



Kazakhtelecom JSC

Consolidated financial statements

*For the year ended 31 December 2015,
with independent auditors' report*

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Consolidated financial statements

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Independent auditors' report

To the Shareholders of Kazakhtelecom JSC

We have audited the accompanying consolidated financial statements of Kazakhtelecom JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



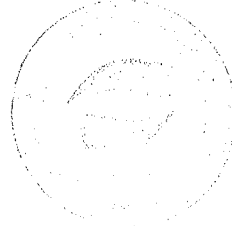
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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kazakhtelecom JSC and its subsidiaries as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Evgeny Zhemaletdinov
Auditor/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
on 15 July 2005

Auditor Qualification Certificate No. 0000553
dated 24 December 2003

25 February 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

<i>In thousands of tenge</i>	Notes	2015	2014
Assets			
Non-current assets			
Property and equipment	7	285,555,708	308,471,725
Intangible assets	8	19,558,165	24,531,269
Advances paid for non-current assets	10	79,256	207,263
Deferred tax asset	36	204,814	1,679,830
Other non-current financial assets	12	10,557,028	11,884,667
Other non-current assets	13	2,514,632	4,916,543
		318,469,603	351,691,297
Current assets			
Inventories	14	3,760,673	5,934,046
Trade accounts receivable	15	16,385,102	20,764,872
Prepayments	16	507,630	992,346
Income tax prepaid		64,629	1,054,311
Other financial assets	17	33,949,795	21,362,797
Other current assets	18	3,602,421	6,213,467
Cash and cash equivalents	19	11,276,891	8,729,297
		69,547,141	65,051,136
Assets classified as held for sale	37	48,477,200	951,019
Total assets		436,493,944	417,693,452
Equity and liabilities			
Equity attributable to equity holders of the parent			
Charter capital	20	12,136,529	12,136,529
Treasury shares	20	(6,464,488)	(6,398,619)
Currency translation reserve	20	47,662	(69,350)
Other capital reserve	20	1,820,479	1,820,479
Retained earnings		285,884,903	263,644,674
		293,425,085	271,133,713
Non-controlling interests		(1,003,643)	(824,365)
Total equity		292,421,442	270,309,348

The accompanying accounting policy and notes on pages 8 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	2015	2014
Non-current liabilities			
Borrowings	21	27,299,921	56,426,152
Finance lease liabilities	22	4,435,721	10,629,340
Deferred tax liability	36	18,167,340	16,466,369
Employee benefit liability	23	7,274,355	5,055,066
Debt component of preferred shares	20	874,156	876,845
Other non-current liabilities	24	2,976,133	7,650,255
		61,027,626	97,104,027
Current liabilities			
Borrowings	21	4,138,393	5,762,823
Current portion of finance lease liabilities	22	4,707,462	7,519,979
Current portion of employee benefit liability	23	511,689	742,288
Trade accounts payable	25	11,893,469	21,401,773
Advances received		2,529,209	3,733,540
Income tax payable		146,920	110,742
Other current liabilities	26	10,630,418	11,008,932
		34,557,560	50,280,077
Liabilities directly associated with assets classified as held for sale	37	48,487,316	—
Total liabilities		144,072,502	147,384,104
Total equity and liabilities		436,493,944	417,693,452

Chairman of the Management Board

Chief Financial Director

Chief Accountant



Zhumanova M.A.

The accompanying accounting policy and notes on pages 8 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

<i>In thousands of tenge</i>	Notes	2015	2014
Continuing operations			
Revenue	27	182,743,603	185,026,554
Compensation for universal services provision in rural areas	28	7,010,726	6,276,853
		189,754,329	191,303,407
Cost of revenue	29	(127,254,556)	(133,700,305)
Gross profit		62,499,773	57,603,102
General and administrative expenses	30	(22,894,843)	(23,486,084)
Selling expenses	31	(3,149,381)	(4,032,837)
Operating profit		36,455,549	30,084,181
Finance costs	33	(6,653,136)	(6,646,461)
Finance income	33	2,679,338	2,571,855
Foreign exchange gain/(loss), net	34	189,482	(6,936,051)
Loss from disposal of property and equipment		(353,932)	(547,059)
Other income	35	3,979,735	3,759,775
Other expenses	35	(1,325,098)	(782,320)
Profit before tax for the year from continuing operations		34,971,938	21,503,920
Income tax expense	36	(8,614,784)	(7,969,690)
Profit for the year from continuing operations		26,357,154	13,534,230
Discontinued operations			
Loss after tax for the year from discontinued operations	37	(2,148,068)	(6,809,880)
Profit for the year		24,209,086	6,724,350
Attributable to:			
Owners of the parent		24,388,364	7,483,619
Non-controlling interests		(179,278)	(759,269)

The accompanying accounting policy and notes on pages 8 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Notes	2015	2014
Other comprehensive loss			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		117,012	(57,142)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		117,012	(57,142)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Actuarial losses on defined benefit plan		(2,025,345)	(1,035,850)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(2,025,345)	(1,035,850)
Other comprehensive loss for the year, net of tax		(1,908,333)	(1,092,992)
Total comprehensive income for the year, net of tax		22,300,753	5,631,358
Attributable to:			
Owners of the parent		22,480,031	6,390,627
Non-controlling interests		(179,278)	(759,269)
		22,300,753	5,631,358
Earnings per share			
Basic and diluted, profit for the year attributable to owners of the parent, tenge	20	2,219.75	686.52
Earnings per share for continuing operations			
Basic and diluted, profit for the year from continuing operations attributable to owners of the parent, tenge	20	2,414.50	1,303.27

Chairman of the Management Board

Chief Financial Director

Chief Accountant



Саса
Zhumanova M.A.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

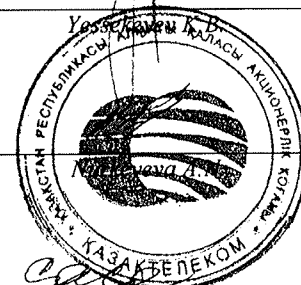
For the year ended 31 December 2015

In thousands of tenge	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Charter capital	Treasury shares	Foreign currency translation reserve	Other capital reserves	Retained earnings			
Notes	20	20	20	20				
At 1 January 2014	12,136,529	(6,290,144)	(12,208)	1,820,479	257,903,737	265,558,393	(55,058)	265,503,335
Profit/(loss) for the period	-	-	-	-	7,483,619	7,483,619	(759,269)	6,724,350
Other comprehensive loss	-	-	(57,142)	-	(1,035,850)	(1,092,992)	-	(1,092,992)
Total comprehensive (loss)/income	-	-	(57,142)	-	6,447,769	6,390,627	(759,269)	5,631,358
Treasury shares repurchased (Note 20)	-	(108,475)	-	-	-	(108,475)	-	(108,475)
Financial guarantee issued for Parent (Note 24)	-	-	-	-	(663,900)	(663,900)	-	(663,900)
Acquisition of non-controlling interest in subsidiary (Note 5)	-	-	-	-	(42,932)	(42,932)	(10,038)	(52,970)
At 31 December 2014	12,136,529	(6,398,619)	(69,350)	1,820,479	263,644,674	271,133,713	(824,365)	270,309,348
Profit/(loss) for the period	-	-	-	-	24,388,364	24,388,364	(179,278)	24,209,086
Other comprehensive income/(loss)	-	-	117,012	-	(2,025,345)	(1,908,333)	-	(1,908,333)
Total comprehensive income/(loss)	-	-	117,012	-	22,363,019	22,480,031	(179,278)	22,300,753
Treasury shares repurchased (Note 20)	-	(65,869)	-	-	-	(65,869)	-	(65,869)
Derecognition of financial guarantee issued for Parent (Note 24)	-	-	-	-	964,149	964,149	-	964,149
Dividends (Note 20)	-	-	-	-	(1,086,939)	(1,086,939)	-	(1,086,939)
At 31 December 2015	12,136,529	(6,464,488)	47,662	1,820,479	285,884,903	293,425,085	(1,003,643)	292,421,442

Chairman of the Management Board

Chief Financial Director

Chief Accountant



Zhumanova M.A.

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