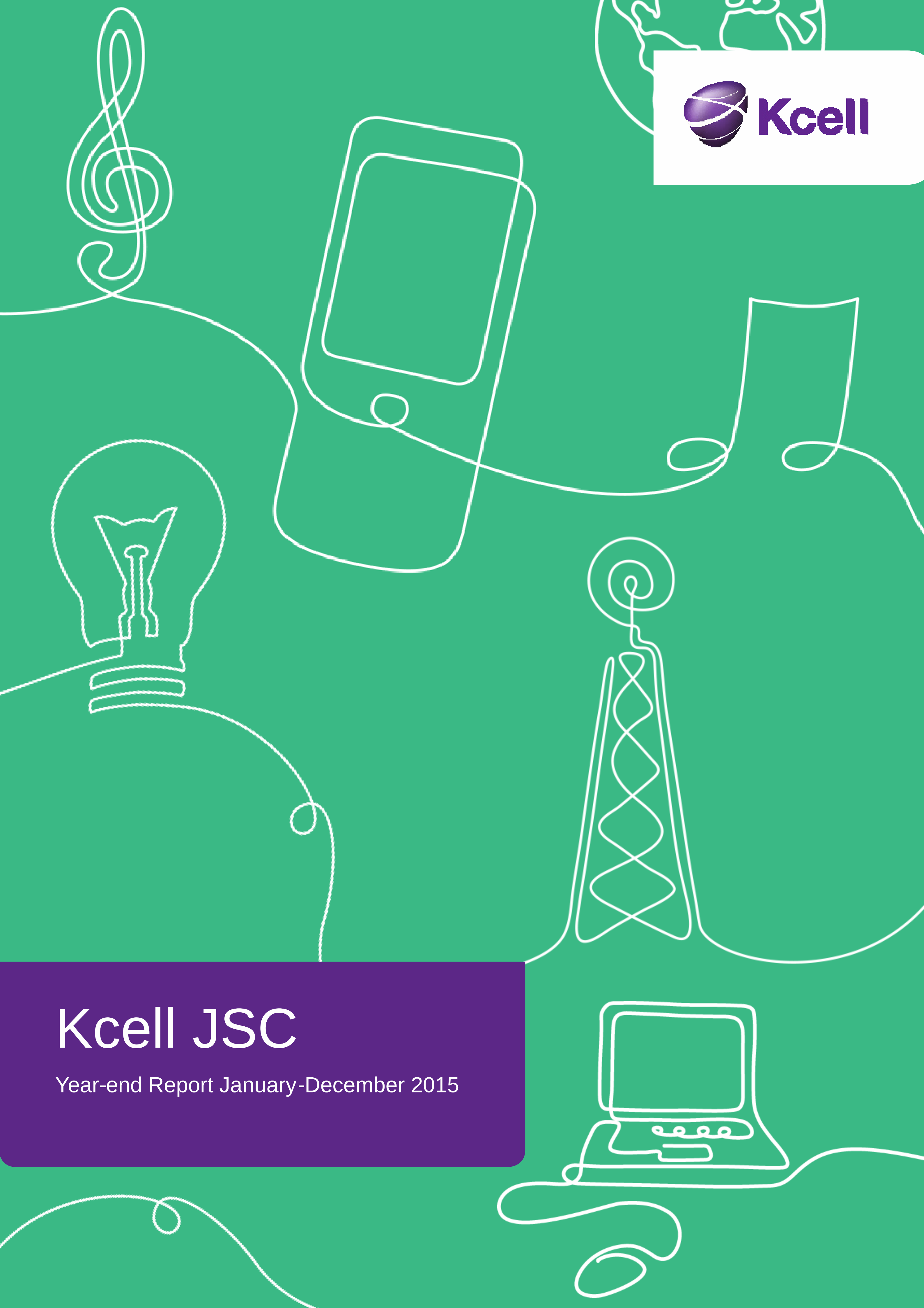

Kcell JSC

Year-end Report January-December 2015

Contents

Kcell JSC
Year-end Report January-December 2015

Almaty, 29 January 2016 - Kcell Joint Stock Company ("Kcell" or the "Company") (LSE, KASE: KCEL), the leading provider of mobile telecommunications services in Kazakhstan by market share in terms of revenue and subscribers, announces its results for the financial year ended 31 December 2015.

Fourth quarter

- Net sales decreased by 14.4 percent to KZT 39,604 million (46,273). Service revenue down 14.4 percent to KZT 37,841 million (44,186).
- EBITDA, excluding non-recurring items, declined by 30.2 percent to KZT 17,062 million (24,436) with EBITDA margin of 43.1 percent (52.8). In December 2015, a KZT 3,965 million one-off adjustment was related to a write-down of obsolete fixed assets and inventories.
- Operating income, excluding non-recurring items, decreased by 37.4 percent to KZT 10,909 million (17,434).
- Net financial items increased to KZT 2,860 million (-307).
- Net income decreased by 45.0 percent to KZT 6,966 million (12,667).
- Free cash flow amounted to KZT 5,821 million (11,656).
- During the quarter, the customer base decreased by 423 thousand to 10,357 thousand (10,780).

Full year

- Net sales decreased by 10.2 percent to KZT 168,424 million (187,581). Service revenue down 13.8 percent to KZT 157,288 million (182,398).
- EBITDA, excluding non-recurring items, decreased by 22.3 percent to KZT 81,787 million (105,268). The EBITDA margin decreased to 48.6 percent (56.1).
- Operating income, excluding non-recurring items, was down 28.6 percent to KZT 57,213 million (80,079).
- Net financial items increased to KZT 7,811 million (-1,052).
- Net income declined by 20.0 percent to KZT 46,632 million (58,271).
- Free cash flow was down to KZT 32,400 million (63,744).
- During the reporting year, the customer base decreased to 10,357 thousand (11,192).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Revenue	39,604	46,273	-14.4	168,424	187,581	-10.2
of which service revenue	37,841	44,186	-14.4	157,288	182,398	-13.8
EBITDA excl. non-recurring items	17,062	24,436	-30.2	81,787	105,268	-22.3
Margin (%)	43.1	52.8		48.6	56.1	
Operating income	6,624	16,397	-59.6	52,601	75,197	-30.0
Operating income excl. non-recurring items	10,909	17,434	-37.4	57,213	80,079	-28.6
Net income attributable to owners of the parent company	6,966	12,667	-45.0	46,632	58,271	-20.0
Earnings per share (KZT)	34.8	63.3	-45.0	233.2	291.4	-20.0
CAPEX-to-sales (%)	19.4	26.1		11.0	11.2	
Free cash flow	5,821	11,656	-50.1	32,400	63,744	-49.2

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or the full year 2014, unless otherwise stated.

Comments by Arti Ots, CEO

"We experienced a tough operating environment in 2015, with the devaluation of the tenge, oil price weakness and a Kazakh telecoms market characterised by intensive competition. Since the start of the current year, the operating environment has continued to deteriorate, with few signs of any improvement in the near term. In the face of this, we have maintained our leading market position with the introduction of innovative products and tariffs and strong customer retention initiatives.

Net income was impacted negatively by a one-off write down of obsolete assets in December 2015 and impacted positively by forex gains. At the same time, the negative trend in our EBITDA margin was partially offset by our rigorous program of cost reductions.

Following the introduction of strategic amendments in November to our innovative "Hello Kazakhstan" tariff we have seen an increase in ARPU in the fourth quarter of the year, but this resulted in a slowdown in customer uptake. However, the introduction in October of a tiered cap has allowed us to manage the volume of off-net minutes available to customers and has slowed the increase in interconnect expenses in the fourth quarter of the year.

In the fourth quarter we successfully launched internal mobile number portability (MNP) between the Kcell and Activ brands, enabling us to retain high value customers. We also delivered a further increase in B2B revenue across 2015, on the back of our business solutions offering, and we expect to see continued growth in this area in the years ahead.

At the beginning of 2016, we announced that we have been allocated access to new frequencies that facilitate the provision of LTE services. Access to these frequencies is a key strategic development for Kcell and will involve total payments of KZT 26 billion over the course of 2016. Throughout the current year, we will focus on further enhancing the quality of our network and rolling out LTE services alongside innovative products and tariffs to boost the number of subscribers to our bundled offerings.

Kcell's majority shareholder TeliaSonera announced in September 2015 that it will reduce its presence in Eurasia and ultimately exit the entire region. Having gained significant benefits from our partnership with TeliaSonera since our IPO three years ago, Kcell enters 2016 with strong corporate governance and a clearly defined customer centric strategy designed to maintain our market leading position."

Conference call

Kcell will host an analyst conference call on 29 January 2016 at 10:00 UK time / 16:00 Almaty / 13:00 Moscow. The conference will be held in English, audio webcast will be available at http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=3275

Dial in details are as follows:

UK Toll Free:	**0800 279 4841**
Standard International Dial-in:	**+44 20 3427 1909**
Russia Toll Free:	**8 800 500 9312**
Russia Local Call number:	**+7 495 705 9451**
USA Toll Free:	**1 877 280 2342**
USA Dial-In:	**+1646 254 3365**
Conference ID	**3164490**

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

A replay will be available at: : http://kcell290116-live.audio-webcast.com

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Kay Larsen / Galyna Kulachek /
Adrian Duffield

Review of the fourth quarter 2015

Net sales

Net sales decreased by 14.4 percent to KZT 39,604 million (46,273). Service revenue fell by 14.4 percent to KZT 37,841 million (44,186).

Revenue from voice services fell by 23.3 percent to KZT 25,172 million (32,808). Data revenue increased by 28.2 percent to KZT 9,774 million (7,625). Revenue from value-added services decreased by 29.6 percent to KZT 2,887 million (4,101). Other revenue increased to KZT 1,771 million (1,739).

KZT in millions, except percentages	Oct-Dec 2015	% of total	Oct-Dec 2014	% of total
Voice services	25,172	63.5	32,808	70.9
Data services	9,774	24.7	7,625	16.5
Value added services	2,887	7.3	4,101	8.8
Other revenues	1,771	4.5	1,739	3.8
Total revenues	**39,604**	**100.0**	**46,273**	**100.0**

Voice service

Revenue from voice services decreased by 23.3 percent to KZT 25,172 million (32,808). Voice traffic decreased by 0.9 percent to 6,099 million minutes (6,154), ARMU fell to KZT 2.7 (3.8).

Interconnect revenue declined by 11.2 percent to KZT 6,518 million (7,343) mainly as a result of a decrease in the interconnect rate.

Data service

Data revenue increased by 28.2 percent to KZT 9,774 million (7,625). Data traffic grew by 117.7 percent to 21,693,765 GB (9,962,893). Growth in data traffic was partially offset by offering packages with lower tariffs per MB, which led to a decrease in average revenue per MB (ARMB) to KZT 0.4 (0.7).

Value-added service

Revenue from value-added services decreased by 29.6 percent to KZT 2,887 million (4,101), largely as a result of declining SMS revenue.

Other revenue

Other revenue remained stable at KZT 1,771 million (1,739).

Expenses

Cost of sales

Cost of sales was up 1.5 percent to KZT 22,943 million (22,611). Interconnect cost increased to KZT 8,442 million (6,111). This increase was offset by a decline in other expense reflecting implemented cost reduction initiatives.

Selling and marketing expenses

Selling and marketing expenses decreased by 20.4 percent to KZT 2,050 million (2,575), mainly as a result of lower commissions.

General and administrative expenses

General and administrative expenses increased by 22.0 percent to KZT 3,435 million (2,815), primarily due to an increase in mobile tax rate.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, decreased by 30.2 percent to KZT 17,062 million (24,436) with EBITDA margin of 43.1 percent (52.8). Based on the results of value assessment of assets under construction and inventory, the Company made a write-down of KZT 3,965 million. The write-down has no cash impact and reported as a non-recurring item.

Net financial items increased to KZT 2,860 million (-307), mainly due to forex gain.

Income tax expense declined by 26.4 percent to KZT 2,518 million (3,423).

Net income attributable to owners of the parent company was down 45.0 percent to KZT 6,966 million (12,667), while earnings per share decreased to KZT 34.8 (63.3).

CAPEX was down to KZT 7,669 million (12,072) and the CAPEX-to-sales ratio decreased to 19.4 percent (26.1).

Free cash flow decreased to KZT 5,821 million (11,656).

Review of full year 2015
Net sales

Net sales decreased 10.2 percent to KZT 168,424 million (187,581). Service revenue down 13.8 percent to KZT 157,288 million (182,398).

Revenue from voice services decreased by 20.6 percent to KZT 105,345 million (132,697). Data revenue increased by 18.6 percent to KZT 39,278 million (33,131). Revenue from value-added services fell by 23.6 percent to KZT 12,650 million (16,567). Other revenue rose to KZT 11,152 million (5,186).

KZT in millions, except percentages	Jan-Dec 2015	% of total	Jan-Dec 2014	% of total
Voice services	105,345	62.5	132,697	70.7
Data services	39,278	23.4	33,131	17.7
Value added services	12,650	7.5	16,567	8.8
Other revenues	11,152	6.6	5,186	2.8
Total revenues	**168,424**	**100.0**	**187,581**	**100.0**

Voice services
Revenue from voice services decreased by 20.6 percent to KZT 105,345 million (132,697). Voice traffic remained stable at 23,540 million minutes (23,538), while ARMU decreased to KZT 3.2 (4.2).

Interconnect revenue decreased by 13.3 percent to KZT 23,277 million (26,852). The decrease was mainly due to a reduced interconnect rate.

Data services
Data revenue increased by 18.6 percent to KZT 39,278 million (33,131). Data traffic grew by 88.8 percent to 59,607,325 GB (31,576,580). Growth in data traffic was partially offset by packages with lower tariffs per MB, which resulted in a decrease in average revenue per MB (ARMB) to KZT 0.7 (1.0).

Value-added services
Revenue from value-added services decreased by 23.6 percent to KZT 12,650 million (16,567), reflecting a decline in SMS revenue.

Other revenue
Other revenue increased to KZT 11,152 million (5,186), reflecting higher sales of handsets.

Expenses

Cost of sales

Cost of sales grew by 6.8 percent to KZT 89,932 million (84,221), primarily due to an increase in cost of goods sold attributable to the cost of handsets and interconnect expenses.

Selling and marketing expenses

Selling and marketing expenses decreased by 20.2 percent to KZT 9,221 million (11,549), mainly as a result of lower commissions.

General and administrative expenses

General and administrative expenses increased by 16.1 percent to KZT 12,381 million (10,666), primarily due to an increase in mobile tax rate.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, decreased by 22.3 percent to KZT 81,787 million (105,268). The EBITDA margin decreased to 48.6 percent (56.1).

Net financial items increased to KZT 7,811 million (-1,052), mainly due to forex gain.

Income tax expense was down 13.2 percent to KZT 13,780 million (15,874).

Net income attributable to owners of the parent company decreased by 20.0 percent to KZT 46,632 million (58,271), while earnings per share decreased to KZT 233.2 (291.4).

CAPEX was down to KZT 18,531 million (21,009) and the CAPEX-to-sales ratio decreased to 11.0 percent (11.2).

Free cash flow decreased to KZT 32,400 million (63,744).

Net debt/equity ratio was 23.1 percent (6.0).

Net debt/EBITDA rate was 0.24 (0.05).

The equity/assets ratio was 48.5 percent (58.3).

Key milestones 2015

January

- Kcell's Board of Directors approved the Relationship Agreement and Services Agreement between Kcell and TeliaSonera AB (TS). These agreements are designed to regulate the provision of certain corporate services by TS to Kcell, so that Kcell will benefit from TS's strategic guidance whilst maintaining corporate independence. Kcell and TS confirmed that agreements and transactions with any member of the TS Group shall be undertaken on arm's length terms and on a normal commercial basis.
- Mr. Trond Moe was appointed the Company's Finance Director.

February

- Kcell informed about progress in its internal investigation. The investigation has concluded that Kcell has formal grounds to file a report with the General Prosecutor's office of the Republic of Kazakhstan requesting it to commence an investigation into the activities of a number of former employees who allegedly failed to follow the Company's internal policies and procedures. The Board has filed the matter to the relevant criminal authorities. The employees allegedly responsible for these failures are no longer employed by the Company. There remains no indication that any of the matters under investigation will have any material effect on the Company's balance sheet or on the results of its operations.
- The EGM approved an increase in the number of Board members. Mr. Douglas Lubbe, a representative of the shareholder Fintur Holdings B.V, was elected as a member to Kcell's Board of Directors.

March

- Kcell announced the opening of its first Kcell branded Store in Almaty. The Company changed its retail business model and is setting a new trend in the telecoms market by combining a shop and club to deliver a superior customer experience. The new store concept provides customers with an opportunity to seek advice on different gadgets and various mobile applications from Kcell's store consultants, as well as the ability to test all smartphone features prior to making a purchase. The Company plans to open Kcell Stores in other major cities of Kazakhstan.

April

- On 17 April 2015, the AGM approved paying an annual dividend ("Annual Dividend") of 70 percent of the Company's net income for the twelve months ending 31 December 2014 ("the Period"). Additionally, the AGM approved the payment of a special dividend ("Special Dividend", together with the Annual Dividend - "the Dividends"), representing 30 percent of the Company's net income for the Period.

  In total, the Dividends amounted to KZT 58,260 million, or KZT 291.30 per share, representing 100 percent of the Company's net income for the full year of 2014.The record date of Shareholders entitled to receive the dividends was 20 April 2015. The Annual Dividend was paid on 29 April 2015 and Special Dividend was paid on 8 October 2015.

- Kcell completed the drawdown of a KZT 22 billion tranche of the approved credit line with Halyk Bank of Kazakhstan JSC. This tranche was obtained under the bank loan agreement signed between Kcell and Halyk Bank of Kazakhstan JSC for KZT 30 billion for working capital financing.

May

- Kcell opened its branded Store in Astana. The opening of Kcell Store in Astana was another step towards a large-scale expansion of the Company in Kazakhstan's mobile retail market.

June

- Kcell opened its third branded store in Almaty. The first results of the implementation of a new business model proved that such a retail format is effective and synergistic idea of the store and customer club – well perceived by Kazakhstani people.

September

- Berndt Kenneth Karlberg, informed the Kcell Board of Directors of the early termination of his powers with effect from 31 August 2015.
- The Company's majority shareholder TeliaSonera, which holds 61.9 percent of shares in Kcell, initiated a process to reduce its presence in Eurasia and over time exit the entire region.
- Kcell opened its fourth branded store in Aktobe.
- On 11 September 2015, its Board of Directors approved an extension and increase of the line of credit opened by Altyn Bank JSC, a subsidiary of Halyk Bank JSC, within the framework agreement signed on 24 September 2013. The line of credit to Kcell was increased from KZT 2.2 billion to KZT 3.0 billion for the working capital financing. The KZT 2.2 billion line of credit was also extended for a term of 12 months. On 23 September 2015, Kcell JSC received an additional tranche of KZT 800 million under the above line of credit.
- A standby letter of credit for USD 10 million, within the framework of the General Agreement between Kcell JSC and Citibank Kazakhstan JSC, was issued on 23 September 2015. This instrument has been issued in favor of Apple Distribution International (Ireland) to allow Kcell to extend the term of payment for goods purchased from Apple Distribution International, and will have a positive impact on Kcell's working capital.
- The Board of Directors resolved on 22 September 2015, to enter into a KZT 17 billion credit line agreement with Kazkommertsbank JSC to finance the Company's working capital. On 25 September 2015, Kcell JSC received KZT 17 billion under the terms of this credit line.
- On 28 September 2015, the Company repaid a KZT 14.5 billion syndicated loan under agreements with Citibank Kazakhstan JSC and Subsidiary Bank RBS Kazakhstan JSC.

October

- The Board approved terms for the purchase of the 100 percent participatory interest in KazNet Media LLP by Kcell JSC and KT-Telecom LLP (100 percent subsidiary of Kcell) where TeliaSonera was the seller. KazNet Media LLP holds 100 percent of participatory interest in Aksoran LLP and 100 percent of participatory interest in Instaphone LLP – companies holding frequencies possibly eligible for 4G. This agreement replaced the Buy and Sell MoU entered into between TeliaSonera and Kcell on 26 August 2012, as disclosed in the Prospectus, as to the part related to KazNet Media. The part of the said Buy and Sell MoU, which related to Rodnik (and Kaztranscom) remained unchanged. The Board members nominated by TeliaSonera did not participate in the decision.

  Price of transaction:
- 1st tranche - nominal price of USD 5 million plus cash and accounts receivable minus debt and accounts payable on completion date.
- 2nd tranche – fair market value of frequencies determined by independent appraisers at the time Kcell gets permission to use the frequencies for 4G/LTE services in the manner agreed in the Sale and Purchase Agreement. The formula for calculating fair value: fair value per MHz multiplied by the spectrum times the population of the relevant region.
- The total amount of the transaction will not exceed USD 70 million.

November

- Erik Hallberg, a Non-Executive Director, stepped down as a Director of the Company.

Significant events after the end of the reporting period

January 2016

- Kcell announced that it had been informed by Kazakhstan's Ministry for Investments and Development ("the Ministry") that the Ministry will allocate radio frequencies that will enable the rollout of LTE services to all existing mobile operators in the Kazakh market.

  The Ministry will allocate to Kcell access to 10+10 MHz radio frequency within the 700/800 MHz band on payment of a one-off fee of KZT 22 billion, to be made in two tranches of KZT 10 billion by 1 March 2016, and KZT 12 billion by 1 December 2016.

  The Ministry will also allocate to Kcell access to 10+10 MHz radio frequency within the 1700/1800 MHz band, on payment of a one-off fee of KZT 4 billion by 1 February 2016.

  In addition, the Ministry will permit all existing mobile operators to use the radio frequencies allocated to them in the GSM, DCS-1800 (GSM-1800) UMTS/WCDMA (3G) standards for the provision of LTE (4G) and LTE Advanced services subject to obtaining the respective radiofrequency permits in the prescribed manner.

  The Ministry will issue these radio frequency permits to mobile operators in the Kazakh market on condition that they guarantee mobile coverage in communities with 500-plus inhabitants and along the highways and railways of national and regional importance by 31 December 2020.

- Kcell announced the results of its Extraordinary General Meeting of Shareholders ("EGM") held on 6 January 2016.

  The EGM approved the election of Mr. Peter Lav, representative of the shareholder Sonera Holding B.V., as the member of the Board of Directors of Kcell JSC in place of retired Mr. Kenneth Berndt Karlberg; and the election of Mr. Emil Nilsson, representative of shareholder Fintur Holdings B.V., as the member of the Board of Directors of Kcell JSC in place of retired Mr. Erik Hallberg.

Legal proceedings

The “Daytime Unlimited” and failure to disconnect calls on Kcell network

During 2013, an investigation was initiated by the Agency for Competition Protection of the Republic of Kazakhstan (the “ACP”), in relation to the “Daytime Unlimited” service under the Activ brand and non-interruption of services when a customer’s balance reaches zero under the Kcell brand.

The ACP ordered that the Company should comply with the following on or before 21 April 2014:

- to stop collection of subscription fees under the tariff plan “Daytime Unlimited” in case of insufficiency of funds on a subscriber’s account;
- to ensure interruption of connection (voice or Internet access) when a subscriber’s balance reaches zero;
- to ensure a refund to subscribers, any fees received as a result of failure to interrupt the connection when a subscriber’s balance reaches zero.

The Company complied with point 1; however, due to technical limitations of the billing system, the Company is currently unable to implement point 2. However, the Company is in the process of introducing a new billing system that will enable the interruption of the connection.

The Company has challenged the ACP findings and decision through courts system in Kazakhstan, culminating in an appeal to the Supreme Court. On 30 June 2015, the Supreme Court of the Republic of Kazakhstan dismissed the Company’s supervisory appeal. On 15 June 2015, ACP filed a claim with court seeking for enforcement of the order. On 9 July 2015, the court issued a resolution on satisfying ACP claim to enforce the order, and as a result the Company must now enforce points 2 and 3 in the above ACP order.

In December 2014, the Company accrued a provision in the amount of KZT 1.6 billion covering the refund to subscribers for the period from January 2012 to September 2013.

In compliance with the Order, on 22 July 2015, the Company started refunding its Kcell brand subscribers for the period from January 2012 to September 2013.

In accordance with an agreement reached with the ACP, the Company has started refunding its subscribers for the subsequent period.

Since the Kcell brand subscribers are being refunded for the services rendered, the Company's tax liabilities will be reduced.

As of December 2015, Kcell has returned KZT 2,171 million to its customers. Subsequently, the Company will be refunding its prepaid subscribers for non-interrupted calls and Internet connections until the transition (migration) to a new convergent billing system is completed.

The January – December 2015 financial statements have been audited by the external auditors, their report will be available on the Kcell website starting from 25 February 2016.

The information was submitted for publication at 09:00 ALMT on 29 January 2016.

Financial information

Interim Report January–March 2016	20 April 2016
Interim Report January–June 2016	20 July 2016
Interim Report January–September 2016	21 October 2016

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Definitions

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

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

ARMB: Average revenue per MB.

Condensed Consolidated Statement of Comprehensive Income

KZT in millions, except per share data, number of shares and changes	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Revenues	39,604	46,273	-14.4	168,424	187,581	-10.2
Cost of sales	-22,943	-22,611	1.5	-89,932	-84,221	6.8
Gross profit	**16,661**	**23,662**	**-29.6**	**78,492**	**103,360**	**-24.1**
Selling and marketing expenses	-2,050	-2,575	-20.4	-9,221	-11,549	-20.2
General and administrative expenses	-3,435	-2,815	22.0	-12,381	-10,666	16.1
Other operating income and expenses, net	-4,552	-1,875		-4,289	-5,948	
Operating income	**6,624**	**16,397**	**-59.6**	**52,601**	**75,197**	**-30.0**
Finance costs and other financial items, net	2,860	-307		7,811	-1,052	
Income after financial items	**9,484**	**16,090**	**-41.1**	**60,412**	**74,145**	**-18.5**
Income taxes	-2,518	-3,423	-26.4	-13,780	-15,874	-13.2
Net income	**6,966**	**12,667**	**-45.0**	**46,632**	**58,271**	**-20.0**
Total comprehensive income attributable to owners of the parent company	6,966	12,667	-45.0	46,632	58,271	-20.0
Earnings per share (KZT), basic and diluted	34.8	63.3	-45.0	233.2	291.4	-20.0
Number of shares (thousands)						
Outstanding at period-end	200,000	200,000		200,000	200,000	
Weighted average, basic and diluted	200,000	200,000		200,000	200,000	
EBITDA	12,777	23,399	-45.4	77,175	100,387	-23.1
EBITDA excl. non-recurring items	17,062	24,436	-30.2	81,787	105,268	-22.3
Depreciation, amortization and impairment losses	-6,153	-7,001	-12.1	-24,574	-25,189	-2.4
Operating income excl. non-recurring items	10,909	17,434	-37.4	57,213	80,079	-28.6

Condensed Consolidated Statement of Financial Position

KZT in millions	31 Dec 2015	31 Dec 2014
Assets		
Intangible assets	16,956	12,494
Property, plant and equipment	94,502	108,955
Other non-current assets	145	145
Financial aid	300	-
Long-term receivables	397	-
Total non-current assets	**112,301**	**121,594**
Inventories	2,802	2,336
Trade and other receivables	19,336	14,543
Cash and cash equivalents	31,589	19,520
Total current assets	**53,726**	**36,399**
Total assets	**166,027**	**157,993**
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	46,646	58,274
Total equity attributable to owners of the parent	**80,446**	**92,074**
Deferred tax liabilities	5,037	4,442
Other long-term liabilities	1,286	1,376
Total non-current liabilities	**6,323**	**5,818**
Short-term borrowings	50,201	25,020
Trade payables, and other current liabilities	29,057	35,081
Total current liabilities	**79,258**	**60,101**
Total equity and liabilities	**166,027**	**157,993**

Condensed Consolidated Statement of Cash Flows

KZT in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Cash flow before change in working capital	13,330	20,196	65,572	88,768
Change in working capital	-3,502	-2,255	-9,858	-5,209
Cash flow from operating activities	**9,828**	**17,941**	**55,714**	**83,559**
Cash CAPEX	-4,007	-6,285	-23,314	-19,815
Free cash flow	**5,821**	**11,656**	**32,400**	**63,744**
Total cash flow from investing activities	**-4,007**	**-6,285**	**-23,314**	**-19,815**
Cash flow before financing activities	**5,821**	**11,656**	**32,400**	**63,744**
Cash flow from financing activities	**-17,778**	**-11,028**	**-33,260**	**-63,140**
Cash flow for the period	**-11,957**	**628**	**-860**	**604**
Cash and cash equivalents, opening balance	**38,958**	**18,892**	**19,520**	**18,916**
Cash flow for the period	-11,957	628	-860	604
Exchange rate difference	4,588	-	12,929	-
Cash and cash equivalents, closing balance	**31,589**	**19,520**	**31,589**	**19,520**

Condensed Consolidated Statement of Changes in Equity

	Jan-Dec 2015			Jan-Dec 2014		
KZT in millions	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33,800	58,274	92,074	33,800	63,393	97,193
Dividends	-	-58,260	-58,260	-	-63,390	-63,390
Total comprehensive income	-	46,632	46,632	-	58,271	58,271
Closing balance	**33,800**	**46,646**	**80,446**	**33,800**	**58,274**	**92,074**

Basis of preparation

As in the annual accounts for 2014, Kcell's consolidated financial statements as of and of 2015, have been prepared in accordance with International Financial Reporting Standards (IFRSs). The accounting policies adopted are consistent with those of the previous financial year. All amounts in this report are presented in KZT millions, unless otherwise stated. Rounding differences may occur.

Non-recurring items

KZT in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Within EBITDA				
Restructuring charges, synergy implementation costs, etc.	4,285	1,037	4,612	4,881
Total	**4,285**	**1,037**	**4,612**	**4,881**

Investments

KZT in millions	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
CAPEX				
Intangible assets	2,742	709	7,329	1,832
Property, plant and equipment	4,927	11,363	11,202	19,177
Total	**7,669**	**12,072**	**18,531**	**21,009**

Related party transactions

For the year ended 31 December 2015, Kcell purchased services for KZT 5,244 million and sold services for a value of KZT 1,679 million. Related parties in these transactions were mainly TeliaSonera and its group entities, Turkcell and Fintur Holding B.V.

Net debt

KZT in millions	31 Dec 2015	31 Dec 2014
Long-term and short-term borrowings	50,201	25,020
Less short-term investments, cash and bank	-31,589	-19,520
Net debt	**18,612**	**5,500**

Financial key ratios

	31 Dec 2015	31 Dec 2014
Return on equity (%, rolling 12 months)	54.1	63.3
Return on capital employed (%, rolling 12 months)	69.6	75.7
Equity/assets ratio (%)	48.5	58.3
Net debt/equity ratio (%)	23.1	6.0
Net debt/EBITDA rate (multiple, rolling 12 months)	0.24	0.05
Owners' equity per share (KZT)	402.2	460.4

Operational data

	Oct-Dec 2015	Oct-Dec 2014	Chg (%)	Jan-Dec 2015	Jan-Dec 2014	Chg (%)
Subscribers, period-end (thousands)	10,357	11,192	-7.5	10,357	11,192	-7.5
Of which prepaid	9,075	9,711	-6.5	9,075	9,711	-6.5
MOU (min/month)	229	201	13.9	212	189	12.2
ARPU (KZT)	1,188	1,300	-8.6	1,206	1,322	-8.7
Churn rate (%)	51.7	59.1		45.1	50.0	
Employees, period-end	1,830	1,736	5.4	1,830	1,736	5.4

Forward-looking statements

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