

# **JOINT STOCK COMPANY AIR ASTANA**

## **Condensed Interim Financial Information**

For the six-month period  
ended 30 June 2015 (unaudited)

# JOINT STOCK COMPANY AIR ASTANA

## TABLE OF CONTENTS

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	<b>Page</b>
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015	1
INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	2
CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015:	
Condensed interim statement of profit or loss and other comprehensive income (unaudited)	3
Condensed interim statement of financial position (unaudited)	4
Condensed interim statement of changes in equity (unaudited)	5
Condensed interim statement of cash flows (unaudited)	6-7
Notes to the condensed interim financial information (unaudited)	8-36

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES  
FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015**

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Management is responsible for the preparation of the condensed interim financial information that present fairly the financial position of JSC Air Astana (the "Company") as at 30 June 2015, 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 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 Company's financial position and financial performance; and
- making an assessment of the Company'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 Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time financial position of the Company, and which enable them to ensure that the condensed interim financial information of the Company comply with IFRS;
- 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 Company; and
- preventing and detecting fraud and other irregularities.

The condensed interim financial information for the six-month period ended 30 June 2015 were authorised for issue on 31 July 2015 by management of the Company.

**On behalf of management of the Company:**

  
\_\_\_\_\_  
**Peter Foster**  
**President**

31 July 2015  
Almaty, Republic of Kazakhstan



  
\_\_\_\_\_  
**Alima Zamanbekova**  
**Chief Accountant**

31 July 2015  
Almaty, Republic of Kazakhstan



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## **Independent Auditors' Report on review of Condensed Interim Financial Information**

To the Shareholders and Board of Directors of JSC Air Astana

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of JSC Air Astana (the "Company") as at 30 June 2015, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed 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 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 interim financial information as at 30 June 2015 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

*KPMG Audit LLC*

**KPMG Audit LLC**

31 July 2015




**JOINT STOCK COMPANY AIR ASTANA**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)**

(in thousands of USD)


	Notes	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Revenue</b>			
Passenger revenue	5	374,306	408,059
Cargo and mail	5	9,887	12,517
Other	5	7,481	10,367
<b>Total revenue</b>		<b>391,674</b>	<b>430,943</b>
<b>Operating expenses</b>			
Fuel		(87,437)	(125,494)
Handling, landing fees and route charges	6	(54,254)	(54,989)
Employee costs	6	(45,225)	(47,303)
Passenger service	6	(39,866)	(41,674)
Engineering and maintenance	6	(36,481)	(41,807)
Aircraft operating lease costs	6	(30,048)	(36,162)
Depreciation and amortisation	10	(28,387)	(21,329)
Selling costs	6	(18,779)	(19,184)
Aircraft crew costs	6	(14,675)	(17,811)
Property lease cost		(2,839)	(2,664)
Insurance	6	(2,593)	(2,707)
Information technology		(1,798)	(1,621)
Taxes, other than income tax		(1,311)	(2,115)
Consultancy, legal and professional services		(1,286)	(1,635)
Other		(3,824)	(2,762)
<b>Total operating expenses</b>		<b>(368,803)</b>	<b>(419,257)</b>
<b>Operating profit</b>		<b>22,871</b>	<b>11,686</b>
Finance income	7	4,658	749
Finance expenses	7	(9,315)	(7,037)
Foreign exchange loss, net		(7,348)	(49,357)
<b>Profit/(loss) before tax</b>		<b>10,866</b>	<b>(43,959)</b>
Income tax (expense)/benefit	8	(2,598)	7,477
<b>Profit/(loss) for the period</b>		<b>8,268</b>	<b>(36,482)</b>
<b>Other comprehensive loss, net of income tax:</b>			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Foreign currency translation loss		(5,597)	(48,699)
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(5,597)</b>	<b>(48,699)</b>
<b>Profit/(loss) and total comprehensive income/(loss) for the period</b>		<b>2,671</b>	<b>(85,181)</b>
<b>Basic and diluted profit/(loss) per share (in USD)</b>	17	<b>486</b>	<b>(2,146)</b>

On behalf of the Company's management:

  
**Peter Foster**  
**President**

31 July 2015  
 Almaty, Republic of Kazakhstan



  
**Alima Zamanbekova**  
**Chief Accountant**

31 July 2015  
 Almaty, Republic of Kazakhstan

The notes on pages 8-36 form an integral part of this condensed interim financial information. The independent auditors' 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 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)


	Notes	30 June 2015 (unaudited)	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	508,879	536,737
Intangible assets		1,208	1,388
Prepayments for long-term assets	13	11,123	11,401
Guarantee deposits	11	14,954	10,861
Trade and other receivables	14	4,459	3,270
		<u>540,623</u>	<u>563,657</u>
<b>Current assets</b>			
Inventories	12	46,655	48,890
Prepayments	13	29,979	26,254
Income tax prepaid		3,876	4,024
Trade and other receivables	14	44,166	42,045
Other taxes prepaid		7,474	12,540
Guarantee deposits	11	1,204	1,034
Bank deposits	15	82,357	114,747
Cash and bank balances	16	140,552	70,866
Financial assets at fair value through profit or loss		1,580	5,465
		<u>357,843</u>	<u>325,865</u>
<b>Total assets</b>		<u><b>898,466</b></u>	<u><b>889,522</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	17,000	17,000
Foreign currency translation reserve		(79,456)	(73,859)
Retained earnings		325,343	326,456
<b>Total equity</b>		<u><b>262,887</b></u>	<u><b>269,597</b></u>
<b>Non-current liabilities</b>			
Finance lease liabilities	22	395,654	415,358
Deferred tax liability	8	25,091	23,104
Provision for aircraft maintenance	19	27,114	16,982
		<u>447,859</u>	<u>455,444</u>
<b>Current liabilities</b>			
Finance lease liabilities	22	40,323	40,069
Deferred revenue	18	66,153	51,818
Provision for aircraft maintenance	19	18,349	6,092
Trade and other payables	20	61,261	56,202
Financial liabilities at fair value through profit or loss		1,634	10,300
		<u>187,720</u>	<u>164,481</u>
<b>Total liabilities</b>		<u><b>635,579</b></u>	<u><b>619,925</b></u>
<b>Total equity and liabilities</b>		<u><b>898,466</b></u>	<u><b>889,522</b></u>

On behalf of the Company's management:

  
Peter Foster  
President

31 July 2015  
Almaty, Republic of Kazakhstan



  
Alima Zamanbekova  
Chief Accountant

31 July 2015  
Almaty, Republic of Kazakhstan

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# JOINT STOCK COMPANY AIR ASTANA

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
<b>At 1 January 2014</b>		<b>17,000</b>	<b>(25,002)</b>	<b>315,520</b>	<b>307,518</b>
Net loss for the period (unaudited)		-	-	(36,482)	(36,482)
Other comprehensive loss for the period (unaudited)		-	(48,699)	-	(48,699)
Total comprehensive income for the period (unaudited)		-	(48,699)	(36,482)	(85,181)
Dividends declared (unaudited)	17	-	-	(8,517)	(8,517)
<b>At 30 June 2014 (unaudited)</b>		<b>17,000</b>	<b>(73,701)</b>	<b>270,521</b>	<b>213,820</b>
<b>At 1 January 2015</b>		<b>17,000</b>	<b>(73,859)</b>	<b>326,456</b>	<b>269,597</b>
Net profit for the period (unaudited)		-	-	8,268	8,268
Other comprehensive loss for the period (unaudited)		-	(5,597)	-	(5,597)
Total comprehensive income for the period (unaudited)		-	(5,597)	8,268	2,671
Dividends declared (unaudited)	17	-	-	(9,381)	(9,381)
<b>At 30 June 2015 (unaudited)</b>		<b>17,000</b>	<b>(79,456)</b>	<b>325,343</b>	<b>262,887</b>

On behalf of the Company's management:



**Peter Foster**  
President

31 July 2015  
Almaty, Republic of Kazakhstan



**Alma Zamanbekova**  
Chief Accountant

31 July 2015  
Almaty, Republic of Kazakhstan

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**JOINT STOCK COMPANY AIR ASTANA  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)**

*(in thousands of USD)*

	Notes	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>OPERATING ACTIVITIES:</b>			
Profit/(loss) before tax		10,866	(43,959)
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	28,387	21,329
Gain on disposal of property, plant and equipment		(357)	(368)
Change in allowance for doubtful debts		401	133
Change in allowance for obsolete and slow-moving inventories		(597)	-
Change in vacation reserve		(66)	-
Change in provision for aircraft maintenance		11,170	-
Reversal of loyalty provision		(138)	-
Foreign exchange loss		7,348	49,357
Finance income	7	(1,120)	(380)
Interest expense on finance lease	7	6,885	6,411
Net realised loss on financial assets and liabilities at fair value through profit or loss	7	1,958	-
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	7	(3,537)	(369)
<b>Operating cash flow before movements in working capital</b>		<b>61,199</b>	<b>32,154</b>
Change in accounts receivable		8,756	(16,505)
Change in other receivables and prepaid expenses		713	(1,826)
Change in inventories		1,828	(1,301)
Change in financial assets and liabilities at fair value through profit or loss		(3,145)	-
Change in accounts payable, accrued expenses and other current liabilities		(3,963)	15,150
Change in deferred revenue		15,623	21,493
<b>Cash generated from operations</b>		<b>81,012</b>	<b>49,165</b>
Income tax paid		(187)	(436)
Interest paid		(6,894)	(6,441)
<b>Net cash generated by operating activities</b>		<b>73,931</b>	<b>42,288</b>
<b>INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(11,540)	(7,107)
Proceeds from disposal of property, plant and equipment		708	1,149
Purchase of intangible assets		(199)	(232)
Bank and Guarantee deposits placed		(87,494)	(106,211)
Bank and Guarantee deposits withdrawn		113,683	148,932
Interest received		1,303	406
<b>Net cash generated from investing activities</b>		<b>16,461</b>	<b>36,937</b>



# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### JOINT STOCK COMPANY AIR ASTANA CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (CONTINUED) (UNAUDITED)

(in thousands of USD)


	Notes	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>FINANCING ACTIVITIES:</b>			
Correction of withholding tax on dividends		(703)	-
Repayment of borrowings		-	(9,593)
Repayment of finance lease		(19,323)	(15,534)
<b>Net cash used in financing activities</b>		<b>(20,026)</b>	<b>(25,127)</b>
<b>NET INCREASE IN CASH AND BANK BALANCES</b>			
		<b>70,366</b>	<b>54,098</b>
Effect of exchange rate changes on cash and bank balances held in foreign currencies		1,152	1,245
Foreign currency translation loss		(1,832)	(4,370)
CASH AND BANK BALANCES, at the beginning of the period	16	70,866	13,725
CASH AND BANK BALANCES, at the end of the period	16	<b>140,552</b>	<b>64,698</b>

On behalf of the Company's management:



**Peter Foster**  
President

31 July 2015  
Almaty, Republic of Kazakhstan

**Alima Zamanbekova**  
Chief Accountant

31 July 2015  
Almaty, Republic of Kazakhstan

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# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

*(in thousands of USD)*

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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 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 30 June 2015 and 31 December 2014, the Company operated 30 turbojet aircraft, of which 9 short-haul and 21 long-haul aircraft representing 11 aircraft acquired under finance lease and 19 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. 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 2014 prepared in accordance with IFRS.

#### **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. As requested by shareholders, the Company prepared two sets of financial information with presentation currency US Dollar (“USD”) and Kazakhstan Tenge as shareholders believe that both currencies are useful for the users of this condensed interim financial information. This condensed interim financial information has been presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

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### 2. BASIS OF PREPARATION (CONTINUED)

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 monthly exchange rates during the six-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 30 June and for the six-month period then ended:

	Average rate		Reporting date spot-rate	
	Six-month period ended 30 June 2015	Six-month period ended 30 June 2014	30 June 2015	31 December 2014
US dollar (USD)	185.25	176.44	186.2	182.35
Euro (EUR)	206.79	241.83	206.98	221.97
British Pound (GBP)	282.23	294.57	292.35	283.34

### 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 2014.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 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 2014 prepared in accordance with IFRS.

### 5. REVENUE

	<b>Six-month period ended 30 June 2015 (unaudited)</b>	<b>Six-month period ended 30 June 2014 (unaudited)</b>
<b>Passenger revenue</b>		
Passenger transport	299,803	326,155
Fuel surcharge	53,048	58,879
Airport services	18,983	19,850
Excess baggage	2,472	3,175
	<b>374,306</b>	<b>408,059</b>
<b>Cargo and mail revenue</b>		
Cargo	8,796	11,546
Mail	1,091	971
	<b>9,887</b>	<b>12,517</b>
<b>Other revenue</b>		
Penalties on agency contracts	4,308	4,430
Advertising revenue	889	1,067
Income from ground services	501	536
Gain on disposal of spare parts and other assets	357	504
Spare parts received free of charge	83	626
Income from government subsidies	-	356
Other	1,343	2,848
	<b>7,481</b>	<b>10,367</b>

In accordance with Kazakhstan legislation the Government provides subsidies to companies rendering air passenger services on unprofitable domestic routes from Astana.

During 2014 the subsidies were provided for the routes from Astana to Zhezkazgan and Pavlodar (in 2014 the flights to Pavlodar were subsidized for six months). No subsidies were provided in first half of 2015.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 5. REVENUE (CONTINUED)

During the six-month period ended 30 June 2015 and 30 June 2014, passenger, cargo and mail revenue were generated from the following destinations:

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
Europe	142,005	167,468
Domestic	136,526	149,094
Asia	105,662	104,014
<b>Total passenger, cargo and mail revenue</b>	<b>384,193</b>	<b>420,576</b>

### 6. OPERATING EXPENSES

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Handling, landing fees and route charges</b>		
Aero navigation	20,136	20,082
Handling charge	16,614	17,371
Landing fees	15,838	15,550
Meteorological services	918	946
Other	748	1,040
	<b>54,254</b>	<b>54,989</b>
<b>Employee costs</b>		
Wages and salaries of operational personnel	29,665	30,073
Wages and salaries of administrative personnel	6,904	7,284
Social tax	4,314	4,664
Wages and salaries of sales personnel	2,278	2,683
Other	2,064	2,599
	<b>45,225</b>	<b>47,303</b>

The average number of employees during the six-month period ended 30 June 2015 was 4,552 (2014: 4,356).

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Passenger service</b>		
Airport charges	17,920	19,419
Catering	14,907	14,924
In-flight entertainment	1,699	1,500
Security	1,348	1,522
Other	3,992	4,309
	<b>39,866</b>	<b>41,674</b>
<b>Engineering and maintenance</b>		
Maintenance – provisions (Note 19)	11,171	10,979
Maintenance – variable lease payments (Note 19)	12,407	12,632
Maintenance – components	6,613	12,355
Spare parts	5,171	4,271
Technical inspection	1,119	1,570
	<b>36,481</b>	<b>41,807</b>
<b>Aircraft operating lease costs</b>		
Fixed lease charges	28,509	32,428
Leased engine on wing costs	660	2,644
Lease of engines and rotatable spare parts	587	623
Operating lease return costs	292	467
	<b>30,048</b>	<b>36,162</b>
<b>Selling costs</b>		
Reservation costs	7,353	7,536
Commissions	7,115	8,491
Advertising	3,735	2,309
Interline commissions	311	535
Other	265	313
	<b>18,779</b>	<b>19,184</b>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Aircraft crew costs</b>		
Accommodation and allowances	7,198	7,762
Contract crew	3,980	5,946
Training	3,497	4,103
	<b>14,675</b>	<b>17,811</b>
<b>Insurance</b>		
Hull insurance	1,183	1,219
Legal liability insurance	871	951
Medical insurance	367	374
Other	172	163
	<b>2,593</b>	<b>2,707</b>

#### 7. FINANCE INCOME AND EXPENSES

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Finance income</b>		
Net unrealised income on financial assets and liabilities held at FVTPL	3,537	369
Interest income on bank deposits	879	351
Unwinding of discount on Ab-initio pilot trainees receivables	231	-
Income from revaluation of fair value of guarantee deposits	2	2
Other	9	27
	<b>4,658</b>	<b>749</b>
<b>Finance expenses</b>		
Interest expense on finance lease	6,885	6,411
Net realised loss on financial assets and liabilities at fair value through profit or loss	1,958	-
Bank commissions	472	625
Other	-	1
	<b>9,315</b>	<b>7,037</b>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### 8. INCOME TAX (EXPENSE)/BENEFIT

The Company's income tax (expense)/benefit was as follows:

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
Adjustment for current income tax of prior periods	(122)	(967)
Deferred income tax (expense)/benefit	(2,476)	8,444
	<u>(2,598)</u>	<u>7,477</u>

Income tax for interim periods is calculated based effective tax rate which is expected to be in effect for the whole fiscal year.

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 2015 and 31 December 2014 is presented below:

	30 June 2015 (unaudited)	31 December 2014
<b>Deferred tax assets</b>		
Provision for aircraft maintenance	9,093	4,615
Trade and other payables	4,319	6,224
Carried forward CIT losses	3,147	5,771
Trade and other receivables	399	328
Intangible assets	197	183
Total	<u>17,155</u>	<u>17,121</u>
<b>Deferred tax liabilities</b>		
Difference in depreciable value of property, plant and equipment	(41,402)	(39,378)
Deferred expenses	(776)	(792)
Prepaid expenses	(68)	(55)
Total	<u>(42,246)</u>	<u>(40,225)</u>
<b>Net deferred tax liabilities</b>	<u>(25,091)</u>	<u>(23,104)</u>

The income tax rate in the Republic of Kazakhstan, where the Company is located, at 30 June 2015 and 31 December 2014 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 before income tax. Below is a reconciliation of theoretical income tax at 20% (2014: 20%) to the actual income tax expense recorded in the Company's statement of profit or loss and other comprehensive income:

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
Profit/(loss) before tax	10,866	(43,959)
Income tax expense/(benefit) at statutory rate	2,173	(8,792)
Deferred tax under provided in prior periods	-	967
Tax effect of non-deductible expenses	425	348
<b>Income tax expense/(benefit)</b>	<u>2,598</u>	<u>(7,477)</u>



# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 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
<b>Cost</b>							
<b>At 1 January 2014</b>	<b>52,532</b>	<b>10,970</b>	<b>5,694</b>	<b>3,639</b>	<b>530,508</b>	<b>11,070</b>	<b>614,413</b>
Additions (unaudited)	-	-	-	-	-	85,757	85,757
Disposals (unaudited)	(545)	(600)	-	(171)	(717)	-	(2,033)
Transfers from prepayments (unaudited)	-	-	-	-	9,973	-	9,973
Transfers (unaudited)	6,571	461	-	75	77,483	(84,590)	-
Foreign currency translation difference	(8,792)	(1,782)	(928)	(589)	(89,782)	(1,849)	(103,722)
<b>At 30 June 2014 (unaudited)</b>	<b>49,766</b>	<b>9,049</b>	<b>4,766</b>	<b>2,954</b>	<b>527,465</b>	<b>10,388</b>	<b>604,388</b>
<b>At 1 January 2015</b>	<b>55,549</b>	<b>9,573</b>	<b>5,406</b>	<b>3,185</b>	<b>538,950</b>	<b>7,842</b>	<b>620,505</b>
Additions (unaudited)	-	-	-	-	-	11,540	11,540
Disposals (unaudited)	(3,688)	(404)	-	(37)	(1,212)	-	(5,341)
Transfers (unaudited)	10,616	301	53	1,322	3,028	(15,320)	-
Foreign currency translation difference	(1,184)	(197)	(112)	(73)	(11,153)	(143)	(12,862)
<b>At 30 June 2015 (unaudited)</b>	<b>61,293</b>	<b>9,273</b>	<b>5,347</b>	<b>4,397</b>	<b>529,613</b>	<b>3,919</b>	<b>613,842</b>
<b>Accumulated depreciation</b>							
<b>At 1 January 2014</b>	<b>21,056</b>	<b>6,629</b>	<b>1,234</b>	<b>2,007</b>	<b>20,631</b>	-	<b>51,557</b>
Charge for the period (unaudited) (Note 10)	2,769	721	78	184	17,150	-	20,902
Disposals (unaudited)	(55)	(574)	-	(166)	(459)	-	(1,254)
Foreign currency translation difference	(3,536)	(1,086)	(204)	(328)	(4,004)	-	(9,158)
<b>At 30 June 2014 (unaudited)</b>	<b>20,234</b>	<b>5,690</b>	<b>1,108</b>	<b>1,697</b>	<b>33,318</b>	-	<b>62,047</b>
<b>At 1 January 2015</b>	<b>20,738</b>	<b>6,305</b>	<b>1,260</b>	<b>1,852</b>	<b>53,613</b>	-	<b>83,768</b>
Charge for the period (unaudited) (Note 10)	5,586	972	183	228	21,066	-	28,035
Disposals (unaudited)	(3,444)	(379)	-	(30)	(1,136)	-	(4,989)
Foreign currency translation difference	(441)	(134)	(27)	(39)	(1,210)	-	(1,851)
<b>At 30 June 2015 (unaudited)</b>	<b>22,439</b>	<b>6,764</b>	<b>1,416</b>	<b>2,011</b>	<b>72,333</b>	-	<b>104,963</b>
<b>Net book value</b>							
<b>At 30 June 2014 (unaudited)</b>	<b>29,532</b>	<b>3,359</b>	<b>3,658</b>	<b>1,257</b>	<b>494,147</b>	<b>10,388</b>	<b>542,341</b>
<b>At 1 January 2015</b>	<b>34,811</b>	<b>3,268</b>	<b>4,146</b>	<b>1,333</b>	<b>485,337</b>	<b>7,842</b>	<b>536,737</b>
<b>At 30 June 2015 (unaudited)</b>	<b>38,854</b>	<b>2,509</b>	<b>3,931</b>	<b>2,386</b>	<b>457,280</b>	<b>3,919</b>	<b>508,879</b>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

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#### 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 457,280 thousand (2014: USD 485,337 thousand) (Note 22).

Rotable spare parts include aircraft modification costs.

For the six-month period ended 30 June 2015 nil interest of the loan (unaudited) was capitalised into property, plant and equipment (2014: USD 331 thousand) (Note 21).

#### 10. DEPRECIATION AND AMORTISATION

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
Depreciation of property, plant and equipment (Note 9)	28,035	20,902
Amortisation of intangible assets	352	427
<b>Total</b>	<b>28,387</b>	<b>21,329</b>

#### 11. GUARANTEE DEPOSITS

	30 June 2015 (unaudited)	31 December 2014
<i>Non-current</i>		
Guarantee deposits for leased aircraft	14,497	10,555
Other guarantee deposits	457	306
	<b>14,954</b>	<b>10,861</b>
<i>Current</i>		
Guarantee deposits for leased aircraft	260	351
Other guarantee deposits	944	683
	<b>1,204</b>	<b>1,034</b>
	<b>16,158</b>	<b>11,895</b>

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.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### 11. GUARANTEE DEPOSITS (CONTINUED)

Guarantee deposits for leased aircraft are receivable as follows:

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Within one year	260	351
After one year but not more than five years	8,571	6,940
More than five years	5,993	3,683
	<b>14,824</b>	<b>10,974</b>
Fair value adjustment	(67)	(68)
	<b>14,757</b>	<b>10,906</b>

### 12. INVENTORIES

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Spare parts	30,534	31,065
Goods in transit	5,009	6,776
Fuel	4,350	6,592
Crockery	2,350	1,880
Promotional materials	1,434	1,442
De-icing liquid	1,388	878
Uniforms	1,114	441
Blank forms	470	380
Other	1,133	1,193
	<b>47,782</b>	<b>50,647</b>
Less: allowance for obsolete and slow-moving inventories	(1,127)	(1,757)
	<b>46,655</b>	<b>48,890</b>

### 13. PREPAYMENTS

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
<i>Non-current</i>		
Prepayments for non-current assets	2,672	2,911
Deferred expenses	8,451	8,490
	<b>11,123</b>	<b>11,401</b>
<i>Current</i>		
Advances paid for services	12,808	10,790
Advances paid for goods	9,445	6,236
Prepayments for finance lease	5,857	5,874
Prepayments for operating leases	2,672	4,174
	<b>30,782</b>	<b>27,074</b>
Less: allowance for non-recovery	(803)	(820)
	<b>29,979</b>	<b>26,254</b>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 13. PREPAYMENTS (CONTINUED)

Prepayments for non-current assets were made to Boeing as pre-delivery payment for the remaining third aircraft (Note 24).

The allowance for non-recovery includes advance payments made by the Company 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 2015 (unaudited)	31 December 2014
<i>Non current</i>		
Due from employees and Ab-initio pilot trainees	4,459	3,270
	<b>4,459</b>	<b>3,270</b>
<i>Current</i>		
Trade receivables	38,732	24,251
Receivable from lessors – variable lease reimbursement	5,224	16,541
Due from employees and Ab-initio pilot trainees	2,206	2,809
Other	-	85
	<b>46,162</b>	<b>43,686</b>
Less: allowance for doubtful debts	(1,996)	(1,641)
	<b>44,166</b>	<b>42,045</b>

At 30 June 2015, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 29% of the Company's trade and other receivables (at 31 December 2014: eight debtors comprised 25%).

Receivable from lessors represents the amount of variable lease reimbursement claimed by the Company as a result of maintenance performed prior to reporting date. Trade receivables include variable lease reimbursement for the amount of USD 9,463 thousand as a result of return of variable rent by a lessor (Note 24).

Amounts due from Ab-initio pilot trainees in respect of 50% of their initial training costs are classified as interest free loans. The remaining costs are classified by the Company as a prepayment of its expenses and are amortised over a period of seven years, during which period the Company has a right to oblige these expenses also to become payable by the pilot trainees should such pilot trainees terminate his/her employment.

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

	30 June 2015 (unaudited)	31 December 2014
US Dollar	19,843	23,599
Tenge	18,878	15,955
Euro	3,595	2,038
Russian Rouble	2,047	1,093
Other	6,258	4,271
	<b>50,621</b>	<b>46,956</b>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### 15. BANK DEPOSITS

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
<i>Current</i>		
Term deposits with local banks	82,172	114,130
Guarantee deposits	21	19
Interest receivable	164	598
	<u>82,357</u>	<u>114,747</u>

Short-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 0.25% to 2% per annum (2014: 0.15% to 4.5%). 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 from 0% to 4.5% per annum (2014: 0% to 4.5%).

Bank deposits are denominated in the following currencies:

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
US Dollar	70,643	105,573
Euro	11,691	9,157
Tenge	23	17
	<u>82,357</u>	<u>114,747</u>

### 16. CASH AND BANK BALANCES

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Term deposits with local banks with original maturity less than 3 months	78,685	46,269
Current accounts with local banks	33,732	20,868
Current accounts with foreign banks	27,972	3,596
Cash on hand	163	133
	<u>140,552</u>	<u>70,866</u>

At 30 June 2015, current accounts with banks earn interest in the range of 0.3% to 2.5% per annum (31 December 2014: 0.1% to 2.5%). Term deposits with local banks (with original maturity less than three months) earn interest in the range from 1% to 10% per annum (2014: 0.15% to 15%).

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

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#### 16. CASH AND BANK BALANCES (CONTINUED)

Cash and bank balances are denominated in the following currencies:

	30 June 2015 (unaudited)	31 December 2014
US Dollar	113,786	53,695
Tenge	14,505	9,235
Euro	3,887	4,799
Chinese Yuan	2,266	461
Russian Rouble	1,537	750
GBP	1,153	74
Uzbek Soms	1,137	985
Indian Rupee	819	349
Other	1,462	518
	<u>140,552</u>	<u>70,866</u>

#### 17. EQUITY

As at 30 June 2015 and 31 December 2014, share capital was comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of USD 1,000 per share.

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company'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 Company's insolvency. As at 30 June 2015 the Company had retained earnings, including the profit for the current year, of USD 325,343 thousand (2014: USD 326,456 thousand).

In May 2015, the shareholders declared a dividend payment equivalent to 50% of profit for 2014. The total amount of the dividend was KZT 1,742,918 thousand (USD 9,381 thousand equivalent as of announcement date) (Note 20). In May 2014, the shareholders declared a dividend payment equivalent to 20% of profit for 2013. The total amount of the dividend was KZT 1,562,806 thousand (USD 8,517 thousand equivalent as of announcement date) (Note 20), which was distributed and paid to each shareholder in accordance with their shareholdings. Dividends per share at 30 June 2015 were KZT 102.5 thousand or USD 0,5 thousand equivalent as of announcement date (2014: KZT 91.9 thousand or USD 0,5 thousand equivalent as of announcement date).

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 17. EQUITY, CONTINUED

The calculation of basic earnings per share is based on profit for the year and the weighted average number of ordinary shares outstanding during the year of 17,000 shares (2014: 17,000). The Company has no instruments with potential dilutive effect.

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
<b>Profit:</b>		
Profit/(loss) for the period	8,268	(36,482)
Number of ordinary shares	17,000	17,000
<b>Profit/(loss) per share – basic and diluted (USD)</b>	<b>486</b>	<b>(2,146)</b>

#### 18. DEFERRED REVENUE

	30 June 2015 (unaudited)	31 December 2014
Unearned transportation revenue	63,591	49,062
Customer loyalty program	2,562	2,756
	<b>66,153</b>	<b>51,818</b>

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

	30 June 2015 (unaudited)	31 December 2014
Engines	36,408	17,951
D-Check	3,182	836
C-Check	2,707	2,177
Provision for redelivery of aircraft	1,485	1,329
Auxiliary Power unit	870	500
Landing gear	811	281
	<b>45,463</b>	<b>23,074</b>

During 2014 and 2015 the Company renegotiated certain operating lease agreements to replace the payments of variable lease by Letters of credit (Note 24). As a result a lessor signed an agreement to return variable lease payments which were unclaimed by the Company. The Company accepted the continuing obligations for aircraft maintenance and, therefore, increased provisions by the corresponding amounts.

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 19. PROVISION FOR AIRCRAFT MAINTENANCE, CONTINUED

The movements in the provision for aircraft maintenance were as follows for the six-month period ended 30 June 2015 and the year ended 31 December 2014:

	Six-month period ended 30 June 2015 (unaudited)	Year ended 31 December 2014
<b>At 1 January</b>	<b>23,074</b>	<b>23,147</b>
Accrued during the year (Note 6)	11,844	20,343
Increase of provisions as a result of return of variable rent by a lessor (Note 24)	13,464	-
Reversed during the year (Note 6)	(674)	(2,895)
Used during the year	(1,650)	(13,810)
Foreign currency translation difference	(595)	(3,711)
<b>At period end</b>	<b>45,463</b>	<b>23,074</b>

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 calculating the provisions are stated in US Dollars.

The planned utilisation of these provisions is as follows:

	30 June 2015 (unaudited)	31 December 2014
Within one year	18,349	6,092
During the second year	6,223	2,363
During the third year	4,559	3,051
After the third year	16,332	11,568
<b>Total provision for aircraft maintenance</b>	<b>45,463</b>	<b>23,074</b>
Less: current portion	(18,349)	(6,092)
<b>Non-current portion</b>	<b>27,114</b>	<b>16,982</b>

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 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.



## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 19. TRADE AND OTHER PAYABLES

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Trade payables	39,140	35,576
Dividends payable	9,360	-
Wages and salaries payable to employees	3,854	9,749
Employee unused vacation	3,815	3,963
Operating lease payables	1,778	1,948
Deposits received	1,250	712
Taxes payable	1,080	2,661
Advances received	852	1,404
Other	132	189
	<b>61,261</b>	<b>56,202</b>

#### 20. TRADE AND OTHER PAYABLES (CONTINUED)

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

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Tenge	28,565	22,010
US Dollar	20,689	21,215
Euro	6,122	7,273
Russian roubles	1,977	1,116
GBP	1,124	1,138
Other	2,784	3,450
	<b>61,261</b>	<b>56,202</b>

#### 21. LOANS

On 21 August 2012 the Company concluded a loan agreement of USD 27,304 thousand for financing of pre-delivery payments for three Boeing B767-300ER which have been delivered during 2013 and 2014. The outstanding amount on this loan was fully repaid in June 2014.

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 extension period has not been used and the availability period has been renewed till 30 June 2014 with a new fixed interest rate from 4% to 6% per annum depending on loan terms. Approvals have been agreed to extend this credit line for a further 3-year period.

#### 22. OBLIGATIONS UNDER FINANCE LEASE

For the years from 2012 to 2014 the Company acquired eleven aircraft under the fixed interest finance lease agreement. 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 six new Airbus 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 US Export Import Bank. Two Embraer aircraft were delivered in 2012 and 2013 were guaranteed by Brazilian Development Bank. The Company's obligations under finance leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 457,280 thousand (unaudited)(2014: USD 485,337 thousand) (Note 9).

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

#### 22. OBLIGATIONS UNDER FINANCE LEASE (CONTINUED)

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 six-month period ended 30 June 2015.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2015 (unaudited)	31 December 2014	30 June 2015 (unaudited)	31 December 2014
Not later than one year	53,471	53,756	40,323	40,069
Later than one year and not later than five years	204,176	205,212	162,599	162,318
Later than five years	251,729	276,797	233,054	253,040
	<u>509,376</u>	<u>535,765</u>	<u>435,976</u>	<u>455,427</u>
Less: future finance charges	<u>(73,400)</u>	<u>(80,338)</u>	-	-
Present value of minimum lease payments	<u>435,976</u>	<u>455,427</u>	<u>435,976</u>	<u>455,427</u>
Included in the condensed interim financial information as:				
- current portion of finance lease obligations			40,323	40,069
- non-current portion of finance lease obligations			<u>395,654</u>	<u>415,358</u>
			<u>435,977</u>	<u>455,427</u>

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's overall strategy remains unchanged from 2014.

The capital structure of the Company consists of net debt (comprising loans and finance lease obligations in Note 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.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

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### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### Capital management (continued)

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

#### Gearing ratio

The gearing ratio at end of the reporting period was as follows.

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Loans and finance lease liabilities (Note 21, 22)	435,977	455,427
Cash and bank balances, bank deposits (Note 15, 16)	<u>(222,909)</u>	<u>(185,613)</u>
<b>Net debt</b>	<b><u>213,068</u></b>	<b><u>269,814</u></b>
<b>Equity</b>	<b><u>262,887</u></b>	<b><u>269,597</u></b>
<b>Net debt to equity ratio</b>	<b><u>81.05%</u></b>	<b><u>100.08%</u></b>

#### 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 30 June 2015 there was no significant concentration of credit risk in respect of trade accounts receivable (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.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### Commodity price risk

The Company uses options to economically hedge the risk of jet fuel price movement. The Company uses standard market instruments for fuel hedging purposes, such as “call option” (where the premium is paid in advance by the Company to cover the risk of increases of commodity price above the predetermined level) and zero cost collar (where the premium is equal to zero, and where the Company simultaneously buys the “call option” and sells the “put option”). Since there is no possibility to hedge the risk of changes in jet fuel prices purchased from local suppliers, the Company hedges only the amount of fuel purchased outside the Republic of Kazakhstan signing the general agreement with several international banks on the conclusion of derivative transactions. The management of the Company determines the volume of jet fuel that will be hedged before executing the deal. Hedging is carried out according to the Fuel hedging policy approved by the directors and shareholders of the Company.

#### Foreign currency risk

On 11 February 2014, the National Bank of the Republic of Kazakhstan took the decision to temporarily reduce its intervention in setting the KZT exchange rate. As a result, the official exchange rate of KZT to US Dollar fell to KZT 184.55 per US Dollar as at 12 February 2014, i.e. by approximately 19%. To prevent the destabilisation of the financial market and economy as a whole, the National Bank set an exchange corridor for the KZT against the US Dollar at KZT 182-188 per US Dollar. As of 31 December 2014, the KZT to US Dollar official exchange rate is 182.35 KZT per US Dollar.

The Company management believes that it has taken appropriate measures to support the sustainability of the Company business under the current circumstances.

#### Foreign currency sensitivity analysis

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

The carrying 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.

	Notes	US dollar		Euro	
		30 June 2015 (unaudited)	31 December 2014	30 June 2015 (unaudited)	31 December 2014
<b>Assets</b>					
Guarantee deposits		15,405	11,426	341	75
Trade and other receivables	14	19,843	23,599	3,595	2,038
Bank deposits	15	70,643	105,573	11,691	9,157
Cash and bank balances	16	113,786	53,695	3,887	4,799
Financial assets at fair value through profit or loss		1,580	5,465	-	-
<b>Total</b>		<b>221,257</b>	<b>199,758</b>	<b>19,514</b>	<b>16,069</b>
<b>Liabilities</b>					
Finance lease liabilities	22	435,976	455,427	-	-
Trade and other payables	20	20,689	21,215	6,122	7,273
Financial liabilities at fair value through profit or loss		1,634	10,300	-	-
<b>Total</b>		<b>458,299</b>	<b>486,942</b>	<b>6,122</b>	<b>7,273</b>
<b>Net position</b>		<b>(237,042)</b>	<b>(287,184)</b>	<b>13,392</b>	<b>8,796</b>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

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### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### Foreign currency sensitivity analysis (continued)

The following table details the Company's sensitivity to 17.37% weakening of the Tenge against US dollar and 18.36% against Euro as at 30 June 2015 and 17.37% weakening of the tenge against US Dollar and 18.36% against Euro in 2014. Mentioned sensitivity rates 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 a 17.37% change in rates of US Dollar and 18.36% in rates of Euro as at 30 June 2015 and 17.37% change in rates of US Dollar and 18.36% in rates of Euro as at 31 December 2014. The sensitivity analysis includes trade and other receivables, cash and bank balances, bank deposits, guarantee deposits, trade and other payables, loans and finance lease liabilities.

A negative number below indicates a decrease in profit and equity where the tenge weakens by 17.37% against US Dollar, and, in the case of Euro with 18.36% change the net position is positive (2014: weakens by 17.37% against US Dollar, and, in the case of Euro with 18.36%). For a 17.37% strengthening of the tenge against US Dollar and 18.36% for Euro as at 30 June 2015 and 17.37% strengthening of the tenge against US Dollar and 18.36% for Euro in 2014, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive.

	Currency US Dollar impact		Currency Euro impact	
	30 June 2015 (unaudited) 17.37%	31 December 2014 17.37%	30 June 2015 (unaudited) 18.36%	31 December 2014 18.36%
Profit or (loss)	(32,939)	(39,907)	1,967	1,292

The Company 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, loans and finance lease liabilities 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.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### 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.

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
<b>30 June 2015 (unaudited)</b>						
<b>Financial liabilities</b>						
<i>Interest free</i>						
Trade and other payables	-	56,594	659	-	-	<b>57,253</b>
Financial liabilities at fair value through profit or loss	-	-	1,634	-	-	<b>1,634</b>
<i>Fixed rate</i>						
Finance lease liabilities	-	13,141	40,330	204,176	251,729	<b>509,376</b>
<b>31 December 2014</b>						
<b>Financial liabilities</b>						
<i>Interest free</i>						
Trade and other payables	-	44,216	1,097	-	-	<b>45,313</b>
Financial liabilities at fair value through profit or loss	-	-	10,300	-	-	<b>10,300</b>
<i>Fixed rate</i>						
Finance lease liabilities	-	13,167	40,589	205,212	276,797	<b>535,765</b>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### Liquidity and interest risk tables (continued)

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
<b>30 June 2015 (unaudited)</b>						
<b>Financial assets</b>						
<i>Interest free</i>						
Trade and other receivables	-	42,296	1,869	3,185	1,275	<b>48,625</b>
Financial assets at fair value through profit or loss	-	-	1,580	-	-	<b>1,580</b>
Guarantee deposits	-	477	727	6,054	8,900	<b>16,158</b>
Cash and bank balances	-	140,552	-	-	-	<b>140,552</b>
<i>Fixed rate</i>						
Bank deposits	1.41	21,723	60,634	-	-	<b>82,357</b>
<b>31 December 2014</b>						
<b>Financial assets</b>						
<i>Interest free</i>						
Trade and other receivables	-	39,919	2,125	2,336	937	<b>45,317</b>
Financial assets at fair value through profit or loss	-	-	5,465	-	-	<b>5,465</b>
Guarantee deposits	-	306	728	6,947	3,914	<b>11,895</b>
Cash and bank balances	-	70,866	-	-	-	<b>70,866</b>
<i>Fixed rate</i>						
Bank deposits	1.32	21	114,726	-	-	<b>114,747</b>

#### 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.

Level 2 fair values for financial assets and liabilities at fair value through profit or loss have been generally derived using the fair value valuation reports provided by the banks which participate in hedging transactions. The most significant input into this valuation approach are time left to maturity of the deal, forward and spot prices of crude oil.

The Company has no other financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 of fair value hierarchy.

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) *(in thousands of USD)*

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#### 23. FINANCIAL INSTRUMENTS (CONTINUED)

##### **Fair values (continued)**

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.

##### *Financial instruments at fair value through profit or loss*

Valuation of financial instruments recognised at fair value through profit or loss (Note 16) 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 and accordingly it approximates 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 recorded at fair value at initial recognition and subsequently measured at amortised cost.

##### *Finance lease liabilities*

Finance lease liabilities are recognised at lower of fair value of assets received under finance lease and present value of minimum lease payments 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 was committed to pre-delivery payments in accordance with an agreed payment schedule. Payments commenced in 2008 and the last payment was made in 2013. During 2012 and 2013, the Company entered into fixed interest finance lease agreements for these six Airbus aircraft. These leases are denominated in US dollars, with a repayment term of twelve years. Loans provided by financial institutions to the lessor are guaranteed by European Export Credit Agencies.



# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED) (in thousands of USD)

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### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Capital commitments (continued)

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

During 2012, the Company finalised an agreement with Boeing to purchase three Boeing-767s and three Boeing-787s aircraft. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. In respect of the Boeing 767 aircraft, 50% of pre-delivery payments were paid from own resources and 50% were financed by the borrowings (Note 21). The amounts borrowed in respect of the three Boeing 767s were repaid by the Company on delivery of each aircraft in 2013 and 2014 years. Final pre-delivery payments for the third B767 aircraft were made in 2013. Two Boeing 767s were delivered in 2013 and the third one was delivered in mid 2014. Delivery of Boeing 787s are now deferred to 2019 with last pre-delivery payments expected in 2018.

In June 2013 the Company signed a term sheet with a US financing corporation to finance purchase of up to three Boeing-767 aircraft for the amount guaranteed by US Export-Import Bank. This facility has been used for all Boeing-767 delivered in 2013 and 2014.

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.

Commitments for leases of aircraft currently in operation:

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Within one year	73,864	73,818
After one year but not more than five years	203,822	229,640
More than five years	52,382	72,175
	<b><u>330,068</u></b>	<b><u>375,633</u></b>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments for leases of aircraft to be delivered from 2016 to 2019:

	<b>30 June 2015 (unaudited)</b>
Within one year	761
After one year but not more than five years	54,276
More than five years	341,810
	<u><u>396,847</u></u>

#### Operating lease commitments (continued)

In April 2015 the Company signed Letters of Intent for lease of four Airbus A320neo family aircraft for delivery in 2018 and 2019.

In June 2015 the Company signed operating lease agreements for seven Airbus A320neo family aircraft to replace some current leases on expiry and for future expansion. One A320neo is scheduled for delivery in spring 2016, with the remaining six aircraft being delivered in 2018 and 2019.

Stand-by Letters of Credit as of 30 June 2015 were USD 29,470 thousand. These Letters of Credit were obtained as security for Lessors to cover any unfulfilled maintenance liabilities on the return of three Embraer E190 and five Airbus aircraft 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 agreements for one engine will expire in September 2015.

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:

	<b>30 June 2015 (unaudited)</b>	<b>31 December 2014</b>
Within one year	1,537	1,571
After one year but not more than five years	4,742	5,348
	<u><u>6,279</u></u>	<u><u>6,919</u></u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

*(in thousands of USD)*

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### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### **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.

#### **Insurance (continued)**

##### *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;
- Pilot's loss of license insurance;
- Insurance of goods at warehouse.

#### **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 this condensed interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

*(in thousands of USD)*

### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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#### **Taxation contingencies (continued)**

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 which were fully paid in 2013 including the appealed amount mentioned below. In January 2013 the Company appealed to Tax Authorities for the amount of USD 1,827 thousand. The Tax Authorities rejected the appeal of the Company and the Company appealed to the Ministry of Finance. Ministry of Finance left the decision of tax authorities without changes. Further in January 2014 the Company continued to appeal to Interregional Court of Almaty, then to Almaty city court, where decision was also left without changes. Appeal was sent to the Supreme Court in November 2014 and the decision was also left without changes. Therefore a decision was made to appeal to the Prosecutor's Office and this was filed in December 2014. The Company has passed all instances of appeal and a final refusal was the decision of the General Prosecutor's Office of the Republic of Kazakhstan in April 2015.

#### **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 six-month period ended 30 June 2015 to independent directors was USD 20 thousand (during six-month period ended 30 June 2014: USD 53 thousand).

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Management remuneration

Key management that have authority and responsibility regarding management, control and planning of Company's activity received the following remuneration during the year, which is included in personnel costs (Note 6):

	Six-month period ended 30 June 2015 (unaudited)	Six-month period ended 30 June 2014 (unaudited)
Salaries and bonuses	2,535	2,209
Social tax	270	237
	<u>2,805</u>	<u>2,446</u>

#### 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-controlled 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.

There were no Government subsidies for the six-month period ended 30 June 2015 (unaudited)(for the six-month period ended 30 June 2014: USD 356 thousand (unaudited) (Note 5). As at 30 June 2015 there was no outstanding amount due to the Company for subsidies (unaudited) (at 31 December 2014: USD 85 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:

	Six-month period ended 30 June 2015 (unaudited) Transaction value	30 June 2015 (unaudited) Outstanding balance	Six-month period ended 30 June 2014 (unaudited) Transaction value	31 December 2014 Outstanding balance
<b>Services received</b>				
State-owned companies	23,264	(1,753)	21,215	(3,362)
Shareholders and their subsidiaries	3,683	(205)	4,480	(282)
	<u>26,947</u>	<u>(1,958)</u>	<u>25,695</u>	<u>(3,644)</u>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

(in thousands of USD)

#### 25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Services provided by the Company	Six-month period ended 30 June 2015 (unaudited) Transaction value	30 June 2015 (unaudited) Outstanding balance	Six-month period ended 30 June 2014 (unaudited) Transaction value	31 December 2014 Outstanding balance
Shareholders and their subsidiaries	613	164	530	160
	<b>613</b>	<b>164</b>	<b>530</b>	<b>160</b>

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 2015 50% of the declared dividends for 2014 (Note 17) were fully paid to each shareholder in accordance with their shareholdings based on the approved schedule.

#### 27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management of the Company and authorised for issue on 31 July 2015.