

JOINT STOCK COMPANY AIR ASTANA

Condensed Interim Financial Information
for the six-month period
ended 30 June 2017 (unaudited)

JOINT STOCK COMPANY AIR ASTANA

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017	1
INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	2
CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017:	
Condensed interim statement of profit or loss (unaudited)	4
Condensed interim statement of other comprehensive income (unaudited)	5
Condensed interim statement of financial position (unaudited)	6
Condensed interim statement of changes in equity (unaudited)	7
Condensed interim statement of cash flows (unaudited)	8-9
Notes to the condensed interim financial information (unaudited)	10-38

**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017**

Management is responsible for the preparation of the condensed interim financial information that present fairly the financial position of JSC Air Astana (the "Company") as at 30 June 2017, the results of its operations, cash flows and changes in equity for the six-month period then ended, in compliance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

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

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

Management is also responsible for:

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

The condensed interim financial information for the six-month period ended 30 June 2017 were authorised for issue on 4 August 2017 by management of the Company.

On behalf of the Company's management:



Peter Foster
President

4 August 2017
Almaty, Republic of Kazakhstan



Azamat Ospanov
Vice president Finance Accounts, Chief Accountant

4 August 2017
Almaty, Republic of Kazakhstan



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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders and Board of Directors of JSC Air Astana

Introduction

We have reviewed the accompanying condensed interim statement of financial position of JSC Air Astana (the "Company") as at 30 June 2017, and the related condensed interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial information (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information as at 30 June 2017 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*.

Sergey Dementyev
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. МФ-0000086 of 27 August 2012



KPMG Audit LLC

State Licence to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

Sergey Dementyev
Acting General Director of KPMG Audit LLC,
acting on the basis of the Charter and
resolution of the Partner dated 14 July 2017



4 August 2017

**JOINT STOCK COMPANY AIR ASTANA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**


(in thousands of USD)

	Notes	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Revenue			
Passenger revenue	5	314,379	262,148
Cargo and mail	5	8,708	6,842
Other	5	12,645	6,789
Total revenue		335,732	275,779
Operating expenses			
Fuel		(82,372)	(55,386)
Handling, landing fees and route charges	6	(48,760)	(42,212)
Passenger service	6	(39,456)	(31,189)
Engineering and maintenance	6	(38,089)	(29,601)
Employee costs	6	(32,907)	(33,734)
Aircraft operating lease costs	6	(31,241)	(28,871)
Selling costs	6	(18,885)	(14,201)
Aircraft crew costs	6	(13,605)	(13,969)
Depreciation and amortisation	10	(13,303)	(14,278)
Property lease cost		(2,522)	(2,099)
Consultancy, legal and professional services		(2,353)	(989)
Insurance	6	(2,013)	(2,251)
Information technology		(1,647)	(1,576)
Taxes, other than income tax		(850)	(1,963)
Other		(7,264)	(2,669)
Total operating expenses		(335,267)	(274,988)
Operating profit		465	791
Finance income	7	5,792	3,512
Finance costs	7	(5,714)	(7,143)
Foreign exchange loss, net		(6,060)	(3,772)
Loss before tax		(5,517)	(6,612)
Income tax benefit	8	1,552	44
Net loss for the period		(3,965)	(6,568)
Basic and diluted loss per share (in USD)	18	(233)	(386)

On behalf of the Company's management:


Peter Foster
President
 4 August 2017
 Almaty, Republic of Kazakhstan




Azamat Ospanov
Vice president Finance Accounts, Chief Accountant
 4 August 2017
 Almaty, Republic of Kazakhstan

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

	Notes	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Net loss for the period		(3,965)	(6,568)
Foreign currency translation loss, which will never be reclassified to profit or loss in subsequent periods		1,264	(912)
Other comprehensive income, net of tax, to be reclassified into profit or loss in subsequent periods:			
Result from cash flow hedging instruments	23	8,004	1,001
Income tax related to result from cash flow hedging instruments	23	(1,601)	(200)
Realised loss on cash flow hedging instruments	23	4,974	5,306
Income tax related to realised loss on hedging instruments	23	(995)	(1,061)
Other comprehensive income for the period, net of income tax		11,646	4,134
Total comprehensive income/(loss) for the period		7,681	(2,434)

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

	Notes	30 June 2017 (unaudited)	31 December 2016
ASSETS			
Non-current assets			
Property and equipment	9	281,584	271,220
Intangible assets		3,084	3,147
Prepayments for non-current assets	13	8,529	9,114
Guarantee deposits	11	16,198	15,400
Trade and other receivables	14	8,019	6,174
		<u>317,414</u>	<u>305,055</u>
Current assets			
Inventories	12	38,869	41,288
Prepayments	13	17,557	22,575
Income tax prepaid		810	783
Trade and other receivables	14	33,402	22,051
Other taxes prepaid	15	16,580	16,306
Guarantee deposits	11	31,812	34,944
Bank deposits	16	6	99,574
Cash and bank balances	17	158,418	29,987
		<u>297,454</u>	<u>267,508</u>
Total assets		<u>614,868</u>	<u>572,563</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	17,000	17,000
Foreign currency translation reserve		(182,456)	(182,680)
Reserve on hedging instruments, net of tax		(94,446)	(105,868)
Retained earnings		306,660	310,625
Total equity		<u>46,758</u>	<u>39,077</u>
Non-current liabilities			
Loans	22	11,651	12,043
Finance lease liabilities	23	315,066	335,499
Deferred tax liability		7,899	6,640
Provision for aircraft maintenance	20	54,146	38,555
		<u>388,762</u>	<u>392,737</u>
Current liabilities			
Loans	22	1,678	1,631
Finance lease liabilities	23	41,554	41,251
Deferred revenue	19	75,844	38,230
Provision for aircraft maintenance	20	16,693	20,243
Trade and other payables	21	43,579	39,394
		<u>179,348</u>	<u>140,749</u>
Total liabilities		<u>568,110</u>	<u>533,486</u>
Total equity and liabilities		<u>614,868</u>	<u>572,563</u>

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Reserve on hedging instruments	Reserve fund	Retained earnings	Total equity
At 1 January 2016		17,000	(181,459)	(121,715)	-	365,816	79,642
Loss for the period (unaudited)		-	-	-	-	(6,568)	(6,568)
Cash flow hedging instruments, net of tax (unaudited)		-	-	801	-	-	801
Realised loss on cashflow hedging instruments, net of tax (unaudited)		-	-	4,245	-	-	4,245
Translation difference (unaudited)		-	(912)	-	-	-	(912)
Total comprehensive income for the period (unaudited)		-	(912)	5,046	-	(6,568)	(2,434)
Dividends declared (unaudited)	18	-	-	-	-	(9,206)	(9,206)
Reserve fund (unaudited)	18	-	-	-	6,120	(6,120)	-
At 30 June 2016 (unaudited)		17,000	(182,371)	(116,669)	6,120	343,922	68,002
At 1 January 2017		17,000	(182,680)	(105,868)	-	310,625	39,077
Loss for the period (unaudited)		-	-	-	-	(3,965)	(3,965)
Cash flow hedging instruments, net of tax (unaudited)		-	-	6,403	-	-	6,403
Realised loss on cashflow hedging instruments, net of tax (unaudited)		-	-	3,979	-	-	3,979
Transfer		-	(1,040)	1,040	-	-	-
Translation difference (unaudited)		-	1,264	-	-	-	1,264
Total comprehensive loss for the period (unaudited)		-	224	11,422	-	(3,965)	7,681
At 30 June 2017 (unaudited)		17,000	(182,456)	(94,446)	-	306,660	46,758

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

**JOINT STOCK COMPANY AIR ASTANA
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

(in thousands of USD)

	Notes	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
OPERATING ACTIVITIES:			
Loss before tax		(5,517)	(6,612)
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	13,303	14,278
Gain on disposal of property, plant and equipment		(305)	(399)
Change in allowance for doubtful debts		(4,367)	121
Change in allowance for obsolete and slow-moving inventories		22	15
Change in vacation reserve		221	(346)
Change in provision for aircraft maintenance		12,440	10,719
Reversal of loyalty provision		2,658	(77)
Foreign exchange loss, net		6,060	3,772
Finance income	7	(1,396)	(3,417)
Interest expense on finance lease	7	5,714	6,210
Interest (income)/expense from revaluation of fair value of guarantee deposits	7	(99)	147
Net realised loss on financial assets and liabilities at fair value through profit or loss	7	-	353
Net unrealised gain on financial assets and liabilities at fair value through profit or loss	7	-	(95)
Operating cash flow before movements in working capital		28,734	24,669
Change in trade and other accounts receivables		(8,439)	(1,460)
Change in prepaid expenses		6,680	(9,601)
Change in inventories		3,854	(357)
Change in financial assets and liabilities at fair value through profit or loss		-	(353)
Change in trade and other payables and other current liabilities		(327)	410
Change in deferred revenue		34,067	22,175
Cash generated from operations		64,569	35,483
Income tax paid		-	(11)
Interest received		2,832	3,208
Net cash generated from operating activities		67,401	38,680
INVESTING ACTIVITIES:			
Purchase of property and equipment	9	(13,327)	(13,682)
Proceeds from disposal of property, plant and equipment		821	996
Purchase of intangible assets		(293)	(2,550)
Bank and Guarantee deposits placed		(13,144)	(159,993)
Bank and Guarantee deposits withdrawn		115,228	162,910
Net cash generated from /(used in) investing activities		89,285	(12,319)

Continued on the next page

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

**JOINT STOCK COMPANY AIR ASTANA
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (CONTINUED) (UNAUDITED)**

(in thousands of USD)

	Notes	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
FINANCING ACTIVITIES:			
Repayment of finance lease		(20,275)	(19,406)
Interest paid		(6,567)	(6,489)
Repayment of borrowings		(813)	-
Proceeds from borrowings		-	13,809
Net cash used in financing activities		(27,655)	(12,086)
NET INCREASE IN CASH AND BANK BALANCES			
		129,031	14,275
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(155)	1,783
Foreign currency translation loss		(445)	(2,012)
CASH AND BANK BALANCES, at the beginning of the period	17	29,987	52,471
CASH AND BANK BALANCES, at the end of the period	17	158,418	66,517

The notes on pages 10-38 form an integral part of this condensed interim financial information. The independent auditors' report on review of condensed interim financial information is on pages 2-3.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

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, fuel sales.

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 2017 and 31 December 2016, the Company operated 31 turbojet aircraft, of which 9 short-haul and 22 long-haul aircraft representing 11 aircraft acquired under finance lease and 20 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 “National Welfare Fund “Samruk-Kazyna” JSC (which holds the investment on behalf of the Government of the Republic of Kazakhstan) and BAE Systems Kazakhstan Limited, that 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 2016 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.

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.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

2. BASIS OF PREPARATION (CONTINUED)

Functional and presentation currency (continued)

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:

- assets and liabilities for each reporting date presented (i.e. including comparatives) are translated at the closing rate at the reporting date;
- income and expenses for the reporting period (i.e., including comparatives) are translated at the average six-month exchange rate; and
- 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 2017	Six-month period ended 30 June 2016	30 June 2017	31 December 2016
US dollar (USD)	318.59	327.66-383.91	322.27	333.29
Euro (EUR)	344.65	369.46-418.23	367.52	352.42
British Pound (GBP)	400.51	450.05-544.3	418.4	409.78

3. SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information has been prepared under the historical cost convention.

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 2016. The results for the six-month period ended 30 June 2017 are not necessarily indicative of the results expected for the full year.

Change in Accounting Policy

In order to unify its accounting policy with the industry standard and enhance comparability with peer airlines, the Company decided to change its accounting policy by reclassifying interest paid of USD 6,567 thousand and USD 6,489 thousand during 6-month periods of 2017 and 2016 respectively from operating activities to financing activities and reclassifying interest received of USD 2,832 thousand and USD 3,208 thousand during 6-month periods of 2017 and 2016 from investing activities to operating activities in the Statement of Cash Flows. This change affects only the presentation in the Statement of Cash Flows.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (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 were applied to the Company's annual financial statements for 2016 prepared in accordance with IFRS.

5. REVENUE

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Passenger revenue		
Passenger transport	260,879	218,044
Fuel surcharge	32,988	27,890
Airport services	18,375	14,612
Excess baggage	2,137	1,602
	<u>314,379</u>	<u>262,148</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Cargo and mail revenue		
Cargo	7,930	6,275
Mail	778	567
	<u>8,708</u>	<u>6,842</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Other revenue		
Aviation fuel sale	4,543	78
Penalties on agency contracts	4,084	3,395
Warranty returns	969	669
Advertising revenue	728	374
Income from ground services	550	511
Gain on disposal of spare parts and other assets	305	399
Spare parts received free of charge	149	59
Other	1,317	1,304
	<u>12,645</u>	<u>6,789</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

5. REVENUE (CONTINUED)

During the six-month period ended 30 June 2017 and 30 June 2016, passenger, cargo and mail revenue were generated from the following destinations:

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Domestic	93,454	78,623
Asia	71,030	59,374
Europe	64,503	59,823
Russia	46,943	37,655
CIS Regional (excluding Russia)	27,046	20,421
Middle east	20,111	13,094
Total passenger, cargo and mail revenue	323,087	268,990

6. OPERATING EXPENSES

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Handling, landing fees and route charges		
Aero navigation	20,359	18,056
Handling charge	16,145	13,344
Landing fees	11,505	10,173
Meteorological services	66	63
Other	685	576
	48,760	42,212
Employee costs		
Wages and salaries of operational personnel	20,997	21,551
Wages and salaries of administrative personnel	5,209	4,875
Social tax	3,345	3,400
Wages and salaries of sales personnel	1,807	2,236
Other	1,549	1,672
	32,907	33,734

The average number of employees during the six-month period ended 30 June 2017 was 4,868 (2016: 4,721).

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Passenger service		
Airport charges	18,728	14,337
Catering	12,689	10,477
In-flight entertainment	2,423	1,881
Security	1,654	1,396
Other	3,962	3,098
	<u>39,456</u>	<u>31,189</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Engineering and maintenance		
Maintenance – variable lease payments	14,549	12,209
Maintenance – provisions (Note 20)	12,440	10,720
Spare parts	5,906	3,219
Maintenance – components	4,153	2,439
Technical inspection	1,041	1,014
	<u>38,089</u>	<u>29,601</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Aircraft operating lease costs		
Fixed lease charges	29,866	27,867
Leased engine on wing costs	726	443
Lease of engines and rotatable spare parts	567	514
Operating lease return costs	82	47
	<u>31,241</u>	<u>28,871</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Selling costs		
Reservation costs	9,826	7,890
Commissions	4,818	3,538
Advertising	3,817	2,300
Interline commissions	214	261
Other	210	212
	<u>18,885</u>	<u>14,201</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

6. OPERATING EXPENSES (CONTINUED)

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Aircraft crew costs		
Accommodation and allowances	6,827	6,712
Contract crew	4,101	3,979
Training	2,677	3,278
	<u>13,605</u>	<u>13,969</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Insurance		
Hull insurance	834	1,140
Legal liability insurance	680	711
Medical insurance	348	262
Other	151	138
	<u>2,013</u>	<u>2,251</u>

7. FINANCE INCOME AND COSTS

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Finance income		
Reversal of impairment provision on financial assets (Note 14)	4,297	-
Interest income on bank deposits	1,216	3,098
Unwinding of discount on Ab-initio pilot trainees receivables	30	166
Revaluation of discount on guarantee deposits	99	-
Net unrealised income on financial assets and liabilities at fair value through profit or loss	-	95
Other	150	153
	<u>5,792</u>	<u>3,512</u>
	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Finance costs		
Interest expense on finance lease	5,714	6,210
Bank commissions	-	432
Net realised loss on financial assets and liabilities at fair value through profit or loss	-	353
Interest expense on guarantee deposits	-	148
	<u>5,714</u>	<u>7,143</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED)

(in thousands of USD)

8. INCOME TAX BENEFIT

The Company's income tax expense was as follows:

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Adjustment for deferred income tax of prior periods	-	(472)
Deferred income tax benefit	1,552	516
	<u>1,552</u>	<u>44</u>

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 2017 and 31 December 2016 is presented below.

In accordance with the local tax legislation both hedged and unhedged foreign currency losses are treated as deductible expenses for the purpose of corporate income tax calculations. If such deductible expenses cannot be fully utilised in the year of origination the tax code permits an entity to carry forward the accumulated tax losses for the next 10 years. During 2015 the Company applied a foreign currency cash flow hedge policy that allowed it to hedge foreign currency losses arising on the hedging instruments. Movements in deferred tax assets and liabilities stated below were recognised in profit or loss, except for USD 2,596 thousand related to carried forward corporate income tax losses, which were recognised in equity (six months ended 30 June 2016: USD 1,261 thousand).

	30 June 2017 (unaudited)	31 December 2016
Deferred tax assets		
Provision for aircraft maintenance	14,168	6,671
Carried forward tax losses	3,252	11,760
Trade and other payables	3,054	1,680
Total	<u>20,474</u>	<u>20,111</u>
Deferred tax liabilities		
Difference in depreciable value of property and equipment	(28,267)	(26,679)
Intangible assets	(79)	(58)
Prepaid expenses	(27)	(14)
Total	<u>(28,373)</u>	<u>(26,751)</u>
Net deferred tax liabilities	<u>(7,899)</u>	<u>(6,640)</u>

The income tax rate in the Republic of Kazakhstan, where the Company is located, at 30 June 2017 and 31 December 2016 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% (2016: 20%) to the actual income tax expense recorded in the Company's statement of profit or loss and other comprehensive income:

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Loss before tax	(5,517)	(6,612)
Income tax (benefit) at statutory rate	(1,103)	(1,322)
Tax effect of non-deductible expenses	409	806
Adjustment for deferred income tax of prior periods	(858)	472
Income tax benefit	<u>(1,552)</u>	<u>(44)</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

9. PROPERTY AND EQUIPMENT

Cost	Rotable spare parts	Office equipment and furniture	Building, premises and land	Vehicles	Aircraft under finance lease	Equipment in transit and construction in progress	Total
At 1 January 2016	34,956	5,108	3,183	2,463	290,969	2,767	339,446
Additions (unaudited)	-	-	-	-	-	13,678	13,678
Disposals (unaudited)	(460)	(152)	(61)	(133)	(371)	-	(1,177)
Transfers (unaudited)	5,252	321	56	140	800	(6,569)	-
Foreign currency translation difference	289	17	11	13	707	335	1,372
At 30 June 2016 (unaudited)	40,037	5,294	3,189	2,483	292,105	10,211	353,319
At 1 January 2017	42,303	5,679	3,241	2,424	296,915	17,656	368,218
Additions (unaudited)	-	-	-	-	-	14,455	14,455
Disposals (unaudited)	(962)	(173)	(114)	(49)	(1,383)	-	(2,681)
Transfers (unaudited)	4,831	459	299	533	4,949	-	-
Foreign currency translation difference	1,403	191	108	78	10,112	565	12,457
At 30 June 2017 (unaudited)	47,575	6,156	3,534	2,986	310,593	21,605	392,449
Accumulated depreciation							
At 1 January 2016	12,500	3,534	895	1,126	51,546	-	69,601
Charge for the period (unaudited) (Note 10)	2,613	216	159	149	10,816	-	13,953
Disposals (unaudited)	(147)	(51)	(43)	(133)	(206)	-	(580)
Foreign currency translation difference	86	12	5	6	353	-	462
At 30 June 2016 (unaudited)	15,052	3,711	1,016	1,148	62,509	-	83,436
At 1 January 2017	17,346	4,092	1,199	1,221	73,140	-	96,998
Charge for the period (unaudited) (Note 10)	2,817	289	184	154	9,394	-	12,838
Disposals (unaudited)	(554)	(167)	(114)	(42)	(1,288)	-	(2,165)
Foreign currency translation difference	567	138	40	40	2,409	-	3,194
At 30 June 2017 (unaudited)	20,176	4,352	1,309	1,373	83,655	-	110,865
Net book value							
At 30 June 2016 (unaudited)	24,985	1,583	2,173	1,335	229,596	10,211	269,883
At 1 January 2017	24,957	1,587	2,042	1,203	223,775	17,656	271,220
At 30 June 2017 (unaudited)	27,399	1,804	2,225	1,613	226,938	21,605	281,584

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

9. PROPERTY AND EQUIPMENT (CONTINUED)

The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 226,938 thousand (unaudited) (2016: USD 223,775 thousand) (Note 23).

Rotable spare parts include aircraft modification costs.

For the six-month period ended 30 June 2017 USD 834 thousand interest of the EBRD loan (unaudited) was capitalised into property and equipment (2016: USD 1,068 thousand) (Note 22).

10. DEPRECIATION AND AMORTISATION

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Depreciation of property and equipment (Note 9)	12,837	13,953
Amortisation of intangible assets	466	325
Total	13,303	14,278

11. GUARANTEE DEPOSITS

	30 June 2017 (unaudited)	31 December 2016
<i>Non-current</i>		
Guarantee deposits for leased aircraft	14,832	14,251
Other guarantee deposits	1,366	1,149
	16,198	15,400
<i>Current</i>		
Guarantee deposits to secure Letters of Credit for maintenance liabilities (Note 25)	29,324	33,469
Guarantee deposits for leased aircraft	658	862
Other guarantee deposits	1,830	613
	31,812	34,944
	48,010	50,344

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 2017 (UNAUDITED) (in thousands of USD)

11. GUARANTEE DEPOSITS (CONTINUED)

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

	30 June 2017 (unaudited)	31 December 2016
Within one year	29,982	34,331
After one year but not more than five years	11,495	7,141
More than five years	3,409	7,307
	<u>44,886</u>	<u>48,779</u>
Fair value adjustment	(72)	(197)
	<u><u>44,814</u></u>	<u><u>48,582</u></u>

12. INVENTORIES

	30 June 2017 (unaudited)	31 December 2016
Spare parts	23,852	21,489
Fuel	6,123	9,492
Crockery	2,786	2,427
Goods in transit	1,885	3,923
Promotional materials	1,445	1,379
Uniforms	1,226	1,335
De-icing liquid	1,115	268
Blank forms	271	300
Other	746	1,215
	<u>39,449</u>	<u>41,828</u>
Less: cumulative write down of obsolete and slow-moving inventories	(580)	(540)
	<u><u>38,869</u></u>	<u><u>41,288</u></u>

13. PREPAYMENTS

	30 June 2017 (unaudited)	31 December 2016
<i>Non-current</i>		
Advances paid for services	6,900	7,181
Prepayments for non-current assets	1,629	1,933
	<u>8,529</u>	<u>9,114</u>
<i>Current</i>		
Advances paid for services	7,551	8,254
Prepayments for finance lease	5,972	5,993
Prepayments for operating leases	2,616	2,768
Advances paid for goods	1,846	5,977
	<u>17,985</u>	<u>22,992</u>
Less: allowance for non-recovery	(428)	(417)
	<u><u>17,557</u></u>	<u><u>22,575</u></u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

13. PREPAYMENTS (CONTINUED)

As at 30 June 2017 prepayments for non-current assets include prepayments to Boeing as pre-delivery payment for the remaining three aircraft (Note 25).

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

14. TRADE AND OTHER RECEIVABLES

	30 June 2017 (unaudited)	31 December 2016
<i>Non current</i>		
Other financial assets	56,173	59,019
Due from employees and Ab-initio pilot trainees	1,465	835
	<u>57,638</u>	<u>59,854</u>
Less: allowance for doubtful debts (Note 7)	(49,619)	(53,680)
	<u>8,019</u>	<u>6,174</u>
<i>Current</i>		
Trade receivables	32,452	21,803
Receivable from lessors – variable lease reimbursement	1,136	431
Due from employees and Ab-initio pilot trainees	925	955
Other	1	-
	<u>34,514</u>	<u>23,189</u>
Less: allowance for doubtful debts	(1,112)	(1,138)
	<u>33,402</u>	<u>22,051</u>

The movements in allowance for doubtful debts on non-current assets for the periods ended 30 June 2017 and 31 December 2016 were:

	Six-month period ended 30 June 2017 (unaudited)	Year ended 31 December 2016
At 1 January	53,680	-
Accrued during the period	-	53,680
Reversed during the period	(4,097)	-
Unwinding discount	(200)	-
Foreign currency loss	(1,667)	-
Foreign currency translation difference	1,904	-
At period end	<u>49,620</u>	<u>53,680</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

In 2016, due to the significant credit quality deterioration of KazInvestBank JSC followed by the recall of the banking license and Delta Bank JSC followed by the temporary suspension of the license for accepting new deposits and opening new accounts, the management reclassified the deposits held with these banks in the amount USD 14,234 thousand and USD 44,785 thousand, accordingly, from bank deposit line item to non-current trade and other receivables and assessed impairment. Based on the assessment, the management accrued impairment provision of approximately 90% for KazInvestBank JSC and 95% for Delta Bank JSC as at 31 December 2016.

At the end of June 2017 the temporary administration transferred a portion of the KazInvestBank's assets and liabilities to SB Alfa Bank JSC (Alfa Bank) which acts as an intermediary, collecting funds from the borrowers under the transferred corporate loans and distributing the proceeds among depositors. The recoverability of the remaining balances with KazInvestBank JSC will depend on further actions taken by the temporary administration and the National Bank.

Based on the continued efforts to recover the funds on deposits and current account, the Company reconsidered estimation of the bad debt allowances on Delta Bank debt in the first half of 2017, assuming that the recoverable amount is USD 4,049 thousand. On 12 July 2017, subsequently to the reporting date, the Company recovered USD 4,296 thousand by cash through collectors hired by the Company to deal with Delta Bank. Further recoverability of the balances with Delta Bank JSC will depend on ability of the bank to resolve the liquidity issue and ability of the bank's owner to provide additional funding to the bank.

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

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

However, in December 2015 within the employee incentive scheme the management offered a new repayment option to Ab-initio pilot program trainees. Under this option, the obligations to repay training costs have been cancelled with the total amount only becoming due if they leave the Company. Amounts due from those cadets who selected the option were reclassified to deferred expenses and are amortized using the straight line method over the remaining amortization term.

At 30 June 2017, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 45% of the Company's trade and other receivables (at 31 December 2016: eight debtors comprised 26%).

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

	30 June 2017 (unaudited)	31 December 2016
Tenge	46,636	58,537
US Dollar	26,541	15,662
Euro	3,003	2,772
Russian Rouble	2,280	1,065
Other	13,692	5,007
	<u>92,152</u>	<u>83,043</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

15. OTHER TAXES PREPAID

	30 June 2017 (unaudited)	31 December 2016
Value added tax recoverable	13,534	11,338
Prepayment for income tax for non-residents	2,742	4,084
Other taxes prepaid	304	884
	<u>16,580</u>	<u>16,306</u>

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

16. BANK DEPOSITS

	30 June 2017 (unaudited)	31 December 2016
<i>Current</i>		
Term deposits with local banks (Note 24)	-	97,217
Guarantee deposits	6	9
Interest receivable	-	2,348
	<u>6</u>	<u>99,574</u>

As at 31 December 2016 short-term deposits with local banks (with an original maturity of more than three months and less than one year) earned interest in the range from 0% to 13% per annum. Bank deposits had no restrictions on early withdrawal.

As a result of the increased credit risks on some of the banks, management is reconsidering its cash management policy and, as temporary measures, the Company has reviewed the credit ratings of the main banks in Kazakhstan placed its main deposits to banks with ratings of "BB" and placed available funds on deposits with maximum 3 month tenor. As a result, as at 30 June 2017 no deposit had remaining maturity over 3 months.

Guarantee deposits made to meet the requirements of Kazakhstan legislation related to foreign employees are denominated in tenge and earn interest of 0% per annum (2016: 0% to 4.5%).

Bank deposits are denominated in the following currencies:

	30 June 2017 (unaudited)	31 December 2016
Tenge	6	6,324
US Dollar	-	93,250
Euro	-	-
	<u>6</u>	<u>99,574</u>

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

17. CASH AND BANK BALANCES

	30 June 2017 (unaudited)	31 December 2016
Current accounts with local banks (Note 24)	72,954	20,139
Term deposits with local banks with original maturity less than 3 months	59,257	-
Current accounts with foreign banks	25,928	9,750
Accrued interest	160	-
Cash on hand	119	98
	<u>158,418</u>	<u>29,987</u>

At 30 June 2017, current accounts with banks earn interest in the range of 3% to 8% per annum (31 December 2016: 0.3% to 10%). As at 30 June 2017 short-term deposits with banks earn interest of up to 9% per annum (2016: up to 10.5%).

Cash and bank balances are denominated in the following currencies:

	30 June 2017 (unaudited)	31 December 2016
US Dollar	134,803	19,027
Tenge	15,870	5,454
Indian Rupee	3,555	606
Euro	1,524	1,141
GBP	813	614
Chinese Yuan	559	1,472
Russian Rouble	450	965
Uzbek Soms	93	311
Other	751	397
	<u>158,418</u>	<u>29,987</u>

18. EQUITY

As at 30 June 2017 and 31 December 2016, share capital was comprised of 17,000 authorised, issued and fully paid ordinary shares with a par value of KZT 147,150 per share at the time of purchase.

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

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS. A distribution cannot be made when equity is negative or if distribution would result in negative equity or the Company's insolvency. As at 30 June 2017 the Company had retained earnings, including the loss for the current period, of USD 306,660 thousand (2016: USD 310,625 thousand).

In June 2016, based on the decision of the Annual General Meeting of Shareholders, the Company declared a dividend payment equivalent to 30% of the net profit of the Company for 2015. The total amount of the dividends was 3,108,803 thousand tenge (USD 9,180 thousand equivalent as of announcement date), which was distributed and paid in accordance with their shareholdings.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

18. EQUITY (CONTINUED)

Also at the Annual General Meeting of Shareholders of the Company held in June 2016 the decision was made to allocate an additional 20% of the net profit of the Company for 2015 in the amount of 2,072,536 thousand tenge (USD 6,120 thousand equivalent as of announcement date) to a Reserve Fund of the Company which was distributed and paid in accordance with their shareholdings based on a further decision of General Meeting of Shareholders of the Company in October 2016.

Dividends per share at 30 June 2017 were nil (2016: USD 0.5 thousand).

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 (2016: 17,000). The Company has no instruments with potential dilutive effect.

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Profit:		
Loss for the period	(3,965)	(6,568)
Number of ordinary shares	17,000	17,000
Loss per share – basic and diluted (USD)	(233)	(386)

19. DEFERRED REVENUE

	30 June 2017 (unaudited)	31 December 2016
Unearned transportation revenue	71,493	36,565
Customer loyalty program	4,351	1,665
	75,844	38,230

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

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

20. PROVISION FOR AIRCRAFT MAINTENANCE

	30 June 2017 (unaudited)	31 December 2016
Engines	56,469	44,904
D-Check	5,460	4,627
C-Check	3,567	4,603
Provision for redelivery of aircraft	1,990	1,846
Auxiliary Power unit	1,845	1,499
Landing gear	1,508	1,319
	70,839	58,798

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

20. PROVISION FOR AIRCRAFT MAINTENANCE (CONTINUED)

During 2014 and 2015 the Company renegotiated certain operating lease agreements to replace the payments of variable lease by Letters of credit with further annual prolongation (Note 25).

The movements in the provision for aircraft maintenance were as follows for the six-month period ended 30 June 2017 and the year ended 31 December 2016:

	Six-month period ended 30 June 2017 (unaudited)	Year ended 31 December 2016
At 1 January	58,798	47,875
Accrued during the period (Note 6)	13,005	18,939
Reversed during the period (Note 6)	(565)	(1,244)
Used during the period	(2,293)	(7,920)
Foreign currency translation difference	1,894	1,148
At period end	70,839	58,798

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

The planned utilisation of these provisions is as follows:

	30 June 2017 (unaudited)	31 December 2016
Within one year	16,693	20,243
During the second year	25,959	12,719
During the third year	22,265	14,006
After the third year	5,922	11,830
Total provision for aircraft maintenance	70,839	58,798
Less: current portion	(16,693)	(20,243)
Non-current portion	54,146	38,555

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

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

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

21. TRADE AND OTHER PAYABLES

	30 June 2017 (unaudited)	31 December 2016
Trade payables	34,036	29,889
Wages and salaries payable to employees	2,313	2,304
Deposits received	1,818	1,124
Operating lease payables	1,573	1,548
Employee unused vacation	1,552	1,290
Taxes payable	1,096	2,721
Advances received	1,102	435
Other	89	83
	<u>43,579</u>	<u>39,394</u>

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

	30 June 2017 (unaudited)	31 December 2016
US Dollar	19,022	16,107
Tenge	13,185	13,986
Euro	5,856	5,223
GBP	931	655
Russian roubles	865	730
Other	3,720	2,693
	<u>43,579</u>	<u>39,394</u>

22. LOANS

	30 June 2017 (unaudited)	31 December 2016
<i>Non-current</i>		
Bank loan	<u>11,651</u>	<u>12,043</u>
	11,651	12,043
<i>Current</i>		
Current portion of bank loan	1,607	1,554
Interest payable	<u>71</u>	<u>77</u>
	1,678	1,631

On 3 December 2015 the Company concluded a loan agreement of USD 14,000 thousand (in Kazakhstani tenge equivalent) with the European Bank for Reconstruction and Development (EBRD) for 10 years for the purpose of construction of a Technical Center (Hangar) in Astana, which will also be pledged to the EBRD under this loan. The interest rate is floating and defined based on a margin of 3.75% per annum plus EBRD's All-in Cost in Kazakhstani tenge. The All-in Cost is determined on a quarterly basis in conjunction with the National Bank of Kazakhstan base rate. The interest rate for this loan has a cap. In April 2016 the Company obtained the funds from EBRD in the amount of 4,661,033 thousand tenge (USD 14,000 thousand equivalent as of receipt dates). This tenge loan is subject to certain financial covenants. During the six-month period ended 30 June 2017 the Company was in compliance with the terms of this loan agreement.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

23. FINANCE LEASE LIABILITIES

In the years from 2012 to 2014 the Company acquired eleven aircraft under the fixed interest finance lease agreement. The lease term for each aircraft is twelve years. The Company has an option to purchase each aircraft for a nominal amount at the end of the lease (Note 25).

Loans provided by financial institutions to the lessors in respect of six new Airbus aircraft which were delivered during 2012 and 2013 were guaranteed by European Export Credit Agencies while three Boeing 767 aircraft which were delivered in 2013 and 2014 were guaranteed by the US Export Import Bank. Two Embraer aircraft delivered in 2012 and 2013 were guaranteed by the Brazilian Development Bank. The Company's obligations under finance leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 226,938 thousand (unaudited) (2016: USD 223,775 thousand) (Note 9).

The Company's finance leases are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain finance lease agreements include covenants as regards to change of ownership of the Company. These requirements have been met during six-month period ended 30 June 2017.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2017 (unaudited)	31 December 2016	30 June 2017 (unaudited)	31 December 2016
Within one year	52,194	52,514	41,554	41,251
After one year but not more than five years	200,015	201,050	170,355	168,770
More than five years	152,768	177,297	144,711	166,729
	<u>404,977</u>	<u>430,861</u>	<u>356,620</u>	<u>376,750</u>
Less: future finance charges	<u>(48,357)</u>	<u>(54,111)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>356,620</u>	<u>376,750</u>	<u>356,620</u>	<u>376,750</u>
Included in the condensed interim financial information as:				
- current portion of finance lease obligations			41,554	41,251
- non-current portion of finance lease obligations			<u>315,066</u>	<u>335,499</u>
			<u>356,620</u>	<u>376,750</u>

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

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

23. FINANCE LEASE LIABILITIES (CONTINUED)

On 1 July 2015 the Company designated a portion of its US dollar finance lease obligations as hedges of highly probable future US Dollar revenue streams. The Company applies cash flow hedge accounting model to this hedging transaction, in accordance with IAS 39. At 30 June 2017, finance lease liabilities in the amount of USD 215,272 thousand are designated as hedging instrument denominated in US dollars of highly probable revenue forecasted for the period 2015 - 2025. The Company expects that this hedging relationship will be highly effective since the future cash outflows on the lease liabilities being hedged match the future cash inflows of the expected revenue. At 30 June 2017, a foreign currency gain of USD 118,058 thousand (before deferred income tax of USD 23,612 thousand) (2016: loss of 132,335 thousand tenge, before deferred income tax of 26,647 thousand tenge) on the finance lease liabilities, representing an effective portion of the hedge, is deferred in the hedging reserve in the equity. During the first half of 2016 the amount reclassified from the hedging reserve to foreign exchange loss in profit or loss statement was USD 4,974 thousand (before income tax of USD 995 thousand) (six months ended 30 June 2016: USD 5,306 thousand, before deferred income tax of USD 1,061 thousand).

At each reporting date the Company translates its monetary assets and monetary liabilities denominated in foreign currencies to the reporting currency, while translation gains or losses are recorded in profit or loss. As a result of the cash flow hedge policy, the remaining net monetary foreign currency assets generated a currency loss of USD 1,086 thousand (six months ended 30 June 2016: foreign currency exchange loss of USD 1,534 thousand) in the statement of profit or loss. These net monetary foreign currency assets represent the excess of monetary foreign currency assets (including foreign currency cash) over the monetary foreign currency liabilities (including unhedged foreign currency loans).

24. 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.

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 2015.

The capital structure of the Company consists of net debt (comprising loans and finance lease obligations in Note 22 and 23) and equity of the Company (comprising issued capital, additional paid-in-capital, reserve on hedging instruments and retained earnings as detailed in Note 18).

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

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.

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.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) *(in thousands of USD)*

24. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (continued)

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 2017 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.

As a result of the increased credit risks on some of the banks, management is reconsidering its cash management policy and, as temporary measures, the Company has reviewed the credit ratings of the main banks in Kazakhstan and subsequent to the reporting date placed its main deposits to banks with ratings of “BB”, except for KazInvestBank and Delta Bank, which are disclosed in Note 14 and held current accounts with Kazakhstani banks with ratings of “BB” or higher (Note 17).

Interest rate risk

Excluding the loan from the EBRD, the Company is not exposed to interest rate risk because the Company borrows funds at fixed interest rates.

In April 2016 the Company's EBRD loan had variable interest rates with a fixed margin (Note 22). If the variable part of interest rate on the EBRD loan in six-month period of 2017 would have been 20% higher or lower than the actual for the period, the interest expense would not have changed significantly.

Foreign currency risk

The 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 14, 16, 17, 21 and 22.

The Company management believes that it has taken appropriate measures to support the sustainability of the Company business under the current circumstances. The Company applies a hedge policy to manage a part of the currency risk (Note 23).

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis

The Company is mainly exposed to the risk of change of exchange rates of the tenge against the USD and the 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 2017 (unaudited)	31 December 2016	30 June 2017 (unaudited)	31 December 2016
Assets					
Guarantee deposits		47,424	49,771	214	199
Trade and other receivables	14	11,233	11,000	2,994	2,772
Bank deposits	16	-	93,250	-	-
Cash and bank balances	17	134,803	19,027	1,524	1,141
Total		193,460	173,048	4,732	4,112
Liabilities					
Finance lease liabilities	23	356,620	376,750	-	-
Trade and other payables	21	19,022	16,107	5,856	5,223
Total		375,642	392,857	5,856	5,223
Net position		(182,182)	(219,809)	(1,124)	(1,111)

As at 30 June 2017 and in 2016 the following table details the Company's sensitivity of weakening and strengthening of the tenge against the US Dollar by 13% and Euro by 15%. The mentioned sensitivity rates were used when reporting foreign currency risk internally to key management personnel.

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

A negative number below indicates a decrease in Profit or Loss and Other Comprehensive Income, and, positive number would be an opposite impact on the Profit or Loss and Other Comprehensive Income taking into account cash flow hedge policy (Note 2).

	Currency US Dollar impact		Currency Euro impact	
	30 June 2017 (unaudited) 13%	31 December 2016 13%	30 June 2017 (unaudited) 15%	31 December 2016 15%
Profit or (loss)	3,441	774	(135)	(133)
Equity decrease	(22,388)	(23,634)	-	-

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis (continued)

	Currency US Dollar impact		Currency Euro impact	
	30 June 2017 (unaudited) (13%)	31 December 2016 (13%)	30 June 2017 (unaudited) (15%)	31 December 2016 (15%)
Profit or (loss)	(3,441)	(774)	135	133
Equity increase	22,388	23,634	-	-

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, financial assets and liabilities at fair value through profit or loss, loans and finance lease liabilities are denominated.

Liquidity risk management

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

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 June 2017 (unaudited)					
Financial liabilities					
<i>Interest free</i>					
Trade and other payables	40,334	591	-	-	40,925
<i>Floating rate</i>					
Loans (tenge denominated)	762	2,221	10,193	6,221	19,397
<i>Fixed rate</i>					
Finance lease liabilities	13,352	38,842	200,015	152,768	404,977
31 December 2016					
Financial liabilities					
<i>Interest free</i>					
Trade and other payables	37,097	572	-	-	37,669
<i>Floating rate</i>					
Loans (tenge denominated)	746	2,222	10,194	7,099	20,261
<i>Fixed rate</i>					
Finance lease liabilities	12,911	39,603	201,050	177,297	430,861

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity and interest risk tables (continued)

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

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 June 2017 (unaudited)						
Financial assets						
<i>Interest free</i>						
Trade and other receivables	-	32,842	560	7,600	419	41,421
Guarantee deposits	-	11,267	20,546	12,788	3,409	48,010
Cash and bank balances	-	158,418	-	-	-	158,418
<i>Fixed rate</i>						
Bank deposits	3.55	6	-	-	-	6
31 December 2016						
Financial assets						
<i>Interest free</i>						
Trade and other receivables	-	21,450	601	5,935	239	28,225
Guarantee deposits	-	15,674	19,270	8,091	7,309	50,344
Cash and bank balances	-	29,987	-	-	-	29,987
<i>Fixed rate</i>						
Bank deposits	4.55	99,574	-	-	-	99,574

Fair values

Cash and bank balances

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

Financial instruments at fair value through profit or loss

Valuation of financial instruments recognised at fair value through profit or loss is based on inputs for which not all significant inputs are observable, either directly or indirectly and valuations are based on one or more non-observable inputs. Such valuations represent Level 3 of the fair value hierarchy.

Guarantee Deposits

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

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Trade and other receivables and payables

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

Loans

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

Finance lease liabilities

Finance lease liabilities are initially recognised at the lower of the fair value of assets received under finance lease and the present value of minimum lease payments. Management believes that their carrying amounts approximate 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. Management categorises the fair value of the Company's financial assets and liabilities in level 3 of the fair value hierarchy.

25. COMMITMENTS AND CONTINGENCIES

Capital commitments

During 2012, the Company finalised an agreement with Boeing to purchase three Boeing-787s aircraft – under finance lease agreements. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. Delivery of the Boeing 787s is now deferred to 2019 with the last pre-delivery payments deferred to 2019.

The terms of the Company's contract 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.

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

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments for leases of aircraft currently in operation:

	30 June 2017 (unaudited)	31 December 2016
Within one year	59,498	57,469
After one year but not more than five years	112,548	104,752
More than five years	14,728	4,365
	<u>186,774</u>	<u>166,586</u>

Commitments for leases of aircraft to be delivered from the second half of 2017 to 2019:

	30 June 2017 (unaudited)	31 December 2016
Within one year	14,431	11,331
After one year but not more than five years	180,731	183,849
More than five years	225,680	266,632
	<u>420,842</u>	<u>461,812</u>

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

In September 2015 the Company signed operating lease agreements for four Airbus A320neo family aircraft being delivered in 2017 and 2018 to replace some current leases on expiry and for future expansion.

Stand-by Letters of Credit as of 30 June 2017 were USD 41,520 thousand, of which USD 29,364 thousand were secured by deposits (Note 11) and USD 12,516 thousand were unsecured. These Letters of Credit were obtained as security for Lessors to cover any unfulfilled maintenance liabilities on the return of three Embraer E190 and five Airbus aircraft to Lessors.

Engine

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

Operating lease agreements for one other engine will expire by the end of 2017.

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.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Non-cancellable operating lease commitments are payable as follows:

	30 June 2017 (unaudited)	31 December 2016
Within one year	1,070	1,161
After one year but not more than five years	2,472	3,015
	<u>3,542</u>	<u>4,176</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) with a high rating of financial stability through the services of an international reputable broker. Types of insurance coverage are stated below:

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

Non – Aviation Insurance

Apart from aviation insurance coverage the 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 labour (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.

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

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. In addition, the recent significant depreciation of the Kazakhstan tenge, and the reduction in the global price of oil, have increased the level of uncertainty in the business environment.

In addition, the significant devaluation of the Kazakhstani tenge, and reductions in the global price of oil have increased the level of uncertainty in the business 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.

26. 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. The total remuneration paid during six-month period ended 30 June 2017 to independent directors was USD 44 thousand (during six-month period ended 30 June 2016: USD 36 thousand).

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Management remuneration

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

	Six-month period ended 30 June 2017 (unaudited)	Six-month period ended 30 June 2016 (unaudited)
Salaries and bonuses	2,067	1,950
Social tax	220	209
	<u>2,287</u>	<u>2,159</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.

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

	Six-month period ended 30 June 2017 (unaudited) Transaction value	30 June 2017 (unaudited) Outstanding balance	Six-month period ended 30 June 2016 (unaudited) Transaction value	31 December 2016 Outstanding balance
Services received				
State-owned companies	14,071	(1,185)	9,926	(129)
Shareholders and their subsidiaries	<u>2,379</u>	<u>(191)</u>	<u>2,103</u>	<u>-</u>
	<u>16,450</u>	<u>(1,376)</u>	<u>12,029</u>	<u>(129)</u>

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

JOINT STOCK COMPANY AIR ASTANA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 (UNAUDITED) (in thousands of USD)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Services provided by the Company	Six-month period ended 30 June 2017 (unaudited) Transaction value	30 June 2017 (unaudited) Outstanding balance	Six-month period ended 30 June 2016 (unaudited) Transaction value	31 December 2016 Outstanding balance
State-owned companies	4,456	-		
Shareholders and their subsidiaries	586	216	407	153
	<u>5,042</u>	<u>216</u>	<u>407</u>	<u>153</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.

27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management of the Company and authorised for issue on 4 August 2017.