

Kazakhtelecom JSC

Interim condensed consolidated
financial statements (unaudited)

For the six months ended 30 June 2022

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Interim condensed consolidated financial statements (unaudited)

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Report on review of interim condensed consolidated financial statements

To the Shareholders of Kazakhtelecom JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Kazakhtelecom JSC and its subsidiaries (together the "Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2022, the related interim condensed consolidated statements of comprehensive income for the three and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended and selected explanatory notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

Paul Cohn
Audit Partner



Jamilya Sarsenbekova
Auditor

Auditor Qualification Certificate
No. МФ-0000484 dated 16 August 2017

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

17 August 2022

Olga Khegay
Acting General Director
Ernst and Young LLP



State Audit License for audit activities on the
territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by the
Ministry of finance of the Republic of
Kazakhstan dated 15 July 2005

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 30 June 2022**

<i>In thousands of tenge</i>	Note	30 June 2022 (unaudited)	31 December 2021 (audited)
Assets			
Non-current assets			
Property and equipment	5	451,557,535	476,038,092
Investment properties	5	2,242,816	–
Intangible assets	6	196,889,066	205,424,785
Goodwill	8	152,402,245	152,402,245
Advances paid for non-current assets	5	1,798,709	3,647,122
Right-of-use assets	16	68,599,223	70,849,066
Investments in associates	7	3,427,437	3,460,120
Cost to obtain contracts		2,797,664	2,494,814
Cost to fulfil contracts		90,407	135,051
Other non-current non-financial assets		6,323,640	5,601,003
Other non-current financial assets	9	9,429,349	7,141,361
Deferred tax assets		259,201	660,170
Total non-current assets		895,817,292	927,853,829
Current assets			
Inventories		16,368,741	11,962,754
Trade receivables	10	51,071,688	36,873,043
Advances paid		8,644,586	7,500,551
Corporate income tax prepaid		1,704,019	7,527,978
Cost to fulfil contracts		789,682	854,321
Other current non-financial assets		8,874,887	13,310,432
Other current financial assets	11	6,971,593	11,592,724
Assets under reverse repurchase agreements	12	–	49,999,824
Cash and cash equivalents	13	264,316,245	167,109,839
Total current assets		358,741,441	306,731,466
Total assets		1,254,558,733	1,234,585,295

The accounting policies and notes on pages 8 to 38 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>	Note	30 June 2022 (unaudited)	31 December 2021 (audited)
Equity and liabilities			
Share capital	14	12,136,529	12,136,529
Treasury shares	14	(7,065,614)	(7,065,614)
Foreign currency translation reserve	14	2,980,236	(18,338)
Other reserves	14	1,820,479	1,820,479
Retained earnings		614,839,746	569,486,063
		624,711,376	576,359,119
Non-controlling interests		75,990,896	67,818,247
Total equity		700,702,272	644,177,366
Non-current liabilities			
Borrowings: non-current portion	15	269,983,866	282,246,983
Lease liabilities: non-current portion	16	33,404,109	33,810,098
Other non-current financial liabilities		560	707
Employee benefit obligations		19,442,913	21,848,722
Debt component of preferred shares	14	814,868	814,868
Non-current contract liabilities	17	7,709,175	8,188,122
Government grants: non-current portion	21	19,016,797	14,596,405
Asset retirement obligation		7,317,494	7,416,005
Deferred tax liabilities		35,021,622	34,571,582
Total non-current liabilities		392,711,404	403,493,492
Current liabilities			
Borrowings: current portion	15	32,666,277	33,544,325
Lease liabilities: current portion	16	13,628,369	15,341,478
Other current financial liabilities	18	29,303,343	19,952,085
Employee benefit obligations: current portion		1,529,191	1,526,442
Trade payables		29,680,708	75,100,611
Current corporate income tax payable		5,286,171	1,087,723
Current contract liabilities	19	22,710,180	21,880,659
Government grants: current portion	21	4,587,020	4,202,083
Other current non-financial liabilities	20	21,753,798	14,279,031
Total current liabilities		161,145,057	186,914,437
Total liabilities		553,856,461	590,407,929
Total equity and liabilities		1,254,558,733	1,234,585,295

Chief financial officer



 Atamuralova L.V.

Chief accountant


 Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For three and six months period ended 30 June 2022**

<i>In thousands of tenge</i>	Note	For three months ended 30 June		For six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Revenue from contracts with customers	22	155,308,955	142,368,653	298,415,638	279,321,753
Income from government grants	21	1,421,711	–	2,783,270	–
Compensation for provision of universal services in rural areas		–	1,603,384	–	3,206,766
		156,730,666	143,972,037	301,198,908	282,528,519
Cost of sales	23	(100,001,856)	(87,477,007)	(191,682,637)	(172,412,453)
Gross profit		56,728,810	56,495,030	109,516,271	110,116,066
General and administrative expenses		(13,786,111)	(11,924,945)	(23,728,942)	(20,966,906)
Impairment losses on financial assets	30	(1,574,165)	(857,742)	(2,712,424)	(1,348,584)
(Loss from impairment) / Gain from reversal of impairment on non-financial assets	30	(451,767)	(1,446)	(288,323)	99,510
Selling expenses		(1,798,833)	(3,380,342)	(4,091,637)	(5,465,297)
Reversal of tax and related fines and penalties provision		–	682,820	–	682,820
Gain/(loss) on disposal of property and equipment, net		77,182	143,529	90,184	(19,996)
Income from compensation from Telia and Turkcell	25	–	9,386,963	–	9,386,963
Other operating income	26	633,217	3,426,814	1,270,041	5,221,718
Other operating expenses		(145,799)	(384,052)	(785,241)	(419,856)
Operating profit		39,682,534	53,586,629	79,269,929	97,286,438
Share in profits of associates	7	21,811	281,312	44,172	624,934
Finance costs	24	(10,762,482)	(11,869,198)	(21,299,992)	(23,446,187)
Finance income		3,402,678	1,014,350	6,583,904	1,761,803
Net foreign exchange gain		1,776,532	639,449	7,745,023	1,311,597
Profit before tax		34,121,073	43,652,542	72,343,036	77,538,585
Income tax expenses	27	(13,305,109)	(12,081,276)	(21,809,045)	(19,413,788)
Profit for the period		20,815,964	31,571,266	50,533,991	58,124,797

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (continued)**

<i>In thousands of tenge</i>	Note	For three months ended 30 June		For six months ended 30 June	
		2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Profit for the period		20,815,964	31,571,266	50,533,991	58,124,797
Other comprehensive income					
<i>Other comprehensive income 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		1,738,478	12,155	2,998,574	12,206
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		1,738,478	12,155	2,998,574	12,206
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Actuarial profit/(loss) on defined benefits plans, net of tax		-	(359,080)	2,992,341	440,553
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		-	(359,080)	2,992,341	440,553
Other comprehensive income/(loss) for the period, net of tax		1,738,478	(346,925)	5,990,915	452,759
Total comprehensive income for the period, net of tax		22,554,442	31,224,341	56,524,906	58,577,556
Profit attributable to:					
Equity holders of the Parent		16,401,716	30,108,080	42,361,342	55,530,422
Non-controlling interests		4,414,248	1,463,186	8,172,649	2,594,375
		20,815,964	31,571,266	50,533,991	58,124,797
Total comprehensive income attributable to:					
Equity holders of the Parent		18,140,194	29,761,155	48,352,257	55,983,181
Non-controlling interests		4,414,248	1,463,186	8,172,649	2,594,375
		22,554,442	31,224,341	56,524,906	58,577,556
Earnings per share					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent	14	1,492.45	2,737.94	3,853.42	5,050.09

Chief financial officer

Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months period ended 30 June 2022

In thousands of tenge	Attributable to equity holders of the Parent					Total	Non-controlling interests	Total Equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings			
Note	14	14	14	14				
At 1 January 2021 (audited)	12 136 529	(7 065 614)	(17 200)	1 820 479	476 006 801	482 880 995	35 659 002	518 539 997
Net profit for the period (unaudited)	-	-	-	-	55 530 422	55 530 422	2 594 375	58 124 797
Other comprehensive income (unaudited)	-	-	12 206	-	440 553	452 759	-	452 759
Total comprehensive income (unaudited)	-	-	12 206	-	55 970 975	55 983 181	2 594 375	58 577 556
Dividends (unaudited)					(18 958 368)	(18 958 368)	(4 394 500)	(23 352 868)
At 30 June 2021 (unaudited)	12 136 529	(7 065 614)	(4 994)	1 820 479	513 019 408	519 905 808	33 858 877	553 764 685
At 1 January 2022 (audited)	12 136 529	(7 065 614)	(18 338)	1 820 479	569 486 063	576 359 119	67 818 247	644 177 366
Net profit for the period (unaudited)	-	-	-	-	42 361 342	42 361 342	8 172 649	50 533 991
Other comprehensive income (unaudited)	-	-	2 998 574	-	2 992 341	5 990 915	-	5 990 915
Total comprehensive income (unaudited)	-	-	2 998 574	-	45 353 683	48 352 257	8 172 649	56 524 906
At 30 June 2022 (unaudited)	12 136 529	(7 065 614)	2 980 236	1 820 479	614 839 746	624 711 376	75 990 896	700 702 272

Chief financial officer

Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For six months period ended 30 June 2022**

<i>In thousands of tenge</i>	Note	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Operating activities			
Profit before tax for the period		72,343,036	77,538,585
Adjustment for:			
Depreciation of property and equipment and right of use assets	5, 16	46,023,869	44,625,262
Amortisation of intangible assets	6	14,108,502	13,919,092
Loss from impairment / (Gain from reversal of impairment) on non-financial assets	30	288,323	(99,510)
Impairment loss on financial assets	30	2,712,424	1,348,584
Net foreign exchange gain		(7,745,023)	(1,311,597)
Changes in employee benefit obligations		719,628	173,406
Write-down of inventories to net realizable value		143,869	48,228
Share in profits of associates	7	(44,172)	(624,934)
Finance costs	24	21,299,992	23,446,187
Finance income		(6,583,904)	(1,761,803)
Reversal of tax and related fines and penalties provision		-	(682,820)
Income from government grants		(2,783,270)	-
Gain/loss on disposal of property and equipment, net		(90,184)	19,996
Operating cash flows before changes in operating assets and liabilities		140,393,090	156,638,676
Changes in operating assets and liabilities			
Change in trade receivables		(16,453,832)	(14,138,015)
Change in inventories		(4,549,856)	2,175,348
Change in other current assets		(198,208)	941,767
Change in advances paid		(1,523,322)	(1,649,394)
Change in trade payables		(10,345,293)	3,482,561
Change in cost to obtain contracts and cost to fulfil contracts		(193,567)	(200,295)
Change in contract liabilities		(1,168,951)	972,596
Changes in other current liabilities		24,866,383	(561,859)
Cash flows from operating activities		130,826,444	147,661,385
Income tax paid		(11,065,976)	(12,315,347)
Interest paid		(19,700,086)	(23,148,806)
Interest received		5,618,474	1,305,885
Net cash flows from operating activities		105,678,856	113,503,117

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Note	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Investing activities			
Purchase of property and equipment		(43,901,821)	(42,496,380)
Purchase of intangible assets		(9,049,228)	(6,035,618)
Proceeds from sale of property and equipment and intangible assets		183,468	340,449
Placement of deposits		(649,440)	(672,300)
Withdrawal of deposits		6,919,972	-
Purchase of financial assets at amortized cost	30	(39,671,950)	(29,796,754)
Proceeds from redemption of financial assets at amortized cost	30	39,671,950	38,476,688
Repayment of funds under REPO transactions	12	49,999,824	-
Issue of long-term loans to employees		(23,553)	(463,000)
Repayment of loans to employees		263,618	229,313
Return of cash on restricted cash accounts		-	2,600
Dividends received		76,855	35,201
Net cash flows used in investing activities		3,819,695	(40,379,801)
Financing activities			
Borrowings received	15	-	22,000,000
Borrowings repaid	15	(13,362,735)	(42,778,528)
Dividends paid to equity holders of the Parent	14	-	(17,571,952)
Dividends paid to non-controlling interests	14	-	(4,394,500)
Repayment of lease liabilities	16	(6,559,155)	(8,047,490)
Net cash flows used in financing activities		(19,921,890)	(50,792,470)
Effect of exchange rate changes on cash and cash equivalents		7,631,411	1,280,332
Effect of changes in expected credit losses	13	(1,666)	(116)
Net change in cash and cash equivalents		97,206,406	23,611,062
Cash and cash equivalents, as at 1 January	13	167,109,839	94,709,166
Cash and cash equivalents, as at 30 June	13	264,316,245	118,320,228

Disclosure of significant non-cash transactions is presented in Note 23.

Chief financial officer

Atamuratova L.V.

Chief accountant

Urazimanova M.M.



The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS**For six months period ended 30 June 2022****1. GENERAL INFORMATION**

Kazakhtelecom JSC (the “Company” or “Kazakhtelecom”) was established in June 1994 in accordance with the legislation of the Republic of Kazakhstan.

The Company is incorporated, domiciled and operates in the Republic of Kazakhstan. The legal address of the Company is: 12 Sauran Str., Nur-Sultan, 010000, Republic of Kazakhstan.

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns 51% of the Company’s controlling shares. Below is a list of the Company’s shareholders as at 30 June 2022:

	At 30 June 2022 (unaudited)	At 31 December 2021
Samruk-Kazyna	51.0%	51.0%
Committee of State Property and Privatization of the Ministry of finance of the Republic of Kazakhstan	28.2%	–
ADR (The Bank of New York – depositor)	9.6%	9.6%
Corporate fund “Development fund”	3.4%	3.4%
SKYLINE INVESTMENT COMPANY S.A.	–	24.5%
Alatau Capital Invest LLP	–	3.7%
Other	7.8%	7.8%
	100%	100%

The Company is included in the register of natural monopolists in relation to transit traffic services provided to telecommunication operators, public switch telecommunication network (“PSTN”), connection services provided to third party telecommunication operators, and rental of phone channels to telecommunication operators for connection to PSTN.

The Company and its subsidiaries listed in *Note 2* (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication markets, including local, long-distance intercity and international telecommunication services including CIS and non-CIS countries; leases out lines and provides data transfer services, sells mobile devices and provides other telecommunication services.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Chief financial officer and the Chief accountant on behalf of the Management of the Company on 16 August 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three and six month period ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021 and for the year then ended. The interim condensed consolidated financial statements are presented in Kazakhstan tenge, and all amounts are rounded to nearest thousands, except when otherwise indicated.

Going concern

The interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes continuation of the course of business, realization of assets and settlement of liabilities in the normal course of business.

Foreign currency translation

The interim condensed financial statements of the Group are presented in tenge, which is the functional currency of the Company and its main subsidiaries. Tenge is the currency of the primary economic environment in which the Company and its main subsidiaries operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)****Foreign currency translation (continued)**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date when the transaction first qualifies for recognition criteria. Monetary assets and liabilities denominated in foreign currency are translated at the official exchange rate ruling at the reporting date established by

Kazakhstan Stock Exchange ("KASE") and published by the National Bank of the Republic of Kazakhstan ("NBRK"). All translation differences are recognized in the interim condensed consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange rates are presented in the following table:

	30 June 2022 (unaudited)	31 December 2021
US dollar	470.34	431.80
Euro	490.47	489.10
Russian rubles	8.98	5.76

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rubles. During consolidation the assets and liabilities of foreign operation are translated into tenge at the rate of exchange prevailing at the reporting date and its statement of comprehensive income is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

The following subsidiaries have been included in these interim condensed consolidated financial statements:

	Country of incorporation	Percentage ownership	
		30 June 2022 (unaudited)	31 December 2021
Khan Tengri Holding B.V.	Netherlands	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
VostokTelecom LLP	Kazakhstan	100.00%	100.00%
Digital Economy Development Center LLP	Kazakhstan	100.00%	100.00%
Nursat+ LLP	Kazakhstan	100.00%	100.00%
KT-Telecom JSC	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New and amended standards and interpretations (continued)***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the interim condensed consolidated financial statements of the Group as the Group does not have any onerous contracts.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New and amended standards and interpretations (continued)***IAS 41 Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

4. SEGMENT INFORMATION

For management purposes, the Group represents business units based on the organizational structure of the Group and has reportable operating segments as follows:

- Rendering fixed-line telecommunication services by business units of Kazakhtelecom JSC and Vostoktelecom LLP;
- Rendering mobile telecommunication services in GSM and LTE standards by business units of Khan Tengri Holding B.V. and Kcell JSC.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The following tables disclose revenue and profit information for the Group's operating segments for the three and six months ended 30 June 2022 and 2021.

For the three months ended 30 June 2022 (unaudited):

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standard s	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	57,088,699	97,932,491	287,765	-	155,308,955
Inter-segment	9,726,969	5,144,282	467,442	(15,338,693)	-
Total revenue from contracts with customers	66,815,668	103,076,773	755,207	(15,338,693)	155,308,955
Income from government grants	232,896	1,188,815	-	-	1,421,711
Total	67,048,564	104,265,588	755,207	(15,338,693)	156,730,666
Financial results					
Depreciation and amortisation	(9,589,987)	(21,030,702)	(9,079)	195,650	(30,434,118)
Finance costs	(6,026,948)	(5,100,406)	-	364,872	(10,762,482)
Finance income	2,513,228	1,250,513	17,161	(378,224)	3,402,678
Income from dividends	14,958,650	-	-	(14,958,650)	-
Share in profits of associates	-	-	21,811	-	21,811
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	44,552	(496,319)	-	-	(451,767)
Impairment losses on financial assets	(389,954)	(1,198,567)	(8,745)	23,101	(1,574,165)
Segment profit/(loss) before tax	22,717,096	27,391,763	215,854	(16,203,640)	34,121,073

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

For the three months ended 30 June 2021 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	58,617,245	83,445,298	306,110	-	142,368,653
Inter-segment	9,161,124	4,174,466	648,670	(13,984,260)	-
Total revenue from contracts with customers	67,778,369	87,619,764	954,780	(13,984,260)	142,368,653
Compensation for provision of universal services in rural areas	1,603,384	-	-	-	1,603,384
Total	69,381,753	87,619,764	954,780	(13,984,260)	143,972,037
Financial results					
Depreciation and amortisation	(9,872,528)	(20,268,398)	(8,214)	402,660	(29,746,480)
Finance costs	(6,640,762)	(5,641,025)	-	412,589	(11,869,198)
Finance income	808,399	605,443	-	(399,492)	1,014,350
Income from dividends	13,183,500	-	-	(13,183,500)	-
Share in loss of associates	-	-	281,312	-	281,312
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	4,265	(5,712)	1	-	(1,446)
Impairment losses on financial assets	(189,256)	(665,151)	(5,991)	2,656	(857,742)
Segment profit/(loss) before tax	33,877,558	22,470,381	575,974	(13,271,371)	43,652,542

For the six months ended 30 June 2022 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	112,349,985	185,520,164	545,489	-	298,415,638
Inter-segment	19,613,143	9,803,186	802,969	(30,219,298)	-
Total revenue from contracts with customers	131,963,128	195,323,350	1,348,458	(30,219,298)	298,415,638
Income from government grants	465,791	2,317,479	-	-	2,783,270
Total	132,428,919	197,640,829	1,348,458	(30,219,298)	301,198,908
Financial results					
Depreciation and amortisation	(19,250,728)	(41,436,950)	(17,714)	573,021	(60,132,371)
Finance costs	(11,814,094)	(10,228,138)	-	742,240	(21,299,992)
Finance income	4,762,122	2,562,887	23,732	(764,837)	6,583,904
Dividends income	14,963,689	-	-	(14,963,689)	-
Share in profits of associates	-	-	44,172	-	44,172
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	52,614	(340,937)	-	-	(288,323)
Impairment losses on financial assets	(671,989)	(2,060,452)	(8,577)	28,594	(2,712,424)
Segment profit/(loss) before tax	36,743,941	52,409,114	310,920	(17,120,939)	72,343,036

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

For the six months ended 30 June 2021 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	115,797,786	162,751,684	772,283	-	279,321,753
Inter-segment	18,653,564	8,253,934	735,793	(27,643,291)	-
Total revenue from contracts with customers	134,451,350	171,005,618	1,508,076	(27,643,291)	279,321,753
Compensation for provision of universal services in rural areas	3,206,766	-	-	-	3,206,766
Total	137,658,116	171,005,618	1,508,076	(27,643,291)	282,528,519
Financial results					
Depreciation and amortisation	(19,633,217)	(39,659,768)	(15,983)	764,614	(58,544,354)
Finance costs	(12,856,882)	(11,413,762)	-	824,457	(23,446,187)
Finance income	1,390,728	1,159,594	-	(788,519)	1,761,803
Income from dividends	13,215,302	-	-	(13,215,302)	-
Share in profits of associates	-	-	624,934	-	624,934
Gain from reversal of impairment on non financial assets	8,564	90,945	1	-	99,510
(Impairment losses) / Gain from reversal of impairment on financial assets	(354,114)	(999,184)	5,441	(727)	(1,348,584)
Segment profit/(loss) before tax	48,223,091	41,924,534	820,032	(13,429,072)	77,538,585

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Operating assets					
As at 30 June 2022 (unaudited)	824,158,556	765,473,705	5,616,034	(340,689,562)	1,254,558,733
As at 31 December 2021	794,655,256	749,504,167	5,467,577	(315,041,705)	1,234,585,295
Operating liabilities					
As at 30 June 2022 (unaudited)	312,461,842	281,882,066	1,338,998	(41,826,445)	553,856,461
As at 31 December 2021	315,082,967	296,628,298	1,438,901	(22,742,237)	590,407,929

Reconciliation of profit

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Segment profit	50,324,713	56,923,913	89,463,975	90,967,657
Other	(16,203,640)	(13,271,371)	(17,120,939)	(13,429,072)
Profit of the Group	34,121,073	43,652,542	72,343,036	77,538,585

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)****Reconciliation of assets**

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Segment operating assets	1,595,248,295	1,549,627,000
Elimination of the Company's investments in subsidiaries	(291,256,203)	(291,256,203)
Elimination of intra-group receivables and payables	(49,433,359)	(23,785,502)
Total assets of the Group	1,254,558,733	1,234,585,295

Reconciliation of liabilities

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Segment operating liabilities	595,682,906	613,150,166
Elimination of intra-group receivables and payables	(41,826,445)	(22,742,237)
Total liabilities of the Group	553,856,461	590,407,929

5. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

During the three and six months periods ended 30 June 2022, the Group acquired property and equipment for KZT 8,471,112 thousand and KZT 17,576,002 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 14,001,139 thousand and KZT 26,205,467 thousand, respectively).

During the three and six months periods ended 30 June 2022, the Group disposed property and equipment with net book value of KZT 60,517 thousand and KZT 93,027 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 108,719 thousand and KZT 360,153 thousand, respectively).

During the three and six months periods ended 30 June 2022, the Group recognised decrease in changes in estimates in assets retirement obligation for KZT 236,917 thousand and KZT 314,323 thousand, respectively (during the three and six months periods ended 30 June 2021: increase for KZT 293,143 thousand and KZT 273,008 thousand, respectively).

During the three and six months periods ended 30 June 2022, the Group recognized impairment loss for KZT 75,688 thousand and KZT 70,183 thousand, respectively, which represented the write down of certain assets to the recoverable amount as a result of technological obsolescence and damage (during the three and six months periods ended 30 June 2021: impairment loss for KZT 1,399 thousand and recovery gain of KZT 98,716 thousand, respectively).

During six-month period ended 30 June 2022, a building with carrying amount of KZT 2,242,816 thousand was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to third parties. As of 30 June 2022, the fair value of the investment property equalled to KZT 6,573,000 thousand (Level 3 hierarchy).

During the three and six months periods ended 30 June 2022, the Group recognized depreciation expense amounting to KZT 19,880,523 thousand and KZT 39,333,969 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 19,022,795 thousand and KZT 37,915,702 thousand, respectively).

As at 30 June 2022 and 31 December 2020, assets under construction represented by equipment for installation for base transmission stations, mobile switch servers and other telecommunication equipment and services works.

As at 30 June 2022, the gross carrying value of property and equipment which has been fully depreciated and still in use was KZT 463,621,841 thousand (as at 31 December 2021: KZT 436,917,636 thousand).

As at 30 June 2021, advances paid for non-current assets in the amount of KZT 1,798,709 thousand mainly represented by advances paid for installation of base stations, construction and delivery of fixed assets (as at 31 December 2021: KZT 3,647,122 thousand). Decrease in the advances paid for non-current assets is due to the receipt of the network equipment for the delivery of which the Group paid in the end of 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**6. INTANGIBLE ASSETS**

During the three and six months periods ended 30 June 2022, the Group acquired intangible assets in the amount of KZT 3,628,110 thousand and KZT 5,571,087 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 795,558 thousand and KZT 2,619,505 thousand, respectively).

During the three and six months periods ended 30 June 2022, the Group disposed intangible assets with net book value of KZT 257 thousand (during the three and six months periods ended 30 June 2021: KZT 292 thousand).

During the three and six months periods ended 30 June 2022, the Group recognized amortization expense in the amount of KZT 7,250,762 thousand and KZT 14,108,502 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 6,967,196 thousand and KZT 13,919,092 thousand, respectively).

As at 30 June 2021 the gross carrying value of intangible assets, which have been fully amortized and still in use was KZT 66,380,106 thousand (as at 31 December 2021: KZT 68,599,192 thousand).

Licenses and trademarks, software and other include intangible assets acquired as a result of business combinations.

7. INVESTMENTS IN ASSOCIATES

The following associates have been included in these consolidated financial statements:

<i>In thousands of tenge</i>	Primary activities	Country of incorporation	30 June 2022 (unaudited)		31 December 2021	
			Carrying amount	Ownership share	Carrying amount	Ownership share
QazCloud LLP	IT services	Kazakhstan	3,427,437	49%	3,460,120	49%
			3,427,437		3,460,120	

Movements in investments in associates for the six months ended 30 June 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	QazCloud LLP
At 1 January 2021	2,982,957
Share in profits of associates	624,934
Dividends received	(35,201)
At 30 June 2021 (unaudited)	3,572,690
At 1 January 2022	3,460,120
Share in profits of associates	44,172
Dividends received	(76,855)
At 30 June 2022 (unaudited)	3,427,437

Based on the decision of the Board of Directors of Kazakhtelecom JSC, on 17 of August 2016, Kazakhtelecom JSC and Samruk-Kazyna Business Service LLP signed the agreement of purchase and sale of 51% interest of Kazakhtelecom JSC in the charter capital of QazCloud LLP.

The table below provides a summarized financial information on the Group's investment in QazCloud LLP:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Non-current assets	7,412,002	6,934,261
Current assets, including	3,749,824	5,822,194
Cash and cash equivalents	1,862,324	2,490,816
Non-current liabilities, including	(1,270,468)	(1,604,501)
Non-current financial liabilities		(99,284)
Current liabilities, including	(2,896,588)	(4,090,485)
Current financial liabilities	(2,248,873)	(2,657,079)
Equity	6,994,770	7,061,469
Share of the ownership – 49%	3,427,437	3,460,120
Carrying amount of the investment of the Group	3,427,437	3,460,120

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**7. INVESTMENTS IN ASSOCIATES (continued)**

<i>In thousands of tenge</i>	For three months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Revenue from contracts with customers	2,087,906	4,023,016
Depreciation and amortization	(640,967)	(514,178)
Finance income	20,802	17,028
Finance costs	(88,734)	(80,712)
Income tax expense	(11,049)	(143,526)
Profit for the period	44,512	574,106
Other comprehensive income	-	-
Total comprehensive income for the period	44,512	574,106
Share of the Group in profit for the period	21,811	281,312
<i>In thousands of tenge</i>	For six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Revenue from contracts with customers	3,979,744	9,045,949
Depreciation and amortization	(1,253,432)	(935,668)
Finance income	35,619	29,388
Finance costs	(191,333)	(170,925)
Income tax expense	(22,537)	(318,844)
Profit for the period	90,147	1,275,375
Other comprehensive income	-	-
Total comprehensive income for the period	90,147	1,275,375
Share of the Group in profit for the period	44,172	624,934

8. IMPAIRMENT TESTING**Goodwill**

Goodwill is tested by the Group for impairment annually as at 31 December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

As at 30 June 2022 there were no indicators for impairment of all CGUs, including those CGUs to which goodwill was allocated, therefore, management has not updated any of impairment calculations

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**9. OTHER NON-CURRENT FINANCIAL ASSETS**

As at 30 June 2022 and 31 December 2021, other non-current financial assets comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Long-term accounts receivable	7,063,186	4,147,622
Loans to employees	1,511,586	1,854,480
Long-term deposits	554,148	830,526
Cash restricted in use	-	43,243
Other	410,613	375,674
	9,539,533	7,251,545
Less: allowance for expected credit losses	(110,184)	(110,184)
	9,429,349	7,141,361

As at 30 June 2022 and 31 December 2021, the Group's other non-current financial assets were denominated in the following currencies:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Tenge	9,429,349	7,098,118
US dollars	-	43,243
	9,429,349	7,141,361

As at 30 June 2022, the long-term accounts receivable represented by special agreements with customers for the purchase of contract phones for KZT 7,063,186 thousand (as at 31 December 2021: KZT 4,147,622 thousand). These long-term accounts receivable were discounted as at market interest rates of 7.5% per annum (2021: 7.5% per annum).

Loans to employees are interest free loans provided for the period from 1 to 15 years. These loans were discounted as at the issue date using market interest rates of 9.6% per annum to 19.1% (2021: from 9.6% per annum to 19.1%). Repayment of long-term loans to employees is made through withholding of amounts due from employees' salaries. Loans are secured by employees' real estate properties.

10. TRADE RECEIVABLES

As at 30 June 2022 and 31 December 2021, trade receivables comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Trade receivables	59,659,575	43,125,578
	59,659,575	43,125,578
Less: allowance for expected credit losses	(8,587,887)	(6,252,535)
	51,071,688	36,873,043

Movements in the allowance for expected credit losses were as follows for the three and six months periods ended 30 June:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Allowance for expected credit losses at the beginning of the period	(7,238,953)	(4,917,258)	(6,252,535)	(6,135,606)
Charge for the period (Note 30)	(1,538,459)	(873,061)	(2,669,025)	(1,335,907)
Write-off for the period	189,525	159,751	333,673	1,840,945
Allowance for expected credit losses at the end of the period	(8,587,887)	(5,630,568)	(8,587,887)	(5,630,568)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**11. OTHER CURRENT FINANCIAL ASSETS**

As at 30 June 2022 and 31 December 2021, other current financial assets comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Bank deposits	5,753,200	11,558,500
Loans to employees	1,033,623	1,245,820
Restricted cash	912,769	912,769
Due from employees	448,455	372,763
Other accounts receivable	3,914,978	2,559,341
	12,063,025	16,649,193
Less: allowance for expected credit losses	(5,091,432)	(5,056,469)
	6,971,593	11,592,724

As at 30 June 2022 and 2021, the allowance for expected credit losses includes a provision in the amount of KZT 3,399,500 thousand accrued on a deposit placed in Eximbank Kazakhstan JSC due to the liquidation of the bank.

As at 30 June 2022, the Group placed bank deposits with initial maturity of more than 3 (three) months but less than 12 (twelve) months, in tenge in VTB Bank JSC at the interest rate of 9.0% for KZT 1,000 thousand, in Sberbank JSC at the interest rate of 9.0% for KZT 1,000 thousand, and in USD dollars in Bank RBK JSC at the interest rate of 1.2% for KZT 2,331,550 thousand. As of June 30, 2022, the Group withdrew cash from deposits placed in VTB Bank JSC in the amount of KZT 2,999,000 thousand and Sberbank JSC in the amount of KZT 2,999,000 thousand.

Restricted cash represents cash on the accounts with KazInvestBank JSC and Eximbank Kazakhstan JSC for KZT 413,315 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. Allowance for expected credit loss was recorded for the whole amount of this cash.

Movements in the allowance for expected credit losses were as follows for the three and six months periods ended 30 June:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Allowance for expected credit losses at the beginning of the period	(5,065,697)	(4,927,827)	(5,056,469)	(4,901,841)
(Charge)/reversal for the period (Note 30)	(31,106)	15,779	(41,732)	(13,715)
Write-off for the period	5,371	941	6,769	4,449
Allowance for expected credit losses at the end of the period	(5,091,432)	(4,911,107)	(5,091,432)	(4,911,107)

12. ASSEST UNDER REVERSE REPURCHASE AGREEMENTS**Assets under reverse repurchase agreements**

In December 2021 the Group had entered into reverse repurchase agreement with Halyk Finance JSC. The subject of this agreement is coupon Eurobonds (ISIN XS1120709669) and coupon MEUKAM (ISIN KZKD000915) issued by the Ministry of Finance of the Republic of Kazakhstan. The Group has a right to sell or repledge the transferred securities in the absence of default of the counterparty. Fair value of the transferred securities held as collateral under reverse repurchase agreement amounted to KZT 49,999,824 thousand. The agreement expired on 31 March 2022. The resale prices of the securities purchased is KZT 51,172,262 thousand, and currency of the agreement is tenge. Total repayment of funds under REPO transactions of KZT 51,172,262 thousand, included interest of KZT 1,172,438 thousand (presented in operating cash flows).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**13. CASH AND CASH EQUIVALENTS**

As at 30 June 2022 and 31 December 2021, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Cash on current bank accounts	161,226,287	97,556,615
Deposits with less than 90 days maturity from the date of opening	103,088,368	69,547,376
Cash on hand	11,499	14,090
	264,326,154	167,118,081
Less: allowance for expected credit losses	(9,909)	(8,242)
	264,316,245	167,109,839

Interest is accrued on funds placed on current bank accounts at interest rates from 0.1 to 7.25% per annum. As at 30 June 2022, cash on current bank accounts included an amount of KZT 77,167,981 thousand placed on overnight deposits with interest rates up to 12.80%.

As at 30 June 2022, short-term bank deposits opened for a period of one day to three months, depending on the Group's current cash needs, as at 30 June 2022 amounted to KZT 103,088,368 thousand with an interest rate of up to 12.60%.

Movements in the allowance for expected credit losses were as follows for the three and six months periods ended 30 June:

	For three months ended 30 June		For six months ended 30 June	
<i>In thousands of tenge</i>	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Allowance for expected credit losses at the beginning of the period	(5,309)	(3,863)	(8,242)	(3,412)
(Charge)/recovery for the period (Note 29)	(4,600)	335	(1,667)	(116)
Allowance for expected credit losses at the end of the period	(9,909)	(3,528)	(9,909)	(3,528)

As at 30 June 2022 and 31 December 2021, cash and cash equivalents were denominated in the following currencies:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Tenge	113,077,368	60,770,210
US dollars	148,633,675	104,821,000
Euro	2,121,725	1,212,064
Russian roubles	421,363	305,666
Other	62,114	899
	264,316,245	167,109,839

14. EQUITY**Authorised and issued shares**

	Number of shares		In thousands of tenge		
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	Total issued shares
At 31 December 2020	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2021	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 30 June 2022	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Treasury shares**

	Number of shares		In thousands of tenge		Total
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2020 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 31 December 2021 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 30 June 2022 (unaudited)	216,852	914,868	3,052,617	4,012,997	7,065,614

Shares issued less reacquired shares

As at 30 June 2022 and 31 December 2021, number of common and preferred shares issued net of reacquired shares was 10,706,024 and 298,785 shares, respectively.

Preferred shares

Holders of preferred shares are entitled to receive annual cumulative dividends of 300 tenge per share, and not less than the amount of the dividends per share paid to holders of common shares. Payment of preferred shares dividends does not require a resolution of Kazakhtelecom JSC shareholders meeting. The discounted value of future cash flows of annual cumulative dividends is recorded as a financial liability as at 30 June 2022 in the amount of KZT 814,868 thousand (31 December 2021: KZT 814,868 thousand).

Dividends

The preferred shares earn a non-discretionary dividend of 300 tenge per share in accordance with the Company's charter documents. Preferred shares are considered to be compound financial instruments, and accordingly the liability and equity components are presented separately in the consolidated statement of financial position. Dividends in the amount of KZT 44,818 thousand were accrued as at 30 June 2022 (at 30 June 2021: KZT 44,818 thousand) and are recorded as interest expenses in the interim condensed consolidated statement of comprehensive income (Note 24).

Movements in dividends payable for the periods ended 30 June were as follow:

<i>in thousands of tenge</i>	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Dividends payable at the beginning of the period	17,573	17,577
Dividends declared on common shares to equity holders of the parent	-	18,530,843
Dividends declared on common shares to non-controlling interests	-	4,394,500
Dividends declared on preferred shares in excess of the obligatory amount	-	427,525
Interest on debt component of preferred shares (Note 24)	44,818	44,818
Offsetting	-	(1,386,421)
Dividends paid to equity holders of the Parent	-	(17,571,952)
Dividends paid to non-controlling interests	-	(4,394,500)
Dividends payable at the end of the period (Note 18)	62,391	62,390

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Other reserves**

According to the Company's Charter, the Company created a reserve capital equal to 15% of the authorized share capital. This reserve capital was created through appropriation of the retained earnings. There were no movements in the reserve capital at 30 June 2022 and at 31 December 2021.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in these interim condensed consolidated financial statements in accordance with the accounting policy disclosed in *Note 2*.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to common equity holders of the Parent (after adjusting for the after-tax amount of dividends on preferred shares) by the weighted average number of common and preferred shares outstanding during the year.

Diluted earnings per share are equal to basic earnings per share, as the Group does not have any dilutive potential common shares.

The following tables reflect profit and share data used in the basic and diluted earnings per share computations:

	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
<i>In thousands of tenge</i>				
Net profit	16,401,716	30,108,080	42,361,342	55,530,422
Interest on preferred shares (<i>Note 24</i>)	22,409	22,409	44,818	44,818
Net profit for calculating of basic and diluted earnings per share	16,424,125	30,130,489	42,406,160	55,575,240
Weighted average number of common and preferred shares for calculation of basic earnings per share	11,004,809	11,004,809	11,004,809	11,004,809
Basic and diluted earnings per share, tenge	1,492.45	2,737.94	3,853.42	5,050.09

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of preparation of these interim condensed consolidated financial statements.

Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements

The cost of common shares, calculated in accordance with the requirements of the KASE

Below is the cost of one ordinary share, calculated in accordance with the requirements of the KASE:

	30 June 2022 (unaudited)	31 December 2021
<i>In thousands of tenge</i>		
Total assets	1,254,558,733	1,234,585,295
Less: intangible assets, including goodwill	349,291,311	357,827,030
Less: total liabilities	553,856,461	590,407,929
Less: preferred shares issued net of reacquired shares	298,785	298,785
Net assets for calculation of cost of ordinary share in accordance with listing requirements of KASE	351,112,176	286,051,551
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	32,796	26,719

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements (continued)**

The cost of common shares, calculated in accordance with the requirements of the KASE (continued)

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares. The carrying book value of one preferred non-voting share is calculated as the sum of the preferred non-voting shares in the equity and debt component of preferred non-voting shares, divided by the number of preferred non-voting shares. At the same time, according to the methodology of KASE, the dividend payable on preferred shares, which are not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at June 2022, this indicator amounted to 3,727 tenge (as at 31 December 2021: 3,727 tenge).

15. BORROWINGS

As at 30 June 2022 and 31 December 2021, borrowings comprised:

<i>In thousands of tenge</i>	Weighted average effective interest rate	30 June 2022 (unaudited)	Weighted average effective interest rate	31 December 2021
Bonds with a fixed interest rate of 11.84% to 11.86% per annum	11.85%	158,109,779	11.85%	158,100,718
Borrowings with a fixed interest rate of 7.12% to 12.20% per annum	10.94%	144,540,364	10.90%	157,690,590
		302,650,143		315,791,308

Borrowings are repayable as follows:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Current portion of borrowings	32,666,277	33,544,325
Maturity between 1 and 2 years	23,599,064	24,453,132
Maturity between 2 and 5 years	234,714,625	239,849,225
Maturity over 5 years	11,670,177	17,944,626
Total non-current portion of borrowings	269,983,866	282,246,983
Total borrowings	302,650,143	315,791,308

As at 30 June 2022 and 31 December 2021, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	30 June 2022 (unaudited)	31 December 2021
Halyk Bank of Kazakhstan JSC	21 May 2027	Tenge	12.20%	52,783,058	58,057,949
First Heartland Jusan Bank JSC	10 November 2024	Tenge	11.70%	40,044,206	39,870,617
Development Bank of Kazakhstan JSC (Note 28)	30 June 2032	Tenge	7.95%-8.41%	22,529,756	23,611,713
Development Bank of Kazakhstan JSC (Note 28)	19 December 2024	Tenge	7.12%-9.30%	10,892,042	16,039,080
Bank of China Kazakhstan JSC	20 August 2022	Tenge	10.70%	13,111,822	13,105,003
VTB Bank JSC	15 October 2023	Tenge	11.90%	5,179,480	7,006,228
Total				144,540,364	157,690,590

As at 30 June 2022 and 31 December 2021 the Group's borrowings have fixed interest rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)**

Halyk Bank of Kazakhstan JSC (with maturity date – 21 May 2027)

On 24 February 2021 the Group obtained two loans in the amount of KZT 2,100,000 thousand and KZT 4,900,000 thousand from Halyk Bank JSC within the same credit line agreement.

During six months period ended 30 June 2022, the Group made repayment of principal amount for KZT 5,214,096 thousand and interest amount for KZT 3,290,421 thousand under the credit line agreements concluded with the Halyk Bank JSC with the maturity in 21 May 2027 (during six months period ended 30 June 2021: KZT 5,214,096 thousand and KZT 5,672,618 thousand, respectively).

First Heartland Jusan Bank JSC (with maturity date – 10 November 2024)

During six months period ended 30 June 2022, the Group made repayment of interest amount for KZT 2,245,250 thousand under the credit line agreements concluded with the First Heartland Jusan Bank JSC with the maturity in 10 November 2024.

Development Bank of Kazakhstan JSC (with maturity date – 30 June 2032)

During six months period ended 30 June 2022, the Group made repayment of principal amount for KZT 1,066,666 thousand and interest amount for KZT 856,559 thousand under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in June 2032 (during six months period ended 30 June 2021: KZT 1,066,666 thousand and KZT 924,160 thousand, respectively).

Development Bank of Kazakhstan JSC (with maturity date – 19 December 2024)

During six months period ended 30 June 2022, the Group made repayment of principal amount for KZT 5,081,973 thousand and interest amount for KZT 635,488 thousand under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in December 2024 (during six months period ended 30 June 2021: KZT 2,743,766 thousand and KZT 938,119 thousand, respectively).

Bank of China Kazakhstan JSC (with maturity date – 20 August 2022)

On 2 June 2021 the Group obtained additional tranche in the amount of KZT 2,000,000 thousand from Bank of China JSC within the same credit line agreement.

During six months period ended 30 June 2022, the Group made interest repayment for KZT 675,508 thousand (during six months period ended 30 June 2021: KZT 571,364 thousand).

VTB Bank JSC (with maturity date – 15 October 2023)

On 31 March 2021 the Group signed an additional agreement with VTB Bank JSC to increase the amount of the credit line from KZT 6,000,000 thousand to KZT 7,000,000 thousand, and obtained KZT 1,000,000 thousand with a maturity until 15 October 2023 and an interest rate of 10.7% per annum.

During six months period ended 30 June 2022, the Group made repayment of principal amount for KZT 2,000,000 thousand and interest amount for KZT 127,227 thousand (during six months period ended 30 June 2021: interest amount for KZT 346,192 thousand).

Alfa Bank JSC (with maturity date – 5 January 2024)

On 6 January 2021 the Group obtained a loan in the amount of KZT 12,000,000 thousand from Alfa Bank JSC with maturity till 5 January 2024 at interest rate 10.7% per annum. During six months period ended 30 June 2021, the Group made repayment of interest amount for KZT 317,433 thousand. On 11 November 2021 the Group fully repaid the loan from Alfa Bank JSC.

Eurasian Development Bank JSC (with maturity date – 20 June 2024)

On 8 January 2021 the Group partially repaid the principal of the loan obtained from Eurasian Development Bank JSC in the amount of KZT 12,000,000 thousand. On 20 May 2021 the Group has signed addendum to loan agreement with Eurasian Development Bank JSC to decrease interest rate from 11.5% to 11.19% per annum under credit line agreement. The change in the interest rate does not represent a substantial modification as in accordance with IFRS 9 and thus, it did not lead to the derecognition of the original liability. During six months period ended 30 June 2021, the Group made repayment of interest amount for KZT 459,042 thousand. In the second half of 2021, the Group fully repaid principal amount of the loan obtained from Eurasian Development Bank.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)**

As at 30 June 2022 and 31 December 2021, debt securities issued represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	30 June 2022 (unaudited)	31 December 2021
Local bonds of Kazakhtelecom JSC (KZTKb3)	19 June 2026	Tenge	11.86%	79,240,984	80,225,718
Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) (Note 28)	1 November 2024	Tenge	11.84%	78,868,795	77,875,000
				158,109,779	158,100,718

Local bonds of Kazakhtelecom JSC (KZTKb3)

During six months period ended 30 June 2022, the Group has repaid interest for KZT 4,600,000 thousand (2021: 4,600,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024)

During six months period ended 30 June 2022, the Group has repaid interest for KZT 4,312,500 thousand (2021: 4,312,500 thousand).

Local bonds of Kcell JSC (KCELB1)

On 21 February 2019, the Group undertook a bond placement at the Kazakhstan Stock Exchange, in which bonds to the value of KZT 17,024,648 thousand were placed with investors at a yield of 11.5% per annum and on 16 January 2018 a bond placement with the value of KZT 4,950,000 thousand at a yield of 11.5% per annum. On 26 January 2021, in accordance with schedule, the Group fully repaid bonds in the amount of KZT 23,004,855 thousand, including the principal portion in the amount of KZT 21,754,000 thousand and accrued interest in the amount of KZT 1,250,855 thousand.

Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As at 30 June 2022 and 31 December 2021, the Group complied with all financial and non-financial covenants.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

<i>In thousands of tenge</i>	Buildings and constructions	Equipment	Total
Cost			
At 1 January 2021	60,846,301	42,848,491	103,694,792
Additions	3,929,320	-	3,929,320
Modifications	1,365,213	-	1,365,213
Disposals	(1,223,530)	-	(1,223,530)
At 30 June 2021	64,917,304	42,848,491	107,765,795
At 1 January 2022	65,534,951	42,848,491	108,383,442
Additions	3,793,206	-	3,793,206
Modifications	646,851	-	646,851
At 30 June 2022	69,975,008	42,848,491	112,823,499
Accumulated depreciation			
At 1 January 2021	16,569,720	7,430,654	24,000,374
Depreciation charge	5,115,770	1,593,790	6,709,560
At 30 June 2021	21,685,490	9,024,444	30,709,934
At 1 January 2022	26,916,142	10,618,234	37,534,376
Depreciation charge	5,893,005	796,895	6,689,900
At 30 June 2022	32,809,147	11,415,129	44,224,276
Net book value			
At 31 December 2021	38,618,809	32,230,257	70,849,066
At 30 June 2022	37,165,861	31,433,362	68,599,223

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	30 June 2021 (unaudited)
At the beginning of the period	49,151,576	59,110,635
Additions	3,793,206	3,929,320
Modifications	646,851	1,365,213
Cancellation	-	(930,609)
Interest expenses (Note 24)	2,957,133	3,756,523
Payment of interest part	(2,957,133)	(3,756,523)
Payment of principal part	(6,559,155)	(8,047,490)
At the end of the period	47,032,478	55,427,069

Set out below are the carrying amounts of non-current and current lease liabilities:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Non-current portion of liabilities	33,404,109	33,810,098
Current portion of lease liabilities	13,628,369	15,341,478

The following are the amounts recognised in profit or loss:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Depreciation expense of right-of-use assets	3,053,875	3,756,489	6,689,900	6,709,560
Interest expense on lease liabilities	1,412,644	1,963,196	2,957,133	3,756,523
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 23)	2,732	179,910	322,553	321,799
Expense relating to short-term leases (included in general and administrative expenses)	383	5,301	55,344	24,020
	4,469,634	5,904,896	10,024,930	10,811,902

During the six months period ended 30 June 2022, the Group had total cash outflows (principal and interest amount) for leases of KZT 9,894,185 thousand, including cash outflow of KZT 377,897 thousand related to leases of low-value assets and short-term leases (during six months period ended 30 June 2021: KZT 12,149,832 thousand and KZT 345,819 thousand, respectively). During six months period ended 30 June 2022, the Group also had non-cash additions to right-of-use assets and lease liabilities of KZT 3,793,206 thousand (during three months period ended 30 June 2021: KZT 3,929,320 thousand).

17. NON-CURRENT CONTRACT LIABILITIES

As at 30 June 2022 and 31 December 2021, non-current contract liabilities comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Contract liabilities from operators	4,630,286	4,766,404
Contract liabilities for connection of subscribers	496,488	544,722
Other contract liabilities	2,582,401	2,876,996
	7,709,175	8,188,122

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**18. OTHER CURRENT FINANCIAL LIABILITIES**

As at 30 June 2022 and 31 December 2021, other current financial liabilities comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Payable to employees	14,709,235	19,363,782
Dividends payable (Note 14)	62,391	17,573
Other	14,531,717	570,730
	29,303,343	19,952,085

As at 30 June 2022 and 31 December 2021, other current financial liabilities were not interest bearing and the balances were mainly denominated in tenge.

19. CURRENT CONTRACT LIABILITIES

As at 30 June 2022 and 31 December 2021, current contract liabilities comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Advances received	20,559,008	19,697,210
Contract liabilities from operators	1,648,906	1,674,654
Contract liabilities for connection of subscribers	287,349	312,099
Other contract liabilities	85,235	82,586
Other	129,682	114,110
	22,710,180	21,880,659

Advances received represents the prepayment for the services of the Group like telecommunications services, internet services, IP-TV by customers. The customers can be divided to three major groups: individuals, private firms and legal firms under government sector.

20. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 30 June 2022 and 31 December 2021, other current non-financial liabilities comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Provisions		
Tax provisions	4,955,119	3,842,611
Legal claims on contractual obligation and penalties	3,684,675	3,684,675
Asset retirement obligation	3,010,059	2,868,319
	11,649,853	10,395,605
Other non-financial liabilities		
Taxes payable other than income tax	8,595,712	2,745,141
Payable to pension funds	894,529	712,895
Other	613,704	425,390
	10,103,945	3,883,426
	21,753,798	14,279,031

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**21. GOVERNMENT GRANTS**

As at 30 June 2022 and 30 June 2021, government grants comprised:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Government grants at the beginning of the period	18,798,488	–
Received during the period	7,588,599	–
Released to the consolidated statement of comprehensive income	(2,783,270)	–
Government grants at the end of the period	23,603,817	–

Set out below are the carrying amounts of non-current and current government grants:

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Current portion	4,587,020	4,202,083
Non-current portion	19,016,797	14,596,405

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices (“the Rules”), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the six months period ended 30 June 2022 in the amount of KZT 7,588,599 thousand were used by the Group for the purchase and construction of certain items of property and equipment (mainly base stations). Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As at 30 June 2022 the balance of government grants was equal to KZT 23,603,817 thousand, and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to KZT 2,783,270 thousand.

As of 30 June 2021 there were no reasonable assurance that the Group complies with the conditions attached to the government grant as the methodology for recognizing the expenditures related to the financing of the broadband internet projects has not yet been approved. Thus, the government grants were not recognized as of 30 June 2021.

As at 30 June 2022 there are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**22. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers for the three and six months ended 30 June comprised:

<i>in thousands of tenge</i>	For the three months ended 30 June 2022			
	Fixed line	Mobile connection	Other	Total
Data transfer services	32,594,024	45,545,102	2,679	78,141,805
Rendering of fixed line and wireless phone services	7,995,613	33,083,106	-	41,078,719
Sale of equipment and mobile devices	2,000	13,391,454	-	13,393,454
Interconnect	4,007,439	3,754,069	-	7,761,508
Rent of channels	725,808	-	-	725,808
Other	12,076,938	1,854,688	276,035	14,207,661
	57,401,822	97,628,419	278,714	155,308,955
Services transferred over time	57,399,822	84,236,965	278,714	141,915,501
Goods transferred at a point of time	2,000	13,391,454	-	13,393,454
	57,401,822	97,628,419	278,714	155,308,955
B2C*	31,450,091	79,807,637	5,724	111,263,452
B2B**	8,074,738	10,620,706	272,990	18,968,434
B2O***	4,984,841	5,956,401	-	10,941,242
B2G****	12,892,152	1,243,675	-	14,135,827
	57,401,822	97,628,419	278,714	155,308,955
<i>in thousands of tenge</i>	For the three months ended 30 June 2021			
	Fixed line	Mobile connection	Other	Total
Data transfer services	30,773,630	38,674,052	3,472	69,451,154
Rendering of fixed line and wireless phone services	9,182,717	31,839,090	-	41,021,807
Sale of equipment and mobile devices	1,238	7,674,943	-	7,676,181
Interconnect	4,036,553	3,280,214	-	7,316,767
Rent of channels	748,882	-	-	748,882
Other	13,874,225	1,976,999	302,638	16,153,862
	58,617,245	83,445,298	306,110	142,368,653
Services transferred over time	58,616,007	75,770,355	306,110	134,692,472
Goods transferred at a point of time	1,238	7,674,943	-	7,676,181
	58,617,245	83,445,298	306,110	142,368,653
B2C*	30,504,194	70,696,064	-	101,200,258
B2B**	10,036,847	6,455,952	306,110	16,798,909
B2O***	4,658,075	6,248,950	-	10,907,025
B2G****	13,418,129	44,332	-	13,462,461
	58,617,245	83,445,298	306,110	142,368,653

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**22. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**

<i>In thousands of tenge</i>	For the six months ended 30 June 2022			
	Fixed line	Mobile connection	Other	Total
Data transfer services	61,564,334	86,026,625	5,060	147,596,019
Rendering of fixed line and wireless phone services	15,458,113	63,960,372	-	79,418,485
Sale of equipment and mobile devices	3,566	23,879,476	-	23,883,042
Interconnect	8,304,314	7,779,274	-	16,083,588
Rent of channels	1,463,160	-	-	1,463,160
Other	25,869,621	3,570,345	531,378	29,971,344
	112,663,108	185,216,092	536,438	298,415,638
Services transferred over time	112,659,542	161,336,616	536,438	274,532,596
Goods transferred at a point of time	3,566	23,879,476	-	23,883,042
	112,663,108	185,216,092	536,438	298,415,638
B2C*	57,484,197	152,135,493	233,115	209,852,805
B2B**	18,532,248	19,773,057	303,323	38,608,628
B2O***	10,057,660	12,017,342	-	22,075,002
B2G****	26,589,003	1,290,200	-	27,879,203
	112,663,108	185,216,092	536,438	298,415,638

<i>In thousands of tenge</i>	For the six months ended 30 June 2021			
	Fixed line	Mobile connection	Other	Total
Data transfer services	61,094,451	76,037,178	6,943	137,138,572
Rendering of fixed line and wireless phone services	18,553,133	60,944,622	-	79,497,755
Sale of equipment and mobile devices	3,479	15,613,494	-	15,616,973
Interconnect	7,896,813	6,167,934	-	14,064,747
Rent of channels	1,491,937	-	-	1,491,937
Other	26,757,973	3,988,456	765,340	31,511,769
	115,797,786	162,751,684	772,283	279,321,753
Services transferred over time	115,794,307	147,138,190	772,283	263,704,780
Goods transferred at a point of time	3,479	15,613,494	-	15,616,973
	115,797,786	162,751,684	772,283	279,321,753
B2C*	60,124,096	137,874,335	-	197,998,431
B2B**	19,701,651	13,039,291	772,283	33,513,225
B2O***	9,123,273	11,750,505	-	20,873,778
B2G****	26,848,766	87,553	-	26,936,319
	115,797,786	162,751,684	772,283	279,321,753

* B2C (Business-to-Consumer) – services rendered to private end consumers (individuals).

** B2B (Business to Business) – services rendered to the corporate sector, including large enterprises and SMEs.

*** B2O (Business-to-Operator) – services rendered to communication operators.

**** B2G (Business-to-Government) – services rendered to the state sector.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**23. COST OF SALES**

Cost of sales for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Depreciation and amortization	29,069,443	27,958,973	57,619,677	55,641,769
Personnel costs	26,811,480	21,511,460	50,439,560	41,573,313
Cost of SIM-card, scratch card and handsets	12,022,563	7,269,457	20,598,448	14,736,175
Interconnect	7,041,365	7,784,338	14,965,373	14,991,408
Fees for radiofrequencies use	4,563,295	3,464,406	9,043,664	7,871,885
Repair and maintenance	4,749,879	5,016,327	8,919,956	9,491,286
Electricity	2,787,330	2,650,796	5,909,171	5,208,703
Rent of channels	2,421,410	2,399,743	4,346,425	4,907,679
Fee to provide telecom services	2,222,650	1,978,164	4,402,155	3,921,323
Content	1,373,946	1,232,787	2,695,122	2,394,589
Inventories	1,270,872	1,072,478	2,081,856	1,908,683
Security and safety	682,575	725,331	1,246,712	1,475,572
Utilities	226,510	516,650	751,642	1,225,177
Business trip expenses	478,093	307,597	699,909	527,689
Network sharing agreement	236,551	195,309	717,312	457,158
Insurance	374,774	178,103	559,748	403,944
Satellite communication services	198,985	199,664	397,682	399,801
Short-term leases and leases of low-value assets (Note 16)	2,732	179,910	322,553	321,799
Other	3,467,403	2,835,514	5,965,672	4,954,500
	100,001,856	87,477,007	191,682,637	172,412,453

24. FINANCE COSTS

Finance costs for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Interest expense on loans	8,417,249	9,211,050	16,964,523	18,771,470
Interest expense on lease liabilities (Note 16)	1,412,644	1,963,196	2,957,133	3,756,523
Discounting of other non-current financial assets	215,435	448,708	430,246	463,726
Unwinding of discount (provision for asset retirement obligations)	195,127	142,258	362,781	304,027
Interest on debt component of preferred shares (Note 14)	22,409	22,409	44,818	44,818
Discounting of long-term loans to employees	(1,826)	28,954	11,518	33,937
Other costs	501,444	52,623	528,973	71,686
	10,762,482	11,869,198	21,299,992	23,446,187

25. INCOME FROM COMPENSATION FROM TELIA AND TURKCELL

On 20 May 2021, Kazakhtelecom JSC, Telia Company A. B. and Turkcell İletişim Hizmetleri A. Ş. settled out of court within the framework of arbitration proceedings initiated by Kazakhtelecom JSC in 2019 at the London Court of International Arbitration on claims related to violation of certain guarantees contained in the Contract for the Purchase of Shares of Kcell JSC dated 12 December 2018.

As consequence of negotiations, Telia Company A. B. and Turkcell İletişim Hizmetleri A. Ş. agreed to repay compensation to Kazakhtelecom JSC in the amount of USD 22,000 thousand, equivalent to KZT 9,386,963 thousand. In May 2021, the Group received amount of compensation in full.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**26. OTHER OPERATING INCOME**

Other operating income for the three and six months periods ended 30 June comprised:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Rental income	413,350	414,339	504,131	680,733
Income from liabilities write-off	39,513	83,473	52,641	232,288
Fines and penalties	8,035	1,241,765	49,647	1,315,459
Reimbursement of IPO expenses from Parent	-	1,386,412	-	1,386,412
Non-core operations	33,069	33,598	-	55,356
Services for the provision of secure communication channels	-	28,329	-	55,224
Other	139,250	238,898	663,622	1,496,246
	633,217	3,426,814	1,270,041	5,221,718

27. INCOME TAX EXPENSES

Income tax expense for the three and six months periods ended 30 June comprised the following:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Current income tax expenses	11,775,848	10,973,721	21,088,383	19,628,403
Deferred income tax expenses/(benefit)	1,529,261	1,107,555	720,662	(214,615)
	13,305,109	12,081,276	21,809,045	19,413,788

28. NON-CASH TRANSACTIONS

The following significant non-cash transactions have been excluded from the interim condensed consolidated statement of cash flows:

During the six months period ended 30 June 2022, the Group received government grants in the total amount of KZT 7,588,599 thousand represented by 90% reduction in the annual fee for use of radio frequencies.

During the six months period ended 30 June 2022, the Group paid an amount of KZT 55,772,821 thousand (unaudited) for property and equipment purchased in prior year (during the six months period ended 30 June 2021: KZT 34,791,217 thousand (unaudited)). Property and equipment in the amount of KZT 14,689,888 (unaudited) thousand was purchased during the six months period ended 30 June 2022 but not paid as at 30 June 2022 (during the six months period ended 30 June 2021: KZT 13,988,034 thousand (unaudited)).

During the three and six months periods ended 30 June 2022, the Group received repayment of loans provided to employees in the amount of KZT 381,441 thousand and KZT 1,643,023 thousand, respectively (during the three and six months periods ended 30 June 2021: KZT 424,796 thousand and KZT 847,861 thousand, respectively). The repayments were withheld from the salary of employees.

29. RELATED PARTY TRANSACTIONS

The category 'entities under control of the Parent' include entities controlled by the Parent Company. Transactions with such entities are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC, NC KazMunayGaz JSC, KEGOC JSC, Kazpost JSC. The Group provides telecommunication services to the Parent and entities controlled by the Parent. The category of government-related entities includes different government agencies and ministries.

Related party transactions were made on terms, agreed to between the parties, which do not necessarily represent market terms and maybe not accessible to third parties. Outstanding balances at the end of the year are not secured, are short-term, and settlements are made in cash, except as described below.

At 30 June 2022, the Group recognized a provision for expected credit loss in the amount of KZT 259,783 thousand in respect of receivables from related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**29. RELATED PARTY TRANSACTIONS (continued)**

Sales and purchases with related parties during the periods of three and six months ended 30 June 2022 and 30 June 2021 and the balances with related parties at 30 June 2022 and 31 December 2021 were as follows:

<i>In thousands of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Sales of goods and services				
Parent	3,254	1,335,435	7,178	1,342,624
Parent-controlled entities	499,150	523,032	949,408	1,028,599
Associate (Qaz Cloud LLP)	264,793	243,300	539,343	466,114
Government-related entities	12,947,578	10,028,178	26,880,071	21,785,394
Purchases of goods and services				
Parent	–	95	–	98
Parent-controlled entities	649,187	562,182	1,258,585	2,745,146
Associate (Qaz Cloud LLP)	253,554	528,726	591,399	541,280
Government-related entities	76,311	58,182	140,369	130,240
Interest accrued on borrowings				
Entities under state control (Development Bank of Kazakhstan JSC)	582,567	894,313	1,307,778	1,808,014
Average interest rate on borrowings	8.06%	8.15%	8.00%	8.15%
Parent*	2,216,970	2,156,250	4,373,220	4,312,500
Average interest rate on borrowings	11.84%	11.84%	11.84%	11.84%

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) were purchased by the parent company, Samruk-Kazyna.

<i>In thousands of tenge</i>	30 June 2022 (unaudited)	31 December 2021
Cash and cash equivalents		
Entities under state control (Development Bank of Kazakhstan JSC)	813	229
Borrowings and bonds (Note 15)		
Entities under state control (Development Bank of Kazakhstan JSC)	33,421,798	39,650,793
Parent*	77,875,000	77,875,000
Trade receivables		
Parent	1,237	1,521
Parent-controlled entities	408,238	378,563
Associate (Qaz Cloud LLP)	215,233	130,273
Government-related entities	16,915,233	8,970,497
Trade payables		
Parent	59	59
Parent-controlled entities	630,116	1,069,641
Associate (Qaz Cloud LLP)	196,881	423,755
Government-related entities	1,162,504	1,676,754
Other non-current assets		
Long-term loans to key management personnel	–	11,655

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) were purchased by the parent company, Samruk-Kazyna.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES****Impairment losses on financial assets**

Impairment losses on financial assets for the six months period ended 30 June 2022, comprise accrued/(reversed) allowance for expected credit loss for trade receivables in amount of KZT 2,669,025 thousand (*Note 10*), other current financial assets in amount of KZT 41,732 thousand (*Note 11*), cash and cash equivalents in amount of KZT 1,667 thousand (*Note 13*) (Impairment losses on financial assets for the six months ended 30 June 2021, comprise accrued/(recovered) allowance for expected credit loss for trade receivables in amount of KZT 1,335,907 thousand (*Note 10*), trade receivables of disposal group (KT Cloud Lab LLP) in amount of KZT (1,154) thousand, other current financial assets in amount of KZT 13,715 thousand (*Note 11*), cash and cash equivalents in amount of KZT 116 thousand (*Note 13*)).

Impairment losses on financial assets for the three months ended 30 June 2022, comprise accrued/(recovered) allowance for expected credit loss for trade receivables in amount of KZT 1,538,459 thousand (*Note 10*), other current financial assets in amount of KZT 31,106 thousand (*Note 11*), cash and cash equivalents in amount of KZT 4,600 thousand (*Note 13*) (for the three months ended 30 June 2020: trade receivables in amount of KZT 873,061 thousand (*Note 10*) and trade receivables of disposal group (KT Cloud Lab LLP) in amount of KZT 795 thousand, other current financial assets in amount of KZT (15,779) thousand (*Note 11*), cash and cash equivalents in amount of KZT (335) thousand (*Note 13*)).

(Gain from reversal of impairment) / impairment losses on non-financial assets

(Gain from reversal of impairment) / impairment losses on non-financial assets for the six months period ended 30 June 2022 comprise accrued/(reversed) allowance for impairment for advances paid for non-current assets for KZT 220,093 thousand, impairment of property and equipment for KZT 70,183 thousand (*Note 5*) and impairment of intangible assets for KZT (1,953) thousand (*Note 6*) (for the six months period ended 30 June 2021: advances paid for current assets for KZT (794) thousand and impairment of fixed assets for KZT (98,716) thousand (*Note 5*)).

(Gain from reversal of impairment) / impairment losses on non-financial assets for the three months ended 30 June 2022, comprise accrued allowance for impairment of advances paid for current assets for KZT 376,079 thousand, impairment of fixed assets for KZT 75,688 thousand (for the three months ended 30 June 2021, comprise accrued allowance for impairment of advances paid for current assets for KZT 47 thousand, impairment of fixed assets for KZT 1,399 thousand (*Note 5*)).

The Group's principal financial instruments include loans, lease obligations, cash and cash equivalents, bank deposits and accounts receivable and accounts payable. The main risks associated with the Group's financial instruments include interest rate risk, currency and credit risk. In addition, the Group monitors market risk and liquidity risk associated with all financial instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value**

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and risks of assets or liabilities and fair value hierarchy level as described above.

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 30 June 2022 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets	Significant observable in-puts	Significant unobservable in-puts	
		(Level 1)	(Level 2)	(Level 3)	
Assets for which fair values are disclosed					
Other non-current financial assets	30 June 2022	-	-	9,429,349	9,429,349
Other current financial assets	30 June 2022	-	-	6,971,593	6,971,593
Trade receivables	30 June 2022	-	-	51,071,688	51,071,688
Liabilities for which fair values are disclosed					
Borrowings	30 June 2022	-	-	300,288,315	300,288,315
Other non-current financial liabilities	30 June 2022	-	-	560	560
Other current financial liabilities	30 June 2022	-	-	29,303,343	29,303,343
Trade payables	30 June 2022	-	-	29,680,708	29,680,708

The table below presents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2021 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Assets under reverse repurchase agreements	31 December 2021	-	49,999,824	-	49,999,824
Other non-current financial assets	31 December 2021	-	-	6,752,172	6,752,172
Other current financial assets	31 December 2021	-	-	11,592,724	11,592,724
Trade receivables	31 December 2021	-	-	36,873,043	36,873,043
Liabilities for which fair values are disclosed					
Borrowings	31 December 2021	-	-	319,483,880	319,483,880
Other non-current financial liabilities	31 December 2021	-	-	707	707
Other current financial liabilities	31 December 2021	-	-	19,952,085	19,952,085
Trade payables	31 December 2021	-	-	75,100,611	75,100,611

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value (continued)**

During six months period ended 30 June 2022 the Group acquired short term discount notes of National Bank of the Republic of Kazakhstan ("NBRK") denominated in tenge in the amount of 39,671,950 thousand tenge, which were fully redeemed as of 30 June 2022 (During six months period ended 30 June 2021 the Group acquired short term discount notes of NBRK denominated in tenge in the amount of 29,796,754 thousand tenge, which were fully redeemed as of 30 June 2021). The Group recognizes the notes as financial assets at amortized cost as the contractual cash flows are solely principal and interest and the financial assets are held within a business model for collecting contractual cash flows.

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value in the interim condensed consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying amount as at 30 June 2022 (unaudited)	Fair value as at 30 June 2022 (unaudited)	Unrecognised gain/(loss) as at 30 June (unaudited)	Carrying amount as at 31 December 2021	Fair value as at 31 December 2021	Unrecognised gain/(loss) as at 31 December 2021
<i>in thousands of tenge</i>						
Financial assets						
Cash and cash equivalents	264,316,245	264,316,245	-	167,109,839	167,109,839	-
Other non-current financial assets	9,429,349	9,429,349	-	7,141,361	6,752,172	(389,189)
Other current financial assets	6,971,593	6,971,593	-	11,592,724	11,592,724	-
Assets under reverse repurchase agreements	-	-	-	49,999,824	49,999,824	-
Trade receivables	51,071,688	51,071,688	-	36,873,043	36,873,043	-
Financial liabilities						
Borrowings	302,650,143	300,288,315	2,361,828	315,791,308	319,483,880	(3,692,572)
Other non-current financial liabilities	560	560	-	707	707	-
Other current financial liabilities	29,303,343	29,303,343	-	19,952,085	19,952,085	-
Trade payables	29,680,708	29,680,708	-	75,100,611	75,100,611	-
Total unrecognised change in unrealised fair value			2,361,828			(4,081,761)

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial liabilities carried at amortised cost

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**31. COMMITMENTS AND CONTINGENCIES****Operating environment**

In Kazakhstan, economic reforms and the development of the legal, tax and administrative infrastructure that meets the developed markets are still in process. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 30 June 2022, the Group had contractual obligations in the total amount of KZT 38,809,194 thousand, including VAT (31 December 2021: KZT 45,138,707 thousand, including VAT) mainly related to purchase of telecommunication equipment and construction of telecommunication network.

License commitments

Under the terms of certain licenses on the provision of wireless telecom services, the Group has certain obligations in terms of coverage area of its network. The Group is obliged to expand the cellular telecommunication coverage to the regions along the major highways and small-sized towns and urban-type communities of the Republic of Kazakhstan. The Group's management believes that the Group is in compliance with the terms of the licenses.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. In addition, management believes that international agreements, under which the Group works with non-residents residing in International Telecommunication Union, and which provide for certain tax exemptions, have a priority over national tax legislation. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe.

Penalties are generally 50-80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 30 June 2022. Management believes that as at 30 June 2022 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these interim condensed consolidated financial statements.

New Technical Regulations

Order No. 91 of the Committee of the National Security dated 20 December 2016 on approval of the *Technical Regulations General Requirements to the Telecommunication Equipment in Ensuring Conducting of Operative Search Measures, Collection and Storage of Subscribers' Information* was published on 7 February 2017 and came into force on 8 February 2018. According to the new regulations, there are additional requirements to the telecommunication equipment that include expansion of technical capabilities of equipment to conduct operative search activities, collection and storage of subscribers' information (hereinafter – "ORA").

As at 30 June 2022, the Group partially implemented modernization and expansion of license and port capacity for the total amount of KZT 4,390,109 thousand. The Group plans to complete expansion in full in 2022 and expect that total amount of capital expenditures in respect to modernization and expansion will be equaled to KZT 7,644,748 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**32. COMMITMENTS AND CONTINGENCIES (continued)****5G services**

In accordance with the Order of Committee of competition protection of the Ministry of national economics, the Group has an obligation to start providing 5G services not later than 31 December 2022.

Protests in Kazakhstan

On 2 January 2022 protests started in Mangystau region of Kazakhstan related to significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life. On 5 January 2022 the government declared a state of emergency.

As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

During the protests, six Kcell Stores located in Almaty and Almaty region, were looted and two large offices of the Group were attacked. Also, several base stations of Khan Tengri Holding B.V. were burned out in Almaty city.

The Management of the Group formed operational headquarters due to state emergency announcement for timely decision making on operational issues for uninterrupted communication of subscribers and facilitate the Government with urgent actions.

Providing subscribers with continuous cellular communications was a priority of the Group and the Management decided to support its subscribers including small and medium sized businesses during the state of emergency. During the state of emergency declared throughout Kazakhstan, and until the end of January 2022, corporate clients of Kcell and MTS LLP with a lack of balance on their account were not limited to communication and access to the Internet.

As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

On 10 January 2022 the National Security Committee of Kazakhstan reported that the situation in the country has stabilized and was under control. On 19 January 2022 the state emergency was lifted.

The Group incurred losses from those events in amount of 553 million tenge that represents robbery of inventories (goods for resale) and damage of stores, which was recognized within other operating expenses in interim condensed consolidated statement of comprehensive income for six months ended 30 June 2022.

Events in Ukraine and Coronavirus pandemic

The war in Ukraine has had a significant negative impact on the global economic outlook. In response to the offensive, extensive sanctions have been imposed on Russia that largely exclude the country from the international financial markets and significantly curtail trade in goods. These sanctions are intended to have a negative economic impact on the Russian Federation. The Group's business activities and hence its results of operations and financial position are not significantly impacted by the consequences of the war in Ukraine, as the Group does not operate any networks in Russia or Ukraine.

Due to geopolitical events around Ukraine and Russia, on 24 February 2022, oil prices exceeded \$100 per barrel. On 23 February 2022, the exchange rate of tenge against the US dollar began to weaken sharply. On 24 February 2022, the National Bank of the Republic of Kazakhstan decided to raise the base rate by 3.25 percentage points to 13.50% while maintaining the +/-1% band.

In addition, the development of the global economy continues to be impacted by the coronavirus pandemic. Due to the spread of the Omicron variant in China, largescale lockdowns have been imposed in Shanghai and other major Chinese cities. Although the pandemic has only had a limited negative impact on the telecommunications sector so far, if the global pandemic were to re-escalate, it could lead to prolonged and increased supply-side shortages. However, visitor and roaming revenues increased slightly thanks to travel returning to more normal levels despite the coronavirus pandemic.

Possible future effects on the measurement of individual assets and liabilities due to war in Ukraine and coronavirus pandemic are being analyzed on an ongoing basis. It is not yet possible to assess with certainty how the Group will be indirectly affected, in particular by the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of the extensive sanctions and limitations on trade in goods. Based on experience so far, the Group expects the war in Ukraine and coronavirus pandemic to only impact business to a limited extent going forward.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**33. COMMITMENTS AND CONTINGENCIES (continued)****Government grant related to frequency fee**

The Group has submitted consolidated report on expenditures used to finance broadband projects access to the Internet in urban and rural areas included capital and operational costs that are necessary for the provision of broadband Internet access services in urban and rural settlements throughout the territory of the Republic of Kazakhstan. Management believes that there are no unfulfilled conditions or contingencies attached to these grants.

In case if, based on the results of the audited information, the fact of non-fulfillment by the telecom operator of obligations to allocate at least released funds from the reduction of the corresponding fee rate to finance broadband Internet access projects in urban and rural areas is confirmed, the authorized body in the field of communications not earlier than one year after of the year following the reporting year, recalculates the amount of the annual fee for the use of frequency fee for the reporting year, which should be proportional to the unfulfilled volume of financial obligations for this reporting year.

Legal proceedings

On 13 March 2022, Kairat Satybaldy, the ultimate owner of Skyline Investment Company S.A. and Alatau Capital Invest LLP (*Note 1*), was detained by the anti-corruption service of Kazakhstan on suspicion of abuse of office and embezzlement of Kazakhtelecom JSC funds on an especially large scale. As of the date of financial statements the legal proceedings against Kairat Satybaldy is still in process and the management of the Group is not aware regarding any final potential outcome of the legal case.

34. SUBSEQUENT EVENTS

The Group did not have any significant subsequent events after reporting date.