

Kazakhtelecom JSC

**Interim condensed consolidated financial statements
(unaudited)**

30 September 2020

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

<i>In thousands of tenge</i>	<i>Note</i>	30 September 2020 (unaudited)	31 December 2019* (audited)
Assets			
Non-current assets			
Property and equipment	7	423,596,276	438,122,294
Right-of-use assets	19	82,755,842	92,097,436
Intangible assets	8	214,695,581	231,114,114
Goodwill	5, 10	154,492,495	154,492,495
Advances paid for non-current assets	7	24,885,138	8,998,288
Investments in associates	9	2,598,441	2,218,889
Deferred tax assets		1,910,561	1,818,401
Cost to obtain contracts		1,116,021	977,279
Cost to fulfil contracts		409,902	574,012
Other non-current non-financial assets		2,012,397	2,798,316
Other non-current financial assets	11	4,812,427	4,170,159
Total non-current assets		913,285,081	937,381,683
Current assets			
Inventories		14,274,382	10,565,074
Trade receivables	12	40,726,161	37,255,772
Advances paid		5,503,484	5,696,515
Corporate income tax prepaid		30,364	4,237,313
Cost to obtain contracts		508,451	457,366
Cost to fulfil contracts		864,998	859,495
Other current non-financial assets		4,386,907	6,072,482
Other current financial assets	13	4,404,666	5,227,326
Financial assets at fair value through other comprehensive income	14	-	4,964,633
Financial assets at amortized cost	15	18,456,640	-
Cash and cash equivalents	16	120,854,212	71,321,822
		210,010,265	146,657,798
Assets held for sale	28	1,963,311	1,878,033
Total current assets		211,973,576	148,535,831
Total assets		1,125,258,657	1,085,917,514

* Certain amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2019, as they reflect the adjustments made as detailed in Note 4.5.

The accounting policies and notes on pages 8 to 49 are an integral part of these interim condensed consolidated financial statements.


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

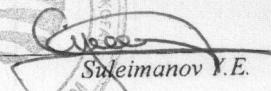
<i>In thousands of tenge</i>	Note	30 September 2020 (unaudited)	31 December 2019* (audited)
Equity			
Share capital	17	12,136,529	12,136,529
Treasury shares	17	(7,065,614)	(7,065,614)
Foreign currency translation reserve	17	(12,831)	(3,292)
Other reserves	17	1,820,479	1,820,479
Retained earnings		472,881,659	420,370,835
		479,760,222	427,258,937
Non-controlling interests		35,639,372	35,442,582
Total equity		515,399,594	462,701,519
Non-current liabilities			
Borrowings: non-current portion	18	346,147,062	339,138,061
Lease liabilities: non-current portion	19	45,522,897	57,781,449
Other non-current financial liabilities	20	1,074	1,862,608
Deferred tax liabilities		37,536,966	43,608,409
Employee benefit obligations		16,482,654	16,315,828
Debt component of preferred shares	17	814,868	814,868
Non-current contract liabilities	21	6,275,967	6,878,309
Asset retirement obligations		7,445,334	6,875,583
Total non-current liabilities		460,226,822	473,275,115
Current liabilities			
Borrowings: current portion	18	46,312,468	28,477,663
Lease liabilities: current portion	19	16,962,259	15,435,140
Other current financial liabilities	20	17,211,683	22,239,053
Employee benefit obligations: current portion		1,282,156	1,147,812
Trade payables		33,114,584	58,632,660
Current corporate income tax payable		11,291,912	1,345,601
Current contract liabilities	21	17,253,661	18,971,934
Other current non-financial liabilities	22	5,548,282	3,247,984
		148,977,005	149,497,847
Liabilities directly associated with the assets held for sale	28	655,236	443,033
Total current liabilities		149,632,241	149,940,880
Total liabilities		609,859,063	623,215,995
Total equity and liabilities		1,125,258,657	1,085,917,514


* Certain amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2019, as they reflect the adjustments made as detailed in Note 4.5.

Chief financial officer

Chief accountant


Tzhegov A.A.


Saleimanov Y.E.



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three and nine months period ended 30 September 2020

In thousands of tenge	Note	For three months ended 30 September		For nine months ended 30 September	
		2020 (unaudited)	2019* (unaudited)	2020 (unaudited)	2019* (unaudited)
Revenue from contracts with customers	23	134,024,695	118,575,445	378,928,895	298,574,577
Compensation for provision of universal services in rural areas	24	4,810,148	-	4,810,148	-
		138,834,843	118,575,445	383,739,043	298,574,577
Cost of sales	25	(82,511,547)	(73,712,047)	(239,290,467)	(204,374,805)
Gross profit		56,323,296	44,863,398	144,448,576	94,199,772
General and administrative expenses		(8,194,304)	(8,948,260)	(24,784,314)	(23,602,350)
Impairment losses on financial assets	31	(673,822)	424,317	(2,225,184)	(2,789,463)
Impairment losses on non-financial assets	31	(925,212)	-	(1,786,718)	(1,844,104)
Selling expenses		(2,643,266)	(2,998,466)	(8,281,586)	(5,945,393)
Reversal of tax and related fines and penalties provision	32	-	-	501,907	5,068,826
Operating profit		43,886,692	32,492,355	107,872,681	65,087,288
Share in profits of associates	9	230,802	48,129	379,552	6,006,668
Finance costs	26	(13,361,119)	(13,970,819)	(38,741,024)	(30,207,260)
Finance income		1,341,630	564,497	3,270,080	3,713,731
Net foreign exchange income/(loss)		5,821,875	8,426	6,704,914	(711,105)
Gain/(loss) on disposal of property and equipment		14,080	(56,546)	(39,372)	(3,318)
Income from re-measurement of previously held interest in the associate	5	-	-	-	17,042,490
Other income		1,073,731	1,166,264	2,905,670	3,152,948
Other expenses		(198,266)	(1,102,445)	(462,052)	(1,373,654)
Profit before tax		38,809,425	19,149,861	81,890,449	62,707,788
Income tax expenses	27	(6,500,125)	(4,651,187)	(18,755,320)	(11,655,821)
Profit for the period		32,309,300	14,498,674	63,135,129	51,051,967
Attributable to:					
Equity holders of the Parent		30,689,173	13,593,608	60,688,339	48,769,267
Non-controlling interests		1,620,127	905,066	2,446,790	2,282,700
		32,309,300	14,498,674	63,135,129	51,051,967

* Certain amounts shown here do not correspond to the consolidated financial statements for the three and nine months ended 30 September 2019, as they reflect the adjustments made as detailed in Note 4.5.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For three months ended 30 September		For nine months ended 30 September	
		2020 (unaudited)	2019* (unaudited)	2020 (unaudited)	2019* (unaudited)
<i>In thousands of tenge</i>	<i>Note</i>				
Profit for the period		32,309,300	14,498,674	63,135,129	51,051,967
Other comprehensive (loss)/income					
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods (net of tax)					
Foreign exchange differences from translation of financial statements of foreign subsidiaries		(5,456)	11,507	(9,539)	18,375
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(5,456)	11,507	(9,539)	18,375
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)					
Actuarial profit/(loss) on defined benefits plans, net of tax		-	(7,841)	295,801	(610,822)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		-	(7,841)	295,801	(610,822)
Other comprehensive income/(loss) for the period, net of tax		(5,456)	3,666	286,262	(592,447)
Total comprehensive income for the period, net of tax		32,303,844	14,502,340	63,421,391	50,459,520
Attributable to:					
Equity holders of the Parent		30,683,717	13,597,274	60,974,601	48,176,820
Non-controlling interests		1,620,127	905,066	2,446,790	2,282,700
		32,303,844	14,502,340	63,421,391	50,459,520
Earnings per share					
Basic, net profit for the period, tenge	17	2,790.74	1,236.58	5,520.82	4,435.47
Diluted, net profit for the period, tenge	17	2,790.74	1,236.58	5,520.82	4,435.47

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Chief financial officer

Chief accountant



Uzbekov A.A.

Suleimanov Y.E.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For nine months period ended 30 September 2020

In thousands of tenge	Attributable to equity holders of the Parent					Total	Non-controlling interests	Total equity
	Shares outstanding (Note 17)	Treasury shares (Note 17)	Foreign currency translation reserve (Note 17)	Other reserves (Note 17)	Retained earnings			
At 1 January 2019 (audited)	12,136,529	(6,464,374)	(15,157)	1,820,479	373,056,587	380,534,064	33,802,380	414,336,444
Effect of changes in accounting policy (Note 4)	-	-	-	-	(55,757)	(55,757)	(39,737)	(95,494)
At 1 January 2019 (restated)*	12,136,529	(6,464,374)	(15,157)	1,820,479	373,000,830	380,478,307	33,762,643	414,240,950
Net profit for the period (unaudited)	-	-	-	-	48,769,267	48,769,267	2,282,700	51,051,967
Other comprehensive loss (unaudited)	-	-	18,375	-	(610,822)	(592,447)	-	(592,447)
Total comprehensive income (unaudited)	-	-	18,375	-	48,158,445	48,176,820	2,282,700	50,459,520
Dividends (unaudited) (Note 17)	-	-	-	-	(8,516,309)	(8,516,309)	(1,493,000)	(10,009,309)
Own repurchased shares (Note 17)	-	(601,240)	-	-	-	(601,240)	-	(601,240)
At 30 September 2019 (unaudited)	12,136,529	(7,065,614)	3,218	1,820,479	412,642,966	419,537,578	34,552,343	454,089,921
At 1 January 2020 (audited)	12,136,529	(7,065,614)	(3,292)	1,820,479	420,469,917	427,358,019	35,507,909	462,865,928
Completion of initial accounting (Note 5)	-	-	-	-	44,998	44,998	-	44,998
Effect of changes in accounting policy (Note 4)	-	-	-	-	(144,080)	(144,080)	(65,327)	(209,407)
At 1 January 2020 (restated)*	12,136,529	(7,065,614)	(3,292)	1,820,479	420,370,835	427,258,937	35,442,582	462,701,519
Net profit for the period (unaudited)	-	-	-	-	60,688,339	60,688,339	2,446,790	63,135,129
Other comprehensive income (unaudited)	-	-	(9,539)	-	295,801	286,262	-	286,262
Total comprehensive income (unaudited)	-	-	(9,539)	-	60,984,140	60,974,601	2,446,790	63,421,391
Dividends (unaudited) (Note 17)	-	-	-	-	(8,473,316)	(8,473,316)	(2,250,000)	(10,723,316)
At 30 September 2020 (unaudited)	12,136,529	(7,065,614)	(12,831)	1,820,479	472,881,659	479,760,222	35,639,372	515,399,594

* Certain amounts shown here do not correspond to the consolidated financial statements for the three and nine months ended 30 September 2019 and the consolidated financial statements for the year ended 31 December 2019, as they reflect the adjustments made as detailed in Note 4.5.

Chief financial officer

Chief accountant



Uzbekov A.A.

Suleimanov Y.E.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For nine months period ended 30 September

In thousands of tenge	Note	For nine months ended	
		30 September 2020 (unaudited)	30 September 2019* (unaudited)
Operating activities		81,890,449	62,707,788
Profit before tax for the period			
Adjustment for:			
Depreciation of property and equipment and right of use assets	7, 19	60,497,973	52,208,711
Amortisation of intangible assets	8	20,935,375	15,773,495
Impairment loss on non-financial assets	31	1,786,718	1,844,104
Impairment loss on financial assets	31	2,225,184	2,789,463
Unrealised foreign exchange (gain)/loss, net		(6,704,914)	315,223
Changes in employee benefit obligations		553,777	588,557
Write-down of inventories to net realizable value		-	40,790
Share in profits of associates	9	(379,552)	(6,006,668)
Finance costs	26	38,741,024	30,207,260
Finance income		(3,270,080)	(3,713,731)
Loss on disposal of property and equipment		39,372	3,318
Income from re-measurement of previously held interest in the associate	5	-	(17,042,490)
Reversal of tax and related fines and penalties provision		(501,907)	(5,068,826)
Operating cash flows before changes in operating assets and liabilities		195,813,419	134,646,994
Changes in operating assets and liabilities			
Change in trade receivables		(5,304,008)	18,612,983
Change in inventories		(4,028,761)	(331,895)
Change in other current assets		3,169,239	(21,186,728)
Change in advances paid		(200,213)	(208,666)
Change in trade payables		(11,561,816)	(17,167,052)
Change in cost to obtain contracts and cost to fulfil contracts		(31,220)	(1,247,900)
Change in contract liabilities		(2,320,615)	(71,587)
Change in other current liabilities		(260,890)	11,829,895
Cash flows from operating activities		175,275,135	124,876,044
Income tax paid		(10,722,694)	(12,390,237)
Interest paid		(38,130,319)	(24,397,962)
Interest received		1,471,314	786,216
Net cash flows received from operating activities		127,893,436	88,874,061

* Certain amounts shown here do not correspond to the interim condensed consolidated financial statements for the nine months ended 30 September 2019, as they reflect the adjustments made, as detailed in Note 4.

The accounting policies and notes on pages 8 to 49 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	For nine months ended	
		30 September 2020 (unaudited)	30 September 2019* (unaudited)
Investing activities			
Purchase of property and equipment		(68,958,083)	(38,770,739)
Purchase of intangible assets		(5,429,200)	(3,551,254)
Proceeds from sale of property and equipment		284,029	330,143
Return of cash on deposits		2,653	175,968
Payment for acquisition of subsidiary, net of cash acquired	5	-	(176,143,312)
Placement of cash to restricted cash accounts		-	(997,730)
Return of cash on restricted cash accounts		6,440	1,018,925
Investments in associates	9	-	(200,000)
Purchase of treasury	14	-	(5,021,172)
Purchase of financial assets at amortized cost	15	(22,913,385)	-
Proceeds from repayment of financial assets at amortized cost		4,860,370	-
Proceeds from repayment of financial assets at fair value through other comprehensive income		5,382,732	-
Issue of long-term loans to employees		(542,976)	(1,639,185)
Repayment of loans to employees		302,185	316,619
Net cash flows used in investing activities		(87,005,235)	(224,481,737)
Financing activities			
Borrowings received		45,807,169	200,843,139
Borrowings repaid		(20,619,662)	(40,895,024)
Dividends paid to equity holders of the Parent	17	(10,054,098)	(8,903,114)
Dividends paid to non-controlling interests	17	(2,250,000)	(1,493,000)
Repayment of principal portion of lease liabilities	19	(10,788,610)	(8,016,850)
Proceeds from sale of securities	17	-	(660,616)
Net cash flows received from financing activities		2,094,799	140,874,535
Effect of exchange rate changes on cash and cash equivalents		6,311,702	(296,848)
Effect of changes in expected credit losses	16	7,597	727
Net change in cash and cash equivalents		49,302,299	4,970,738
Cash and cash equivalents, as at 1 January		71,637,378	45,350,092
Cash and cash equivalents, as at 30 September	16	120,939,677	50,320,830

* Certain amounts shown here do not correspond to the interim condensed consolidated financial statements for the nine months ended 30 September 2019, as they reflect the adjustments made, as detailed in Note 4.

Disclosure of significant non-cash transactions is presented in Note 29.

Chief financial officer

Chief accountant



Uzbekov A.A.

Suleimanov Y.E.

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