

# **JOINT STOCK COMPANY AIR ASTANA**

## **Condensed Interim Financial Information**

For the six-month period  
ended 30 June 2014 (unaudited)

# JOINT STOCK COMPANY AIR ASTANA

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES  
FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014**

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Management is responsible for the preparation of the the condensed interim financial information that present fairly the financial position of JSC Air Astana (the "Company") as at 30 June 2014, 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 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 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 2014 were authorised for issue on 1 August 2014 by management of the Company.

On behalf of management of the Company:

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

1 August 2014  
Almaty, Republic of Kazakhstan



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

1 August 2014  
Almaty, Republic of Kazakhstan



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050051 Almaty, 180 Dostyk Avenue,  
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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 2014, and the related condensed interim statements of 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 the 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 2014 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*.

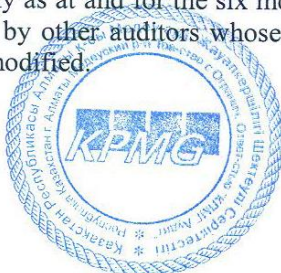
### Other Matter

The financial statements as at and for the year ended 31 December 2013 and the condensed interim financial information of the Company as at and for the six month period ended 30 June 2013 were audited and reviewed, respectively, by other auditors whose reports dated 14 March 2014 and 9 August 2013, respectively, were unmodified.

*KPMG Audit LLC*

**KPMG Audit LLC**

1 August 2014



**JOINT STOCK COMPANY AIR ASTANA**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)**

(in thousands of USD)

	Notes	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Revenue</b>			
Passenger revenue	5	408,059	421,446
Cargo and mail	5	12,517	13,745
Other	5	10,367	7,811
<b>Total revenue</b>		<b>430,943</b>	<b>443,002</b>
<b>Operating expenses</b>			
Fuel		(125,494)	(133,427)
Handling, landing fees and route charges	6	(54,989)	(56,671)
Employee costs	6	(47,303)	(44,577)
Passenger service	6	(41,674)	(42,280)
Engineering and maintenance	6	(41,807)	(38,954)
Aircraft operating lease costs	6	(36,162)	(40,953)
Depreciation and amortisation	10	(21,329)	(12,110)
Selling costs	6	(19,184)	(22,834)
Aircraft crew costs	6	(17,811)	(20,284)
Insurance	6	(2,707)	(2,768)
Property lease cost		(2,664)	(2,843)
Taxes, other than income tax		(2,115)	(3,509)
Consultancy, legal and professional services		(1,635)	(900)
Information technology		(1,621)	(1,498)
Other		(2,762)	(3,075)
<b>Total operating expenses</b>		<b>(419,257)</b>	<b>(426,683)</b>
<b>Operating profit</b>		<b>11,686</b>	<b>16,319</b>
Finance income	7	749	1,143
Finance expenses	7	(7,037)	(3,064)
Foreign exchange (loss)/gain, net		(49,357)	514
<b>(Loss)/profit before tax</b>		<b>(43,959)</b>	<b>14,912</b>
Income tax benefit/(expense)	8	7,477	(3,018)
<b>(Loss)/profit for the period</b>		<b>(36,482)</b>	<b>11,894</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		(48,699)	(1,628)
Income tax		-	(29)
<b>Other comprehensive loss for the period, net of income tax</b>		<b>(48,699)</b>	<b>(1,657)</b>
<b>(Loss)/profit and total comprehensive income for the period</b>		<b>(85,181)</b>	<b>10,237</b>
<b>Basic and diluted (loss)/earnings per share (in USD)</b>	17	<b>(2,146)</b>	<b>700</b>

On behalf of the Company's management:

Peter Foster  
President

1 August 2014  
Almaty, Republic of Kazakhstan



Alima Zamanbekova  
Chief Accountant

1 August 2014  
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 2014 (UNAUDITED)

(in thousands of USD)

	Notes	30 June 2014 (unaudited)	31 December 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	542,341	562,856
Intangible assets		1,602	2,139
Prepayments for long-term assets	13	14,709	23,798
Guarantee deposits	11	10,652	12,799
Trade and other receivables	14	4,876	5,448
		<u>574,180</u>	<u>607,040</u>
<b>Current assets</b>			
Inventories	12	47,496	55,247
Prepayments	13	40,895	49,214
Income tax prepaid		5,031	5,510
Trade and other receivables	14	43,074	32,706
Other taxes prepaid		8,658	7,768
Guarantee deposits	11	5,960	5,146
Bank deposits	15	71,014	114,372
Cash and bank balances	16	64,698	13,725
Financial assets at fair value through profit or loss		385	331
		<u>287,211</u>	<u>284,019</u>
<b>Total assets</b>		<u><u>861,391</u></u>	<u><u>891,059</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	17,000	17,000
Foreign currency translation reserve		(73,701)	(25,002)
Retained earnings		270,521	315,520
<b>Total equity</b>		<u>213,820</u>	<u>307,518</u>
<b>Non-current liabilities</b>			
Finance lease liabilities	22	433,379	382,887
Deferred tax liabilities	8	7,978	18,120
Provision for aircraft maintenance	19	10,208	7,098
		<u>451,565</u>	<u>408,105</u>
<b>Current liabilities</b>			
Loans	21	-	9,282
Finance lease liabilities	22	41,237	36,470
Deferred revenue	18	73,601	63,240
Provision for aircraft maintenance	19	13,799	16,049
Trade and other payables	20	67,286	50,129
Financial liabilities at fair value through profit or loss		83	266
		<u>196,006</u>	<u>175,436</u>
<b>Total liabilities</b>		<u>647,571</u>	<u>583,541</u>
<b>Total equity and liabilities</b>		<u><u>861,391</u></u>	<u><u>891,059</u></u>

On behalf of the Company's management:

  
Peter Foster  
President

1 August 2014  
Almaty, Republic of Kazakhstan



  
Alima Zamanbekova  
Chief Accountant

1 August 2014  
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 2014 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2013		17,000	(19,595)	285,276	282,681
Net profit for the period (unaudited)		-	-	11,894	11,894
Other comprehensive loss for the period (unaudited)		-	(1,657)	-	(1,657)
Total comprehensive income for the period (unaudited)		-	(1,657)	11,894	10,237
Dividends declared (unaudited)	20	-	-	(21,120)	(21,120)
At 30 June 2013 (unaudited)		<u>17,000</u>	<u>(21,252)</u>	<u>276,050</u>	<u>271,798</u>
At 1 January 2014		17,000	(25,002)	315,520	307,518
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)	20	-	-	(8,517)	(8,517)
At 30 June 2014 (unaudited)		<u>17,000</u>	<u>(73,701)</u>	<u>270,521</u>	<u>213,820</u>

On behalf of the Company's management:

  
Peter Foster  
President

1 August 2014  
Almaty, Republic of Kazakhstan



  
Alima Zamanbekova  
Chief Accountant

1 August 2014  
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 2014 (UNAUDITED)**

*(in thousands of USD)*

	Notes	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>OPERATING ACTIVITIES:</b>			
(Loss)/profit before tax		(43,959)	14,912
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	21,329	12,110
Gain on disposal of property, plant and equipment		(368)	(360)
Change in allowance for doubtful debts		133	81
Foreign exchange loss/(gain)		49,357	(514)
Finance income	7	(380)	(941)
Interest expense on finance lease	7	6,411	2,313
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	7	(369)	195
Operating cash flow before movements in working capital		<u>32,154</u>	<u>27,796</u>
Change in accounts receivable		(16,505)	(16,649)
Change in other receivables and prepaid expenses		(1,826)	(4,351)
Change in inventories		(1,301)	(907)
Change in accounts payable, accrued expenses and other current liabilities		15,150	5,702
Change in deferred revenue		<u>21,493</u>	<u>28,607</u>
Cash generated from operations		49,165	40,198
Income tax paid		(436)	(2,229)
Interest paid		<u>(6,441)</u>	<u>(2,314)</u>
Net cash generated by operating activities		<u>42,288</u>	<u>35,655</u>
<b>INVESTING ACTIVITIES:</b>			
Pre-delivery payments		-	(7,473)
Refund of pre-delivery payments		-	4,648
Purchase of property, plant and equipment		(7,107)	(6,464)
Proceeds from disposal of property, plant and equipment		1,149	2,945
Purchase of intangible assets		(232)	(345)
Bank and Guarantee deposits placed		(106,211)	(70,355)
Bank and Guarantee deposits withdrawn		148,932	45,113
Interest received		<u>406</u>	<u>4,115</u>
Net cash generated from/(used in) investing activities		<u>36,937</u>	<u>(27,816)</u>



**JOINT STOCK COMPANY AIR ASTANA  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (CONTINUED) (UNAUDITED)**

*(in thousands of USD)*

	Notes	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		-	2,767
Repayment of borrowings		(9,593)	-
Repayment of finance lease		(15,534)	(4,846)
Net cash used in financing activities		(25,127)	(2,079)
NET INCREASE IN CASH AND BANK BALANCES		54,098	5,760
Effect of exchange rate changes on cash and bank balances held in foreign currencies		1,245	(547)
Foreign currency translation loss		(4,370)	-
CASH AND BANK BALANCES, at the beginning of the period	16	13,725	43,051
CASH AND BANK BALANCES, at the end of the period	16	64,698	48,264

On behalf of the Company's management:

  
Peter Foster  
President

1 August 2014  
Almaty, Republic of Kazakhstan



  
Alima Zamanbekova  
Chief Accountant

1 August 2014  
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

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 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 (2013: 29 turbojet aircraft, of which 8 short-haul turboprop aircraft and 21 long-haul aircraft representing 10 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 2013 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 2014 (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 2014	Six-month period ended 30 June 2013	30 June 2014	31 December 2013
US dollar (USD)	176.44	150.89	183.51	153.61
Euro (EUR)	241.83	198.21	249.92	217.17
British Pound (GBP)	294.57	232.91	312.41	253.29

### 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 2013.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 2013 prepared in accordance with IFRS.

### 5. REVENUE

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
<b>Passenger revenue</b>		
Passenger transport	326,155	331,179
Fuel surcharge	58,879	65,996
Airport services	19,850	20,273
Excess baggage	3,175	3,998
	<u>408,059</u>	<u>421,446</u>
	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
<b>Cargo and mail revenue</b>		
Cargo	11,546	12,851
Mail	971	894
	<u>12,517</u>	<u>13,745</u>
	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
<b>Other revenue</b>		
Penalties on agency contracts	4,430	4,198
Advertising revenue	1,067	1,011
Spare parts received free of charge	626	28
Income from ground services	536	469
Gain on disposal of spare parts and other assets	504	572
Income from/(reversal of) government subsidies	356	(95)
Other	2,848	1,628
	<u>10,367</u>	<u>7,811</u>

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

During 2013, the subsidies were provided for the routes from Astana to Zhezkazgan and Pavlodar. In January 2014, the flights from Astana to Pavlodar were stopped to be subsidised.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

### 5. REVENUE (CONTINUED)

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

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
Europe	167,468	173,923
Domestic	149,094	159,579
Asia	104,014	101,689
Total passenger, cargo and mail revenue	<u>420,576</u>	<u>435,191</u>

### 6. OPERATING EXPENSES

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
<b>Handling, landing fees and route charges</b>		
Aero navigation	20,082	20,759
Handling charge	17,371	17,363
Landing fees	15,550	16,798
Meteorological services	946	1,010
Other	1,040	741
	<u>54,989</u>	<u>56,671</u>
<b>Employee costs</b>		
Wages and salaries of operational personnel	30,073	28,856
Wages and salaries of administrative personnel	7,284	6,454
Social tax	4,664	3,993
Wages and salaries of sales personnel	2,683	2,814
Other	2,599	2,460
	<u>47,303</u>	<u>44,577</u>

The average number of employees during the six-month period ended 30 June 2014 was 4,311 (2013: 4,069).

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

### 6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Engineering and maintenance</b>		
Maintenance – variable lease payments	12,632	22,242
Maintenance – components	12,355	3,379
Maintenance – provisions (Note 19)	10,979	4,179
Spare parts	4,271	7,886
Technical inspection	1,570	1,268
	<u>41,807</u>	<u>38,954</u>
	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Passenger service</b>		
Airport charges	19,419	18,845
Catering	14,924	17,085
Security	1,522	1,420
In-flight entertainment	1,500	1,201
Other	4,309	3,729
	<u>41,674</u>	<u>42,280</u>
	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Aircraft operating lease costs</b>		
Fixed lease charges	32,428	35,369
Leased engine on wing costs	2,644	1,371
Operating lease return costs	467	3,620
Lease of engines and rotatable spare parts	623	593
	<u>36,162</u>	<u>40,953</u>
	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Selling costs</b>		
Commissions	8,491	11,347
Reservation costs	7,536	7,182
Advertising	2,309	3,375
Interline commissions	535	595
Other	313	335
	<u>19,184</u>	<u>22,834</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

### 6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Aircraft crew costs</b>		
Accommodation and allowances	7,762	8,148
Contract crew	5,946	6,938
Training	4,103	5,198
	<u>17,811</u>	<u>20,284</u>

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Insurance</b>		
Hull insurance	1,219	1,157
Legal liability insurance	951	1,089
Medical insurance	374	407
Other	163	115
	<u>2,707</u>	<u>2,768</u>

### 7. FINANCE INCOME AND EXPENSES

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Finance income</b>		
Net unrealised income on financial assets and liabilities held at FVTPL	369	-
Interest income on bank deposits	351	890
Income from revaluation of fair value of guarantee deposits	2	202
Other	27	51
	<u>749</u>	<u>1,143</u>

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
<b>Finance expenses</b>		
Interest expense on finance lease	6,411	2,313
Bank commissions	625	448
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	-	195
Other	1	108
	<u>7,037</u>	<u>3,064</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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

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

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Current income tax expense	-	(2,920)
Deferred tax under provided in prior period	(967)	1,378
Deferred income tax benefit/(expense)	8,444	(1,476)
	<u>7,477</u>	<u>(3,018)</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 2014 and 31 December 2013 is presented below:

	30 June 2014 (unaudited)	31 December 2013
<b>Deferred tax assets</b>		
Carried forward CIT losses	16,011	3,410
Provision for aircraft maintenance	4,802	4,629
Trade and other payables	3,092	3,139
Trade and other receivables	250	1,355
Intangible assets	166	163
Finance lease obligations	-	201
Total	<u>24,321</u>	<u>12,897</u>
<b>Deferred tax liabilities</b>		
Difference in depreciable value of property, plant and equipment	(32,227)	(30,951)
Prepaid expenses	(72)	(66)
Total	<u>(32,299)</u>	<u>(31,017)</u>
<b>Net deferred tax liabilities</b>	<u>(7,978)</u>	<u>(18,120)</u>

Movement in temporary differences include USD 2,665 thousand of foreign currency translation difference.



# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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

The income tax rate in the Republic of Kazakhstan, where the Company is located, at 30 June 2014 and 31 December 2013 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% (2013: 20%) to the actual income tax expense recorded in the Company's statement of profit or loss and other comprehensive income:

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
(Loss)/profit before tax	(43,959)	14,912
Income tax (benefit)/expense at statutory rate	(8,792)	2,982
Deferred tax under provided in prior periods	967	
Tax effect of non-deductible expenses	348	36
Income tax (benefit)/expense	<u>(7,477)</u>	<u>3,018</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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>							
At 1 January 2013	47,206	9,877	5,800	3,364	182,464	6,470	255,181
Additions	-	-	-	-	-	52,319	52,319
Disposals	(3,275)	(470)	-	-	-	-	(3,745)
Transfers from prepayments	-	-	-	-	9,298	-	9,298
Transfers	4,934	1,481	3	46	42,599	(49,063)	-
Foreign currency translation difference	(292)	(64)	(35)	(21)	(1,354)	(55)	(1,821)
At 30 June 2013	48,573	10,824	5,768	3,389	233,007	9,671	311,232
At 1 January 2014	52,532	10,970	5,694	3,639	530,508	11,070	614,413
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)
At 30 June 2014 (unaudited)	49,766	9,049	4,766	2,954	527,465	10,388	604,388
<b>Accumulated depreciation</b>							
At 1 January 2013	16,146	5,567	1,075	1,784	712	-	25,284
Charge for the period (unaudited) (Note 10)	2,947	825	91	223	7,595	-	11,681
Transfers (unaudited)	119	(1)	-	(118)	-	-	-
Disposals (unaudited)	(700)	(460)	-	-	-	-	(1,160)
Foreign currency translation difference	(110)	(35)	(7)	(11)	(42)	-	(205)
At 30 June 2013	18,402	5,896	1,159	1,878	8,265	-	35,600
At 1 January 2014	21,056	6,629	1,234	2,007	20,631	-	51,557
Charge for the year (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)
At 30 June 2014 (unaudited)	20,234	5,690	1,108	1,697	33,318	-	62,047
<b>Net book value</b>							
At 30 June 2013	30,171	4,928	4,609	1,511	224,742	9,671	275,632
At 1 January 2014	31,476	4,341	4,460	1,632	509,877	11,070	562,856
At 30 June 2014 (unaudited)	29,532	3,359	3,658	1,257	494,147	10,388	542,341

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

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

As at 30 June 2014, the book value of fully depreciated property, plant and equipment that is still in use was USD 5,067 thousand (as at 1 January 2014: USD 4,627 thousand).

The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 494,147 thousand (2013: USD 509,877 thousand) (Note 22).

Rotable spare parts include aircraft modification costs.

For the six-month period ended 30 June 2014 borrowing costs of USD 189 thousand were capitalised as part of property, plant and equipment (2013: USD 674 thousand) (Note 24).

#### 10. DEPRECIATION AND AMORTISATION

	Six-month period ended 30 June 2014 (unaudited)	Six-month period ended 30 June 2013 (unaudited)
Depreciation of property, plant and equipment (Note 9)	20,902	11,681
Amortisation of intangible assets	427	429
Total	<u>21,329</u>	<u>12,110</u>

#### 11. GUARANTEE DEPOSITS

	30 June 2014 (unaudited)	31 December 2013
<i>Non-current</i>		
Guarantee deposits for leased aircraft	9,907	12,147
Other guarantee deposits	745	652
	<u>10,652</u>	<u>12,799</u>
<i>Current</i>		
Guarantee deposits for leased aircraft	5,616	4,394
Other guarantee deposits	344	752
	<u>5,960</u>	<u>5,146</u>
	<u>16,612</u>	<u>17,945</u>

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 2014 (UNAUDITED) (in thousands of USD)

### 11. GUARANTEE DEPOSITS (CONTINUED)

Guarantee deposits for leased aircraft are receivable as follows:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Within one year	5,616	4,394
After one year but not more than five years	5,382	5,957
More than five years	4,583	6,251
	<u>15,581</u>	<u>16,602</u>
Fair value adjustment	(58)	(61)
	<u>15,523</u>	<u>16,541</u>

### 12. INVENTORIES

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Spare parts	32,122	34,723
Fuel	6,115	7,660
Goods in transit	3,608	6,028
De-icing liquid	1,341	1,490
Crockery	1,289	2,026
Promotional materials	907	983
Blank forms	497	585
Uniforms	453	806
Other	1,470	1,312
	<u>47,802</u>	<u>55,613</u>
Less: allowance for obsolete and slow-moving inventories	(306)	(366)
	<u>47,496</u>	<u>55,247</u>

### 13. PREPAYMENTS

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
<i>Non-current</i>		
Prepayments for non-current assets	14,015	22,908
Advances paid for services	694	890
	<u>14,709</u>	<u>23,798</u>
<i>Current</i>		
Advances paid for services	29,231	32,191
Advances paid for goods	7,396	14,348
Prepayments for finance lease	5,949	3,982
Prepayments for operating leases	2,867	4,246
	<u>45,443</u>	<u>54,767</u>
Less: allowance for non-recovery	(4,548)	(5,553)
	<u>40,895</u>	<u>49,214</u>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

#### 13. PREPAYMENTS (CONTINUED)

Prepayments for non-current assets were made to Boeing as pre-delivery payment for the remaining three 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 fulfil their obligations.

#### 14. TRADE AND OTHER RECEIVABLES

	30 June 2014 (unaudited)	31 December 2013
<i>Non current</i>		
Due from employees, non-current portion	4,876	5,448
	<u>4,876</u>	<u>5,448</u>
<i>Current</i>		
Trade receivables	31,612	26,884
Receivable from lessors – variable lease reimbursement	9,974	4,437
Due from employees	2,425	2,364
Subsidies receivable (Note 25)	314	244
	<u>44,325</u>	<u>33,929</u>
Less: allowance for doubtful debts	<u>(1,251)</u>	<u>(1,223)</u>
	<u>43,074</u>	<u>32,706</u>

At 30 June 2014, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 36% of the Company's trade and other receivables (at 31 December 2013: eight debtors comprised 33%).

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

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

	30 June 2014 (unaudited)	31 December 2013
Tenge	19,306	18,817
US Dollar	15,300	10,447
Euro	3,765	2,880
Russian Rouble	3,345	1,697
Other	7,485	5,536
	<u>49,201</u>	<u>39,377</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

### 15. BANK DEPOSITS

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
<i>Current</i>		
Term deposits with local banks	70,895	114,186
Guarantee deposits	17	23
Interest receivable	102	163
	<u>71,014</u>	<u>114,372</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 1.5% per annum (2013: 0.5% to 1.5%). 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 (2013: 0% to 4.5%).

Bank deposits are denominated in the following currencies:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
US Dollar	60,072	108,140
Euro	10,919	6,186
Tenge	23	46
	<u>71,014</u>	<u>114,372</u>

### 16. CASH AND BANK BALANCES

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Current accounts with local banks	42,350	9,385
Term deposits with local banks with original maturity less than 3 months	15,803	-
Current accounts with foreign banks	6,356	4,201
Cash on hand	189	139
	<u>64,698</u>	<u>13,725</u>

At 30 June 2014, current accounts with banks earn interest in the range of 0.5% to 2.5% per annum (31 December 2013: 0.5% to 2.5%).

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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

Cash and bank balances are denominated in the following currencies:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
US Dollar	34,355	6,717
Tenge	21,528	1,100
Euro	2,404	2,537
Indian Rupee	1,579	566
GBP	1,356	106
Russian Rouble	619	1,302
Uzbek Soms	311	267
Chinese Yuan	776	433
Other	1,770	697
	<u>64,698</u>	<u>13,725</u>

### 17. EQUITY

As at 30 June 2014 and 31 December 2013, 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 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).

In May 2013, the shareholders declared a dividend payment equivalent to 35% of profit for 2012. The total amount of the dividend was KZT 3,187,443 thousand (USD 21,120 thousand equivalent as of announcement date), which was distributed and paid to each shareholder in accordance with their shareholdings.

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 (2013: 17,000). The Company has no instruments with potential dilutive effect.

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
<b>Profit:</b>		
(Loss)/profit for the period	(36,482)	11,894
Number of ordinary shares	<u>17,000</u>	<u>17,000</u>
(Loss)/earnings per share – basic and diluted (USD)	<u>(2,146)</u>	<u>700</u>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

#### 18. DEFERRED REVENUE

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Unearned transportation revenue	67,904	55,988
Customer loyalty program	<u>5,697</u>	<u>7,252</u>
	<u><u>73,601</u></u>	<u><u>63,240</u></u>

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

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Engines	19,346	17,976
Provision for redelivery of aircraft	1,732	2,904
C-Check	<u>2,929</u>	<u>2,267</u>
	<u><u>24,007</u></u>	<u><u>23,147</u></u>

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

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Year ended 31 December 2013</b>
At 1 January	23,147	20,844
Accrued during the year (Note 6)	12,530	15,423
Reversed during the year (Note 6)	(1,551)	(4,150)
Used during the year	(6,161)	(8,554)
Foreign currency translation difference	<u>(3,958)</u>	<u>(416)</u>
At 31 December	<u><u>24,007</u></u>	<u><u>23,147</u></u>

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.



## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

#### 19. PROVISION FOR AIRCRAFT MAINTENANCE (CONTINUED)

The planned utilisation of these provisions is as follows:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Within one year	13,799	16,049
During the second year	1,246	2,000
During the third year	3,350	1,084
After the third year	<u>5,612</u>	<u>4,014</u>
Total provision for aircraft maintenance	24,007	23,147
Less: current portion	<u>(13,799)</u>	<u>(16,049)</u>
Non-current portion	<u><u>10,208</u></u>	<u><u>7,098</u></u>

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.

#### 20. TRADE AND OTHER PAYABLES

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Trade payables	40,897	38,280
Dividends payable	8,517	-
Advances received	4,800	2,019
Wages and salaries payable to employees	3,757	713
Employee unused vacation and remuneration payable	3,712	3,019
Operating lease payables	3,045	2,921
Taxes payable	2,409	2,960
Other	<u>149</u>	<u>217</u>
	<u><u>67,286</u></u>	<u><u>50,129</u></u>

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

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

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

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Tenge	36,926	32,220
US dollar	23,347	10,819
Euro	3,574	3,623
Russian roubles	1,482	1,514
GBP	502	401
Other	1,454	1,552
	<u>67,285</u>	<u>50,129</u>

#### 21. LOANS

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
<i>Current</i>		
Current portion of non-secured non-bank loans	-	9,223
Interest payable	-	59
	<u>-</u>	<u>9,282</u>

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 original loan reduced respectively to USD 27,304 thousand.

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

Under fixed interest finance lease agreements, the Company acquired eleven aircraft till June 2014. 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 are 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 November 2012 and December 2013 under fixed interest rate finance lease agreements. 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 494,147 thousand (2013: USD 509,877 thousand) (Note 9).

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 2014.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2014 (unaudited)	31 December 2013	30 June 2014 (unaudited)	31 December 2013
Not later than one year	54,045	46,198	41,237	36,470
Later than one year and not later than five years	206,262	176,453	161,198	143,321
Later than five years	302,004	277,380	272,181	239,566
	<u>562,311</u>	<u>500,031</u>	<u>474,616</u>	<u>419,357</u>
Less: future finance charges	<u>(87,695)</u>	<u>(80,674)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>474,616</u>	<u>419,357</u>	<u>474,616</u>	<u>419,357</u>
Included in the condensed interim financial information as:				
- current portion of finance lease obligations			41,237	36,470
- non-current portion of finance lease obligations			<u>433,379</u>	<u>382,887</u>
			<u>474,616</u>	<u>419,357</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 2013.

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 2014 (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 2014 (unaudited)</b>	<b>31 December 2013</b>
Loans and finance lease liabilities (Note 21, 22)	474,616	428,639
Cash and bank balances, bank deposits (Note 15, 16)	<u>(135,712)</u>	<u>(128,097)</u>
Net debt	<u>338,904</u>	<u>300,542</u>
Equity	<u>213,821</u>	<u>307,518</u>
Net debt to equity ratio	<u>158.50%</u>	<u>97.73%</u>

#### 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 2014 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 2014 (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

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

#### 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 2014 (unaudited)	31 December 2013	30 June 2014 (unaudited)	31 December 2013
<b>Assets</b>					
Guarantee deposits		16,100	17,631	84	107
Trade and other receivables	14	15,300	10,447	3,765	2,880
Bank deposits	15	60,072	108,140	10,919	6,186
Cash and bank balances	16	34,355	6,717	2,404	2,537
<b>Total</b>		<u>125,827</u>	<u>142,935</u>	<u>17,172</u>	<u>11,710</u>
<b>Liabilities</b>					
Loans	21	-	9,282	-	-
Finance lease liabilities	22	562,311	500,031	-	-
Trade and other payables	20	23,347	10,819	3,574	3,623
<b>Total</b>		<u>585,658</u>	<u>520,132</u>	<u>3,574</u>	<u>3,623</u>
<b>Net position</b>		<u>(459,831)</u>	<u>(377,197)</u>	<u>13,598</u>	<u>8,087</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 20% weakening of Tenge against US dollar and Euro as at 30 June 2014 and in 2013. 20% is the sensitivity rate 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 20% change in rates of US dollar and Euro as at 30 June 2014 and 31 December 2013. 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 20% against US dollar, and in the case Euro the net position is positive (2013: weakens by 20%). For a 20% strengthening of the tenge against US dollar and Euro as at 30 June 2014 and 20% strengthening in 2013, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive.

	US Dollar impact		Euro impact	
	30 June 2014 (unaudited) 20%	2013 20%	30 June 2014 (unaudited) 20%	2013 20%
Profit or (loss)	73,573	(60,352)	(2,176)	1,294

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 2014 (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 2014 (unaudited)</b>						
<b>Financial liabilities</b>						
<i>Interest free</i>						
Trade and other payables	-	60,042	3,532	-	-	63,574
Financial liabilities at fair value through profit or loss	-	-	83	-	-	83
<i>Fixed rate</i>						
Finance lease liabilities	-	11,210	42,835	206,262	302,004	562,311
<b>31 December 2013</b>						
<b>Financial liabilities</b>						
<i>Interest free</i>						
Trade and other payables	-	-	41,418	-	-	41,418
Financial liabilities at fair value through profit or loss	-	-	266	-	-	266
<i>Fixed rate</i>						
Non-secured non-bank loans	-	59	9,362	-	-	9,421
Finance lease liabilities	-	11,270	34,928	176,453	277,380	500,031

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 month	3 months to 1 year	1-5 years	Over 5 years	Total
<b>30 June 2014</b>						
<b>(unaudited)</b>						
<b>Financial assets</b>						
<i>Interest free</i>						
Trade and other receivables	-	36,590	6,485	3,482	1,393	47,950
Financial assets at fair value through profit or loss	-	-	385	-	-	385
Guarantee deposits	-	2	5,958	6,104	4,548	16,612
Cash and bank balances	-	64,698	-	-	-	64,698
<i>Fixed rate</i>						
Bank deposits	0.80%	21,213	49,801	-	-	71,014
<b>31 December 2013</b>						
<b>Financial assets</b>						
<i>Interest free</i>						
Trade and other receivables	-	5,448	32,706	-	-	38,154
Financial assets at fair value through profit or loss	-	-	331	-	-	331
Guarantee deposits	-	401	4,745	6,595	6,204	17,945
Cash and bank balances	-	13,725	-	-	-	13,725
<i>Fixed rate</i>						
Bank deposits	0.79%	27,204	87,466	-	-	114,670

#### 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 2014 (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 is based on inputs for which all significant inputs are observable, either directly or indirectly and valuations are based on one or more observable quoted prices for orderly transactions in markets that are not considered active and represent Level 2 of the fair value hierarchy.

#### *Trade and other receivables and payables*

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

#### *Loans*

Loans are recognised at amortised cost and accordingly it approximates their fair values.

#### *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 three Airbus and for the remaining three Airbus aircraft, respectively. 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 2014 (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 November 2012 and the second in December 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. One Boeing 767 was delivered in September and another in October 2013 and the third one was delivered in June 2014. Delivery of Boeing 787s is planned in 2017 and 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.

Non-cancellable operating lease commitments are payable as follows:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Within one year	84,768	94,727
After one year but not more than five years	267,072	336,345
More than five years	43,409	25,764
	<u>395,249</u>	<u>456,836</u>

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Operating lease commitments (continued)

Unsecured stand-by Letters of Credit were obtained in March and September 2013 for the total amount of USD 5,000 thousand. In March 2014 the Letter of Credit issued in March 2013 was prolonged. In addition in February and March 2014 four new unsecured stand-by Letters of Credit were obtained for the total amount of USD 7,600 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 three Airbus to Lessor, with further annual reissuance.

#### 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 three engines, part of which were prolonged, will expire by the end of October 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:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013</b>
Within one year	1,412	2,464
After one year but not more than five years	4,622	5,671
More than five years	<u>1,351</u>	<u>940</u>
	<u>7,385</u>	<u>9,075</u>

#### 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.

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### 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.

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, where decision was also left without changes. Currently the appeal is under consideration of Almaty city court. As at the date of approval of this condensed interim financial information the Company has not received any response on the appeal.

#### Operating Environment

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

# JOINT STOCK COMPANY AIR ASTANA

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED) (in thousands of USD)

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### 24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Operating Environment (continued)

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 2014 to independent directors was 53 USD thousand (during six-month period ended 30 June 2013: USD 47 thousand).

#### 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):

	<b>Six-month period ended 30 June 2014 (unaudited)</b>	<b>Six-month period ended 30 June 2013 (unaudited)</b>
Salaries and bonuses	2,209	2,183
Termination benefits	-	-
	<u>2,209</u>	<u>2,183</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.

## JOINT STOCK COMPANY AIR ASTANA

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

(in thousands of USD)

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

##### Transactions with related parties (continued)

The Government subsidies for the six-month period ended 30 June 2014 amounted to USD 356 thousand (and returned Government subsidies for the six-month period ended 30 June 2014: USD 95 thousand) (Note 5). As at 31 December 2013 the outstanding amount due to the Company for subsidies was USD 314 thousand (2013: USD 244 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:

	<b>Six-month period ended 30 June 2014 (unaudited) Transaction value</b>	<b>30 June 2014 (unaudited) Outstanding balance</b>	<b>Six-month period ended 30 June 2013 (unaudited) Transaction value</b>	<b>31 December 2013 Outstanding balance</b>
<b>Services received</b>				
State-owned companies	21,215	(3,145)	24,608	(4,226)
Shareholders and their subsidiaries	4,480	(297)	5,717	(484)
	<u>25,695</u>	<u>(3,442)</u>	<u>30,325</u>	<u>(4,710)</u>

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

	<b>Six-month period ended 30 June 2014 (unaudited) Transaction Value</b>	<b>30 June 2014 (unaudited) Outstanding balance</b>	<b>Six-month period ended 30 June 2013 (unaudited) Transaction value</b>	<b>31 December 2013 Outstanding balance</b>
<b>Services provided by the Company</b>				
Shareholders and their subsidiaries	530	211	564	304
	<u>530</u>	<u>211</u>	<u>564</u>	<u>304</u>

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. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management of the Company and authorised for issue on 1 August 2014.