



Kazakhtelecom JSC

Unaudited Interim Condensed
Consolidated Financial Statements

30 September 2012

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Unaudited Interim Condensed Consolidated Financial Statements

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012


| <i>In thousands of tenge</i> | <i>Notes</i> | 30 September 2012 (unaudited) | 31 December 2011 (audited) |
|--|--------------|----------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 6 | 232,671,093 | 227,346,757 |
| Intangible assets | | 10,526,072 | 10,907,805 |
| Advances paid for non-current assets | | 2,924,166 | 494,446 |
| Deferred tax asset | | 211,382 | 179,464 |
| Other non-current assets | | 9,167,023 | 8,721,087 |
| | | 255,499,736 | 247,649,559 |
| Current assets | | | |
| Inventories | | 5,416,758 | 4,257,621 |
| Trade accounts receivable | 7 | 19,683,562 | 16,018,529 |
| Prepayments | | 738,023 | 483,810 |
| Income tax prepaid | | 299,080 | 170,171 |
| Other financial assets | 8 | 8,972,484 | 535,686 |
| Other current assets | | 9,559,060 | 6,475,695 |
| Cash and cash equivalents | 9 | 101,186,635 | 87,715,687 |
| | | 145,855,602 | 115,657,199 |
| Assets classified as held for sale | | - | 58,389,446 |
| | | 401,355,338 | 174,046,645 |
| TOTAL ASSETS | | 401,355,338 | 421,696,204 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 10 | 12,136,529 | 12,136,529 |
| Treasury shares | 10 | (2,652,860) | (2,652,860) |
| Currency translation reserve | 10 | (3,128) | (15,997) |
| Other capital reserve | 10 | 1,820,479 | 1,820,479 |
| Retained earnings | | 262,765,542 | 271,629,837 |
| | | 274,066,562 | 282,917,988 |
| Non-controlling interest | | (97,822) | (15,722) |
| Total equity | | 273,968,740 | 282,902,266 |

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| <i>In thousands of tenge</i> | <i>Notes</i> | 30 September 2012 (unaudited) | 31 December 2011 (audited) |
|---|--------------|----------------------------------|-------------------------------|
| Non-current liabilities | | | |
| Borrowings | 11 | 64,603,426 | 59,679,768 |
| Finance lease liabilities | | 5,263,104 | 8,664,865 |
| Deferred tax liability | | 10,971,744 | 11,319,543 |
| Employee benefit liability | | 5,462,746 | 5,125,779 |
| Debt component of preferred shares | | 926,029 | 1,099,620 |
| Other non-current liabilities | 12 | 3,837,800 | 4,598,899 |
| | | 91,064,849 | 90,488,474 |
| Current liabilities | | | |
| Borrowings | 11 | 9,509,314 | 14,539,739 |
| Current portion of finance lease liabilities | | 5,024,466 | 7,237,279 |
| Current portion of employee benefit liability | | 370,785 | 330,013 |
| Trade and other accounts payable | | 11,640,390 | 15,850,980 |
| Advances received | | 2,388,690 | 2,643,992 |
| Income tax payable | | 105,282 | 71,948 |
| Other current liabilities | 12 | 7,282,822 | 7,631,513 |
| | | 36,321,749 | 48,305,464 |
| Total liabilities | | 127,386,598 | 138,793,938 |
| TOTAL EQUITY AND LIABILITIES | | 401,355,338 | 421,696,204 |
| Book value per share, Tenge | | 24,007 | 24,790 |
| Book value per one preferred share of the first group, Tenge | | 3,278 | 2,248 |

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

Chief Financial Director



Nurkatov A. A.

Baishanurova G. Zh.

Chief Accountant

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2012

| <i>In thousands of tenge</i> | Notes | 30 September 2012 (unaudited) | 30 September 2011 (unaudited) |
|---|-------|----------------------------------|----------------------------------|
| Continuing operations | | | |
| Revenue | 13 | 125,908,290 | 121,796,119 |
| Compensation for provision of universal services in rural areas | 18 | 3,981,468 | 4,142,034 |
| | | 129,889,758 | 125,938,153 |
| Cost of revenue | 14 | (89,946,878) | (89,716,972) |
| Gross profit | | 39,942,880 | 36,221,181 |
| General and administrative expenses | | (14,168,247) | (12,701,023) |
| Selling expenses | | (3,386,272) | (2,880,324) |
| Operating profit | | 22,388,361 | 20,639,834 |
| Finance costs | | (7,757,929) | (6,261,388) |
| Finance income | | 2,672,931 | 2,474,775 |
| Net foreign exchange (loss) / gain | | (828,691) | 345,342 |
| Loss from disposal of property and equipment | 6 | (155,947) | (163,491) |
| Other income | | 1,405,413 | 1,214,602 |
| Profit for the period from continuing operations before tax | | 17,724,138 | 18,249,674 |
| Income tax expense | 15 | (3,655,105) | (3,650,909) |
| Profit for the period from continuing operations | | 14,069,033 | 14,598,765 |
| Discontinued operations | | | |
| Profit after tax for the period from discontinued operations | 16 | 201,996,328 | 25,319,902 |
| Profit for the period | | 216,065,361 | 39,918,667 |
| Attributable to: | | | |
| Owners of the parent | | 216,147,461 | 39,918,162 |
| Non-controlling interest | | (82,100) | 505 |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | | 12,869 | (1,080) |
| Other comprehensive income for the period, net of tax | | 12,869 | (1,080) |
| Total comprehensive income for the period, net of tax | | 216,078,230 | 39,917,587 |
| Attributable to: | | | |
| Owners of the parent | | 216,160,330 | 39,917,082 |
| Non-controlling interest | | (82,100) | 505 |
| Earnings per share | | | |
| Basic and diluted, profit for the period attributable to equity holders of the parent, tenge | | 19,092 | 3,532 |
| Earnings per share for continuing operations | | | |
| Basic and diluted, profit for the period from continuing operations attributable to equity holders of the parent, tenge | | 1,257 | 1,297 |

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

Chief Financial Director

Chief Accountant



Nurkatov A. A.

Batshumurova G. Zh.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2012

| <i>In thousands of tenge</i> | Attributable to owners of the parent | | | | | Total | Non-controlling interest | Total equity |
|---|--------------------------------------|--------------------|------------------------------|------------------------|--------------------|--------------------|--------------------------|--------------------|
| | Share capital | Treasury shares | Currency translation reserve | Other capital reserves | Retained earnings | | | |
| At 1 January 2011 | 12,136,529 | (2,652,860) | (9,921) | 1,820,479 | 227,330,496 | 238,624,723 | (32,558) | 238,592,165 |
| Profit for the period (unaudited) | — | — | — | — | 39,918,162 | 39,918,162 | 505 | 39,918,667 |
| Other comprehensive income (unaudited) | — | — | (1,080) | — | — | (1,080) | — | (1,080) |
| Total comprehensive income (unaudited) | — | — | (1,080) | — | 39,918,162 | 39,917,082 | 505 | 39,917,587 |
| Dividends (unaudited) (Note 10) | — | — | — | — | (5,867,475) | (5,867,475) | — | (5,867,475) |
| At 30 September 2011 (unaudited) | 12,136,529 | (2,652,860) | (11,001) | 1,820,479 | 261,381,183 | 272,674,330 | (32,053) | 272,642,277 |
| At 1 January 2012 | 12,136,529 | (2,652,860) | (15,997) | 1,820,479 | 271,629,837 | 282,917,988 | (15,722) | 282,902,266 |
| Profit for the period (unaudited) | — | — | — | — | 216,147,461 | 216,147,461 | (82,100) | 216,065,361 |
| Other comprehensive income (unaudited) | — | — | 12,869 | — | — | 12,869 | — | 12,869 |
| Total comprehensive income (unaudited) | — | — | 12,869 | — | 216,147,461 | 216,160,330 | (82,100) | 216,078,230 |
| Dividends (unaudited) (Note 10) | — | — | — | — | (225,011,756) | (225,011,756) | — | (225,011,756) |
| At 30 September 2012 (unaudited) | 12,136,529 | (2,652,860) | (3,128) | 1,820,479 | 262,765,542 | 274,066,562 | (97,822) | 273,968,740 |

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

Chief Financial Director

Chief Accountant



Nurkatov A. A.

Baishumurova G. Zh.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2012

| <i>In thousands of tenge</i> | <i>Notes</i> | 30 September 2012 (unaudited) | 30 September 2011 (unaudited) |
|---|--------------|-------------------------------------|-------------------------------------|
| Operating activities | | | |
| Profit before tax from continuing operations | | 17,724,138 | 18,249,674 |
| Profit before tax from discontinued operations | 16 | 201,996,328 | 25,319,902 |
| Profit before tax | | 219,720,466 | 43,569,576 |
| Adjustments for: | | | |
| Depreciation and amortization | | 27,513,786 | 32,256,022 |
| Provision for obsolete and slow moving inventories | | (4,695) | 659,851 |
| Finance costs | | 7,757,929 | 6,261,388 |
| Unrealized foreign exchange loss | | (565,525) | (514,949) |
| Provision for doubtful debts | | 316,756 | (87,242) |
| Finance income | | (2,672,931) | (2,474,775) |
| Loss from disposal of property and equipment | | 155,947 | 163,491 |
| Gain on disposal of discontinued operation | 16 | (201,996,328) | (25,319,902) |
| Change in employee benefit liability | | 377,739 | 650,476 |
| Change in deferred revenues | | (608,008) | 316,002 |
| Working capital adjustments: | | | |
| Increase in trade accounts receivable | | (3,981,789) | (5,812,152) |
| Increase in inventories | | (1,424,953) | (1,558,761) |
| Decrease in other current and non-current assets | | 989,196 | 1,694,434 |
| Increase in advances paid | | (254,213) | (346,956) |
| (Increase) / decrease in trade accounts payable | | (4,221,305) | 58,331 |
| Decrease in advances received | | (255,302) | (49,275) |
| Decrease in other liabilities | | (4,149,894) | (1,402,577) |
| Cash generated from operations | | 36,696,876 | 48,062,982 |
| Income taxes paid | | (4,131,259) | (3,270,130) |
| Interest paid | | (6,949,134) | (6,571,724) |
| Dividends paid | 10 | (221,852,704) | (5,730,359) |
| Interest received | | 1,605,923 | 1,416,814 |
| Net cash flows (used in) / from operating activities | | (194,630,298) | 33,907,583 |

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

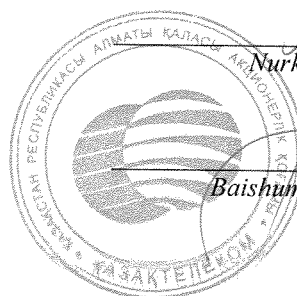
| <i>In thousands of tenge</i> | <i>Notes</i> | 30 September 2012 (unaudited) | 30 September 2011 (unaudited) |
|--|--------------|-------------------------------------|-------------------------------------|
| Investing activities | | | |
| Purchase of property and equipment | | (28,385,339) | (15,895,082) |
| Purchase of intangible assets | | (1,269,296) | (950,262) |
| Proceeds from sale of property and equipment | | 85,853 | 29,374 |
| Proceeds from sale of an associate | 16 | 225,738,590 | — |
| Dividends received from an associate | 16 | 26,043,339 | 10,290,992 |
| Long term loans to employees | | (3,648,789) | (1,743,324) |
| Net cash flows from / (used in) investing activities | | 218,564,358 | (8,268,302) |
| Financing activities | | | |
| Proceeds from borrowings | | 1,741,036 | 3,038,451 |
| Repayment of borrowings | | (6,320,266) | (6,294,853) |
| Repayment of finance lease liabilities | | (5,839,292) | (6,032,109) |
| Net cash flows used in financing activities | | (10,418,522) | (9,288,511) |
| Net increase in cash and cash equivalents | | 13,515,538 | 16,350,770 |
| Net impact of foreign exchange difference on cash and cash equivalents | | (44,590) | 61,062 |
| Cash and cash equivalents at 1 January | | 87,715,687 | 58,023,486 |
| Cash and cash equivalents at 30 September | 9 | 101,186,635 | 74,435,318 |

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

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

Chief Financial Director

Chief Accountant



Nurkatov A. A.

Baishumurova G. Zh.

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