JOINT STOCK COMPANY
AIR ASTANA

Condensed Consolidated Interim Financial Information
for the six-month period
ended 30 June 2020 (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 SIX-MONTH PERIOD ENDED 30 JUNE 2020

Management is responsible for the preparation and presentation of the condensed consolidated interim financial information of JSC Air Astana (the "Company") and its subsidiary (the "Group") as at 30 June 2020, the results of its operations, cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard 34"Interim Financial Reporting" (IAS 34).

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time financial position of the Group, and which enable them to ensure that the condensed consolidated interim financial information of the Group comply with IAS 34;
- maintaining statutory accounting records in compliance with legislation of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The condensed interim financial information for the six-month period ended 30 June 2020 were authorised for issue on 14 August 2020 by management of the Group.

On behalf of the Group's management:

Peter Foster	**Ibrahim Canliel**	**Azamat Ospanov**
President	**Chief Financial Officer**	**Vice-president Finance Accounts, Chief Accountant**
14 August 2020	14 August 2020	14 August 2020
Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan	Almaty, Republic of Kazakhstan

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders and Board of Directors of JSC Air Astana

Introduction

We have reviewed the condensed consolidated interim statement of financial position of JSC Air Astana (the "Company") and its subsidiary (the "Group") as at 30 June 2020, and the related condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our 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 consolidated 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 condensed consolidated interim financial information as at 30 June 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Sergey Dementyev
Engagement Partner

KPMG Audit LLC

Almaty, Republic of Kazakhstan

14 August 2020

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

(in thousands of USD)

	Notes	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Revenue and other income			
Passenger revenue	5	185,056	359,980
Cargo and mail	5	8,147	9,646
Other	5	3,011	3,030
Gain from sale and leaseback transaction	5	6,257	-
Total		**202,471**	**372,656**
Operating expenses			
Depreciation and amortisation	10	(51,444)	(35,114)
Fuel		(51,077)	(96,765)
Employee costs	6	(35,156)	(40,152)
Engineering and maintenance	6	(32,152)	(42,576)
Handling, landing fees and route charges	6	(26,759)	(51,624)
Passenger service	6	(20,386)	(41,090)
Aircraft crew costs	6	(9,482)	(16,756)
Selling costs	6	(9,364)	(20,337)
Insurance		(3,312)	(2,453)
Aircraft operating lease costs	6	(2,342)	(8,900)
Information technology		(1,942)	(1,881)
Consultancy, legal and professional services		(1,543)	(1,667)
Taxes, other than income tax		(1,272)	(574)
Property lease cost		(1,235)	(2,048)
Impairment gain/(loss) on trade receivables		93	(182)
Other		(17,916)	(3,708)
Total operating expenses		**(265,289)**	**(365,827)**
Operating (loss)/profit		**(62,818)**	**6,829**
Finance income	7	774	1,718
Finance costs	7	(16,477)	(11,146)
Foreign exchange loss, net		(7,090)	(6,600)
Loss before tax		**(85,611)**	**(9,199)**
Income tax benefit	8	19,384	2,013
Net loss for the period		**(66,227)**	**(7,186)**
Basic and diluted loss per share (in USD)	17	**(3,896)**	**(423)**

On behalf of the Group's management

Peter Foster	**Ibrahim Canliel**	**Azamat Ospanov**
President	**Chief Financial Officer**	**Vice-president Finance Accounts, Chief Accountant**
14 August 2020 Almaty, Republic of Kazakhstan	14 August 2020 Almaty, Republic of Kazakhstan	14 August 2020 Almaty, Republic of Kazakhstan

The notes on pages 9-35 form an integral part of this condensed consolidated interim financial information. The independent auditors' report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

(in thousands of USD)

	Notes	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Net loss for the period		**(66,227)**	**(7,186)**
Other comprehensive income to be reclassified into profit or loss in subsequent periods:			
Realized net loss from cash flow hedging instruments	22	5,690	5,546
Corporate income tax related to loss from cash flow hedging instruments	22	(1,138)	(1,109)
Other comprehensive income for the period, net of income tax		**4,552**	**4,437**
Total comprehensive loss for the period		**(61,675)**	**(2,749)**

The notes on pages 9-35 form an integral part of this condensed consolidated interim financial information. The independent auditors’ report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (UNAUDITED)
(in thousands of USD)

	Notes	30 June 2020 (unaudited)	31 December 2019
ASSETS			
Non-current assets			
Property and equipment	9	623,595	617,193
Intangible assets		1,455	1,695
Prepayments for non-current assets	13	10,035	12,069
Guarantee deposits	11	19,173	16,732
Trade and other receivables	14	3,015	3,240
Deferred tax asset	8	6,007	-
		663,280	**650,929**
Current assets			
Inventories	12	55,319	50,001
Prepayments	13	17,272	31,022
Income tax prepaid		3,891	895
Trade and other receivables	14	11,000	33,096
Other taxes prepaid	15	20,471	33,346
Guarantee deposits	11	12,459	16,629
Cash and bank balances	16	214,816	176,442
Other financial assets		34	234
		335,262	**341,665**
Total assets		**998,542**	**992,594**
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17,000	17,000
Functional currency transition reserve		(9,324)	(9,324)
Reserve on hedging instruments, net of tax		(49,293)	(53,845)
Retained earnings		83,123	149,350
Total equity		**41,506**	**103,181**
Non-current liabilities			
Loans	21	7,289	6,430
Lease liabilities	22	515,400	495,286
Deferred tax liabilities	8	-	12,763
Provision for aircraft maintenance	19	74,408	53,849
Employee benefits		2,021	1,219
		599,118	**569,547**
Current liabilities			
Loans	21	97,458	10,395
Lease liabilities	22	112,358	111,216
Deferred revenue	18	39,031	67,918
Provision for aircraft maintenance	19	37,131	37,413
Trade and other payables	20	71,940	92,924
		357,918	**319,866**
Total liabilities		**957,036**	**889,413**
Total equity and liabilities		**998,542**	**992,594**

The notes on pages 9-35 form an integral part of this condensed consolidated interim financial information. The independent auditors’ report on review of condensed interim financial information is on page 2.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Functional currency translation reserve	Reserve on hedging instruments	Retained earnings	Total equity
At 1 January 2019		**17,000**	**(9,324)**	**(62,770)**	**119,277**	**64,183**
Loss for the period (unaudited)		-	-	-	(7,186)	(7,186)
Realised loss on cash flow hedging instruments, net of tax (unaudited)		-	-	4,437	-	4,437
Total other comprehensive loss for the period (unaudited)		-	-	**4,437**	**(7,186)**	**(2,749)**
At 30 June 2019 (unaudited)		**17,000**	**(9,324)**	**(58,333)**	**112,091**	**61,434**
At 1 January 2020		**17,000**	**(9,324)**	**(53,845)**	**149,350**	**103,181**
Loss for the period (unaudited)		-	-	-	(66,227)	(66,227)
Realised loss on cash flow hedging instruments, net of tax (unaudited)		-	-	4,552	-	4,552
Total other comprehensive loss for the period (unaudited)		-	-	**4,552**	**(66,227)**	**(61,675)**
At 30 June 2020 (unaudited)		**17,000**	**(9,324)**	**(49,293)**	**83,123**	**41,506**

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JOINT STOCK COMPANY AIR ASTANA
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

(in thousands of USD)

	Notes	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
OPERATING ACTIVITIES:			
Loss before tax		**(85,611)**	**(9,199)**
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets	10	51,444	35,114
Gain on sale of property, equipment and inventory		(6,648)	(305)
Loss on disposal of property, plant and equipment		-	1,234
Change in impairment allowance for prepayments, trade receivables, guarantee deposits		(112)	(182)
Change in write-down of obsolete and slow-moving inventories		(359)	(31)
Change in vacation accrual		3,065	176
Change in provision for aircraft maintenance	19	19,311	14,128
Change in loyalty provision		967	747
Foreign exchange loss, net		7,090	6,600
Finance income	7	(774)	(1,352)
Finance costs	7	16,477	11,123
Impairment of property, plant and equipment		13,526	-
Lease concession		(1,353)	-
Operating cash flow before movements in working capital		**17,023**	**58,053**
Change in trade and other accounts receivables		23,650	(14,480)
Change in prepaid expenses		20,077	(7,129)
Change in inventories		(4,628)	(968)
Change in trade and other payables and other current liabilities		(16,803)	16,253
Change in deferred revenue		(29,854)	32,318
Change in other financial assets		(308)	(1,291)
Cash generated from operations		**9,157**	**82,756**
Income tax paid		(3,633)	(5,505)
Interest received		769	1,328
Net cash generated from operating activities		**6,293**	**78,579**
INVESTING ACTIVITIES:			
Purchase of property and equipment		(19,395)	(22,215)
Proceeds from disposal of property, plant and equipment		1,323	23
Proceeds from sale and leaseback transaction		33,410	-
Purchase of intangible assets		(178)	(199)
Bank and Guarantee deposits placed		(6,212)	(10,140)
Bank and Guarantee deposits withdrawn		7,853	22,170
Net cash generated / (used in) from investing activities		**16,801**	**(10,361)**

The notes on pages 9-35 form an integral part of this condensed consolidated interim financial information. The independent auditors’ report on review of condensed interim financial information is on page 2.

(in thousands of USD)

	Notes	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
FINANCING ACTIVITIES:			
Repayment of lease liabilities	22	(56,695)	(46,806)
Interest paid	22	(14,443)	(10,511)
Repayment of borrowings	22	(59,336)	(679)
Proceeds from borrowings	22	146,709	
Net cash from / (used) in financing activities		**16,235**	**(57,996)**
NET INCREASE IN CASH AND BANK BALANCES		**39,329**	**10,222**
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(950)	184
Effects of movements in ECL on cash and bank balances		(5)	-
CASH AND BANK BALANCES, at the beginning of the period	16	**176,442**	**132,826**
CASH AND BANK BALANCES, at the end of the period	**16**	**214,816**	**143,232**

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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 September 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 Group on 27 May 2005.

The Company has a subsidiary JSC «Aviation Group «Air Kazakhstan» (hereinafter – the "Subsidiary") which was acquired in November 2019. Together they are referred as the "Group".

In November 2019 the Company obtained control of the Subsidiary by acquiring one hundred percent of the shares, which are 101,665 shares, and voting interests for KZT 2. At the time of the acquisition the Subsidiary had negative net assets of KZT 7 thousand. Taking control of the Subsidiary will enable the Group to establish a new low-cost airline operating under the Fly Arystan brand. The Subsidiary did not operate during 2020.

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

The Group operated its maiden flight on 15 May 2002, a Boeing-737 service from Almaty to Kazakhstan's national capital, Nur-Sultan (Astana at the time). As at 30 June 2020 and 31 December 2019, the Group operated 36 and 35 turbojet aircraft that are acquired under lease.

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

The shareholders of the Group 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 Group, respectively.

Impact of COVID-19

In December 2019, a new strain of coronavirus ("COVID-19") was reported in Wuhan, China. At the initial stages, the impact manifested itself as regional, resulting in the cancelation of flights to China and South Korea.

Within the next three months the virus spread globally and the World Health Organization subsequently declared COVID-19 a pandemic. The Government of the Republic of Kazakhstan (hereinafter referred to as "Government") declared a state-of-emergency on 15 March 2020 that continued with extensions until 10 May 2020. The Government introduced a wide range of measures to control the spread of COVID-19 including social distancing, working from distance, banning public events, gatherings, closure of shopping malls, restaurants as well as a mobility restriction. Domestic flights were suspended under the State of Emergency from 22 March until 1 May 2020 and the vast majority of the international flights were suspended by the end of March. While the Company had to park the vast majority of its fleet, it continued activity with scheduled flights from West Kazakhstan to Europe serving oil rotation workers, repatriation flights, domestic and international charter flights that helped keeping vital industries operating. The Group also operated cargo charters on passenger aircraft and semi-freighter aircraft serving the transportation of critical medicine and medical equipment to Kazakhstan and served other CIS and European countries in the same manner.

Whilst during the first two months of 2020 the Group had 14% growth in passenger traffic compared to the same period of 2019, in March 2020 it began experiencing a significant decline of international and domestic traffic related to COVID-19. The decline in demand caused material deterioration of revenue in the first half of 2020, resulting in a net loss of USD 26,473 thousand (unreviewed) in total for the first quarter of 2020. Although during the second quarter of 2020 the Group experienced improvement in demand post the lockdown period, flight updates to destinations experiencing new increases in COVID-19 cases were accompanied with new requirements and travel restrictions The customer sentiment globally has been impacted by COVID-19. The full extent of the ongoing impact of COVID-19 on the Group's longer-term operational and financial performance will depend on future developments, many of which are outside of the Group's control and are challenging to be predicted. The Group currently expects the results of operations for full-year 2020 to be materially impacted and that there will be a net loss incurred for the full-year of 2020.

In response to the pandemic, the Group prioritized safety of its customers and employees across all touchpoints of its operations, and concentrated on financial liquidity to ensure that it is well positioned for recovery. Actions under these priorities include:

Protecting the health and safety of employees and customers

• Adoption of new cleaning procedures on all flights, including disinfectant electrostatic spraying on aircraft and sanitizing high-touch areas before each flight;

• Taking steps to help employees and customers practice social distancing and stay safe, including requiring employees and customers to wear masks;

• Strict office regulations including monitoring of each person, obligatory use of masks, social distancing, reporting of any health matters and immediate distancing, random testing. This was widely communicated to all staff using multiple communication channels including email and corporate mobile application. These measures are in addition to the distance working that reduced the risk of contracting COVID-19 significantly.

• Giving customers flexibility to plan, re-book and travel including extending expiration of Nomad Club loyalty points through March 2021. The Group has provided more than USD 12,377 thousand in cash refunds in 2020. As at 30 June 2020 the Group also recognised trade payables related to ticket refund of USD 15,814 thousand.

Liquidity

At the same time, the Group took extensive measures to reduce the cash outflow by imposing rigorous cost control measures, deferral of all non-essential investment and negotiating deferral of payments with major creditors.

During the second quarter of 2020 capacity was cut 88% in comparison to 2019. The Group expects scheduled capacity to be down approximately 36% year-over-year in the second half of 2020. The Group plans to continue proactively evaluating and optimising capacity on a rolling basis until it sees signs of a recovery in demand. The Group expects demand to remain suppressed until a widely accepted treatment and/or vaccine for COVID-19 is available. In addition, the Group does not expect the recovery from COVID-19 to follow a linear path.

At the same time, past and current experiences suggest that domestic travel would recover quicker than international and that low cost carrier (the "LCC") performs particularly well after crises.

In the days that it became more evident that the impact of COVID-19 was not going to be "V-shaped", priority for all airlines was set at securing cash and access to credit facilities. While some airlines with better outlook secured such credit facilities with banks, a range of airlines had no option but to accept bailouts of their Governments or accept financial aid or State guarantees with certain conditions attached.

The Company managed to expand its credit facility in two stages to USD 115 million. This was further updated in June expanding the amount to USD 160 million and extending the maturity of the current loan to 2023 and the Revolving Credit Agreement until 10 September 2025.

In addition, the Company accomplished the following mitigation actions against liquidity risk:

- Reducing expenditures burn throughout the second quarter by rigorous cost control, reduction of subcontracted labour, extended leave and downtime;
- Deferral of all non-essential capital expenditures;
- Review of heavy maintenance events and deferrals in accordance with utilization limits recommended by the manufacturers;
- Deferring operating lease payments in the amount of USD 16.3 million from three to twelve months and finance lease payments in the amount of USD 35.1 million due over the next twelve months for payment over the remaining lease terms;
- VAT Refund: Two tranches of USD 11,000 thousand and USD 3,500 thousand were expedited contributing to the cash position of the Company;
- Aggressively managing costs through lower capacity, reducing fuel expense and other cost initiatives including reduced work schedules and voluntary employee leaves of absence and eliminating nearly all discretionary spending.

Going Concern

As part of the Company's consideration of the appropriateness of adopting the going concern basis in preparing the interim report and financial statements, a range of severe scenarios have been reviewed. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions, along with the Group's proposed responses over the course of the next 12 months. These include a range of estimated impacts primarily based on the length of time various levels of restrictions are in place and the severity of the consequent impact of those restrictions on the demand for the Group's services Management has sensitised the revenue, profit and cash flow impact of reduced trading activity and a negative impact of changes. The scenarios are most sensitive to the assumptions made for the assumed recovery period. A key judgement applied is the likely time period of restrictions on movement of people and social distancing. The severe scenarios include an assumption that such restrictions will remain in place until 30 June 2021 with only domestic flights operating and a small proportion of international flights re-opening during this time. It is based on assumptions for lockdown impacting the busiest trading period in 2020 and 2021. As the level of trading restrictions diminish and as the Group exit both the lockdown and our busiest trading periods, the COVID-19 impact should also reduce. Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact the ability to meet demand. These actions include massive cost cutting and stopping all non-essential and non-committed capex in the next 6-12 months. Management of the Company has assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

As at 31 March 2020, the liquidity of the Group remains strong. The Company has recently prolonged a USD 95,000 thousand bank facility with a maturity date in 2023. The Company has also negotiated a credit line facility of USD 160,000 thousand. Under all the scenarios modelled, after taking mitigating actions as needed, management's forecasts did not indicate a liquidity gap on any of those dates. On the basis of these reviews, the management considers it is appropriate for the going concern basis to be adopted in preparing the interim report and financial statements and there are no significant uncertainty.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2019. This condensed interim financial information should be read in conjunction with those financial statements. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

Functional currency

Even though the national currency of Kazakhstan is the Kazakhstani tenge ("tenge"), the Company functional currency is determined as the US Dollar. The US Dollar reflects the economic substance of the underlying events and circumstances of the Group and is the functional currency of the primary economic environment in which the Group operates. All currencies other than the currency selected for measuring items in the consolidated financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in US Dollar have been premeasured in US Dollar in accordance with the relevant accounting standard requirements.

As requested by shareholders, the Group prepares two sets of financial statements with presentation currency Kazakhstani tenge and US Dollar ("USD") as shareholders believe that both currencies are useful for the users of the Group's financial statements. These financial statements have been presented in USD for the six-month period ended 30 June 2020. All financial information presented in USD has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

IFRS 16 Leases

During period ended 30 June 2020, the Group early adopted rent concession and amendment to IFRS 16 and elected to apply the practical expedient stipulated by IFRS 16 amendments issued in 2020. These amendments introduce a practical expedient for lessees – i.e. the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. Instead, the Group recognized time value effect from deferral of its lease payments in the amount of USD 1,353 thousand as gain.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*
- *IFRS 17 Insurance Contracts;*
- *Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.*

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the Group's annual financial statements for 2019 prepared in accordance with IFRS, except for liquidity and going concern as described above.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and the information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 2 – Liquidity and going concern assumptions;
- Note 8 – Income Tax Expense;
- Note 9 –Property, plant and equipment.

5. REVENUE

Passenger revenue	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Passenger transport	152,016	287,222
Fuel surcharge	21,984	49,373
Airport services	9,544	21,037
Excess baggage	1,512	2,348
	185,056	**359,980**

Passenger revenue decreased by USD 174,924 thousand, or 49%, for the period ended at 30 June 2020 as compared to the same period in 2019 primarily due to the decrease in demand for air travel as a result of the worldwide spread of COVID-19 and the associated shelter-in-place directives and travel restrictions.

Cargo and mail revenue	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Cargo	7,502	8,575
Mail	645	1,071
	8,147	**9,646**

Other revenue	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Incidental revenue	644	911
Penalties on agency contracts	613	582
Income from ground services	631	463
Advertising revenue	323	325
Gain on disposal of spare parts and other assets	285	305
Other	515	444
	3,011	**3,030**

In January 2020 the Group conducted a sale and leaseback transaction by selling one Airbus A-321. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognized a net gain of USD 6,257 thousand which represents the excess of the sales proceeds over lease liabilities and the changes in plane’s related asset.

During the six-month period ended 30 June 2020 and 30 June 2019, passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations:

	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Domestic	73,328	100,991
Europe	36,844	78,819
Asia	27,369	68,057
Middle East	21,773	29,029
Russia	20,184	54,535
CIS Regional (excluding Russia)	13,705	38,195
Total passenger, cargo and mail revenue	**193,203**	**369,626**

6. OPERATING EXPENSES

Purchase of goods and services in the region has decreased by USD 27,800 thousand, or 19.8%, in the first six months of 2020 as compared to the prior period primarily due to reduced regional flying as a result of COVID-19.

Employee costs	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Wages and salaries of operational personnel	23,921	25,703
Wages and salaries of administrative personnel	5,655	6,552
Social tax	2,130	3,774
Wages and salaries of sales personnel	1,956	2,323
Other	1,494	1,800
	35,156	**40,152**

The average number of employees during the six-month period ended 30 June 2020 was 5,559 (2019: 5,312).

Aircraft engineering and maintenance materials and externa repairs decreased by USD 9,088 thousand, or 21%, in the first six months of 2020 in comparison with the same period of 2019 in alignment with reduced operations and in compliance with EASA approved and manufacturer recommended standards.

Engineering and maintenance	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Maintenance – provisions (Note 19)	19,311	14,128
Spare parts	4,001	6,943
Maintenance – components	3,976	6,125
Maintenance – variable lease payments	3,806	14,181
Technical inspection	1,058	1,199
	32,152	**42,576**

Handling, landing fees and route charges	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Aero navigation	10,122	21,930
Handling charge	10,301	18,278
Landing fees	5,694	10,651
Meteorological services	38	102
Other	604	663
	26,759	**51,624**

Expenses related to passenger transportation decreased by USD 20,704 thousand, or 50%, in the first six months of 2020 as compared to the year-ago period primarily due to decrease in the frequency of flights and related fall in the direct costs related to passenger services.

Passenger service	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Airport charges	8,920	20,278
Catering	5,395	10,792
In-flight entertainment	1,824	2,536
Security	1,146	2,410
Other	3,101	5,074
	20,386	**41,090**

Aircraft crew costs	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Accommodation and allowances	3,451	7,366
Contract crew	3,816	6,453
Training	2,215	2,937
	9,482	**16,756**

Selling costs	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Reservation costs	5,596	11,060
Commissions	2,028	5,184
Advertising	1,565	3,056
Interline commissions	59	182
Other	116	855
	9,364	**20,337**

Aircraft operating lease costs	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Fixed lease charges of aircraft and engine	2,076	6,879
Leased engine on wing costs	728	1,300
Lease of engines and rotable spare parts	660	689
Variable lease charges	51	32
Operating lease return costs	180	-
Lease concession	(1,353)	-
	2,342	**8,900**

The Group has recognized USD 1,353 thousand revenue as a result of concession of aircraft lease payments.

7. FINANCE INCOME AND COSTS

Finance income	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Interest income on bank deposits	765	1,328
Unwinding of discount on Ab-initio pilot trainees receivables	5	10
Reversal of impairment allowance on financial assets	-	366
Revaluation of discount on guarantee deposits	-	8
Other	4	6
	774	**1,718**

Finance costs	**Six-month period ended 30 June 2020 (unaudited)**	**Six-month period ended 30 June 2019 (unaudited)**
Interest expense on lease liabilities (Note 22)	14,025	9,979
Interest expense on bank loans (Note 22)	1,314	484
Impairment allowance on financial assets - banks	547	-
Financial assets and liabilities held at FVTPL	508	660
Reversal of impairment allowance on financial assets - guarantee deposits	18	-
Other	65	23
	16,477	**11,146**

8. INCOME TAX BENEFIT

The Group's income tax benefit for the six-month period ended 30 June was as follows:

	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Current Income tax	524	2,233
Deferred income tax benefit	(19,908)	(4,246)
	(19,384)	**(2,013)**

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 30 June 2020 and 31 December 2019 is presented below.

Deferred tax assets	**30 June 2020 (unaudited)**	**31 December 2019**
Lease liabilities	86,448	76,007
Provision for aircraft maintenance	22,308	18,252
Tax loss carried forward	11,419	-
Trade Receivables	-	451
Trade and other payables	2,655	7,580
Total	**122,830**	**102,290**
Deferred tax liabilities		
Difference in depreciable value of property, plant and equipment and Intangible assets	(36,563)	(42,715)
Inventories	(1,411)	(789)
Right of use assets	(79,545)	(71,467)
Prepaid expenses	696	(82)
Total	**(116,823)**	**(115,053)**
Net deferred tax assets/(liabilities)	**6,007**	**(12,763)**

As at 30 June 2020 the Group concluded that it is probable that future taxable profits will be available against which the deferred tax asset will be utilised.

In accordance with the local tax legislation both hedged and unhedged foreign currency losses are treated as deductible expenses for the purpose of corporate income tax calculations. If such deductible expenses cannot be fully utilised in the year of origination the tax code permits an entity to carry forward the accumulated tax losses for the next nine years.

The income tax rate in the Republic of Kazakhstan, where the Group is located, at 30 June 2020 and 31 December 2020 was 20%. The taxation charge for the year is different from that which would be obtained by applying the statutory income tax rate to profit or loss before income tax. Below is a reconciliation of theoretical income tax at 20% (2019: 20%) to the actual income tax benefit recorded in the Group's statement of profit or loss:

	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Loss before tax	**(84,806)**	**(9,199)**
Income tax benefit at statutory rate	16,961	1,840
USD forex effect	1,175	644
Overprovided in prior year	1,478	-
Tax effect of non-deductible expenses	(231)	(471)
Income tax benefit	**19,384**	**2,013**

9. PROPERTY AND EQUIPMENT

	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Leased aircraft	Equipment in transit and construction in progress	Total
Cost							
At 1 January 2019	**54,666**	**7,013**	**23,684**	**3,064**	**292,382**	**2,030**	**382,839**
Beginning balance correction due to IFRS 16	3,083	-	9,566	-	299,521	-	312,170
Additions (unaudited)	8,833	495	280	180	109,381	170	119,339
Disposals (unaudited)	(1,273)	(11)	-	(7)	(7,204)	-	(8,495)
Transfers to inventory (unaudited)	(25)	-	-	-	-	-	(25)
Transfers (unaudited)	194	-	-	-	(194)	-	-
At 30 June 2019 (unaudited)	**65,478**	**7,497**	**33,530**	**3,237**	**693,886**	**2,200**	**805,828**
At 1 January 2020	**80,090**	**8,646**	**34,138**	**3,094**	**811,277**	**10,205**	**947,450**
Additions (unaudited)	1,396	321	519	115	91,152	1,715	95,218
Disposals (unaudited)	(1,634)	(16)	(416)	(27)	(33,907)	-	(36,000)
Transfers from inventory (unaudited)	57	-	-	-	-	-	57
Transfers (unaudited)	3,010	-	-	-	277	(3,287)	-
At 30 June 2020 (unaudited)	**82,919**	**8,951**	**34,241**	**3,182**	**868,799**	**8,633**	**1,006,725**
Accumulated depreciation							
At 1 January 2019	**25,906**	**4,967**	**1,845**	**1,467**	**93,647**	**-**	**127,832**
Beginning balance correction due to IFRS 16	2,492	-	-	-	138,077		140,569
Charge for the period(unaudited) (Note 10)	3,807	354	879	122	29,480	-	34,642
Disposals (unaudited)	(300)	(10)	-	(7)	(6,944)	-	(7,261)
At 30 June 2019 (unaudited)	**31,905**	**5,311**	**2,724**	**1,582**	**254,260**	**-**	**295,782**
At 1 January 2020	**33,187**	**5,655**	**4,908**	**1,631**	**284,876**	**-**	**330,257**
Charge for the period(unaudited) (Note 10)	5,346	447	1,558	128	43,547	-	51,026
Impairment	-	-	-	-	13,526	-	13,526
Disposals (unaudited)	(562)	(15)		(109)	(10,993)	-	(11,679)
At 30 June 2020 (unaudited)	**37,971**	**6,087**	**6,466**	**1,650**	**330,956**	**-**	**383,130**
Net book value							
At 30 June 2019 (unaudited)	**33,573**	**2,186**	**30,806**	**1,655**	**439,626**	**2,200**	**510,046**
At 1 January 2020, unadjusted	**46,903**	**2,991**	**29,230**	**1,463**	**526,401**	**10,205**	**617,193**
At 30 June 2020 (unaudited)	**44,948**	**2,864**	**27,775**	**1,532**	**537,843**	**8,633**	**623,595**

In determining the Group's geographical information, assets, which consist principally of aircraft and ground equipment are mainly registered in the Republic of Kazakhstan. Accordingly, there is no reasonable basis for allocating the assets to geographical segments.

The Group's obligations under leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 537,843 thousand (unaudited) (2019: USD 526,401 thousand) (Note 22).

Rotable spare parts include aircraft modification costs.

Impairment

The COVID-19 outbreak has developed rapidly in early 2020. Since many countries have required businesses to limit or suspend operations and implemented travel restrictions and quarantine measures, the management concludes that there are indications that the assets might be impaired.

One of the responses to the crisis is positioning the Group to be a more efficient airline over the next several years by using the most efficient aircraft in its fleet to serve the airline's network which resulted in the retirement of four Boeing 757-200 and four Embraer E190. The Group recognized individual impairment losses of USD 13,526 thousand related to the right-of-use assets on these aircraft, since the aircraft will no longer be in use till the end of existing leases terms.

The impairment losses for these aircraft have been recognized in other operating expenses.

For the remaining property, plant and equipment and intangible assets the recoverable value has been determined by reference to the value in use, representing the discounted cash flows resulted from the planned operating activities. To determine whether impairment exists, the recoverable amount was compared to the carrying amount of assets engaged in generating of respective cash flows. To forecast cash flows, the Group used its five year business plan adjusted to reflect the latest information available as of 30 June 2020. The following key assumptions were used:

- The discount rate used was the Group's weighted average cost of capital, which is 11% p.a. for the entire forecasting period.
- Domestic flights will be fully recovered at the beginning of the second quarter of 2021.
- Demand for international flights starts to recover at the end of 2020. The Group expects that international market reach the pre-crisis levels by the second half of 2022 and beginning of 2023.
- Pre-crisis assumptions are adopted going forward from 2022.

The estimated discounted future cash flows exceed the carrying amount of corresponding property, plant and equipment and intangible assets. Management has identified two key assumptions for which there could be a reasonably possible change in either assumption that could result in the carrying amount to be equal the discounted amount of future cash flows:

- A decrease of EBITDAR (earnings before interest, tax, depreciation, amortisation and rent) by 3.4%;
- An increase of the Group's weighted average cost of capital by 2.8%.

10. DEPRECIATION AND AMORTISATION

	Six-month period ended 30 June 2020 (unaudited)	Six-month period ended 30 June 2019 (unaudited)
Depreciation of property, plant and equipment (Note 9)	51,026	34,642
Amortisation of intangible assets	418	472
Total	**51,444**	**35,114**

11. GUARANTEE DEPOSITS

	30 June 2020 (unaudited)	31 December 2019
Non-current		
Guarantee deposits for leased aircraft	18,576	15,855
Other guarantee deposits	989	1,222
Impairment allowances	(392)	(345)
	19,173	**16,732**
Current		
Guarantee deposits to secure Letters of Credit for maintenance liabilities (Note 24)	9,425	9,514
Guarantee deposits for leased aircraft	1,855	5,741
Other guarantee deposits	1,206	1,430
Impairment allowances	(27)	(56)
	12,459	**16,629**
	31,632	**33,361**

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

Guarantee deposits for leased aircraft and maintenance liabilities are receivable as follows:

	30 June 2020 (unaudited)	31 December 2019
Within one year	11,280	15,255
After one year but not more than five years	5,365	1,797
More than five years	13,263	14,085
	29,908	**31,137**
Fair value adjustment	(52)	(27)
	29,856	**31,110**

12. INVENTORIES

	30 June 2020 (unaudited)	31 December 2019
Spare parts	32,301	29,755
Fuel	12,593	7,347
Crockery	5,062	4,997
Promotional materials	2,199	1,701
Goods in transit	1,212	3,070
Uniforms	1,077	1,175
De-icing liquid	848	2,011
Blank forms	414	432
Other	1,374	1,633
	57,080	**52,121**
Less: cumulative write-down for obsolete and slow-moving inventories	(1,761)	(2,120)
	55,319	**50,001**

13. PREPAYMENTS

	30 June 2020 (unaudited)	31 December 2019
Non-current		
Prepayments for non-current assets	5,355	5,675
Advances paid for services	4,680	6,394
	10,035	**12,069**
Current		
Advances paid for services	10,842	18,565
Advances for employee vacations	3,967	-
Advances paid for goods	2,886	4,122
Prepayments for leases with transfer of legal title	-	5,243
Prepayments for leases without transfer of legal title	-	3,515
	17,695	**31,445**
Impairment allowances	(423)	(423)
	17,272	**31,022**

As at 30 June 2020 non-current prepayments include prepayments to Boeing as pre-delivery payment for the remaining three aircraft (Note 24).

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

14. TRADE AND OTHER RECEIVABLES

	30 June 2020 (unaudited)	31 December 2019
Non-current		
Due from employees and Ab-initio pilot trainees	3,015	2,411
Other financial assets	47,748	48,457
	50,763	**50,868**
Less: impairment allowance	(47,748)	(47,628)
	3,015	**3,240**
Current		
Trade receivables	10,177	27,314
Receivable from lessors – variable lease reimbursement	1,874	6,979
Due from employees and Ab-initio pilot trainees	952	1,056
	13,003	**35,349**
Less: impairment allowance	(2,003)	(2,253)
	11,000	**33,096**

The movements in impairment allowance on trade and other receivables for the periods ended 30 June 2020 and 31 December 2019 were:

	Six-month period ended 30 June 2020 (unaudited)	Year ended 31 December 2019
At the beginning of the period	**(49,881)**	**(48,757)**
Accrued during the period	(1,577)	(2,642)
Reversed during the period	1,123	1,555
Written off against previously created allowance	-	5
Foreign currency difference	584	(42)
At the end of the period	**(49,751)**	**(49,881)**

In 2016, due to the significant credit quality deterioration of KazInvestBank JSC following the recall of its banking license, and Delta Bank JSC on 22 May 2017 further followed by the temporary suspension of its license for accepting new deposits and opening new accounts, management reclassified the deposits held with these banks in the amount USD 14,234 thousand and USD 44,785 thousand, respectively, from the bank deposit line item to non-current trade and other receivables and assessed them for impairment. Based on the assessment, management recognised an impairment allowance of approximately 90% for KazInvestBank JSC and Delta Bank JSC as at 31 December 2016.

At the end of June 2017 the temporary administration of KazInvestBank JSC transferred a portion of its assets and liabilities to SB Alfa Bank JSC (Alfa Bank) which acts as an intermediary, collecting funds from the borrowers under the transferred corporate loans and distributing the proceeds among depositors. The Group has agreed to transfer part of its deposit claims to KazInvestBank JSC into Alfa-Bank JSC.

On 24 January 2018 the court's decision on the forced liquidation of KazInvestBank JSC came into effect. The compensation of the remaining claims of KazInvestBank JSC will depend on the actions of the liquidation commission.

In July-November 2017 the Company collected USD 4,376 thousand in cash through enforcement proceedings against Delta Bank JSC. On 2 November 2017, the National Bank decided to revoke the license of Delta Bank JSC. On 13 February 2018 the court decided on the forced liquidation of Delta Bank JSC. In December 2019 management of the Company recognised an additional impairment allowance for KazInvestBank JSC, Alfa Bank and Delta Bank JSC. As at 30 June 2020 the allowance for those banks comprises 100% of the gross balances.

Receivable from lessors represents the amount of variable lease reimbursement claimed by the Group as a result of maintenance performed that occurred prior to the reporting date.

Amounts due from trainees of the Ab-initio pilot program in respect of 50% of their initial training costs are classified as interest free loans. The remaining costs are classified by the Group as a prepayment of its expenses and are amortised over a period of seven years, during which period the Group has a right to oblige these expenses also to become payable by the pilot trainees should such pilot trainee terminate his/her employment. The alumni of Ab-initio pilot program can either repay the remaining training cost by cash or defer for the future so that this amount becomes payable only if they leave the Group. Amounts due from those cadets who opted to defer the payments and stay with the Company were reclassified to deferred expenses and are amortized using the straight line method over the remaining amortization term.

As at 30 June 2020, eight debtors including IATA Billing Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 35% of the Group's trade and other receivables (at 31 December 2019: eight debtors comprised 27%).

The Group’s net trade and other receivables are denominated in the following currencies:

	30 June 2020 (unaudited)	**31 December 2019**
Tenge	7,806	11,496
US Dollar	3,929	16,045
Euro	921	2,338
Russian Rouble	55	864
Other	1,304	5,593
	14,015	**36,336**

15. OTHER TAXES PREPAID

	30 June 2020 (unaudited)	**31 December 2019**
Value added tax recoverable	19,839	32,390
Prepayment for environment tax	5	-
Other taxes prepaid	627	956
	20,471	**33,346**

Value added tax receivable is recognised within current assets as the Group annually applies for reimbursement of these amounts, which is usually successful.

16. CASH AND BANK BALANCES

	30 June 2020 (unaudited)	**31 December 2019**
Current accounts with foreign banks	96,403	96,450
Term deposits with local banks with original maturity less than 3 months	52,551	66,425
Current accounts with local banks	65,598	13,410
Cash on hand	262	113
Accrued interest	11	49
	214,825	**176,447**
Impairment allowance	(9)	(5)
	214,816	**176,442**

At 30 June 2020, current accounts with banks in tenge earn interest in the range of 4 to 7 per annum (31 December 2019: 6% to 8% per annum), in USD in the range of 0.05% to 0.4% per annum (31 December 2019: 0.1% to 2.55%). As at 30 June 2020 short-term deposits with banks earn interest of up to 0.54 per annum (2019: up to 2.6%).

Cash and bank balances are denominated in the following currencies:

	30 June 2020 (unaudited)	**31 December 2019**
US Dollar	205,166	168,266
Tenge	5,061	795
Indian Rupee	1,905	2,046
Chinese Yuan	1,206	992
Euro	462	1,699
Uzbek Som	419	401
British Pound	202	502
Russian Rouble	93	656
Other	302	1,085
	214,816	**176,442**

17. EQUITY

As at 30 June 2020 and 31 December 2019, share capital was comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of KZT 147,150 per share at the time of purchase.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group.

In accordance with Kazakhstan legislation the Group's distributable reserves are limited to the balance of retained earnings as recorded in the Group's statutory financial statements prepared in accordance with IFRS. A distribution cannot be made when equity is negative or if distribution would result in negative equity or the Group's insolvency. As at 30 June 2020 the Group had retained earnings, including the loss for the current period, of USD 83,123 thousand (31 December 2019: USD 149,350 thousand), and total equity of USD 41,506 thousand (31 December 2019: USD 103,181 thousand).

No dividends were declared during the six months ended 30 June 2020.

The calculation of basic earnings per share is based on profit or loss for the period and the weighted average number of ordinary shares outstanding during the period of 17,000 shares (2019: 17,000). The Group has no instruments with potential dilutive effect.

	Six-month period ended 30 June 2020 (unaudited)	**Six-month period ended 30 June 2019 (unaudited)**
Loss for the period	(66,227)	(7,186)
Number of ordinary shares	17,000	17,000
Loss per share – basic and diluted (USD)	**(3,896)**	**(423)**

18. DEFERRED REVENUE

	30 June 2020 (unaudited)	**31 December 2019**
Unearned transportation revenue	29,283	59,137
Customer loyalty program	9,748	8,781
	39,031	**67,918**

Unearned transportation revenue represents the value of sold but unused passenger tickets, the validity period of which has not expired excluding recognized passenger revenue in respect of the percentage of tickets sold that are expected not to be used or refunded.

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

19. PROVISION FOR AIRCRAFT MAINTENANCE

	30 June 2020 (unaudited)	**31 December 2019**
Engines	83,622	68,106
C-Check	8,824	6,454
D-Check	8,605	9,141
Provision for redelivery of aircraft	4,126	3,688
Landing gear	3,822	2,308
Auxiliary Power unit	2,540	1,565
	111,539	**91,262**

The movements in the provision for aircraft maintenance were as follows for the six-month period ended 30 June 2020 and the year ended 31 December 2019:

	Six-month period ended 30 June 2020 (unaudited)	**Year ended 31 December 2019**
At 1 January	**91,262**	**87,236**
Recognised in property, plant and equipment	5,334	2,011
Accrued during the period (Note 6)	19,362	33,539
Reversed during the period (Note 6)	(51)	(5,072)
Used during the period	(4,368)	(26,452)
	111,539	**91,262**

Under the terms of certain lease agreements without transfer of title for aircraft, the Group 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 calculating the provisions are stated in US Dollars.

The planned utilisation of these provisions is as follows:

	30 June 2020 (unaudited)	**31 December 2019**
Within one year	37,131	37,413
During the second year	47,649	35,024
During the third year	3,331	4,374
After the third year	23,428	14,451
Total provision for aircraft maintenance	**111,539**	**91,262**
Less: current portion	**37,131**	**37,413**
Non-current portion	**74,408**	**53,849**

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 leases without transfer of title 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 and actual usage;
- 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

	30 June 2020 (unaudited)	31 December 2019
Trade payables	26,201	62,103
Deferred revenue refund*	15,814	-
Accrued bonuses	13,146	13,880
Advances received	8,585	5,480
Deposits received	3,434	4,638
Due to employees	2,842	3,942
Other taxes payable	1,424	959
Pension contribution	382	881
Vacation accrual	-	902
Other	112	139
	71,940	**92,924**

*Giving customers flexibility to plan, re-book and travel including extending expiration of Nomad Club loyalty points through March 2021, the Company has provided more than USD 12,377 thousand in cash refunds in 2020. As at 30 June 2020 the Company also recognised trade payables related to ticket refund of USD 15,814 thousand.

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

	30 June 2020 (unaudited)	31 December 2019
Tenge	36,202	30,604
US Dollar	22,480	41,154
Euro	6,173	6,673
Russian rouble	1,652	1,078
GBP	578	1,101
Other	4,855	12,314
	71,940	**92,924**

21. LOANS

	30 June 2020 (unaudited)	31 December 2019
Non-current		
Bank loan	5,449	6,430
Additional financing for sales and leaseback transaction	1,840	-
	7,289	**6,430**
Current		
Current portion of bank loan	96,454	10,354
Interest payable	1,004	41
	97,458	**10,395**

On 3 December 2015 the Group concluded a loan agreement of USD 14,000 thousand (in Kazakhstani tenge equivalent) with the European Bank for Reconstruction and Development (EBRD) for 10 years for the purpose of construction of a Technical Centre (Hangar) in Astana, which is also pledged to the EBRD under this loan. The interest rate is variable and defined, based on a margin of 3.75% per annum plus EBRD's All-in Cost in Kazakhstani tenge. The All-in Cost is determined on a quarterly basis in conjunction with the National Bank of Kazakhstan base rate. In April 2016 the Group obtained the funds from EBRD in the amount of 4,661,033 thousand tenge (USD 14,000 thousand equivalent as of receipt dates). This tenge loan is subject to certain financial covenants which have been met as at 30 June 2020.

On 12 August 2019 the Group signed a loan Agreement with JSC Halyk bank for USD 40,000 thousand for 3 years, for the purpose of financing working capital. On 20 March 2020 the Group signed an addendum to the Loan Agreement and increased the loan amount up to USD 65,000 thousand.

On 21 April another addendum was signed between parties bringing the loan amount from USD 65,000 to USD 115,000 thousand.

Due to the quarantine as the result of COVID-19, in March and April of 2020 the Group withdrew USD 95,000 thousand of the loan.

22. LEASE LIABILITIES

For the years from 2012 to 2014 the Group acquired ten aircraft under fixed interest lease agreements with transfer of title. The lease term for each aircraft is twelve years. The Group has an option to purchase each aircraft for a nominal amount at the end of the lease.

Loans provided by financial institutions to the lessors in respect of six new Airbus aircraft which were delivered during 2012 and 2013 were guaranteed by European Export Credit Agencies while three Boeing 767 aircraft which were delivered in 2013 and 2014 were guaranteed by the US Export Import Bank. Two Embraer aircraft delivered in 2012 and 2013 were guaranteed by the Brazilian Development Bank. The Group's obligations under leases with transfer of title are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 537,843 thousand (2019: USD 526,401 thousand) (Note 9). The Group's 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 lease agreements include covenants as regards to change of ownership of the Group. These requirements have been met during six-month period ended 30 June 2020.

	Minimum lease payments		**Present value of minimum lease payments**	
	30 June 2020 (unaudited)	**31 December 2019**	**30 June 2020 (unaudited)**	**31 December 2019**
Not later than one year	137,714	135,596	112,358	111,216
Later than one year and not later than five years	488,792	441,291	435,166	386,257
Later than five years	86,071	114,215	80,234	109,029
	712,577	**691,102**	**627,758**	**606,502**
Less: future finance charges	(84,819)	(84,600)	-	-
Present value of minimum lease payments	**627,758**	**606,502**	**627,758**	**606,502**
Included in the financial statements as:				
- current portion of lease obligations			112,358	111,216
- non-current portion of lease obligations			515,400	495,286
			627,758	**606,502**

The Group's lease obligations are denominated in US Dollars.

Reconciliation of movements of loans and lease liabilities to cash flows arising from financing activities

	Loans (Note 23)	Lease liabilities	Total
Balance as at 1 January 2020	**16,825**	**606,502**	**623,327**
Changes from financing cash flows			
Repayment of borrowings	(59,336)	(56,695)	(116,031)
Receipt from borrowings	144,869	-	144,869
Interest paid	(350)	(14,093)	(14,443)
Additional financing for sales and leaseback transaction	1,840	-	1,840
Total changes from financing cash flows	**87,023**	**(70,788)**	**16,235**
The effect of changes in foreign exchange rates	(415)	(232)	(647)
Other changes			
New leases	-	79,604	79,604
Lease concession (Note 6)	-	(1,353)	(1,353)
Interest expense (Note 7)	1,314	14,025	15,339
Total other changes	**1,314**	**92,276**	**93,590**
Balance at 30 June 2020	**104,747**	**627,758**	**732,505**

On 1 July 2015 the Group designated a portion of its US dollar lease obligations as hedges of highly probable future US Dollar revenue streams. The Group applied the cash flow hedge accounting model to this hedging transaction, in accordance with IAS 39.

In connection with the transition of the functional currency to US Dollar, this hedge ceased to be economically effective from 31 December 2017. At 30 June 2020, a foreign currency loss of USD 72,916 thousand (31 December 2019: USD 78,463 thousand), before deferred corporate income tax of USD 14,583 thousand (31 December 2019: USD 15,693 thousand) representing an effective portion of the hedge, is deferred in the hedging reserve within equity. As a result of the functional currency change, the hedge relationship has been discontinued so that starting from 1 January 2019, no further foreign currency translation gains or losses are transferred from profit or loss to the hedge reserve, and the hedge reserve recognized in equity shall remain in equity until the forecasted revenue cash flows are received.

During the first half of 2020 the amount reclassified from the hedging reserve to foreign exchange loss in the statement of profit or loss was USD 5,690 thousand (before income tax of USD 1,138 thousand) (six months ended 30 June 2019: USD 5,546 thousand (before income tax of USD 1,109 thousand).

23. FINANCIAL INSTRUMENTS

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

Capital management

The Group manages its capital to ensure the Group 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 Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of net debt (comprising loans and lease obligations in Notes 21 and 22) and equity of the Group (comprising issued capital, additional paid-in capital, functional currency transition reserve, reserve on hedging instruments and retained earnings as detailed in Note 17).

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

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group does not have a target gearing ratio.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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, guarantee deposits and accounts receivable, is calculated on a base of 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 30 June 2020 there was no significant concentration of credit risk in respect of trade accounts receivable (Note 14).

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

As a result of the increased credit risks on some of the banks, management reconsidered its cash management policy and the Group has reviewed the credit ratings of the main banks in Kazakhstan and placed its main amounts due from banks in banks with ratings of “BB” or higher, except for KazInvestBank and Delta Bank, which are disclosed in Note 14.

As at 30 June 2020, the majority of current accounts with local banks are placed with top rated local Kazakhstan banks with credit rating of Ba1, Moody’s.

Despite of COVID-19 impact as at 30 June 2020 Management believes that there have been no significant increase in credit risks of major banks and debtors in comparison to the prior year end

Interest rate risk

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

The Group's EBRD loan had variable interest rates with a fixed margin (Note 21). If the variable part of interest rate on the EBRD loan in six-month period of 2020 would have been 20% higher or lower than the actual for the period, the interest expense would not have changed significantly.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the US dollar. The currency giving rise to this risk is primarily the Tenge. For amounts of assets and liabilities denominated in foreign currencies refer to Notes 14, 16, 20 and 21.

The Group management believes that it has taken appropriate measures to support the sustainability of the Group business under the current circumstances in respect of foreign currency risk.

Foreign currency sensitivity analysis

The Group is mainly exposed to the risk of change of exchange rates of the USD against tenge.

The carrying value of the Group’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 consolidated interim financial information of the Group.

	Notes	30 June 2020 KZT (unaudited)	30 June 2020 EUR (unaudited)	31 December 2019 KZT	31 December 2019 EUR
Assets					
Other taxes prepaid	15	19,987	176	32,994	165
Trade and other receivables	14	7,806	921	11,496	2,338
Income tax prepaid		3,891	-	1,031	-
Cash and bank balances	16	5,061	462	795	1,699
Guarantee deposits		65	460	44	500
Total		**36,810**	**2,019**	**46,360**	**4,702**
Liabilities					
Trade and other payables	20	36,202	6,173	30,604	6,673
Loans		57,083	-	10,395	-
Lease liabilities		2,765	-	3,476	-
Total		**96,050**	**6,173**	**44,475**	**6,673**
Net position		**(59,240)**	**(4,154)**	**1,885**	**(1,971)**

As at 30 June 2020 the following table details the Group's sensitivity of weakening and strengthening of the US Dollar against the tenge by 13%. The mentioned sensitivity rates were used when reporting foreign currency risk internally to key management personnel.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for above mentioned sensitivity ratios. The sensitivity analysis includes trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, financial assets and liabilities at fair value through profit or loss, loans and lease liabilities.

Foreign currency sensitivity analysis (continued)

A negative number below indicates a decrease in Profit or Loss, and, positive number would be an increase on the Profit or Loss.

	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	**Euro**	**Tenge**	**Euro**
30 June 2020	**13%**	**7%**	**(13%)**	**(7%)**
Profit/(loss)	(5,213)	(233)	5,213	233

	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	**Euro**	**Tenge**	**Euro**
31 December 2019	**11%**	**7%**	**(11%)**	**7%**
Profit/(loss)	166	(110)	(166)	110

The Group limits the currency risk by monitoring changes in exchange rates of foreign currencies in which trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, financial assets and liabilities at fair value through profit or loss, loans and lease liabilities are denominated.

Liquidity risk management

Liquidity risk is the risk that a Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the following:

- the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay, and
- on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except the Group anticipates that the cash flow will occur in different period.

Liquidity and interest risk tables

	Up to 3 months	**3 months to 1 year**	**1-5 years**	**Over 5 years**	**Total**
30 June 2020 (unaudited)					
Financial assets					
Non-interest bearing					
Trade and other receivables	11,000	-	2,154	861	14,015
Guarantee deposits	1,184	11,275	5,810	13,363	31,632
Cash and bank balances	214,816	-	-	-	214,816
Financial liabilities					
Non-interest bearing					
Trade and other payables	68,550	3,390	2,021	-	73,961
Variable rate					
Loans (tenge denominated)	40	51,592	5,129	322	57,083
Fixed rate					
Loans (USD denominated)	-	45,824	1,840	-	47,664
Lease liabilities	31,732	105,982	488,792	86,071	712,577

	Up to 3 months	**3 months to 1 year**	**1-5 years**	**Over 5 years**	**Total**
31 December 2019					
Financial assets					
Non-interest bearing					
Trade and other receivables	32,783	313	2,314	926	36,336
Guarantee deposits	2,580	14,049	2,440	14,292	33,361
Cash and bank balances	176,442	-	-	-	176,442
Financial liabilities					
Non-interest bearing					
Trade and other payables	88,351	4,573	1,219	-	94,143
Variable rate					
Loans(tenge denominated)	517	1,509	6,850	1,062	9,938
Fixed rate					
Loans (USD denominated)	9,005	-	-	-	9,005
Lease liabilities	35,922	99,674	441,291	114,215	691,102

Fair values

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.

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 not all significant inputs are observable, either directly or indirectly and valuations are based on one or more non-observable inputs. Such valuations represent Level 3 of the fair value hierarchy.

Guarantee Deposits

Guarantee Deposits are recognised at amortised cost. Management believes that their carrying amounts approximate their fair value.

Trade and other receivables and payables

For receivables and payables with a maturity of less than six months fair value is not materially different from the carrying amount because the effect of the time value of money is not material. Ab-initio receivables are recorded at fair value at initial recognition and subsequently measured at amortised cost. Management believes that their carrying amounts approximate their fair value.

Loans

Loans are recognised at amortised cost. Management believes that their carrying amounts approximate their fair values.

Fair values

Lease liabilities

Lease liabilities are initially recognised at the lower of the fair value of assets received under lease and the present value of minimum lease payments. Management believes that their fair values lower than carrying amounts by approximately 3%.

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

In 2011 the Group finalised an agreement with Boeing to purchase three Boeing-787 aircraft – under lease agreements. The Group is committed to pre-delivery payments in accordance with the agreed payment schedule. Delivery of the Boeing 787 is now deferred to 2023 with the last pre-delivery payments deferred to the fourth quarter of 2022.

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

Future commitments

Aircraft

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

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.

Commitments for leases of aircraft to be delivered from the second half of 2020 to 2022:

	30 June 2020 (unaudited)	**31 December 2019**
Within one year	22,767	24,037
After one year but not more than five years	204,150	190,421
More than five years	194,916	145,466
	421,833	**359,924**

In 2015-2017 the Group signed operating lease agreements for seventeen Airbus A320neo family aircraft to replace some current leases on expiry and for future expansion. Ten A320neo family aircraft were delivered in 2016-2020, with the remaining seven aircraft being delivered in the second half of 2020 and 2021.

In the second half of 2017, the Group signed lease agreements without purchase option for five aircraft of the Embraer E190-E2 family to replace some of the current lease agreements due to their expiration and expansion. One Embraer E190-E2 was delivered in November 2018 and four Embraer E190 were delivered in 2019.

In 2020 The Group signed operating lease agreements for three A321LR with expected delivery dates in 2022-2023 and for one A320CEO with expected delivery in 2020 for future expansion.

Stand-by Letters of Credit as at 30 June 2020 were USD 22,925 thousand, of which USD 9,425 thousand were secured by deposits (Note 11). These Letters of Credit were obtained as security for Lessors to cover any unfulfilled maintenance liabilities on the return of four Embraer E190 and seven Airbus aircraft to Lessors.

Insurance

Air Astana implements one of the corporate risk management's strategy known as transferring to protect its financial stability from unexpected losses through robust insurance coverages available in local and international markets.

Aviation insurance

Air Astana operates in a highly regulated environment with numerous requirements from international regulatory authorities and therefore puts substantial attention in conducting insurance coverage for aviation exposures including hull and third party liability related risks. Company places aviation risks in major international insurance markets (e.g. LIoyd's) with a high rating of financial stability through the services of an 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 Group constantly purchases 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 labour (service) duties;
- Commercial general liability insurance (Public Liability);
- Pilot's loss of license insurance;
- Insurance of goods at warehouse;
- Cyber Insurance.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for 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 this condensed consolidated interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

The functional currency of the Group is the US Dollar, as it best reflects the economic substance of the underlying events and circumstances of the Group. The Tax Code of the Republic of Kazakhstan does not contain provisions which would regulate questions arising from the application of a functional currency different from tenge in the accounting books. However, the Tax Code requires all taxpayers in Kazakhstan to maintain their tax records and to settle tax liabilities in tenge. Therefore the Group also maintains records and conducts calculations in tenge for the purpose of taxation and settlement of tax liabilities and makes certain estimates in this respect. Management believes that such approach is the most appropriate under the current legislation.

Operating Environment

The Group’s operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a continuing depreciation of the Kazakhstan Tenge. These developments are further increasing the level of uncertainty in the Kazakhstan business environment.

The consolidated financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

25. RELATED PARTY TRANSACTIONS

Control relationships

The shareholders of the Group 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 Group, respectively.

Management remuneration

Key management that have authority and responsibility regarding management, control and planning of the Group’s activity received the following remuneration during the year, which is included in personnel costs:

	Six-month period ended 30 June 2020 (unaudited)	**Six-month period ended 30 June 2019 (unaudited)**
Salaries and bonuses	2,239	2,473
Social tax	103	220
	2,342	**2,693**

Transactions with related parties

Related parties comprise the shareholders of the Group and all other companies in which those shareholders, either individually or together, have a controlling interest or significant influence.
The Group provides air transportation services to Government departments, Government agencies and State-controlled enterprises. These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

The Group 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.

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 consolidated interim financial information, management is of the opinion that the following transactions require disclosure as related party transactions:

Services received	**Six-month period ended 30 June 2020 (unaudited) Transaction value**	**30 June 2020 (unaudited) Outstanding balance**	**Six-month period ended 30 June 2019 (unaudited) Transaction value**	**31 December 2019 Outstanding balance**
State-owned companies	9,426	(3,528)	11,089	(4,435)
Shareholders and their subsidiaries	1,428	(17)	2,207	(834)
	10,854	**(3,545)**	**13,296**	**(5,269)**

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

Services provided by the Group	**Six-month period ended 30 June 2020 (unaudited) Transaction value**	**30 June 2020 (unaudited) Outstanding balance**	**Six-month period ended 30 June 2019 (unaudited) Transaction value**	**31 December 2019 Outstanding balance**
Shareholders and their subsidiaries	445	116	632	366
	445	**116**	**632**	**366**

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances are secured.

26. SUBSEQUENT EVENTS

In July 2020 the Group received an offer from Halyk Savings Bank of Kazakhstan JSC to increase its credit line facility from USD 115,000 thousand to USD 160,000 thousand which was further approved by Board of Directors.

On 13 August 2020 the State Commission approved a plan for the phased removal of qarantine measures from 17 August 2020. Due to this the Group is re-opening its major routes to destinations in Europe, the Gulf region, CIS, and is increasing the frequency on existing routes, both internationally and domestically.

27. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management of the Group and authorised for issue on 14 August 2020.