



**Kazakhtelecom JSC**

Interim consolidated financial statements

*For three months period ended 31 March, 2013*

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**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March, 2013

<i>In thousands of tenge</i>	<b>Notes</b>	<b>31 March 2013</b>	31 December 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	256,447,580	257,308,842
Intangible assets	7	20,972,404	16,216,520
Advances paid for non-current assets		1,002,838	248,421
Deferred tax asset		203,903	108,151
Other non-current assets		19,372,426	15,383,368
		<b>297,999,151</b>	<b>289,265,302</b>
<b>Current assets</b>			
Inventories		4,561,426	4,692,179
Trade accounts receivable	8	20,089,680	17,411,450
Prepayments		707,237	809,544
Income tax prepaid		1,371,767	2,108,774
Other financial assets	9	47,889,191	45,234,299
Other current assets		6,057,662	6,271,461
Cash and cash equivalents	10	35,640,261	53,466,201
		<b>116,317,224</b>	<b>129,993,908</b>
<b>TOTAL ASSETS</b>		<b>414,316,375</b>	<b>419,259,210</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Charter capital		12,136,529	12,136,529
Treasury shares		(6,140,057)	(6,019,715)
Currency translation reserve		6,036	(4,576)
Other capital reserve		1,820,479	1,820,479
Retained earnings		274,327,896	268,816,693
		<b>282,150,883</b>	<b>276,749,410</b>
<b>Non-controlling interest</b>		<b>(29,471)</b>	<b>(1,911)</b>
<b>Total equity</b>		<b>282,121,412</b>	<b>276,747,499</b>

The accompanying notes on pages 7 to 20 are an integral part of these interim consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of tenge</i>	Notes	31 March 2013	31 December 2012
<b>Non-current liabilities</b>			
Borrowings	11	61,258,917	63,785,730
Finance lease liabilities		9,182,355	10,125,646
Deferred tax liability		13,081,240	12,537,430
Employee benefit liability		4,818,099	4,818,099
Debt component of preferred shares		904,197	894,065
Other non-current liabilities	12	4,504,341	4,470,476
		<b>93,749,149</b>	<b>96,631,446</b>
<b>Current liabilities</b>			
Borrowings	11	9,413,644	11,349,815
Current portion of finance lease liabilities		5,661,991	6,067,658
Current portion of employee benefit liability		354,137	354,137
Accounts payable		9,091,836	15,635,557
Advances received		3,234,604	3,387,458
Income tax payable		14,665	8,061
Other current liabilities	12	10,674,937	9,077,579
		<b>38,445,814</b>	<b>45,880,265</b>
		<b>132,194,963</b>	<b>142,511,711</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>414,316,375</b>	<b>419,259,210</b>

Book value per share, Tenge	23,797	23,741
Book value per one preferred share of the first group, Tenge	3,111	3,112

Chief Financial Director



Nurkatov A. A.

Chief Accountant

Baishumurova G. Zh.

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**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For three months period ended 31 March, 2013

<i>In thousands of tenge</i>	Notes	31 March 2013	31 March 2012
<b>Continuing operations</b>			
Revenue	13	43,316,298	41,073,107
Compensation for universal services provision in rural areas	18	1,230,922	1,513,795
		<b>44,547,220</b>	<b>42,586,902</b>
Cost of revenue	14	(30,454,506)	(25,334,485)
<b>Gross profit</b>		<b>14,092,714</b>	<b>17,252,417</b>
General and administrative expenses		(4,379,962)	(4,326,983)
Selling expenses		(994,725)	(665,396)
<b>Operating profit</b>		<b>8,718,027</b>	<b>12,260,038</b>
Finance costs		(2,393,145)	(2,140,305)
Finance income		1,225,724	957,185
Foreign exchange gain/ (loss), net		4,875	(1,151,528)
Loss from disposal of property and equipment		(50,229)	(68,716)
Other income		529,021	443,178
<b>Profit for the period from continuing operations before tax</b>		<b>8,034,273</b>	<b>10,299,852</b>
Income tax expense	15	(2,550,630)	(2,061,955)
<b>Profit for the period from continuing operations</b>		<b>5,483,643</b>	<b>8,237,897</b>
<b>Discontinued operations</b>			
Profit after tax for the period from discontinued operations	16	-	201,996,328
<b>Profit for the period</b>		<b>5,483,643</b>	<b>210,234,225</b>
Attributable to:			
<b>Owners of the parent</b>		<b>5,511,203</b>	<b>210,251,850</b>
Non-controlling interests		(27,560)	(17,625)
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		10,612	16,816
<b>Other comprehensive loss for the period, net of tax</b>		<b>10,612</b>	<b>16,816</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>5,494,255</b>	<b>210,251,041</b>
Attributable to:			
Owners of the parent		5,521,815	210,268,666
Non-controlling interest		(27,560)	(17,625)
		<b>5,494,255</b>	<b>210,251,041</b>
<b>Earnings per share</b>			
Basic and diluted, profit for the period attributable to owners of the parent, tenge		0.500	18,566
<b>Earnings per share for continuing operations</b>			
Basic and diluted, profit for the period from continuing operations attributable to owners of the parent, tenge		0.500	0.732

Chief Financial Director

Chief Accountant



Nurkatov A. A.

Baishumurova G. Zh.

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## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March, 2013

In thousands of tenge	Attributable to owners of the parent						Total	Non- control- ling interests	Total equity
	Charter capital	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings				
At 1 January, 2012	12,136,529	(2,652,860)	(15,997)	1,820,479	271,629,837	282,917,988	(15,722)	282,902,266	
Profit for the period	-	-	-	-	210,251,850	210,251,850	(17,625)	210,234,225	
Other comprehensive income	-	-	16,816	-	-	16,816	-	16,816	
<b>Total comprehensive income</b>	-	-	16,816	-	210,251,850	210,268,666	(17,625)	210,251,041	
At 31 March, 2012	12,136,529	(2,652,860)	819	1,820,479	481,881,687	493,186,654	(33,347)	493,153,307	
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 for the period	-	-	-	-	5,511,203	5,511,203	(27,560)	5,483,643	
Other comprehensive income	-	-	10,612	-	-	10,612	-	10,612	
<b>Total comprehensive income</b>	-	-	10,612	-	5,511,203	5,521,815	(27,560)	5,494,255	
Treasury shares purchased	-	(120,342)	-	-	-	(120,342)	-	(120,342)	
At 31 March, 2013	12,136,529	(6,140,057)	6,036	1,820,479	274,327,896	282,150,883	(29,471)	282,121,412	

Chief Financial Director

Chief Accountant



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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For three months period ended 31 March, 2013

<i>In thousands of tenge</i>	Notes	31 March 2013	31 March 2012
<b>Operating activities</b>			
Profit before tax from continuing operations		8,034,273	10,299,852
Profit before tax from discontinued operations	16	-	201,996,328
<b>Profit before tax</b>		<b>8,034,273</b>	<b>212,296,180</b>
Adjustments for:			
Depreciation of property and equipment	6	8,565,401	7,067,725
Amortization and impairment of intangibles assets	7	971,511	713,628
Change in deferred revenues		(8,740)	704,172
Change in employee benefit liability		-	2
Unrealized foreign exchange loss		33,515	1,630,187
Provision for doubtful debts		183,513	164,746
Provision for obsolete and slow moving inventories		161,080	309
Finance costs		2,393,145	2,140,305
Finance revenue		(1,225,724)	(957,185)
Gain on disposal of an associate	16	-	(201,996,328)
Loss from disposal of property and equipment		50,229	68,716
<b>Working capital adjustments:</b>			
Change in trade accounts receivable		(2,839,025)	(3,423,624)
Change in inventories		(30,327)	50,254
Change in other current and non-current assets		14,558	(852,018)
Change in prepayments		94,025	(79,511)
Change in accounts payable		(1,147,900)	(3,532,300)
Change in advances received		(152,854)	(287,926)
Change in other current liabilities		1,472,970	907,702
<b>Cash generated from operations</b>		<b>16,569,650</b>	<b>14,615,034</b>
Dividends paid		(36,009)	(5,164)
Income tax paid		(1,283,017)	(1,580,834)
Interest paid		(3,099,114)	(3,189,864)
Interest received		161,910	423,461
<b>Net cash flows (used in)/from operating activities</b>		<b>12,313,420</b>	<b>10,262,633</b>
<b>Investing activities</b>			
Purchase of property and equipment		(7,602,787)	(7,361,768)
Purchase of intangible assets		(365,690)	(423,449)
Proceeds from sale of property and equipment		45,516	5,400
Deposits placed		(2,142,347)	-
Dividends received from an associate		-	8,680,783
Acquisition of control over subsidiaries		(10,540,550)	-
Issue of bank guarantee		(3,886,958)	-
Proceeds from sale of an associate	16	-	225,738,590
Long-term loans to employees		(561,317)	(323,211)
Loans received from employees		64,405	43,504
Financial aid returned		2,500	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(24,987,228)</b>	<b>226,359,849</b>

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**INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)**

<i>In thousands of tenge</i>	Notes	31 March 2013	31 March 2012
<b>Financing activities</b>			
Proceeds from borrowings		750,000	430,000
Repayment of borrowings		(4,011,882)	(2,205,321)
Repurchase of treasury shares		(20,772)	-
Repayment of finance lease liabilities		(1,834,944)	(1,937,568)
<b>Net cash flows used in financing activities</b>		<b>(5,117,598)</b>	<b>(3,712,889)</b>
Net (decrease)/increase in cash and cash equivalents		(17,791,406)	232,909,593
Effects of exchange rate changes on cash and cash equivalents		(34,534)	(1,344,379)
Cash and cash equivalents at 1 January		53,466,201	87,715,687
<b>Cash and cash equivalents at the end of the period</b>	10	<b>35,640,261</b>	<b>319,280,901</b>

Non-cash transactions are disclosed in *Note 17*.

Chief Financial Director

Chief Accountant



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