



Kazakhtelecom JSC

Interim condensed consolidated financial statements
(unaudited)

30 September 2017

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

<i>In thousands of tenge</i>	Notes	30 September 2017 (unaudited)	31 December 2016 (audited)
Assets			
Non-current assets			
Property and equipment	5	257,734,135	272,175,873
Intangible assets	6	15,325,244	17,140,121
Advances paid for non-current assets		113,595	40,243
Investments in associates	7	64,417,267	67,160,792
Other non-current financial assets		9,297,177	5,876,966
Other non-current assets		1,688,973	1,708,901
		348,576,391	364,102,896
Current assets			
Inventories		5,565,801	4,483,724
Trade receivables	9	34,444,492	24,992,206
Advances paid		306,578	297,280
Corporate income tax prepaid		7,403	3,548
Other current financial assets	10	64,643,890	48,133,067
Other current assets		2,516,426	2,628,449
Cash and cash equivalents	11	37,431,246	24,320,942
		144,915,836	104,859,216
Total assets		493,492,227	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		(2,981)	(1,957)
Other reserves		1,820,479	1,820,479
Retained earnings		363,514,880	336,306,933
Total equity		371,004,533	343,797,610

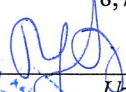
The accompanying notes on pages 8 to 23 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

<i>In thousands of tenge</i>	Notes	30 September 2017 (unaudited)	31 December 2016 (audited)
Non-current liabilities			
Borrowings: non-current portion	12	26,390,768	53,794,669
Finance lease liabilities		-	1,273,015
Deferred tax liabilities		20,049,235	19,624,081
Employee benefit obligations		8,750,146	7,788,984
Debt component of preferred shares		874,244	874,244
Other non-current liabilities	13	5,528,767	4,209,139
		61,593,160	87,564,132
Current liabilities			
Borrowings: current portion	12	28,995,784	2,473,507
Finance lease liabilities: current portion		1,750,395	3,162,706
Employee benefit obligations: current portion		486,571	430,554
Trade payables		9,099,304	11,997,342
Advances received		2,726,485	2,835,106
Current income tax payable		2,423,712	571,983
Other current liabilities	13	15,412,283	16,129,172
		60,894,534	37,600,370
Total liabilities		122,487,694	125,164,502
Total equity and liabilities		493,492,227	468,962,112

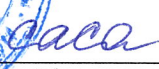
Book value per one ordinary share, Tenge	33,188	30,478
Book value per one preferred share of the first group, Tenge	8,743	8,552

Chief financial director



 Uzbekov A.A.

Chief accountant



 Zhumanova M.A.


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these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2017

<i>In thousands of tenge</i>	Notes	For three months ended 30 September		For nine months ended 30 September	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Continuing operations					
Revenue	14	50,770,102	52,527,817	151,212,134	147,895,095
Compensation for provision of universal services in rural areas	19	5,085,410	1,605,975	5,085,410	4,817,928
		55,855,512	54,133,792	156,297,544	152,713,023
Cost of sales	15	(33,479,973)	(36,577,351)	(98,574,730)	(97,422,706)
Gross profit		22,375,539	17,556,441	57,722,814	55,290,317
General and administrative expenses		(3,566,628)	(3,992,474)	(13,260,389)	(14,150,261)
Selling expenses		(649,163)	(402,036)	(1,781,461)	(1,157,686)
Operating profit		18,159,748	13,161,931	42,680,964	39,982,370
Share in loss of associates	7	326,575	(3,785,134)	(2,743,525)	(8,999,950)
Finance costs		(1,363,551)	(1,607,556)	(4,148,315)	(4,772,322)
Finance income		1,075,451	861,857	3,080,069	2,830,080
Net foreign exchange gain/(loss)		2,368,007	(516,915)	792,421	(674,924)
(Loss)/gain on disposal of property and equipment		6,959	(72,246)	241,610	(219,838)
Other income		1,109,010	1,032,548	3,292,053	3,382,328
Other expenses		(1,166,593)	(139,435)	(1,476,455)	(424,175)
Profit before tax for the period from continuing operations		20,515,606	8,935,050	41,718,822	31,103,569
Income tax expenses	16	(4,392,897)	(2,142,578)	(9,380,966)	(9,522,675)
Profit for the period from continuing operations		16,122,709	6,792,472	32,337,856	21,580,894
Discontinued operations		-	-	-	-
Profit after tax for the period from discontinued operations	17	-	-	-	42,198,166
Profit for the period		16,122,709	6,792,472	32,337,856	63,779,060

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Notes	For three months ended 30 September		For nine months ended 30 September	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<i>In thousands of tenge</i>					
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		(18,737)	(83)	(1,024)	(7,292)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		(18,737)	(83)	(1,024)	(7,292)
<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		908,489	364,316	(764,527)	(953,882)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		908,489	364,316	(764,527)	(953,882)
Other comprehensive loss for the period, net of income tax		889,752	364,233	(765,551)	(961,174)
Total comprehensive income for the period, net of income tax		17,012,461	7,156,705	31,572,305	62,817,886
Earnings per share					
Basic and diluted, tenge		1,464.18	618.12	2,938.91	5,790.00
Earnings per share from continuing operations					
Basic and diluted, tenge		1,464.18	618.12	2,938.91	1,963.49

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 2017

In thousands of tenge	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)	-	-	-	-	63,779,060	63,779,060	-	63,779,060
Other comprehensive loss (unaudited)	-	-	(7,292)	-	(953,882)	(961,174)	-	(961,174)
Total comprehensive income/(loss) (unaudited)	-	-	(7,292)	-	62,825,178	62,817,886	-	62,817,886
Treasury shares repurchased (unaudited)	-	114	-	-	-	114	-	114
Change in ownership in subsidiaries, not resulting in loss of control	-	-	-	-	(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
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)	-	-	-	-	32,337,856	32,337,856	-	32,337,856
Other comprehensive income/(loss) (unaudited)	-	-	(1,024)	-	(764,527)	(765,551)	-	(765,551)
Total comprehensive income (unaudited)	-	-	(1,024)	-	31,573,329	31,572,305	-	31,572,305
Dividends (unaudited)	-	-	-	-	(4,365,382)	(4,365,382)	-	(4,365,382)
At 30 September 2017 (unaudited)	12,136,529	(6,464,374)	(2,981)	1,820,479	363,514,880	371,004,533	-	371,004,533

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 2017

<i>In thousands of tenge</i>	Notes	30 September 2017 (unaudited)	30 September 2016 (unaudited)
Operating activities			
Profit before tax from continuing operations		41,718,822	31,103,569
Profit before tax from discontinued operations		-	42,198,166
Profit before tax		41,718,822	73,301,735
Adjustments for:			
Depreciation of property and equipment		21,521,111	20,760,281
Amortization of intangible assets		2,315,321	2,290,183
Loss from impairment of property and equipment	5	981,322	-
Change in deferred income		38,501	913,326
Unrealised foreign exchange (gain)/loss, net		1,499,387	(201,574)
Change in employee benefit obligations		61,520	1,040,905
Allowance for doubtful receivables		731,597	970,636
NRV adjustment of slow-moving inventory		29,061	35,765
Share in loss of associates	7	2,743,525	8,999,950
Finance costs accrued		4,148,315	4,772,322
Finance income accrued		(3,080,069)	(2,830,080)
Gain on disposal of subsidiary	17	-	(42,071,134)
(Gain)/loss on disposal of property and equipment and intangible assets		(241,610)	219,838
Change in working capital			
Change in trade receivables		(10,160,113)	(13,641,535)
Change in inventories		(1,111,138)	(1,934,040)
Change in other current and non-current assets		(5,416,869)	2,182,381
Change in advances paid		(8,365)	(43,528)
Change in accounts payable		950,855	1,025,655
Change in advances received		(108,621)	(22,089)
Change in other current liabilities		4,369,739	(2,891,366)
Cash generated from operations		60,982,291	52,877,631
Dividends paid on ordinary and preferred shares		(4,208,512)	(3,548,036)
Income tax paid		(6,916,812)	(5,476,348)
Interest paid		(4,006,666)	(4,977,107)
Interest received		974,462	1,169,659
Net cash flows received from operating activities		46,824,763	40,045,799
Investing activities			
Purchase of property and equipment		(11,336,492)	(11,270,764)
Purchase of intangible assets		(247,128)	(4,348,947)
Proceeds from sale of property and equipment		287,572	105,188
Placement of deposits		(33,241,652)	(27,355,481)
Return of cash on deposits		16,379,317	14,671,593
Net cash inflow from subsidiary disposal	7	30,170	-
Issue of long-term loans to employees		(1,619,396)	(1,493,294)
Repayment of loans to employees		294,573	282,728
Repayment of restricted funds		50	208,600
Net cash outflow from subsidiary disposal	17	-	(1,737,260)
Financial aid repaid		2,641	2,546
Net cash flows used in investing activities		(29,450,345)	(30,935,091)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Notes	30 September 2017 (unaudited)	30 September 2016 (unaudited)
Financing activities			
Borrowings repaid		(1,100,000)	(7,724,665)
Acquisition of non-controlling interests in a subsidiary		-	(201,728)
Repayment of finance lease liabilities		(2,685,326)	(3,760,137)
Net cash flows used in financing activities		(3,785,326)	(11,686,530)
Effect of exchange rate changes on cash and cash equivalents		(478,788)	(136,600)
Net increase/(decrease) in cash and cash equivalents during the period		13,110,304	(2,712,422)
Cash and cash equivalents, as at 1 January		24,320,942	19,965,042
Cash and cash equivalents, as at 30 September	11	37,431,246	17,252,620

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

Chief financial director



Uzbekov A.A.

Chief accountant

Zhumanova M.A.

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