

Kcell JSC

Results for the fourth quarter and financial year ended December 31, 2012.

Almaty, January 31, 2013 - Kcell Joint Stock Company ("Kcell" or the "Company") (LSE, KASE: KCEL), the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, announces audited results for the financial year ended 31 December 2012.

Enduring revenue growth and strong free cash flow

Fourth quarter

- Revenue increased 3.7 percent to KZT 48,900 million (47,154).
- EBITDA, excluding non-recurring items, decreased 2.1 percent to KZT 26,254 million (26,819). The EBITDA margin decreased to 53.6 percent (57.0)
- Operating income, excluding non-recurring items, decreased 2.6 percent to KZT 20,379 million (20,917), and net income decreased 5.1 percent to KZT 15,756 million (16,598).
- Significant increase in free cash flow to KZT 18,361 million (11,422).
- Subscriber base increased by 777,000 to 13.5 million.

Full year

- Revenue increased 1.8 percent to KZT 182,004 million (178,786).
- EBITDA, excluding non-recurring items, decreased 4.1 percent to KZT 101,426 million (105,794). EBITDA margin decreased to 55.7 percent (59.2).
- Operating income, excluding non-recurring items, decreased 5.1 percent to KZT 78,645 million (82,898), and net income decreased 7.5 percent to KZT 61,828 million (66,858).
- Free cash flow increased to KZT 61,155 million (54,108).
- Subscriber base increased by 2,612,737 to 13.5 million.

Financial highlights

KZT in millions, except key ratios, per share data and changes	Oct-Dec 2012	Oct-Dec 2011	Chg (%)	Jan-Dec 2012	Jan-Dec 2011	Chg (%)
Revenue	48,900	47,154	3.7	182,004	178,786	1.8
EBITDA excl. non-recurring items	26,254	26,819	-2.1	101,426	105,794	-4.1
Margin (%)	53.6	57.0		55.7	59.2	
Operating income	20,304	20,917	-2.9	77,902	82,898	-6.0
Operating income excl. non-recurring items	20,379	20,917	-2.6	78,645	82,898	-5.1
Net income attributable to owners of the parent	15,756	16,598	-5.1	61,828	66,858	-7.5
Earnings per share (KZT)	78.78	82.99	-5.1	309.14	334.29	-7.5
CAPEX-to-sales (%)	14.3	15.1		14.7	15.0	
Free cash flow	18,361	11,422		61,155	54,108	

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or the full year 2011, unless otherwise stated.

Comments by Veysel Aral, CEO

“This was an exciting year, during which Kcell completed its IPO following a change in the ownership structure. Our ordinary shares are now listed on the Kazakhstan Stock Exchange and GDRs are listed on the London Stock Exchange. This is our first financial report since Kcell became a publicly traded company, and I am pleased to welcome Kazakh and international investors who have come onboard in the past several months.

We worked hard during 2012, as Kcell felt the impact of increased competition in the Kazakh mobile telecommunications market. As a result of the change in competitive environments we saw a slight slowdown in our financial performance in 2012.

As our main competitors offered lower tariffs to gain or protect their market shares following the entry of a third major player, Kcell also adjusted its tariffs to remain competitive. As a result of offering flat tariffs, off-net traffic increased significantly making an impact on interconnect cost and EBITDA.

Changes in Government regulations made during 2011 have also affected our 2012 performance. The major adverse regulatory changes included MTR reduction, maximum tariffs established for on-net/off-net calls and internet access and a change in the billing counter.

I am pleased to inform you that despite the challenges we faced during 2012 we continue to enjoy superior profitability and cash flow generation. The EBITDA margin remained above 55 percent for the year due to our continuous focus on cost optimization. Our subscriber base increased by 2,612,737 and reached a level of 13.5 million subscribers. Our well-invested network enables a cash conversion ratio of above 70 percent. Overall, we continue to retain our strong leadership in the national mobile telecom market.

We are committed to paying attractive dividends to our shareholders. The dividend policy provides for annual dividends on common shares being at least 70 percent of the net income for the previous financial year. And we intend to pay a special dividend in an amount referable to 100 percent of the net income for the period of July 1, 2012 to December 31, 2012, totaled to KZT 32,403 million.

Kcell is well placed to benefit from the significant growth potential for mobile data services in Kazakhstan. We plan to continue the deployment of our 3G network to expand coverage. LTE tests have been performed in our network to be ready for future deployment. Kcell aims to maintain its market leadership in terms of revenue and the number of subscribers by offering its products and services at competitive prices, expanding its offering of products and services, maintaining the high quality of its network and enhancing its brand value.”

CONFERENCE CALL

Kcell will host an analyst conference call on January 31, 2013 at 11:00 UK time / 17:00 Almaty / 15:00 Moscow. Dial in details are as follows:

UK Free Call Dial In	0800 694 0257
Standard International Dial-in	+44 (0) 1452 555 566
Moscow Free call number	81080020972044
New York Local Call Dial-in	16315107498

Conference ID	92834804
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A replay of the call will be available until February 6, 2013 using the following details:

UK Free Call Dial-In	0800 953 1533
UK Local Call Dial-In	0845 245 5205
Standard International Dial-In	+44 (0)1452 550 000
USA Dial-In	1 (866) 247-4222

Replay Access Code	92834804
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A presentation will be available on the Company website shortly before the conference call on www.investors.kcell.kz/en

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Leonid Fink, Tony Friend, Kay Larsen

Review of the fourth quarter 2012

Revenue

Revenue increased 3.7 percent to KZT 48,900 million (47,154). Revenue, excluding a one-off phone campaign in 2011, increased 11.8 percent to KZT 48,885 million (43,738).

Revenue from voice services increased 5.9 percent to KZT 38,748 million (36,591). Data revenue increased 66.3 percent to KZT 5,667 million (3,408), revenue from value-added services increased 16.3 percent to KZT 4,245 million (3,650). Other revenue decreased 93.2 percent to KZT 240 million (3,505).

KZT in millions, except percentages	Oct-Dec		Oct-Dec	
	2012	% of total	2011	% of total
Voice services	38,748	79.2	36,591	77.6
Data services	5,667	11.6	3,408	7.2
Value added services	4,245	8.7	3,650	7.7
Other revenues	240	0.5	3,505	7.4
Total revenues	48,900	100	47,154	100

Voice service revenue

Revenue from voice services increased 5.9 percent to KZT 38,748 million (36,591). Voice traffic increased 34.3 percent to 5,782 million minutes as a result of an increase in the subscriber base to 13.5 million (10.9) as well as an increase in MOU to 162 (152). However, growth in traffic and in the number of subscribers was partially offset by a decrease in tariffs, which caused ARMU to decrease to KZT 5.1 (6.6).

Outgoing voice revenue increased 4.4 percent to KZT 29,614 million (28,362). This increase resulted from an increase in volume of outgoing traffic of 34.3 percent; this increase is partially offset by a decrease in ARMU of 14.5 percent.

Interconnect revenue increased 16.6 percent to KZT 7,924 million (6,794). This increase resulted from growth in the volume of incoming calls from subscribers of other mobile operators, which was in turn due to the increase in the number of subscribers in Kazakhstan and attractive off-net tariffs.

Data service revenue

Data revenue increased 66.3 percent to KZT 5,667 million (3,408). Data traffic increased 243.3 percent to 2,612,970 Gb (761,079). Growth in data traffic was partially offset by offering of packages with lower tariffs per MB, which led to a decrease in average revenue per MB (ARMB) to KZT 2.1 (4.8) but led to an increase in data ARPU. The continued rollout of the 3G network in Almaty, Astana and other cities in Kazakhstan contributed to the increase in data traffic, as it enabled us to provide subscribers with higher data transmission speeds, which made our data services more attractive and accessible. The increased usage of smartphones, USB modems and other internet enabled devices also contributed to growth in data traffic.

Value-added service revenue

Revenue from value-added services increased 16.3 percent to KZT 4,245 million (3,650). The increase was primarily due to an increase in revenue from the provision of content services, such as ring back tones and other information and entertainment services, up 19.6 percent to KZT 2,296 million (1,919).

Other revenue

Other revenue decreased 93.2 percent to KZT 240 million (3,505). The decrease was primarily attributable to the decrease in sales of handsets and USB modems. In 2011 KZT 3,417 million was attributable to a one-off phone campaign.

EXPENSES**Cost of sales**

Cost of sales decreased by 2.2 percent to KZT 20,687 million (21,144) primarily due to a decrease in the cost of handsets to KZT 17 million (3,028) following a one-off phone campaign in 2011. This decrease was partially offset by an increase in interconnect fees and expenses to KZT 6,785 million (5,473), as well as an increase in site rent expenses and maintenance expenses due to an increase in number of base stations.

Selling and marketing expenses

Selling and marketing expenses increased by 89.5 percent to KZT 5,087 million (2,684). The increase is primarily attributable to an increase in advertising and sales promotion expenses to KZT 4,018 million (1,947) due to selling and marketing campaigns held at the end of the year.

The increase is also attributable to an increase of cash collection commissions by 45.0 percent to KZT 1,069 million (737) due to subscribers increasingly using electronic payment terminals instead of scratch cards to top up their account balances.

General and administrative expenses

General and administrative expenses increased by 28.0 percent to KZT 2,922 million (2,283) primarily due to an increase in consulting expenses by KZT 199 million, also due to an increase in staff cost and an increase in other general and administrative expenses.

EARNINGS, FINANCIAL POSITION AND CASH FLOW

EBITDA, excluding non-recurring items, decreased 2.1 percent to KZT 26,254 million (26,819). The EBITDA margin fell to 53.6 percent (57.0). The EBITDA margin excluding interconnect revenue and expenses is 62.9 percent (65.6).

Non-recurring items affecting operating income totaled KZT 74 million, being mainly consulting cost related to the public offering of shares (“the offering”).

Financial items totaled KZT -601 million (62) related to net interest expenses and net interest income in Q4 2011.

Income tax expense decreased by 9.9 percent to KZT 3,947 million (4,380). The decrease in the income tax expense was primarily attributable to a decrease in taxable income.

Net income attributable to owners of the parent company decreased by 5.1 percent to KZT 15,756 million (16,598) and earnings per share decreased by 5.1 percent to KZT 78.8 (82.9).

CAPEX decreased to KZT 7,005 million (7,114) and the CAPEX-to-sales ratio decrease to 14.3 percent (15.1).

Free cash flow increased to KZT 18,361 million (11,422). The change is primarily due to movements in working capital.

REVIEW OF FULL YEAR 2012

Revenues

Revenue increased 1.8 percent to KZT 182,004 million (178,786). Revenue, excluding a one-off phone campaign in 2011 increased 3.7 percent to KZT 181,551 million (175,019).

The revenue increase was primarily due to the 33.4 percent increase in revenue from data services. Revenue from voice services and from value-added services increased slightly.

KZT in millions, except percentages	Jan-Dec 2012	% of total	Jan-Dec 2011	% of total
Voice services	146,669	80.6	146,077	81.7
Data services	18,755	10.3	14,064	7.9
Value added services	15,195	8.3	14,532	8.1
Other revenues	1,385	0.8	4,114	2.3
Total revenues	182,004	100.0	178,786	100.0

Voice services

Voice services revenue increased 0.4 percent to KZT 146,669 million (146,077). Voice traffic increased 70 percent to 21,901 million minutes (12,891) as a result of an increase in the subscriber base to 13.5 million (10.9) as well as an increase in MOU to 168 (122). However, growth in traffic and in the number of subscribers was offset by price competition, which caused ARMU to decrease to KZT 5.2 (9.5) as Kcell decreased its tariffs primarily in response to government regulation and competitors' aggressive tariff reductions.

Outgoing voice revenue decreased 3.1 percent to KZT 114,747 million (118,370). Interconnect revenue increased 20.2 percent to KZT 26,945 million (22,415). This increase resulted from growth in the volume of incoming calls from the subscribers of other mobile operators, which was in turn due to the increase in the number of subscribers in Kazakhstan and the price competition.

Data services

Data services revenue increased by 33.4 percent to KZT 18,755 million (14,064). Data traffic increased 471.1 percent to 7,589,056 Gb (1,631,947). Growth in data traffic was partially offset by lower tariffs, which led to a decrease in ARMB to KZT 2.4 (11.1). A variety of attractively priced data packages such as bundled packages with reduced prices per Mb of data transferred were offered to subscribers with the objective of increasing usage of data services.

Value-added services

Value-added services revenue increased 4.6 percent to KZT 15,195 million (14,532). The increase was primarily due to an increase in revenue from the provision of content services, such as ring back tones and other information and entertainment services.

Other revenue

Other revenue decreased 66.3 percent to KZT 1,385 million (4,114). The decrease was attributable to the one-off phone campaign in 2011.

EXPENSES

Cost of sales

Cost of sales increased 9.1 percent to KZT 76,291 million (69,955). The increase was primarily attributable to an increase in interconnect fees and expenses to KZT 24,604 million (17,012) as well as an increase in site rental and energy expenses.

This increase was partially offset by a decrease in cost of handsets to KZT 493 million (3,727) following a one-off phone campaign in 2011.

Selling and marketing expenses

Selling and marketing expenses increased 9.1 percent to KZT 17,195 million (15,763). The increase is primarily attributable to the increase of commissions for cash collection to KZT 3,922 million (2,723) due to subscribers increasingly using electronic payment terminals instead of scratch cards to top up their account balances and an increase in advertising and sales promotion expenses to KZT 13,273 million (13,039).

General and administrative expenses

General and administrative expenses increased 10.7 percent to KZT 11,005 million (9,943) primarily due to an increase in consulting expenses primarily related to the Offering to KZT 894 million (39), and an increase in staff cost to KZT 2,227 million (2,069).

EARNINGS, FINANCIAL POSITION AND CASH FLOW

EBITDA, excluding non-recurring items, decreased 4.1 percent to KZT 101,426 million (105,794). The EBITDA margin decreased to 55.7 percent (59.2). The EBITDA margin, excluding interconnect revenue and cost is 65.4 percent (66.3).

Non-recurring items affecting operating income totaled KZT 743 million, mainly consulting costs related to the Offering.

Income tax expense decreased by 7.2 percent to KZT 15,558 million (16,765). The decrease in the income tax expense was primarily attributable to a decrease in taxable income.

Net income attributable to owners of the parent company decreased by 7.5 percent to KZT 61,828 million (66,858) and earnings per share decreased by 7.5 percent to KZT 309.14 (334.29).

CAPEX decreased to KZT 26,730 million (26,801) and the CAPEX-to-sales ratio decreased to 14.7 percent (15.0).

Financial items totaled KZT -516 million (725) mainly related to net interest expenses and net interest income.

Free cash flow increased to KZT 61,155 million (54,108).

Net debt/equity ratio was 74.0 percent. The Company did not have any net debt in 2011; a loan facility was entered into 2012.

The equity/assets ratio was 44.2 percent (82.9). The drop is explained by dividends paid in 2012.

KEY MILESTONES 2012

February: TeliaSonera completed the acquisition of a 49 percent stake in the company from Kazakhtelecom and became the principal shareholder in Kcell increasing its effective ownership to 86.9 percent

August: On August 27, 2012, the Company was registered as Kcell Joint Stock Company according to the decision of Participants on re-organization of "GSM Kazakhstan OAO "Kazakhtelecom" LLP through transformation to Kcell Joint Stock Company. Pursuant to Kazakhstan law, upon conversion, the total equity as of the date of the conversion July 1, 2012 became the charter capital and ceased to be available for distribution to shareholders. The charter capital is represented by shares distributed amongst the participants of the limited liability partnership in proportion to their interest in the limited liability partnership at the time of the conversion.

November: The Board of Directors was announced. The Board of Directors is comprised of six members, including two independent directors Jan Erik Rudberg and Bert Åke Stefan Nordberg. Jan Erik Rudberg is also the chairman of the Board of Directors of the Company.

December: Kcell successfully completed its offering of Global Depositary Receipts on the London Stock Exchange and common shares on KASE with TeliaSonera reducing its shareholding to 61.9 percent. The price was set at USD 10.50 per GDR and KZT 1,578.68 per share with each GDR representing one share. The offering consisted of a sale by TeliaSonera of 50 million shares, including shares representing 25 percent of the Company's share capital.

December: TeliaSonera met the formal conditions to complete the acquisition of the WiMax operations of the Kazakh Company Alem Communications, from Midas Telecom, and an indirect minority investment in KazTransCom, through the purchase of shares from Alatau LLP. The intention to carry out the transactions was announced on August 14, 2012 and the deal was completed in early January 2013.

With the acquisition of a WiMax network in six cities by its parent company TeliaSonera, Kcell secures valuable frequencies in the 2.5/2.6 GHz band, which are essential for meeting increased demand for mobile data. The frequencies are compatible with mobile data transmission technologies such as 4G.

Following completion of the transactions, Kcell, will have full access to these businesses on commercial terms. It already benefits from the usage of the backbone capacity of KazTransCom's national fiber optic network, and it has started to prepare for the deployment of the frequencies of Alem Communications. TeliaSonera intends to transfer the WiMax operations to Kcell, including frequencies, and its investment in KazTransCom, subject to satisfaction of certain conditions as disclosed in the Kcell IPO prospectus.

December: MoU on mutual traffic transmission rate (MTR), which was signed by three mobile operators in November 2012, was approved by the Prime Minister of Kazakhstan. Details of the MoU include the phased reduction of the MTR during 3 years, by around 15 percent each year.

Dividend policy

The Board proposal is to declare and pay a special dividend in the second quarter of the financial year ending December 31, 2013 in the amount referable to 100 percent of the net income for the period from July 1, 2012 to December 31, 2012 totaled to KZT 32,403 million. This special dividend will be paid to shareholders *pro rata* to their shareholdings as at a record date to be set within the second quarter of 2013.

Annual dividends on common shares shall be at least 70 percent of the net income for the previous financial year. The first ordinary dividend is intended to be declared and paid in the second quarter of the financial year ending December 31, 2014 in respect of the financial year January 1, 2013 to December 31, 2013.

Almaty, January 31, 2013

Veysel Aral
Chief Executive Officer

The information was submitted for publication at 09:00 ALMT on January 31, 2013.

Financial Information

Year-end Report January–December 2012	January 31, 2013
Interim Report January–March 2013	April 19, 2013
Interim Report January–June 2013	July 17, 2013
Interim Report January–September 2013	October 17, 2013
Year-end Report January–December 2013	January 30, 2014

Questions regarding the reports:

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Definitions

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

CAPEX: Capital expenditures and advances paid for property, plant and equipment as well as software and licenses including investments in tangible and intangible non-current assets, but excluding goodwill and fair value adjustments recognized in acquisitions, and excluding the recording of assets retirement obligations.

ARMB: Average revenue per MB

Condensed Consolidated Statements of Comprehensive Income

KZT in millions, except per share data, number of shares and changes	Oct-Dec 2012	Oct-Dec 2011	Chg (%)	Jan-Dec 2012	Jan-Dec 2011	Chg (%)
Revenues	48,900	47,154	4	182,004	178,786	2
Cost of sales	-20,687	-21,144	-2	-76,291	-69,955	9
Gross profit	28,212	26,010	9	105,712	108,831	-3
Selling and marketing expenses	-5,087	-2,684	90	-17,195	-15,763	9
General and administrative expenses	-2,922	-2,283	28	-11,005	-9,943	11
Other operating income and expenses, net	101	-126		389	-227	
Operating income	20,304	20,917	-3	77,902	82,898	-6
Finance costs and other financial items, net	-601	62		-516	725	
Income after financial items	19,703	20,979	-6	77,386	83,624	-8
Income taxes	-3,947	-4,380	-10	-15,558	-16,765	-7
Net income	15,756	16,598	-5	61,828	66,858	-8
Other comprehensive income						
Total comprehensive income						
Total comprehensive income attributable to owners of the parent	15,756	16,598	-5	61,828	66,858	-8
Earnings per share (KZT), basic and diluted	78.78	82.99	-5	309.14	334.29	-8
Number of shares (thousands)						
Outstanding at period-end	200,000	200,000		200,000	200,000	
Weighted average, basic and diluted	200,000	200,000		200,000	200,000	
EBITDA	26,180	26,819	-2	100,683	105,794	-5
EBITDA excl. non-recurring items	26,254	26,819	-2	101,426	105,794	-4
Depreciation, amortization and impairment losses	-5,875	-5,902	-1	-22,781	-22,896	-1
Operating income excl. non-recurring items	20,379	20,917	-3	78,645	82,898	-5

Condensed Consolidated Statements of Financial Position

KZT in millions	31 Dec 2012	31 Dec 2011
Assets		
Intangible assets	16,140	18,434
Property, plant and equipment	110,337	100,372
Other non-current assets	3,121	6,759
Total non-current assets	129,598	125,565
Inventories	978	1,836
Trade and other receivables	15,990	16,229
Cash and cash equivalents	3,075	1,353
Total current assets	20,043	19,418
Total assets	149,641	144,983
Equity and liabilities		
Share capital	33,800	3,915
Retained earnings	32,403	116,338
Total equity attributable to owners of the parent	66,203	120,252
Deferred tax liabilities	5,104	3,991
Other long-term liabilities	988	495
Total non-current liabilities	6,092	4,486
Short-term borrowings	48,991	-
Trade payables, and other current liabilities	28,355	20,245
Total current liabilities	77,346	20,245
Total equity and liabilities	149,641	144,983

Condensed Consolidated Statements of Cash Flows

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
KZT in millions				
Cash flow before change in working capital	22,801	21,515	85,324	89,071
Change in working capital	687	-2,575	863	-7,658
Cash flow from operating activities	23,488	18,940	86,187	81,413
Cash CAPEX	-5,127	-7,519	-24,984	-27,305
Free cash flow	18,361	11,422	61,203	54,108
Total cash flow from investing activities	-5,127	-7,519	-24,984	-27,305
Cash flow before financing activities	18,361	11,422	61,203	54,108
Cash flow from financing activities	-16,364	-37,000	-59,481	-58,000
Cash flow for the period	1,998	-25,578	1,722	-3,892
Cash and cash equivalents, opening balance	1,077	26,931	1,353	5,245
Cash flow for the period	1,998	-25,578	1,722	-3,892
Cash and cash equivalents, closing balance	3,075	1,353	3,075	1,353

Condensed Consolidated Statements of Changes in Equity

KZT in millions	Jan-Dec 2012			Jan-Dec 2011		
	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	3,915	116,338	120,253	3,915	107,479	111,394
Dividends	-	-115,877	-115,877	-	-28,000	-28,000
Other transactions with owners*	29,885	-29,885	-	-	-	-
Total comprehensive income	-	61,828	61,828	-	50,260	50,260
Closing balance	33,800	32,403	66,203	3,915	129,739	133,654

* Transformation from LLP to JSC

Basis of preparation

General. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention as modified by the initial recognition of financial instruments based on fair value.

New accounting standards. Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after January 1, 2013 or later, and which the Group has not early adopted. For additional information, see corresponding section in auditors report.

Non-recurring items

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
KZT in millions				
Within EBITDA				
Restructuring charges, synergy implementation costs, etc.	74	-	743	-
Total	74	-	743	-

Investments

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
KZT in millions				
CAPEX				
Intangible assets	146	1,305	2,325	2,711
Property, plant and equipment	6,859	5,809	24,405	24,090
Total	7,005	7,114	26,730	26,801

Related party transactions

For the year ended December 31, 2012, Kcell purchased services for KZT 318 million and sold services for a value of KZT 413 million. Related parties in these transactions were mainly Kazakhtelecom, owner prior to February 2, 2012, Teli-aSonera and its group entities, Turkcell and Fintur Holding B.V.

Net debt

	Dec 31, 2012	Dec 31, 2011
KZT in millions		
Long-term and short-term borrowings	48,991	-
Less short-term investments, cash and bank	3,075	1,353
Net debt	45,916	-1,353

Loan financing

On September 26, 2012, a term loan facility agreement with JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan was signed for a loan in the amount of KZT 30 billion with a fixed interest rate of 4.6 percent per annum, a one-off transaction fee of 1 percent of the loan amount and a maturity of twelve months, with a possible extension of up to an additional twelve months.

On October 17, 2012, additional loan facility agreement with JSC Citibank Kazakhstan and JSC SB RBS Kazakhstan was signed for a loan in the amount of KZT 15 billion with a fixed interest rate of 3.9 percent per annum, a one-off transaction fee of 1 percent of the loan amount and a maturity date of September 26, 2013, with a possible extension of up to an additional twelve months. The KZT 15 billion facility is guaranteed by TeliaSonera AB. The Company is subject to the payment of an annual fee in the amount of up to KZT 112.5 million per annum to TeliaSonera AB for its provision of the guarantee in respect of the KZT 15 billion facility.

Financial key ratios

	Dec 31, 2012	Dec 31, 2011
Return on equity (% , rolling 12 months)	93.4	55.6
Return on capital employed (% , rolling 12 months)	107.0	67.0
Equity/assets ratio (%)	44.2	82.9
Net debt/equity ratio (%)	69.4	n/a
Net debt/EBITDA rate (multiple, rolling 12 months)	0.46	n/a
Owners' equity per share (KZT)	331.0	601.3

Contractual obligations

On December 31, 2012, contractual obligations in respect of property, plant and equipment totaled KZT 4,285 million (December, 2011: KZT 2,608 million), mostly related to purchase of telecommunications equipment from Ericsson and ZTE Corporation.

Forward-looking statements

This report contains statements concerning, among other things, Kcell's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Kcell's future expectations. Kcell believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: Kcell's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Kcell and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Kcell undertakes no obligation to update any of them in light of new information or future events.

	Oct-Dec 2012	Oct-Dec 2011	Chg (%)	Jan-Dec 2012	Jan-Dec 2011	Chg (%)
Operational data						
Subscribers, period-end (thousands)	13,462	10,850	24	13,462	10,850	24
Of which prepaid	11,721	9,353	25	11,721	9,353	25
MOU (min/month)	162	152	6	168	122	37
ARPU (KZT)	1,228	1,366	-10	1,252	1,472	-15
Churn rate (%)	19.2	33.5	-43	25.3	35.4	-29
Employees, period-end	1,612	1,584	2	1,612	1,584	2