JOINT STOCK COMPANY
AIR ASTANA

Condensed Interim Financial Information
For the three-month period
ended 31 March 2013 (unaudited)

JOINT STOCK COMPANY AIR ASTANA

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013**

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report on review of condensed interim financial information set out on page 2, is made with a view to distinguish the respective responsibilities of management from those of the independent auditors in relation to the condensed interim financial information of Joint Stock Company Air Astana (the "Company").

Management is responsible for the preparation of the condensed interim financial information that presents fairly the financial position of the Company as at 31 March 2013 and the results of its operations, cash flows and changes in equity for the three-month period then ended, in accordance with International Accounting Standard 34: Interim Financial Reporting (IAS 34).

In preparing the condensed interim financial information, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IAS 34 has been followed; and
- Preparing the condensed interim financial information on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls in the Company;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the condensed interim financial information of the Company complies with IAS 34;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Detecting and preventing fraud, errors and other irregularities.

The condensed interim financial information for the three-month period ended 31 March 2013 was authorized for issue on 8 May 2013 by management of the Company.

On behalf of management of the Company:

Peter Foster	**Alima Zamanbekova**
President	**Chief Accountant**
8 May 2013	8 May 2013
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

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INDEPENDENT AUDITORS' REPORT ON
REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Air Astana:

We have reviewed the accompanying condensed interim statement of financial position of JSC Air Astana (the "Company") as at 31 March 2013, and the related condensed interim statements of comprehensive loss, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. Condensed interim financial information as at 31 March 2012 and for the three-month period then ended was not subject to audit or 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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte, LLP

8 May 2013
Almaty, Republic of Kazakhstan

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(in thousands of USD)

	Notes	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Revenue			
Passenger revenue	5	190,972	166,781
Cargo and mail	5	6,497	5,357
Other revenue	5	4,218	3,554
Total revenue		201,687	175,692
Operating expenses			
Fuel		(65,484)	(56,633)
Handling, landing fees and route charges	6	(27,757)	(23,137)
Employee costs	6	(21,683)	(19,957)
Aircraft operating lease costs	6	(20,659)	(20,426)
Passenger service	6	(19,158)	(16,281)
Engineering and maintenance	6	(17,109)	(23,755)
Selling costs	6	(10,763)	(12,624)
Aircraft crew costs	6	(10,316)	(10,025)
Depreciation and amortisation	10	(5,912)	(1,717)
Taxes, other than income tax		(1,684)	(1,522)
Property lease cost		(1,423)	(1,384)
Insurance	6	(1,370)	(1,297)
Information technology		(774)	(785)
Consultancy, legal and professional services		(299)	(616)
Other		(1,688)	(731)
Total operating expenses		(206,079)	(190,890)
Operating loss		(4,392)	(15,198)
Finance income	7	708	1,738
Finance costs	7	(1,425)	(317)
Foreign exchange gain/(loss), net		711	(130)
Loss before tax		(4,398)	(13,907)
Income tax benefit	8	835	2,598
Net loss for the period		(3,563)	(11,309)
Other comprehensive (loss)/income			
Foreign currency translation (loss)/gain		(569)	974
Income tax	8	385	39
Other comprehensive (loss)/income for the period		(184)	1,013
Total comprehensive loss for the period		(3,747)	(10,296)
Basic and diluted loss per share (in USD)	17	(210)	(665)

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster
President

8 May 2013
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

8 May 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 35 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (UNAUDITED)
(in thousands of USD)

	Notes	31 March 2013 (unaudited)	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	9	227,683	229,897
Intangible assets		2,675	2,593
Prepayments for long-term assets	13	101,354	95,053
Guarantee deposits	11	18,156	17,601
		349,868	345,144
Current assets			
Inventories	12	41,467	42,760
Prepayments	13	18,882	21,256
Income tax prepaid		4,744	1,512
Trade and other receivables	14	62,597	46,322
Financial assets at fair value through profit or loss		69	361
Other taxes prepaid		4,437	4,096
Guarantee deposits	11	1,186	1,585
Bank deposits	15	62,151	80,476
Cash and bank balances	16	51,951	43,051
		247,484	241,419
Total assets		597,352	586,563
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17,000	17,000
Foreign currency translation reserve		(19,779)	(19,595)
Retained earnings		281,713	285,276
Total equity		278,934	282,681
Non-current liabilities			
Loans	21	9,223	6,456
Finance lease liabilities	22	131,475	134,033
Deferred tax liability		3,706	3,515
Provision for aircraft maintenance	19	5,086	4,132
		149,490	148,136
Current liabilities			
Loans	21	18,243	18,227
Finance lease liabilities	22	10,503	10,047
Deferred revenue	18	68,505	57,440
Provision for aircraft maintenance	19	13,377	16,712
Trade and other payables	20	58,278	53,040
Financial liabilities at fair value through profit or loss		22	280
		168,928	155,746
Total liabilities		318,418	303,882
Total equity and liabilities		597,352	586,563

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster	**Alima Zamanbekova**
President	**Chief Accountant**
8 May 2013	8 May 2013
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)
(in thousands of USD)

	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2012	17,000	(15,477)	242,404	243,927
Net loss for the period (unaudited)	-	-	(11,309)	(11,309)
Other comprehensive income (unaudited)	-	1,013	-	1,013
Total comprehensive income/(loss) for the period (unaudited)	-	1,013	(11,309)	(10,296)
At 31 March 2012 (unaudited)	17,000	(14,464)	231,095	233,631
At 1 January 2013	17,000	(19,595)	285,276	282,681
Net loss for the period (unaudited)	-	-	(3,563)	(3,563)
Other comprehensive loss for the period (unaudited)	-	(184)	-	(184)
Total comprehensive loss for the period (unaudited)	-	(184)	(3,563)	(3,747)
At 31 March 2013 (unaudited)	17,000	(19,779)	281,713	278,934

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster
President

8 May 2013
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

8 May 2013
Almaty, Republic of Kazakhstan

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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
OPERATING ACTIVITIES:			
Loss before tax		(4,398)	(13,907)
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	5,912	1,717
Gain on disposal of property, plant and equipment		(473)	(68)
Change in allowance for doubtful debts		27	3
Foreign exchange (gain)/loss		(710)	131
Finance income	7	(519)	(1,202)
Interest expense on finance lease	7	1,081	-
Interest expense on bank loans	7	-	68
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	7	31	-
Operating cash flow before movements in working capital		951	(13,258)
Change in accounts receivable		(16,113)	(18,345)
Change in other receivables and prepaid expenses		2,019	(5,772)
Change in inventories		1,265	(2,914)
Change in accounts payable, accrued expenses and other current liabilities		3,529	14,985
Change in deferred revenue		11,116	10,484
Cash generated from/(used in) operations		2,767	(14,820)
Income tax paid		(2,206)	(5,345)
Interest paid		(1,046)	-
Net cash used in operating activities		(485)	(20,165)
INVESTING ACTIVITIES:			
Pre-delivery payments		(6,371)	(47,025)
Purchase of property, plant and equipment	9	(4,273)	(3,683)
Proceeds from disposal of property, plant and equipment		1,136	68
Purchase of intangible assets		(324)	(29)
Bank term deposits placed		(24,124)	(1,497)
Bank term deposits withdrawn		38,966	30,500
Interest received		3,970	1,664
Net cash generated from/(used in) investing activities		8,980	(20,002)

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (CONTINUED) (UNAUDITED)
(in thousands of USD)

	Notes	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
FINANCING ACTIVITIES:			
Proceeds from borrowings		2,761	25,891
Repayment of finance lease		(2,326)	-
Net cash received from financing activities		435	25,891
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		8,930	(14,276)
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(30)	288
CASH AND BANK BALANCES, at the beginning of the period	16	43,051	23,995
CASH AND BANK BALANCES, at the end of the period	16	51,951	10,007

On behalf of the Company's management:

Peter Foster
President

8 May 2013
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

8 May 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 35 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

1. NATURE OF ACTIVITIES

JSC Air Astana (the "Company") is a joint stock company as defined in the Civil Code of the Republic of Kazakhstan. The Company was established as a closed joint stock company on 14 March 2001 by Resolution of the Government of the Republic of Kazakhstan #1118 dated 29 August 2001. Due to a change in legislation introduced in 2003, the Company was re-registered as a joint stock company on 27 May 2005.

The Company's principal activity is the provision of scheduled domestic and international air services for passengers. Other business activities include freight and mail transportation.

The Company operated its maiden flight on 15 May 2002, a Boeing 737 service from Almaty to Kazakhstan's national capital, Astana. As at 31 March 2013, the Company operated 25 turbojet aircraft, of which 7 short-haul and 18 long-haul aircraft representing 4 aircraft acquired under finance lease and 21 aircraft leased under operating lease (2012: 2 turboprop and 25 turbojet aircraft, of which 8 short-haul and 19 long-haul aircraft representing 4 aircraft acquired under finance lease and 23 aircraft leased under operating lease).

The Company re-registered its office in 2010 from Astana, Kazakhstan to Zakarpatskaya street 4A, Almaty, Kazakhstan as the Company's main airport of operations is Almaty International Airport.

The shareholders of the Company are JSC "National Welfare Fund "Samruk-Kazyna" (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Company, respectively.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The condensed interim financial information is unaudited and does not include all the information and disclosures required in the annual financial statements. The Company omitted disclosures which would substantially duplicate the information contained in its audited annual financial statements for 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Management believes that the disclosures in this condensed interim financial information are adequate to make the information presented not misleading if this financial information is read in conjunction with the Company's annual financial statements for 2012 prepared in accordance with IFRS. In the opinion of management, this condensed interim financial information reflects all adjustments necessary to present fairly the Company's financial position, results of operations, statements of changes in equity and cash flows for the interim reporting periods.

Functional and presentation currency

The national currency of Kazakhstan is the Kazakhstani Tenge ("tenge"), which is the Company's functional currency, because it reflects the economic substance of the underlying events and circumstances of the Company. The US Dollar ("USD") is the presentation currency for this condensed interim financial information since management believes that this currency is more useful for the users of this condensed interim financial information. All financial information presented in USD has been rounded to the nearest thousand.

The tenge is not a readily convertible currency outside Kazakhstan and, accordingly, any conversion of tenge to USD should not be construed as a representation that the tenge amounts have been, could be, or will be in the future, convertible into USD at the exchange rate disclosed, or at any other exchange rate.

In preparing the condensed interim financial information, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Financial results and financial position of the Company are translated into the presentation currency using the following procedures:

a) assets and liabilities for each reporting date presented (i.e. including comparatives) are translated at the closing rate at the reporting date;
b) income and expenses for the reporting period (i.e., including comparatives) are translated at average exchange rates during the three-month period; and
c) all resulting exchange differences are recognised as foreign currency translation reserve within other comprehensive loss/income.

The following table summarises tenge exchange rates at 31 March and for the three-month period then ended:

	Average rate		**Reporting date spot-rate**	
	Three-month period ended 31 March 2013	**Three-month period ended 31 March 2012**	**31 March 2013**	**31 December 2012**
US dollar (USD)	150.67	148.13	150.84	150.74
Euro (EUR)	198.93	194.12	193.33	199.22
British Pound (GBP)	234.10	232.52	229.05	243.72

3. SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information has been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

The same accounting policies, presentation and methods of computation have been followed in this condensed interim financial information as were applied in the preparation of the Company's financial statements for the year ended 31 December 2012.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Company's annual financial statements for 2012 prepared in accordance with IFRS.

5. REVENUE

Passenger revenue	**Three-month period ended 31 March 2013 (unaudited)**	**Three-month period ended 31 March 2012 (unaudited)**
Passenger transportation	150,331	142,108
Fuel surcharge	29,767	15,522
Airport services	8,999	7,460
Excess baggage	1,875	1,691
	190,972	166,781

Cargo and mail revenue	**Three-month period ended 31 March 2013 (unaudited)**	**Three-month period ended 31 March 2012 (unaudited)**
Cargo	6,050	4,972
Mail	447	385
	6,497	5,357

Other revenue	**Three-month period ended 31 March 2013 (unaudited)**	**Three-month period ended 31 March 2012 (unaudited)**
Penalties on agency contracts	1,943	1,556
Gain on disposal of spare parts and other assets	642	79
Advertising revenue	584	514
Income from ground services	229	161
Government subsidies	131	981
Spare parts received free of charge	28	-
Other	661	263
	4,218	3,554

During the three-month period ended 31 March 2013, passenger and cargo revenue were generated from the following destinations:

	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Domestic	73,915	68,114
Europe	69,828	59,053
Asia	53,726	44,971
Total passenger and cargo revenue	197,469	172,138

6. OPERATING EXPENSES

Handling, landing fees and route charges	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Aero navigation	9,771	7,271
Handling charge	9,311	8,281
Landing fees	7,854	6,939
Meteorological services	467	453
Other	354	193
	27,757	23,137

Employee costs	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Wages and salaries of operational personnel	14,529	13,540
Wages and salaries of administrative personnel	3,098	2,638
Social tax	1,491	1,403
Wages and salaries of sales personnel	1,405	1,210
Other	1,160	1,166
	21,683	19,957

The average number of employees during the three-month period ended 31 March 2013 was 3,936 (2012: 3,750).

Aircraft operating lease costs	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Fixed lease charges	17,625	19,712
Operating lease return costs	2,059	-
Leased engine on wing costs	679	434
Lease of engines and rotable spare parts	296	280
	20,659	20,426

Passenger service	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Airport charges	8,408	7,191
Catering	7,760	6,671
Security	608	460
In-flight entertainment	575	555
Other	1,807	1,404
	19,158	16,281

Engineering and maintenance	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Maintenance – variable lease payments	10,724	10,909
Spare parts	3,337	3,297
Maintenance provision accrual (Note 19)	2,233	2,250
Technical inspection	688	789
Maintenance – components	127	6,510
	17,109	23,755

Selling costs	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Commissions	5,381	8,228
Reservation costs	3,421	3,224
Advertising	1,516	827
Interline commissions	275	212
Other	170	133
	10,763	12,624

Aircraft crew costs	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Accommodation and allowances	4,176	3,348
Contract crew	3,417	4,131
Training	2,723	2,546
	10,316	10,025

Insurance	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Hull insurance	588	585
Legal liability insurance	524	474
Medical insurance	198	169
Other	60	69
	1,370	1,297

7. FINANCE INCOME AND COSTS

Finance income	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Interest income on bank deposits	486	1,199
Finance income on guarantee deposits	189	11
Realised gain on financial assets and liabilities held at fair value through profit or loss	-	525
Other	33	3
	708	1,738

Finance costs	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Interest expense on finance lease	1,081	-
Bank commissions	205	249
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	31	-
Interest expense on bank loans	-	68
Other	108	-
	1,425	317

8. INCOME TAX

Income tax for the three-month period ended 31 March is accrued using the tax rate that would be applicable to expected total annual earnings - that is, the estimated average annual effective income tax rate is applied to loss before tax of the interim period.

The Company's income tax benefit was as follows:

	Three-month period ended 31 March 2013 (unaudited)	**Three-month period ended 31 March 2012 (unaudited)**
Current income tax benefit	1,029	943
Deferred income tax (expense)/benefit	(194)	1,655
	835	2,598

The Company's income tax recognized in other comprehensive loss was as follows:

	Three-month period ended 31 March 2013 (unaudited)	**Three-month period ended 31 March 2012 (unaudited)**
Deferred income tax	385	39
	385	39

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effect on the major temporary differences that give rise to the deferred income tax assets and liabilities as at 31 March 2013 and 31 December 2012 is presented below:

	31 March 2013 (unaudited)	**31 December 2012**
Deferred tax assets		
Provision for aircraft maintenance	3,693	4,169
Trade and other payables	2,567	1,473
Trade and other receivables	1,209	1,205
Remuneration payable	628	628
Intangible assets	129	111
Total	8,226	7,586
Deferred tax liabilities		
Difference in depreciable value of property, plant and equipment	(11,880)	(11,034)
Prepaid expenses	(52)	(67)
Total	(11,932)	(11,101)
Net deferred tax liabilities	(3,706)	(3,515)

The income tax rate in the Republic of Kazakhstan, where the Company is located, at 31 March 2013 and 31 December 2012 was 20%. The taxation charge for the period is different from that which would be obtained by applying the statutory income tax rate to loss before tax. Below is a reconciliation of theoretical income tax at 20% (2012: 20%) to the actual income tax benefit recorded in the Company's condensed interim statement of comprehensive loss:

	Three-month period ended 31 March 2013 (unaudited)	**Three-month period ended 31 March 2012 (unaudited)**
Loss before tax	(4,398)	(13,907)
Income tax benefit at statutory rate	(880)	(2,781)
Tax effect of non-deductible expenses	45	183
Income tax benefit	(835)	(2,598)

9. PROPERTY, PLANT AND EQUIPMENT

	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Flight equipment under finance lease	Equipment to be installed	Total
Cost							
At 1 January 2012	33,105	8,359	5,457	3,128	-	3,674	53,723
Additions	3,985	-	-	-	-	163,525	167,510
Disposals	(496)	(144)	-	(82)	-	-	(722)
Transfers from prepayments	-	-	-	-	37,816	-	37,816
Transfers to inventory	-	-	-	-	-	(101)	(101)
Transfers	11,287	1,810	431	370	146,642	(160,540)	-
Foreign currency translation difference	(675)	(148)	(88)	(52)	(1,994)	(88)	(3,045)
At 31 December 2012	47,206	9,877	5,800	3,364	182,464	6,470	255,181
Additions (unaudited)	-	-	-	-	-	2,809	2,809
Disposals (unaudited)	(4,546)	(1)	-	-	-	-	(4,547)
Capitalized expenses(unaudited)	-	-	-	-	1,464	-	1,464
Transfers (unaudited)	2,355	1,186	3	(250)	-	(3,294)	-
Foreign currency translation difference (unaudited)	(29)	(8)	(4)	(2)	(123)	(4)	(170)
At 31 March 2013 (unaudited)	44,986	11,054	5,799	3,112	183,805	5,981	254,737
Accumulated depreciation							
At 1 January 2012	12,963	4,325	908	1,426	-	-	19,622
Charge for the year	3,624	1,446	184	449	720	-	6,423
Disposals	(204)	(122)	-	(64)	-	-	(390)
Foreign currency translation difference	(237)	(82)	(17)	(27)	(8)	-	(371)
At 31 December 2012	16,146	5,567	1,075	1,784	712	-	25,284
Charge for the period (Note 10) (unaudited)	1,525	390	46	111	3,601	-	5,673
Transfers (unaudited)	118	-	-	(118)	-	-	-
Disposals (unaudited)	(3,884)	-	-	-	-	-	(3,884)
Foreign currency translation difference	(8)	(5)	(1)	-	(5)	-	(19)
At 31 March 2013 (unaudited)	13,897	5,952	1,120	1,777	4,308	-	27,054
Net book value							
At 31 March 2013 (unaudited)	31,089	5,102	4,679	1,335	179,497	5,981	227,683
At 31 December 2012	31,060	4,310	4,725	1,580	181,752	6,470	229,897

As at 31 March 2013, book value of fully depreciated property, plant and equipment that is still in use was USD 3,381 thousand (unaudited) (as at 31 December 2012: USD 3,174 thousand).

The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 179,497 thousand (unaudited) (2012: USD 181,752 thousand) (Note 22). Rotable spare parts include aircraft modifications.

10. DEPRECIATION AND AMORTISATION

	Three-month period ended 31 March 2013 (unaudited)	Three-month period ended 31 March 2012 (unaudited)
Depreciation of property, plant and equipment	5,673	1,428
Amortisation of intangible assets	239	289
Total	5,912	1,717

11. GUARANTEE DEPOSITS

	31 March 2013 (unaudited)	31 December 2012
Non-current		
Guarantee deposits for leased aircraft	17,548	17,020
Other guarantee deposits	608	581
	18,156	17,601
Current		
Guarantee deposits for leased aircraft	391	391
Other guarantee deposits	795	1,194
	1,186	1,585
	19,342	19,186

Guarantee deposits for leased aircraft comprise security deposits required by the lease agreements as security for future lease payments to be made by the Company. Guarantee deposits are denominated primarily in US dollars.

Guarantee deposits for leased aircraft are receivable as follows:

	31 March 2013 (unaudited)	31 December 2012
Within one year	391	391
After one year but not more than five years	15,046	15,046
More than five years	2,571	2,231
	18,008	17,668
Fair value adjustment	(69)	(257)
	17,939	17,411

12. INVENTORIES

	31 March 2013 (unaudited)	31 December 2012
Spare parts	26,564	23,088
Fuel	8,143	8,908
Goods in transit	2,050	5,138
Crockery	1,817	2,197
Promotional materials	1,279	1,140
Uniforms	831	1,279
Blank forms	584	593
De-icing liquid	463	581
Other	413	513
	42,144	43,437
Less: allowance for obsolete and slow-moving inventories	(677)	(677)
	41,467	42,760

13. PREPAYMENTS

	31 March 2013 (unaudited)	31 December 2012
Non-current		
Prepayments for non-current assets	100,410	94,114
Advances paid for services	944	939
	101,354	95,053
Current		
Advances paid for services	14,152	15,854
Prepayments for operating leases	5,293	5,069
Advances paid for goods	4,943	5,843
	24,388	26,766
Less: allowance for non-recovery	(5,506)	(5,510)
	18,882	21,256

The allowance for non-recovery includes advance payments made by the Company to suppliers which are currently subject to claims for recovery due to the suppliers' inability to complete the transactions.

14. TRADE AND OTHER RECEIVABLES

	31 March 2013 (unaudited)	31 December 2012
Trade receivables	42,573	29,070
Receivable from lessors – variable lease reimbursement	13,643	11,376
Due from employees	6,298	5,888
Subsidies receivable (Note 25)	372	242
Other	250	259
	63,136	46,835
Less: allowance for doubtful debts	(539)	(513)
	62,597	46,322

At 31 March 2013, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 37% of the Company's trade and other receivables (unaudited) (at 31 December 2012: eight debtors comprised 39%).

Receivable from lessors represents the amount of variable lease reimbursement applied for by the Company as a result of maintenance events that occurred prior to reporting date.

The Company's trade and other receivables are denominated in the following currencies:

	31 March 2013 (unaudited)	31 December 2012
Tenge	24,400	19,939
US Dollar	22,505	16,039
Euro	7,633	5,083
Russian Rouble	2,187	1,535
Other	6,411	4,239
	63,136	46,835

15. BANK DEPOSITS

	31 March 2013 (unaudited)	31 December 2012
Term deposits with local banks	61,210	76,049
Guarantee deposits	20	19
Interest receivable	921	4,408
	62,151	80,476

As at 31 March 2013 term deposits with local banks (with an original maturity of more than three months and less than one year) earn interest in the range from 0.5% to 4.5% per annum (unaudited) (31 December 2012: in the range from 0.4% to 7.5%). Bank deposits have no restrictions on early withdrawal.

Guarantee deposits made to meet the requirements of Kazakhstan legislation relating to foreign employees are denominated in tenge and earn interest in the range from 0% to 4.5% per annum (31 December 2012: in the range from 0% to 4.5%).

Bank deposits are denominated in the following currencies as at 31 March 2013 and 31 December 2012:

	31 March 2013 (unaudited)	**31 December 2012**
US Dollar	42,668	78,871
Tenge	17,944	35
Euro	1,539	1,570
	62,151	80,476

16. CASH AND BANK BALANCES

	31 March 2013 (unaudited)	**31 December 2012**
Current accounts with local banks	43,056	30,929
Current accounts with foreign banks	8,781	7,060
Cash on hand	114	87
Term deposits with local banks with original maturity less than 3 months	-	4,975
	51,951	43,051

As at 31 March 2013, current accounts with banks earn interest in the range of 0.1% to 2% per annum (unaudited) (31 December 2012: 0.2% to 2%).

Cash and bank balances are denominated in the following currencies:

	31 March 2013 (unaudited)	**31 December 2012**
Tenge	22,349	24,751
US Dollar	16,849	6,261
Euro	5,450	5,341
Russian Rouble	1,483	1,362
Indian Rupee	1,333	1,025
Chinese Yuan	1,213	980
GBP	930	1,433
Uzbek Soms	708	735
Other	1,636	1,163
	51,951	43,051

17. EQUITY

As at 31 March 2013 and 31 December 2012, share capital comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of USD 1,000 per share.

Dividends payable on ordinary shares are determined by the shareholders at the annual meeting.

The Company has not yet declared any dividends for the year ended 31 December 2012.

The calculation of basic loss per share is based on loss for the three-month period ended 31 March 2013 and 31 March 2012 and weighted average number of ordinary shares outstanding during the same period of 17,000 shares. The Company has no potential dilutive instruments.

	Three-month period ended 31 March 2013 (unaudited)	**Three-month period ended 31 March 2012 (unaudited)**
Net loss	(3,563)	(11,309)
Number of ordinary shares	17,000	17,000
Loss per share – basic and diluted (USD)	(210)	(665)

18. DEFERRED REVENUE

	31 March 2013 (unaudited)	**31 December 2012**
Unearned transportation revenue	61,538	50,146
Customer loyalty program	6,967	7,294
	68,505	57,440

Unearned transportation revenue represents the value of sold but unused passenger tickets, the validity period of which has not expired.

Deferred revenue attributable to the customer loyalty program refers to the Company's Nomad Club program.

19. PROVISION FOR AIRCRAFT MAINTENANCE

	31 March 2013 (unaudited)	**31 December 2012**
Engines	15,128	16,673
C-Check	2,041	3,529
Aircraft reconfiguration	1,294	-
Fokker-50 redelivery provisions	-	642
	18,463	20,844

The movements in the provision for aircraft maintenance were as follows for the three-month period ended 31 March 2013 and the year ended 31 December 2012:

	Three-month period ended 31 March 2013 (unaudited)	**Year ended 31 December 2012**
At 1 January	20,844	28,306
Accrued during the period (Note 6)	3,563	10,207
Reversed during the period (Note 6)	(1,330)	(10,016)
Used during the period	(4,602)	(7,290)
Foreign currency translation difference	(12)	(363)
At period end	18,463	20,844

Under the terms of its operating lease agreements for aircraft, the Company is obliged to carry out and pay for maintenance based on use of the aircraft and to return aircraft to the lessors in a satisfactory condition at the end of the lease term. The maintenance cost estimates used for provisions are in US Dollars.

The planned utilisation of these provisions is as follows:

	31 March 2013 (unaudited)	**31 December 2012**
Within one year	13,377	16,712
During the second year	3,029	2,248
During the third year	159	726
After the third year	1,898	1,158
Total provision for aircraft maintenance	18,463	20,844
Less: current portion	(13,377)	(16,712)
Non-current portion	5,086	4,132

Significant judgment is involved in determining the provision for aircraft maintenance. Management has engaged an independent specialist to assist in estimating the timing and cost of expected engine maintenance activities. The estimate by the independent specialist is prepared based on the current condition of aircraft, historical flight hours and cycles, expected future utilisation of the aircraft over the remaining life of the operating leases as well as requirements for returnable condition when the lease term is concluded. The estimates are based on the following key assumptions:

- expected utilisation rate for flight hours and cycles is based on historical data;
- market prices are used for services and parts;
- it is assumed that aircraft will be operated within standard norms and conditions; and
- no provisions have been made for unscheduled maintenance.

20. TRADE AND OTHER PAYABLES

	31 March 2013 (unaudited)	31 December 2012
Trade payables	42,224	36,426
Employee unused vacation and remuneration payable	5,248	5,512
Wages and salaries payable to employees	4,088	3,828
Operating lease payables	2,632	3,147
Advances received	1,992	1,952
Taxes payable	1,833	1,015
Other	261	1,160
	58,278	53,040

The Company's trade and other payables are denominated in the following currencies:

	31 March 2013 (unaudited)	31 December 2012
Tenge	29,189	23,177
US dollar	19,721	19,585
Euro	4,949	5,900
Russian roubles	942	893
GBP	484	1,312
Other	2,993	2,173
	58,278	53,040

21. LOANS

	31 March 2013 (unaudited)	31 December 2012
Non-current		
Non-secured non-bank loans	9,223	6,456
	9,223	6,456
Current		
Current portion of non-secured non-bank loans	18,081	18,081
Interest payable	162	146
	18,243	18,227
	27,466	24,683

On 16 March 2012, the Company entered into a renewable credit line agreement with JSC Halyk Bank for the amount of USD 45,000 thousand for the purpose of replenishment of working capital in order to meet current liabilities and not to incur interest penalties on early termination of bank deposits. Interest rate was fixed depending on loan terms from 4.5% to 7.25% per annum. The loan was secured by cash kept on the Company's current accounts and was fully repaid during August 2012. The preliminary extension till June 2014 of the current renewable credit line is not being used.

On 21 August 2012, the Company concluded a loan agreement for financing of pre-delivery payments for Boeing B767-300ER for up to USD 35,000 thousand. Maturity date is 31 December 2014 or delivery date of the aircraft if delivery occurs before maturity date. The loan is denominated in USD. As the Company did not confirm purchase of the fourth Boeing-767 and will be taking delivery of only three Boeing-767 the amount of the loan reduced to USD 29,304 thousand.

22. OBLIGATIONS UNDER FINANCE LEASE

In 2012, the Company acquired four aircraft under fixed interest finance lease agreements. The lease term for each aircraft is twelve years. The Company has an option to purchase each aircraft for a nominal amount at the end of the lease (Note 24). Loans provided by financial institutions to the lessors in respect of the three new Airbus are guaranteed by European Export Credit Agencies. The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying value of USD 179,497 thousand (unaudited) (2012: USD 181,752 thousand) (Note 9).

The Company's finance leases are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain finance lease agreements include covenants as regards to change of ownership of the Company. These requirements have been met during three-month period ended 31 March 2013.

	Minimum lease payments		**Present value of minimum lease payments**	
	31 March 2013 (unaudited)	**31 December 2012**	**31 March 2013 (unaudited)**	**31 December 2012**
To one year	14,725	14,210	10,503	10,047
Over one year and to five years	57,500	57,500	43,913	43,579
Over five years	97,252	100,846	87,562	90,454
	169,477	172,556	141,978	144,080
Less: future finance charges	(27,499)	(28,476)	-	-
Present value of minimum lease payments	141,978	144,080	141,978	144,080
Included in the financial statements as:				
- current portion of finance lease obligations			10,503	10,047
- non-current portion of finance lease obligations			131,475	134,033
			141,978	144,080

The Company's finance lease obligations are denominated in US Dollars.

23. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, currency and commodity price risk arises in the normal course of the Company's business. The Company does not hedge its exposure to such risks, other than commodity price risk as discussed below.

Capital management

The Company manages its capital to ensure the Company will be able to continue as going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Company overall strategy remains unchanged from 2012.

The capital structure of the Company consists of net debt (comprising loans and finance lease obligations in Notes 21 and 22) and equity of the Company (comprising issued capital, foreign currency translation reserve and retained earnings as detailed in Note 17).

The Company is not subject to any externally imposed capital requirements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The maximum exposure to credit risk related to financial instruments, such as cash and accounts receivable, is calculated basing on their book value.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

As at 31 March 2013, there was no significant concentration of credit risk in respect of and trade and other receivables (Note 14).

The Company uses reputable banks and has established a cash investment policy which would limit the credit risk related to bank accounts and deposits.

Interest rate risk

The Company is not exposed to interest rate risk because the Company borrows funds at fixed interest rates.

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the tenge. The currencies giving rise to this risk are primarily the USD and Euro. For amounts of assets and liabilities denominated in foreign currency refer to Notes 11, 14, 15, 16, 20, 21 and 22.

Commodity price risk

The Company uses options to economically hedge the exposure to movements in the price of aviation fuel. Financial instruments are acquired being call options (where a premium is paid upfront by the Company for covering the risk of increases of commodity price above a predetermined level) and a zero cost collar (where no premium is paid by the Company unless the price of the commodity decreases below a predetermined level). Since aviation fuel derivative financial instruments are not quoted or available in Kazakhstan, management signed economic hedge agreements with reference to changes in the crude oil price per barrel. The quantity of aviation fuel to be covered by such instruments is assessed on a quarterly basis by management as part of its risk management strategy. Economic hedging is conducted in accordance with the policy for hedge of fuel price changes approved by the Company's directors and shareholders.

Foreign currency sensitivity analysis

The Company is mainly exposed to the risk of change of exchange rates of tenge against US Dollars and Euro.

The book value of the Company's monetary assets and liabilities in foreign currency as at the reporting date has been provided below. This disclosure excludes assets and liabilities denominated in other currencies as they do not have significant effect on the condensed interim financial information of the Company.

		US dollar		Euro	
	Notes	**31 March 2013 (unaudited)**	**31 December 2012**	**31 March 2013 (unaudited)**	**31 December 2012**
Assets					
Guarantee deposits		19,025	18,913	79	83
Trade and other receivables	14	22,505	16,039	7,633	5,083
Bank deposits	15	42,668	78,871	1,539	1,570
Cash and bank balances	16	16,849	6,261	5,450	5,341
Total		101,047	120,084	14,701	12,077
Liabilities					
Loans	21	27,466	24,683	-	-
Finance lease liabilities	22	169,477	172,556	-	-
Trade and other payables	20	19,721	19,585	4,949	5,900
			216,824		5,900
Total		216,664		4,949	
Net currency position		(115,617)	(96,740)	9,752	6,177

The following table details the Company's sensitivity to 10.72% increase of tenge against USD and 10.77% increase of tenge against Euro at 31 March 2013 and 31 December 2012. 10.72% and 10.77% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. Management of the Company believes that given the current economic conditions in Kazakhstan that 10.72% for USD and 10.77% for Euro increase is a realistic movement in the tenge exchange rates against foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10.72% and 10.77% change in rates of US Dollar and Euro, respectively, as at 31 March 2013 and 31 December 2012. The sensitivity analysis includes guarantee deposits, trade and other receivables, cash and bank balances, bank deposits, loans, finance lease liabilities, and trade and other payables.

A negative number below indicates a decrease in profit and equity where exchange rate changes in an opposite direction.

	Currency USD impact		**Currency Euro impact**	
	31 March 2013 (unaudited)	**31 December 2012**	**31 March 2013 (unaudited)**	**31 December 2012**
	10.72%	**10.72%**	**10.77%**	**10.77%**
Profit or (loss)	9,915	8,296	(840)	(532)

The Company limits the currency risk by monitoring changes in exchange rates of foreign currencies in which cash and bank balances, bank term deposits, guarantee deposits, accounts receivable and accounts payable and loans are denominated.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 March 2013 (unaudited)					
Financial liabilities					
Interest free					
Trade and other payables	-	53,030	-	-	53,030
Financial liabilities at fair value through profit or loss	-	22	-	-	22
Fixed rate					
Non-secured non-bank loans	-	18,453	9,665	-	28,118
Finance lease liabilities	3,594	11,131	57,500	97,252	169,477
31 December 2012					
Financial liabilities					
Interest free					
Trade and other payables	-	47,528	-	-	47,528
Financial liabilities at fair value through profit or loss	-	280	-	-	280
Fixed rate					
Non-secured non-bank loans	-	18,587	6,824	-	25,411
Finance lease liabilities	2,207	12,003	57,500	100,846	172,556

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 March 2013 (unaudited)						
Financial assets						
Interest free						
Trade and other receivables	-	-	62,597	-	-	62,597
Financial assets at fair value through profit or loss	-	-	69	-	-	69
Guarantee deposits	-	-	1,186	15,605	2,550	19,341
Cash and bank balances	-	51,951	-	-	-	51,951
Fixed rate						
Bank deposits	2.11%	5,556	57,105	-	-	62,661
31 December 2012						
Financial assets						
Interest free						
Trade and other receivables	-	-	46,322	-	-	46,322
Financial assets at fair value through profit or loss	-	-	361	-	-	361
Guarantee deposits	-	-	1,585	15,431	2,170	19,186
Cash and bank balances	-	43,051	-	-	-	43,051
Fixed rate						
Bank deposits	3.26%	40,335	40,992	-	-	81,327

Fair values

The fair values of financial assets and financial liabilities of the Company are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The following methods and assumptions are used by the Company to estimate the fair value of these financial instruments:

Cash and bank balances

The carrying value of cash and bank balances approximates their fair value as they either have short-term maturity or are interest-bearing and hence are not discounted.

Trade and other receivables and payables

For assets and liabilities maturing within twelve months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial assets and liabilities maturing in over twelve months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates. Average market borrowing rates were as follows:

	31 March 2013 (% per annum) (unaudited)	**31 December, 2012 (% per annum)**
Tenge		
For 1 to 5 years	11.4%-12.3%	11.5%-13.1%
Foreign currency		
For 1 to 5 years	12.0%-12.5%	8.5%-10.1%

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed interim financial information approximate their fair values.

Financial instruments at fair value through profit or loss

Valuation of financial instruments recognised at fair value through profit or loss is based on inputs for which all significant inputs are observable, either directly or indirectly and valuations are based on one or more observable quoted prices for orderly transactions in markets that are not considered active and represent Level 2 of the fair value hierarchy.

Trade and other receivables and payables

For receivables and payables with a maturity of less than twelve months fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

Loans

Loans are recognized at amortized cost and accordingly it approximates their fair values.

Provisions

For provisions which meet the definition of financial liabilities the fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

24. COMMITMENTS AND CONTINGENCIES

Capital commitments

During 2008 the Company signed an agreement with Airbus to purchase six Airbus narrow-body aircraft. The Company is committed to pre-delivery payments in accordance with an agreed payment schedule. Payments commenced in 2008 and the last payment is due in 2013. During 2012 the Company entered into fixed interest finance lease agreements on delivery of three of these Airbus aircraft. These leases are denominated in US Dollars, with a repayment term of twelve years. Loans provided by financial institutions to the lessors are guaranteed by European Export Credit Agencies. Delivery of the remaining three aircraft is scheduled for 2013.

During 2011 the Company signed an agreement with Embraer to purchase two Embraer-190 narrow - body aircraft. The Company is committed to pre-delivery payments from 2011 in accordance with an agreed payment schedule, with first aircraft delivered in November 2012 on a fixed interest US Dollar finance lease, with a repayment term of twelve years. Delivery of second aircraft is scheduled for December 2013.

During 2012, the Company finalised an agreement with Boeing to purchase three Boeing-787 and three Boeing-767 aircraft. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. In respect of the Boeing 767, 50% of pre-delivery payments are paid from own resources and 50% is financed by the borrowings (Note 21). Last pre-delivery payments are expected in 2013 and 2018 for Boeing 767 and Boeing 787 respectively. Delivery of Boeing-767 are expected in September 2013, October 2013 and mid 2014; delivery of Boeing-787 in 2017 and 2019.

The terms of the Company's contracts with the above suppliers precludes it from disclosing information on the purchase cost of the aircraft.

Operating lease commitments

Aircraft

Aircraft operating leases are for terms of between 5 to 10 years. All operating lease contracts contain market review clauses in the event that the Company exercises its option to renew. The Company does not have an option to purchase the leased aircraft at the expiry of the lease period.

Operating lease commitments include fixed lease payments and variable lease payments which vary according to flying hours and cycles.

The fixed and variable lease payments are denominated and settled in US Dollars. This currency is routinely used in international commerce for aircraft operating leases.

Non-cancellable operating lease commitments are payable as follows:

	31 March 2013 (unaudited)	31 December 2012
Within one year	103,710	104,919
Over one year to five years	249,443	247,685
More than five years	84,544	95,550
	437,697	448,154

An unsecured stand-by Letter of Credit facility was obtained and fully utilized for the amount of USD 5,000 thousand. This Letter of Credit was obtained as a security for Lessor to cover any unfulfilled maintenance liabilities on the return of Embraer E190 to Lessor.

Engine

During 2010, the Company purchased a spare engine and subsequently entered into a sale and leaseback transaction for the engine. The lease term is 10 years with an extension period of 5 years at the agreement of the lease agreement parties.

Operating lease agreement for another engine expires on 31 May 2013.

The fixed and variable lease payments are denominated and settled in US dollars. This currency is routinely used in international commerce for engine operating leases.

Non-cancellable operating lease commitments are payable as follows:

	31 March 2013 (unaudited)	**31 December 2012**
Within one year	1,377	1,394
After one year but not more than five years	5,914	5,994
More than five years	1,689	1,945
	8,980	9,333

Insurance

Aviation insurance

Air Astana puts substantial attention in conducting insurance coverage for its aircraft operations and hence places aviation risks in major international insurance markets (e.g. Lloyd’s) having high rating of financial stability through a service of international reputable broker. Types of insurance coverage are stated below:

- Aviation Hull, Total Loss Only and Spares All risks and Airline Liability including Passenger Liability;
- Aircraft Hull and Spare Engine Deductible;
- Aviation Hull and Spares “War and Allied Perils” ;
- Aviation War, Hi-Jacking and Other Perils Excess Liability;

Non – Aviation Insurance

Apart from aviation insurance coverage the airline constantly purchase non-aviation insurance policies to reduce the financial risk of damage to property and general liability, as well as covering employees from accidents and medical expenses, as follows:

- Medical insurance of employees;
- Directors, Officers and Corporate liability insurance;
- Property insurance;
- Comprehensive vehicle insurance;
- Compulsory insurance of employee from accidents during execution of labor (service) duties;
- Commercial general liability insurance (Public Liability);
- Civil liability insurance to customs authorities.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by numerous taxes and frequent changes in legislation, official pronouncements and court decisions. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these condensed interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

In 2012, tax authorities performed tax audit for five-year period from 2006 to 2010 inclusive. During 2013 based on their final assessment, a total amount of USD 2,885 thousand was accrued including taxes, interest and penalties. Additionally accrued taxes were paid in 2013. The Company appealed to Tax Authorities in January 2013 for the amount of USD 1,827 thousand. As at the date of approval of this condensed interim financial information the Company has not received any response on the appeal.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

As Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

25. RELATED PARTY TRANSACTIONS

Control relationships

The shareholders of the Company are JSC “National Welfare Fund “Samruk-Kazyna” (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, which own 51% and 49% of the shares of the Company, respectively.

In 2007 the shareholders appointed two independent directors; one is from JSC “National Welfare Fund “Samruk-Kazyna”, and another from BAE System Kazakhstan Limited. An agreement with the independent directors was signed in 2007 and the total remuneration paid during three-month period ended 31 March 2013 to independent directors was USD 38 thousand (unaudited) (three-month period ended 31 March 2012: USD 37 thousand) (unaudited).

Management remuneration

Key management (at 31 March 2013: 26 persons, 31 March 2012: 23 persons) (unaudited) received the following remuneration, which is included in personnel costs (see Note 6):

	Three-month period ended 31 March 2013 (unaudited)	**Three-month period ended 31 March 2012 (unaudited)**
Salaries and bonuses	955	1,044
	955	1,044

Transactions with related parties

Related parties comprise the shareholders of the Company and all other companies in which those shareholders, either individually or together, have a controlling interest.

The Company provides air transportation services to Government departments, government agencies and State-owned enterprises. These transactions are conducted in the ordinary course of the Company's business on terms comparable to those with other entities that are not state-controlled.

The Company has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

The Government subsidies for the three-month period ended 31 March 2013 amounted to USD 131 thousand (unaudited) (three-month period ended 31 March 2012: USD 981 thousand) (unaudited) (Note 5). As at 31 March 2013 the outstanding amount due to the Company for subsidies was USD 372 thousand (unaudited) (31 December 2012: USD 242 thousand) (Note 14).

Having considered the potential for transactions to be impacted by related party relationships, the entity's pricing strategy, buying and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the condensed interim financial information, management is of the opinion that the following transactions require disclosure as related party transactions:

Services received	**Three-month period ended 31 March 2013 (unaudited) Transaction value**	**31 March 2013 (unaudited) Outstanding balance**	**Three-month period ended 31 March 2012 (unaudited) Transaction value**	**31 December 2012 Outstanding balance**
State-owned companies	11,614	(4,514)	8,673	(363)
Shareholders and their subsidiaries	3,391	(213)	3,159	(5,583)
	15,005	(4,727)	11,832	(5,946)

Services from related parties are represented by airport, navigation and meteorological forecasting services.

Services provided by the Company	Three-month period ended 31 March 2013 (unaudited) Transaction value	31 March 2013 (unaudited) Outstanding balance	Three-month period ended 31 March 2012 (unaudited) Transaction value	31 December 2012 Outstanding balance
Shareholders and their subsidiaries	88	-	1	132
	88	-	1	132

26. SUBSEQUENT EVENTS

Under the term sheet signed during March 2013 with HSBC Bank for providing financing (guaranteed by European Export Credit Agencies) for up to USD 46,000 thousand, the Company received one Airbus 320 under finance lease on 3 May 2013.

On 9 April 2013 and 26 April 2013, the Company signed letters of intent for operating leases of one and two Airbus A320 aircraft, respectively, with delivery in 2014.

27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management and authorised for issue on 8 May 2013.