JOINT STOCK COMPANY AIR ASTANA

Condensed Interim Financial Information
For the three and the nine months ended
30 September 2013 (unaudited)

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2013

Management is responsible for the preparation of the condensed interim financial information that presents fairly the financial position of JSC Air Astana (the "Company") as at 30 September 2013, and the results of its operations for the three and the nine months then ended, cash flows and changes in equity for the nine-month period then ended, in compliance with International Accounting Standard 34: Interim Financial Information (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 the financial position of the Company, and which enable them to ensure that the condensed interim financial information of the Company comply with IAS 34;
- maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The condensed interim financial information of the Company for the three and the nine months ended 30 September 2013 was approved by management on 8 November 2013.

On behalf of management of the Company:

Peter Foster
President

8 November 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

8 November 2013
Almaty, Republic of Kazakhstan

Deloitte.

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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:

We have reviewed the accompanying condensed interim statement of financial position of JSC Air Astana (the "Company") as at 30 September 2013, and the related condensed interim statements of comprehensive income for the three and the nine months then ended, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte, LLP

8 November 2013
Almaty, Republic of Kazakhstan

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Member of Deloitte Touche Tohmatsu Limited

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND THE NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Revenue					
Passenger revenue	5	263,193	236,902	684,639	613,386
Cargo and mail	5	7,498	6,859	21,243	18,160
Other revenue	5	4,761	4,451	12,572	12,102
Total revenue		275,452	248,212	718,454	643,648
Operating expenses					
Fuel		(72,357)	(63,492)	(205,784)	(182,315)
Handling, landing fees and route charges	6	(31,019)	(26,329)	(87,690)	(71,915)
Passenger service	6	(26,724)	(22,068)	(69,004)	(57,514)
Employee costs	6	(23,706)	(19,752)	(68,283)	(61,307)
Aircraft operating lease costs	6	(18,910)	(20,692)	(59,863)	(62,424)
Engineering and maintenance	6	(19,096)	(20,058)	(58,050)	(59,533)
Selling costs	6	(13,043)	(12,307)	(35,877)	(39,474)
Aircraft crew costs	6	(9,315)	(9,127)	(29,599)	(29,509)
Depreciation and amortisation	9	(7,039)	(1,761)	(19,149)	(5,179)
Taxes, other than income tax		(1,473)	(1,922)	(4,982)	(5,311)
Property lease cost		(1,452)	(1,287)	(4,295)	(3,808)
Insurance		(1,521)	(1,271)	(4,289)	(3,884)
Information technology		(762)	(838)	(2,260)	(2,380)
Consultancy, legal and professional services		(415)	(722)	(1,315)	(1,648)
Other		(1,505)	(1,526)	(4,580)	(5,072)
Total operating expenses		(228,337)	(203,152)	(655,020)	(591,273)
Operating profit		47,115	45,060	63,434	52,375
Finance income		293	1,073	1,436	3,144
Finance (costs)/income		(1,562)	542	(4,626)	(1,800)
Foreign exchange (loss)/gain, net		(2,457)	659	(1,943)	453
Profit before tax		43,389	47,334	58,301	54,172
Income tax expense	7	(9,321)	(9,541)	(12,339)	(11,475)
Net profit for the period		34,068	37,793	45,962	42,697
Other comprehensive loss:					
Foreign currency translation loss		(4,099)	(939)	(5,727)	(2,427)
Income tax		214	(22)	185	(67)
Other comprehensive loss for the period		(3,885)	(961)	(5,542)	(2,494)
Total comprehensive income for the period		30,183	36,832	40,420	40,203
Basic and diluted earnings per share (in tenge)	16	2,004	2,223	2,704	2,512

On behalf of the Company's management:

Peter Foster
President

8 November 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

8 November 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 30 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013 (UNAUDITED)

(in thousands of USD)

	Notes	30 September 2013 (unaudited)	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	8	398,998	229,897
Intangible assets		2,298	2,593
Prepayments for long-term assets	12	61,105	95,053
Trade and other receivables	13	6,139	-
Guarantee deposits	10	18,232	17,601
		486,772	345,144
Current assets			
Inventories	11	47,660	42,760
Prepayments	12	28,121	21,256
Income tax prepaid		507	1,512
Trade and other receivables	13	42,971	46,322
Financial assets at fair value through profit or loss		180	361
Other taxes prepaid		5,843	4,096
Guarantee deposits	10	1,564	1,585
Bank deposits	14	99,541	80,476
Cash and bank balances	15	52,853	43,051
		279,240	241,419
Total assets		766,012	586,563
EQUITY AND LIABILITIES			
Equity			
Share capital	16	17,000	17,000
Foreign currency translation reserve		(25,137)	(19,595)
Retained earnings		310,118	285,276
Total equity		301,981	282,681
Non-current liabilities			
Loans	20	-	6,456
Obligations under finance lease	21	266,684	134,033
Deferred tax liability		12,304	3,515
Provision for aircraft maintenance	18	5,969	4,132
		284,957	148,136
Current liabilities			
Loans	20	18,382	18,227
Current portion of obligations under finance lease	21	22,673	10,047
Deferred revenue	17	70,778	57,440
Provision for aircraft maintenance	18	12,760	16,712
Trade and other payables	19	54,358	53,040
Financial liabilities at fair value through profit or loss		123	280
		179,074	155,746
Total liabilities		464,031	303,882
Total equity and liabilities		766,012	586,563

On behalf of the Company's management:

Peter Foster
President

8 November 2013
Almaty, Republic of Kazakhstan

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Alima Zamanbekova
Chief Accountant

8 November 2013
Almaty, Republic of Kazakhstan

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JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2012		17,000	(15,477)	242,404	243,927
Net profit for the period (unaudited)		-	-	42,697	42,697
Other comprehensive loss for the period (unaudited)		-	(2,494)	-	(2,494)
Total comprehensive income for the period (unaudited)		-	(2,494)	42,697	40,203
Dividends declared (unaudited)	16	-	-	(18,204)	(18,204)
At 30 September 2012 (unaudited)		17,000	(17,971)	266,897	265,926
At 1 January 2013		17,000	(19,595)	285,276	282,681
Net profit for the period (unaudited)		-	-	45,962	45,962
Other comprehensive loss for the period unaudited)		-	(5,542)	-	(5,542)
Total comprehensive income for the period (unaudited)		-	(5,542)	45,962	40,420
Dividends declared (unaudited)	16	-	-	(21,120)	(21,120)
At 30 September 2013 (unaudited)		17,000	(25,137)	310,118	301,981

On behalf of the Company's management:

Peter Foster
President

8 November 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

8 November 2013
Almaty, Republic of Kazakhstan

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JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)
(in thousands of USD)

	Notes	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
OPERATING ACTIVITIES:			
Profit before tax		58,301	54,172
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	9	19,149	5,179
Gain on disposal of property, plant and equipment		(427)	(171)
Change in allowance for doubtful debts		269	3,200
Foreign exchange loss/(gain)		1,943	(453)
Finance income		(1,233)	(3,144)
Finance costs		3,769	941
Net unrealised loss on financial assets and liabilities at fair value through profit or loss		22	90
Operating cash flow before movements in working capital		81,793	59,814
Change in accounts receivable		(5,848)	(25,596)
Change in other receivables and prepaid expenses		(9,209)	1,984
Change in inventories		(5,779)	(6,812)
Change in accounts payable, accrued expenses and other current liabilities		(2,044)	(5,531)
Change in deferred revenue		14,610	15,110
Cash generated from operations		73,523	38,969
Income tax paid		(2,374)	(5,525)
Interest paid		(3,582)	(866)
Net cash generated from operating activities		67,567	32,578
INVESTING ACTIVITIES:			
Pre-delivery payments		(12,185)	(64,178)
Refund of pre-delivery payments		14,829	-
Purchase of property, plant and equipment		(6,206)	(11,896)
Proceeds from disposal of property, plant and equipment		495	321
Purchase of intangible assets		(411)	(206)
Bank term deposits placed		(101,508)	(20,331)
Bank term deposits withdrawn		78,010	68,128
Interest received		5,115	3,275
Net cash used in investing activities		(21,861)	(24,887)

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (CONTINUED) (UNAUDITED)
(in thousands of USD)

	Notes	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
FINANCING ACTIVITIES:			
Proceeds from borrowings		2,767	111,704
Dividends paid		(21,030)	(18,204)
Repayment of finance lease		(8,119)	-
Repayment of borrowings		(9,040)	(89,469)
Net cash (used in)/received from financing activities		(35,422)	4,031
NET INCREASE IN CASH AND BANK BALANCES		10,284	11,722
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(482)	(509)
CASH AND BANK BALANCES, at the beginning of the period	15	43,051	23,995
CASH AND BANK BALANCES, at the end of the period	15	52,853	35,208

On behalf of the Company's management:

Peter Foster
President

8 November 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

8 November 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 30 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

1. NATURE OF ACTIVITIES

JSC Air Astana (the "Company") is a joint stock company as defined in the Civil Code of the Republic of Kazakhstan. The Company was established as a closed joint stock company on 14 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 September 2013, the Company operated 27 turbojet aircraft, of which 7 short-haul and 20 long-haul aircraft representing 7 aircraft acquired under finance lease and 20 aircraft leased under operating lease (2012: 2 turboprop and 25 turbojet aircraft, of which 8 short-haul and 19 long-haul aircraft representing 4 aircraft acquired under finance lease and 23 aircraft leased under operating lease).

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

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

2. BASIS OF PREPARATION

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

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

Functional and presentation currency

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

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

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

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

a) assets and liabilities for each reporting date presented (i.e. including comparatives) are translated at the closing rate at the reporting date;
b) income and expenses for the reporting period (i.e., including comparatives) are translated at average exchange rates during the three-month and the nine-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 September and for the nine-month period then ended:

	Average rate		**Reporting date spot-rate**	
	Nine-month period ended 30 September 2013	**Nine-month period ended 30 September 2012**	**30 September 2013**	**31 December 2012**
US dollar (USD)	151.57	148.66	153.62	150.74
Euro (EUR)	199.66	190.54	207.56	199.22
British Pound (GBP)	234.27	234.44	246.82	243.72

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

In preparing this condensed interim financial information the Company has adopted the following Standards:

- IAS 19 (revised in 2011) "Employee Benefits"; and
- IFRS 13 "Fair Value Measurement".

Adoption of these Standards and Interpretations did not have significant effect on this condensed interim financial information.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

5. REVENUE

Passenger revenue	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Passenger transportation	205,758	188,032	536,937	499,557
Fuel surcharge	41,216	35,914	107,212	80,966
Airport services	13,875	9,883	34,148	25,628
Excess baggage	2,344	3,073	6,342	7,235
	263,193	236,902	684,639	613,386

Cargo and mail revenue	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Cargo	6,978	6,403	19,829	16,854
Mail	520	456	1,414	1,306
	7,498	6,859	21,243	18,160

Other revenue	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Penalties on agency contracts	2,244	2,116	6,442	5,671
Advertising revenue	620	592	1,631	1,478
Gain on disposal of spare parts and other assets	107	32	679	240
Income from ground services	193	165	662	477
Spare parts received free of charge	320	3	348	10
Income from government subsidies (Note 25)	133	907	38	2,703
Other	1,144	636	2,772	1,523
	4,761	4,451	12,572	12,102

During the three and nine-month period ended 30 September 2013, passenger and cargo revenue were generated from the following destinations:

	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Europe	123,332	111,178	297,255	257,796
Domestic	95,726	91,177	255,305	245,393
Asia	51,633	41,406	153,322	128,357
Total passenger and cargo revenue	270,691	243,761	705,882	631,546

6. OPERATING EXPENSES

Handling, landing fees and route charges	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Aero navigation	11,891	9,605	32,650	24,602
Landing fees	9,434	8,178	26,232	22,480
Handling charge	8,798	7,475	26,161	22,395
Meteorological services	569	497	1,579	1,419
Other	327	574	1,068	1,019
	31,019	26,329	87,690	71,915

Passenger service	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Airport charges	12,176	10,081	31,021	25,846
Catering	10,646	8,928	27,731	23,561
Security	1,026	795	2,446	1,896
In-flight entertainment	696	589	1,897	1,710
Other	2,180	1,675	5,909	4,501
	26,724	22,068	69,004	57,514

Employee costs	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Wages and salaries of operational personnel	15,499	13,322	44,355	41,583
Wages and salaries of administrative personnel	3,406	2,674	9,860	8,231
Social tax	2,039	1,396	6,032	4,314
Wages and salaries of sales personnel	1,460	1,221	4,274	3,682
Other	1,302	1,139	3,762	3,497
	23,706	19,752	68,283	61,307

The average number of employees during the nine-month period ended 30 September 2013 was 4,032 (2012: 3,750).

Aircraft operating lease costs	**Three-month period ended 30 September 2013 (unaudited)**	**Three-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2013 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**
Fixed lease charges	17,596	18,983	52,965	58,679
Operating lease return costs	149	1,033	3,769	1,370
Leased engine on wing costs	851	388	2,222	1,505
Lease of engines and rotable spare parts	314	288	907	870
	18,910	20,692	59,863	62,424

Engineering and maintenance	**Three-month period ended 30 September 2013 (unaudited)**	**Three-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2013 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**
Maintenance – variable lease payments	11,757	13,457	33,999	36,640
Spare parts	2,582	3,030	10,468	8,671
Maintenance provision accrual (Note 18)	1,936	659	6,115	1,513
Maintenance – components	2,254	2,259	5,633	10,454
Technical inspection	567	653	1,835	2,255
	19,096	20,058	58,050	59,533

Selling costs	**Three-month period ended 30 September 2013 (unaudited)**	**Three-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2013 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**
Commissions	6,990	6,178	18,337	23,267
Reservation costs	4,193	3,693	11,375	10,537
Advertising	1,377	1,736	4,752	3,861
Interline commissions	321	296	916	797
Other	162	404	497	1,012
	13,043	12,307	35,877	39,474

Aircraft crew costs	**Three-month period ended 30 September 2013 (unaudited)**	**Three-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2013 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**
Accommodation and allowances	4,398	3,242	12,546	9,828
Contract crew	3,026	3,631	9,964	11,794
Training	1,891	2,254	7,089	7,887
	9,315	9,127	29,599	29,509

7. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 21 %.

8. PROPERTY, PLANT AND EQUIPMENT

	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Flight equipment under finance lease	Equipment to be installed	Total
Cost							
At 1 January 2012	33,105	8,359	5,457	3,128	-	3,674	53,723
Additions	3,985	-	-	-	-	163,525	167,510
Disposals	(496)	(144)	-	(82)	-	-	(722)
Transfers from prepayments	-	-	-	-	37,816	-	37,816
Transfers to inventory	-	-	-	-	-	(101)	(101)
Transfers	11,287	1,810	431	370	146,642	(160,540)	-
Foreign currency translation difference	(675)	(148)	(88)	(52)	(1,994)	(88)	(3,045)
At 31 December 2012	47,206	9,877	5,800	3,364	182,464	6,470	255,181
Additions (unaudited)	-	-	-	-	-	164,393	164,393
Disposals (unaudited)	(845)	(511)	-	(81)	-	-	(1,437)
Transfers to inventory	(36)	-	-	-	-	-	(36)
Transfers from prepayments	-	-	-	-	29,958	-	29,958
Transfers (unaudited)	4,114	1,666	3	424	158,943	(165,150)	-
Foreign currency translation difference	(928)	(201)	(109)	(68)	(5,944)	(111)	(7,361)
At 30 September 2013 (unaudited)	49,511	10,831	5,694	3,639	365,421	5,602	440,698
Accumulated depreciation							
At 1 January 2012	12,963	4,325	908	1,426	-	-	19,622
Charge for the year	3,624	1,446	184	449	720	-	6,423
Disposals	(204)	(122)	-	(64)	-	-	(390)
Foreign currency translation difference	(237)	(82)	(17)	(27)	(8)	-	(371)
At 31 December 2012	16,146	5,567	1,075	1,784	712	-	25,284
Charge for the period (Note 9) (unaudited)	4,485	1,255	136	336	12,277	-	18,489
Transfers (unaudited)	118	-	-	(118)	-	-	-
Disposals (unaudited)	(791)	(497)	-	(81)	-	-	(1,369)
Foreign currency translation difference	(354)	(116)	(22)	(34)	(178)	-	(704)
At 30 September 2013 (unaudited)	19,604	6,209	1,189	1,887	12,811	-	41,700
Net book value							
At 30 September 2013 (unaudited)	29,907	4,622	4,505	1,752	352,610	5,602	398,998
At 31 December 2012	31,060	4,310	4,725	1,580	181,752	6,470	229,897

As at 30 September 2013, book value of fully depreciated property, plant and equipment that is still in use was USD 4,073 thousand (unaudited) (as at 31 December 2012: USD 3,174 thousand). As at 30 September 2013 the Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 352,610 thousand (unaudited) (as at 31 December 2012: USD 181,752 thousand) (Note 21). Rotable spare parts include aircraft modifications.

9. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Depreciation of property, plant and equipment	6,808	1,544	18,489	4,534
Amortisation of intangible assets	231	217	660	645
Total	7,039	1,761	19,149	5,179

10. GUARANTEE DEPOSITS

	30 September 2013 (unaudited)	31 December 2012
Non-current		
Guarantee deposits for leased aircraft	17,589	17,020
Other guarantee deposits	643	581
	18,232	17,601
Current		
Guarantee deposits for leased aircraft	325	391
Other guarantee deposits	1,239	1,194
	1,564	1,585
	19,796	19,186

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

Guarantee deposits for the leased aircrafts are receivable as follows:

	30 September 2013 (unaudited)	31 December 2012
Within one year	325	391
After one year but not more than five years	11,596	15,046
More than five years	6,051	2,231
	17,972	17,668
Fair value adjustment	(58)	(257)
	17,914	17,411

11. INVENTORIES

	30 September 2013 (unaudited)	31 December 2012
Spare parts	31,957	23,088
Fuel	7,581	8,908
Goods in transit	3,494	5,138
Crockery	1,930	2,197
De-icing liquid	1,119	581
Promotional materials	666	1,140
Uniforms	595	1,279
Blank forms	556	593
Other	427	513
	48,325	43,437
Less: allowance for obsolete and slow-moving inventories	(665)	(677)
	47,660	42,760

12. PREPAYMENTS

	30 September 2013 (unaudited)	31 December 2012
Non-current		
Prepayments for non-current assets	60,219	94,114
Advances paid for services	886	939
	61,105	95,053
Current		
Advances paid for services	26,248	15,854
Advances paid for goods	5,042	5,843
Prepayments for operating leases	2,236	5,069
	33,526	26,766
Less: allowance for non-recovery	(5,405)	(5,510)
	28,121	21,256

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

13. TRADE AND OTHER RECEIVABLES

	30 September 2013 (unaudited)	31 December 2012
Non-current		
Due from employees	6,139	-
	6,139	-
Current		
Trade receivables	34,421	29,070
Receivable from lessors – variable lease reimbursement	7,154	11,376
Due from employees	1,152	5,888
Subsidies receivable (Note 25)	440	242
Other	574	259
	43,741	46,835
Less: allowance for doubtful debts	(770)	(513)
	42,971	46,322

As at 30 September 2013, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 56% of the Company's trade and other receivables (unaudited) (at 31 December 2012: eight debtors comprised 39%).

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

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

	30 September 2013 (unaudited)	31 December 2012
Tenge	18,836	19,939
US Dollar	11,972	16,039
Russian Rouble	5,910	1,535
Euro	5,017	5,083
Other	8,145	4,239
	49,880	46,835

14. BANK DEPOSITS

	30 September 2013 (unaudited)	31 December 2012
Term deposits with local banks	99,080	76,049
Guarantee deposits	21	19
Interest receivable	440	4,408
	99,541	80,476

As at 30 September 2013, term deposits with local banks (with an original maturity of more than three months and less than one year) earn interest in the range from 0.5% to 1.5% per annum (unaudited) (31 December 2012: 0.4% to 7.5%). Bank deposits have no restrictions on early withdrawal.

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

Bank deposits are denominated in the following currencies as at 30 September 2013 and 31 December 2012:

	30 September 2013 (unaudited)	31 December 2012
US Dollar	93,426	78,871
Euro	6,092	1,570
Tenge	23	35
	99,541	80,476

15. CASH AND BANK BALANCES

	30 September 2013 (unaudited)	31 December 2012
Current accounts with local banks	47,365	30,929
Current accounts with foreign banks	5,383	7,060
Cash on hand	105	87
Term deposits with local banks with original maturity less than 3 months	-	4,975
	52,853	43,051

As at 30 September 2013, current accounts with banks earn interest in the range of 0% to 2.5% per annum (unaudited) (31 December 2012: 0.2% to 2%).

Cash and bank balances are denominated in the following currencies:

	30 September 2013 (unaudited)	31 December 2012
US Dollar	33,319	6,261
Tenge	12,191	24,751
Euro	3,463	5,341
Indian Rupee	1,301	1,025
Chinese Yuan	735	980
GBP	471	1,433
Russian Rouble	450	1,362
Uzbek Soms	292	735
Other	631	1,163
	52,853	43,051

16. EQUITY

As at 30 September 2013, and 31 December 2012, share capital comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of USD 1,000 per share.

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

In May 2013, the shareholders declared a dividend payment equivalent to 35% of profit for 2012. The total amount of the dividend was USD 21,120, which was distributed and paid to each shareholder in accordance with their shareholdings.

In May 2012, the shareholders declared a dividend payment equivalent to 30% of profit for 2011. The total amount of the dividend was USD 18,204 thousand, which was distributed and paid to each shareholder in accordance with their shareholdings.

The calculation of basic earnings per share is based on income for the three and the nine months ended 30 September 2013 and 30 September 2012 and weighted average number of ordinary shares outstanding during the same period of 17,000 shares. The Company has no potential dilutive instruments.

	Three-month period ended 30 September 2013 (unaudited)	**Three-month period ended 30 September 2012 (unaudited)**	**Nine-month period ended 30 September 2013 (unaudited)**	**Nine-month period ended 30 September 2012 (unaudited)**
Net income	34,068	37,793	45,962	42,697
Number of ordinary shares	17,000	17,000	17,000	17,000
Earnings per share – basic and diluted (KZT)	2,004	2,223	2,704	2,512

17. DEFERRED REVENUE

	30 September 2013 (unaudited)	**31 December 2012**
Unearned transportation revenue	63,378	50,146
Customer loyalty program	7,400	7,294
	70,778	57,440

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

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

18. PROVISION FOR AIRCRAFT MAINTENANCE

	30 September 2013 (unaudited)	31 December 2012
Engines	13,785	16,673
Aircraft reconfiguration	2,862	-
C-Check	2,082	3,529
Fokker-50 redelivery provisions	-	642
	18,729	20,844

The movements in the provision for aircraft maintenance were as follows for the nine-month period ended 30 September 2013 and the year ended 31 December 2012:

	Nine-month period ended 30 September 2013 (unaudited)	Year ended 31 December 2012
At 1 January	20,844	28,306
Accrued during the period (Note 6)	8,461	10,207
Reversed during the period (Note 6)	(2,346)	(10,016)
Used during the period	(7,861)	(7,290)
Foreign currency translation difference	(369)	(363)
At period end	18,729	20,844

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

The planned utilisation of these provisions is as follows:

	30 September 2013 (unaudited)	31 December 2012
Within one year	12,760	16,712
During the second year	2,207	2,248
During the third year	762	726
After the third year	3,000	1,158
Total provision for aircraft maintenance	18,729	20,844
Less: current portion	(12,760)	(16,712)
Non-current portion	5,969	4,132

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

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

19. TRADE AND OTHER PAYABLES

	30 September 2013 (unaudited)	31 December 2012
Trade payables	41,559	36,426
Wages and salaries payable to employees	3,945	3,828
Operating lease payables	3,276	3,147
Employee unused vacation and remuneration payable	2,011	5,512
Advances received	1,803	1,952
Taxes payable	1,585	1,015
Other	179	1,160
	54,358	53,040

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

	30 September 2013 (unaudited)	31 December 2012
Tenge	23,744	23,177
US dollar	20,246	19,585
Euro	5,445	5,900
GBP	1,840	1,312
Russian roubles	1,207	893
Other	1,876	2,173
	54,358	53,040

20. LOANS

	30 September 2013 (unaudited)	31 December 2012
Non-current		
Non-secured non-bank loans	-	6,456
	-	6,456
Current		
Current portion of non-secured non-bank loans	18,264	18,081
Interest payable	118	146
	18,382	18,227
	18,382	24,683

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

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

21. OBLIGATIONS UNDER FINANCE LEASE

Under fixed interest finance lease agreements in 2012 and 2013, the Company acquired four and three aircraft, respectively. 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 five new Airbus are guaranteed by European Export Credit Agencies while one Boeing-767 which was delivered in September 2013 was guaranteed by US Export Import Bank. One Embraer was delivered in November 2012 under a fixed interest rate finance lease agreement. The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which as at 30 September 2013 have a carrying value of USD 352,610 thousand (unaudited) (2012: USD 181,752 thousand) (Note 8).

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 nine-month period ended 30 September 2013.

	Minimum lease payments		**Present value of minimum lease payments**	
	30 September 2013 (unaudited)	**31 December 2012**	**30 September 2013 (unaudited)**	**31 December 2012**
To one year	32,971	14,210	22,673	10,047
Over one year to five years	119,696	57,500	93,165	43,579
Over five years	189,933	100,846	173,519	90,454
	342,600	172,556	289,357	144,080
Less: future finance charges	(53,243)	(28,476)	-	-
Present value of minimum lease payments	289,357	144,080	289,357	144,080
Included in the financial statements as:				
- current portion of finance lease obligations			22,673	10,047
- non-current portion of finance lease obligations			266,684	134,033
			289,357	144,080

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

22. 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 and interest rate risk which is fixed on delivery of all aircraft delivered to date and in advance of the second Boeing-767 delivered in October 2013.

Capital management

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

The capital structure of the Company consists of net debt (comprising loans and finance lease obligations in Notes 20 and 21) and equity of the Company (comprising issued capital, additional paid-in capital and retained earnings as detailed in Note 16).

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

Credit risk

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

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 September 2013 there was no significant concentration of credit risk in respect of trade and other receivables (Note 13).

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.

Commodity price risk

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

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than tenge. For amounts of assets and liabilities denominated in foreign currency refer to Notes 10, 13, 14, 15, 19, 20 and 21.

Foreign currency sensitivity analysis

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

The 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 September 2013 (unaudited)	31 December 2012	30 September 2013 (unaudited)	31 December 2012
Assets					
Guarantee deposits		19,449	18,913	105	83
Trade and other receivables	13	11,972	16,039	5,017	5,083
Bank deposits	14	93,426	78,871	6,092	1,570
Cash and bank balances	15	33,319	6,261	3,463	5,341
Total		158,166	120,084	14,677	12,077
Liabilities					
Loans	20	18,382	24,683	-	-
Finance lease liabilities	21	342,600	172,556	-	-
Trade and other payables	19	20,246	19,585	5,445	5,900
Total		381,228	216,824	5,445	5,900
Net currency position		(223,062)	(96,740)	9,232	6,177

The following table details the Company's sensitivity to 10.72% increase of tenge against USD and 10.77% increase of tenge against Euro at 30 September 2013 and 31 December 2012. 10.72% and 10.77% are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. Management of the Company believes that given the current economic conditions in Kazakhstan that 10.72% for USD and 10.77% for Euro increase is a realistic movement in the tenge exchange rates against foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10.72% and 10.77% change in rates of US Dollar and Euro, respectively, as at 30 September 2013 and 31 December 2012. The sensitivity analysis includes guarantee deposits, trade and other receivables, cash and bank balances, bank deposits, loans, financial lease liabilities, and trade and other payables.

A negative number below indicates a decrease in profit and equity where the tenge strengthens by 10.72% and 10.77% against USD and EUR, respectively. For a 10.72% and 10.77% weakening of the tenge against USD and EUR, respectively, on 30 September 2013 and 31 December 2012, there would be an equal and opposite impact on the profit and equity.

	Currency USD impact		Currency Euro impact	
	30 September 2013 (unaudited)	31 December 2012	30 September 2013 (unaudited)	31 December 2012
	10.72%	10.72%	10.77%	10.77%
Profit or (loss)	19,130	8,296	(795)	(532)

The Company limits the currency risk by monitoring changes in exchange rates of foreign currencies in which guarantee deposits, trade and other receivables, bank deposits, cash and bank balances, loans, finance lease liabilities and trade and other payables are denominated.

Liquidity risk management

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

Liquidity and interest risk tables

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

	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 September 2013 (unaudited)					
Financial liabilities					
Interest-free					
Trade and other payables	-	52,347	-	-	52,347
Financial liabilities at fair value through profit or loss	-	123	-	-	123
Fixed rate					
Non-secured non-bank loans	-	18,614	-	-	18,614
Finance lease liabilities	7,595	25,376	119,696	189,933	342,600
31 December 2012					
Financial liabilities					
Interest-free					
Trade and other payables	-	47,528	-	-	47,528
Financial liabilities at fair value through profit or loss	-	280	-	-	280
Fixed rate					
Non-secured non-bank loans	-	18,587	6,824	-	25,411
Finance lease liabilities	2,207	12,003	57,500	100,846	172,556

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

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 September 2013 (unaudited)						
Financial assets						
Interest-free						
Trade and other receivables	-	-	42,971	3,610	2,529	49,110
Financial assets at fair value through profit or loss	-	-	180	-	-	180
Guarantee deposits	-					
Cash and bank balances	-	52,853	-	-	-	52,853
Fixed rate						
Bank deposits	1.66%	72,571	27,120	-	-	99,691
31 December 2012						
Financial assets						
Interest-free						
Trade and other receivables	-	-	46,322	-	-	46,322
Financial assets at fair value through profit or loss	-	-	361	-	-	361
Guarantee deposits	-	-	1,585	15,431	2,170	19,186
Cash and bank balances	-	43,051	-	-	-	43,051
Fixed rate						
Bank deposits	3.26%	40,335	40,992	-	-	81,327

23. FAIR VALUES

The fair values of financial assets and financial liabilities are determined as described in the Company's annual financial statements for 2012.

Level 2 fair values for financial assets and liabilities at fair value through profit or loss have been generally derived using fair value valuation reports provided by the banks which participate in hedging transactions. The most significant inputs 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.

24. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

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

During 2012, the Company finalised an agreement with Boeing to purchase three Boeing-787s and three Boeing-767s aircraft. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. In respect of the Boeing-767, 50% of pre-delivery payments are paid from own resources and 50% is financed by the borrowings (Note 20). Last pre-delivery payments are expected in 2013 and 2018 for Boeing-767 and Boeing-787, respectively. One Boeing-767 was delivered in September and another in October 2013, and the third one is expected in mid-2014, delivery of Boeing-787s is planned in 2017 and 2019.

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 to finance Boeing-767s aircraft purchases in September 2013 and in October 2013, respectively.

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 recent contracts have provided an option to replace the variable lease payments with the letters of credit for maintenance reserves.

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

On 9 April 2013 and 26 April 2013, the Company signed letters of intent for operating leases of one and two Airbus A320 aircraft, respectively, with delivery in 2014. Based on these letters of intent lease agreements were signed in July 2013.

Non-cancellable operating lease commitments are payable as follows:

	30 September 2013 (unaudited)	31 December 2012
Within one year	123,764	104,919
Over one year to five years	344,632	247,685
More than five years	89,306	95,550
	557,702	448,154

An unsecured stand-by Letters of Credit facility were obtained and fully utilized in March and September 2013 for the amount of USD 5,000 thousand. This Letter of Credit was obtained as a security for Lessor to cover any unfulfilled maintenance liabilities on the return of Embraer E190 to Lessor.

Engine

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

Operating lease agreements for another two engines will expire in January 2014 and one in March 2014.

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:

	30 September 2013 (unaudited)	31 December 2012
Within one year	2,207	1,394
Over one year to five years	5,752	5,994
More than five years	1,186	1,945
	9,145	9,333

Insurance

Aviation insurance

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

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

Non – Aviation Insurance

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

- Medical insurance of employees;
- Directors, Officers and Corporate liability insurance;
- Property insurance;
- Comprehensive vehicle insurance;
- Compulsory insurance of employee from accidents during execution of labor (service) duties;
- Commercial general liability insurance (Public Liability);
- Civil liability insurance to customs authorities.
- Pilot's loss of license insurance
- Voluntary 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 these condensed interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

In 2012, tax authorities performed tax audit for five-year period from 2006 to 2010 inclusive. During 2013 based on their final assessment, a total amount of 430,245 thousand tenge (USD 2,839 thousand equivalent) was accrued including taxes, interest and penalties. Additionally part of these accrued taxes were paid in 2013. While the Company appealed to Tax Authorities in January 2013 for 272,454 thousand tenge (USD 1,798 thousand equivalent). 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 and the appealed amount was fully paid in October 2013.

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 represents JSC "National Welfare Fund "Samruk-Kazyna", and another represents BAE System Kazakhstan Limited. An agreement with the independent directors was signed in 2007 and the total remuneration paid during nine-month period ended 30 September 2013 to independent directors was USD 47 thousand (unaudited) (nine-month period ended 30 September 2012: USD 72 thousand).

Management remuneration

Key management (at 30 September 2013: 26 persons, 30 September 2012: 23 persons) (unaudited) received the following remuneration, which is included in personnel costs (see Note 6):

	Three-month period ended 30 September 2013 (unaudited)	Three-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2013 (unaudited)	Nine-month period ended 30 September 2012 (unaudited)
Salaries and bonuses	968	862	3,151	3,062
Termination benefits	1	136	1	136
	969	998	3,152	3,198

Transactions with related parties

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

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

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

The Government subsidies for the nine-month period ended 30 September 2013 amounted to USD 38 thousand (unaudited) (nine-month period ended 30 September 2012: USD 2,703 thousand (Note 5). As at 30 September 2013 the outstanding amount due to the Company for subsidies was USD 440 thousand (unaudited) (31 December 2012: USD 242 thousand) (Note 13).

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

Services received	Nine-month period ended 30 September 2013 (unaudited) Transaction value	30 September 2013 (unaudited) Outstanding balance	Nine-month period ended 30 September 2012 (unaudited) Transaction value	31 December 2012 Outstanding balance
State-owned companies	8,369	(321)	24,786	(363)
Shareholders and their subsidiaries	37,661	(2,233)	19,567	(5,583)
	46,030	(2,554)	44,353	(5,946)

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

Services provided by the Company	Nine-month period ended 30 September 2013 (unaudited) Transaction Value	30 September 2013 (unaudited) Outstanding balance	Nine-month period ended 30 September 2012 (unaudited) Transaction value	31 December 2012 Outstanding balance
Shareholders and their subsidiaries	1,097	254	714	132
	1,097	254	714	132

26. SUBSEQUENT EVENTS

The second Boeing 767 was delivered in October 2013 (Note 24).

27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

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