144
Long-term loans granted to employees		(1,493,294)	(1,614,841)
Loans repaid by employees		282,728	169,799
Restricted cash placed		-	(208,600)
Restricted cash returned		208,600	193,160
Financial aid returned		2,546	-
Net cash outflow from the disposal of a subsidiary	17	(1,737,260)	-
Net cash flows used in investing activities		(30,935,091)	(13,528,584)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 September 2016 (unaudited)	30 September 2015 (unaudited)
Financing activities			
Proceeds from borrowings		-	8,938,376
Repayment of borrowings		(7,724,665)	(22,456,440)
Repurchase of treasury shares		-	(70,000)
Acquisition of non-controlling interests in a subsidiary		(201,728)	-
Repayment of finance lease liabilities		(3,760,137)	(7,460,579)
Net cash flows used in financing activities		(11,686,530)	(21,048,643)
Effect of exchange rate changes on cash and cash equivalents		(136,600)	6,624,368
Net (decrease)/increase in cash and cash equivalents		(2,712,422)	19,002,749
Cash and cash equivalents at 1 January		19,965,042	8,729,297
Cash and cash equivalents at 30 September	11	17,252,620	27,732,046

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

Chief Financial Director



Uzbekov A.A.

Chief Accountant

Zhumanova M.A.

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