JOINT STOCK COMPANY AIR ASTANA

Condensed Interim Financial Information
For the six-month period
ended 30 June 2013 (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 2013

Management is responsible for the preparation of the condensed interim financial information that presents fairly the financial position of JSC Air Astana (the "Company") as at 30 June 2013, and the results of its operations for the three-month and the six-month periods then ended, 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 the financial position of the Company, and which enable them to ensure that the condensed interim financial information of the Company comply with IAS 34;
- maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The condensed interim financial information of the Company for the six-month period ended 30 June 2013 was approved by management on 9 August 2013.

On behalf of management of the Company:

Peter Foster
President

9 August 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

9 August 2013
Almaty, Republic of Kazakhstan

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of JSC Air Astana:

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review 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 accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Deloitte, LLP

9 August 2013
Almaty, Republic of Kazakhstan

JOINT STOCK COMPANY AIR ASTANA

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH AND THE SIX-MONTH PERIODS ENDED 30 JUNE 2013 (UNAUDITED)

(in thousands of USD)

	Notes	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Revenue					
Passenger revenue	5	230,474	209,703	421,446	376,484
Cargo and mail	5	7,248	5,944	13,745	11,301
Other revenue	5	3,593	4,097	7,811	7,651
Total revenue		241,315	219,744	443,002	395,436
Operating expenses					
Fuel		(67,943)	(62,190)	(133,427)	(118,823)
Handling, landing fees and route charges	6	(28,914)	(22,449)	(56,671)	(45,586)
Employee costs	6	(22,894)	(21,598)	(44,577)	(41,555)
Passenger service	6	(23,122)	(19,165)	(42,280)	(35,446)
Aircraft operating lease costs	6	(20,294)	(21,306)	(40,953)	(41,732)
Engineering and maintenance	6	(21,845)	(15,720)	(38,954)	(39,475)
Selling costs	6	(12,071)	(14,543)	(22,834)	(27,167)
Aircraft crew costs	6	(9,968)	(10,357)	(20,284)	(20,382)
Depreciation and amortisation	10	(6,198)	(1,701)	(12,110)	(3,418)
Taxes, other than income tax		(1,825)	(1,867)	(3,509)	(3,389)
Property lease cost		(1,420)	(1,137)	(2,843)	(2,521)
Insurance	6	(1,398)	(1,316)	(2,768)	(2,613)
Information technology		(724)	(757)	(1,498)	(1,542)
Consultancy, legal and professional services		(601)	(310)	(900)	(926)
Other		(1,387)	(2,815)	(3,075)	(3,546)
Total operating expenses		(220,604)	(197,231)	(426,683)	(388,121)
Operating profit		20,711	22,513	16,319	7,315
Finance income	7	435	333	1,143	2,071
Finance costs	7	(1,639)	(2,025)	(3,064)	(2,342)
Foreign exchange (loss)/gain, net		(197)	(76)	514	(206)
Profit before tax		19,310	20,745	14,912	6,838
Income tax expense	8	(3,853)	(4,532)	(3,018)	(1,934)
Net profit for the period		15,457	16,213	11,894	4,904
Other comprehensive (loss)/income					
Foreign currency translation loss		(1,447)	(2,462)	(1,628)	(1,488)
Income tax	8	(26)	(84)	(29)	(45)
Other comprehensive loss for the period		(1,473)	(2,546)	(1,657)	(1,533)
Total comprehensive income for the period		13,984	13,667	10,237	3,371
Basic and diluted earnings per share (in USD)	17	909	953	700	288

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster
President

9 August 2013
Almaty, Republic of Kazakhstan

Alima Zamanbekova
Chief Accountant

9 August 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 33 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

JOINT STOCK COMPANY AIR ASTANA

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

(in thousands of USD)

	Notes	30 June 2013 (unaudited)	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	9	275,632	229,897
Intangible assets		2,493	2,593
Prepayments for long-term assets	13	91,335	95,053
Trade and other receivables	14	5,745	-
Guarantee deposits	11	17,429	17,601
		392,634	345,144
Current assets			
Inventories	12	43,406	42,760
Prepayments	13	19,448	21,256
Income tax prepaid		2,186	1,512
Trade and other receivables	14	57,864	46,322
Financial assets at fair value through profit or loss		264	361
Other taxes prepaid		5,618	4,096
Guarantee deposits	11	1,358	1,585
Bank deposits	15	98,859	80,476
Cash and bank balances	16	48,264	43,051
		277,267	241,419
Total assets		669,901	586,563
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17,000	17,000
Foreign currency translation reserve		(21,252)	(19,595)
Retained earnings		276,050	285,276
Total equity		271,798	282,681
Non-current liabilities			
Loans	21	-	6,456
Obligations under finance lease	22	166,510	134,033
Deferred tax liability	8	4,962	3,515
Provision for aircraft maintenance	19	5,684	4,132
		177,156	148,136
Current liabilities			
Loans	21	27,477	18,227
Current portion of obligations under finance lease	22	13,699	10,047
Deferred revenue	18	85,559	57,440
Provision for aircraft maintenance	19	13,029	16,712
Trade and other payables	20	80,803	53,040
Financial liabilities at fair value through profit or loss		380	280
		220,947	155,746
Total liabilities		398,103	303,882
Total equity and liabilities		669,901	586,563

On behalf of the Company's management:

АО «ЭЙР АСТАНА»

Peter Foster	**Alima Zamanbekova**
President	**Chief Accountant**
9 August 2013	9 August 2013
Almaty, Republic of Kazakhstan	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 2013 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
At 1 January 2012		17,000	(15,477)	242,404	243,927
Net profit for the period		-	-	4,904	4,904
Other comprehensive loss for the period		-	(1,533)	-	(1,533)
Total comprehensive income for the period		-	(1,533)	4,904	3,371
Dividends declared	17	-	-	(18,204)	(18,204)
At 30 June 2012		17,000	(17,010)	229,104	229,094
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)	17	-	-	(21,120)	(21,120)
At 30 June 2013 (unaudited)		17,000	(21,252)	276,050	271,798

On behalf of the Company's management:

Peter Foster
President

9 August 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

9 August 2013
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 2013 (UNAUDITED)
(in thousands of USD)

	Notes	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
OPERATING ACTIVITIES:			
Profit before tax		14,912	6,838
Adjustments for:			
Depreciation and amortisation of property, plant and equipment and intangible assets	10	12,110	3,418
Gain on disposal of property, plant and equipment		(360)	(166)
Change in allowance for doubtful debts		81	3,137
Foreign exchange (gain)/loss		(514)	205
Finance income	7	(941)	(2,071)
Interest expense on finance lease	7	2,313	-
Interest expense on bank loans	7	-	649
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	7	195	1,236
Operating cash flow before movements in working capital		27,796	13,246
Change in accounts receivable		(16,649)	(29,301)
Change in other receivables and prepaid expenses		(4,351)	4,905
Change in inventories		(907)	(7,801)
Change in accounts payable, accrued expenses and other current liabilities		5,702	(5,935)
Change in deferred revenue		28,607	29,487
Cash generated from operations		40,198	4,601
Income tax paid		(2,229)	(5,496)
Interest paid		(2,314)	(541)
Net cash generated from/(used in) operating activities		35,655	(1,436)
INVESTING ACTIVITIES:			
Pre-delivery payments		(7,473)	(61,311)
Refund of pre-delivery payments		4,648	-
Purchase of property, plant and equipment	9	(6,464)	(8,811)
Proceeds from disposal of property, plant and equipment		2,945	305
Purchase of intangible assets		(345)	(102)
Bank term deposits placed		(70,355)	(9,090)
Bank term deposits withdrawn		45,113	52,664
Interest received		4,115	2,628
Net cash used in investing activities		(27,816)	(23,717)

JOINT STOCK COMPANY AIR ASTANA

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

	Notes	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
FINANCING ACTIVITIES:			
Proceeds from borrowings		2,767	45,000
Repayment of finance lease		(4,846)	-
Repayment of borrowings		-	(17,000)
Net cash (used in)/received from financing activities		(2,079)	28,000
NET INCREASE IN CASH AND BANK BALANCES		5,760	2,847
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(547)	(452)
CASH AND BANK BALANCES, at the beginning of the period	16	43,051	23,995
CASH AND BANK BALANCES, at the end of the period	16	48,264	26,390

On behalf of the Company's management:

Peter Foster
President

9 August 2013
Almaty, Republic of Kazakhstan

АО «ЭЙР АСТАНА»

Alima Zamanbekova
Chief Accountant

9 August 2013
Almaty, Republic of Kazakhstan

The notes on pages 8 to 33 form an integral part of this condensed interim financial information. The independent auditor's report on review of condensed interim financial information is on page 2.

1. NATURE OF ACTIVITIES

JSC Air Astana (the "Company") is a joint stock company as defined in the Civil Code of the Republic of Kazakhstan. The Company was established as a closed joint stock company on 14 September 2001 by Resolution of the Government of the Republic of Kazakhstan #1118 dated 29 August 2001. Due to a change in legislation introduced in 2003, the Company was re-registered as a joint stock company on 27 May 2005.

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

The Company operated its maiden flight on 15 May 2002, a Boeing-737 service from Almaty to Kazakhstan's national capital, Astana. As at 30 June 2013, the Company operated 26 turbojet aircraft, of which 7 short-haul and 19 long-haul aircraft representing 5 aircraft acquired under finance lease and 21 aircraft leased under operating lease (2012: 2 turboprop and 25 turbojet aircraft, of which 8 short-haul and 19 long-haul aircraft representing 4 aircraft acquired under finance lease and 23 aircraft leased under operating lease).

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

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

2. BASIS OF PREPARATION

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

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

Functional and presentation currency

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

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

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

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

a) assets and liabilities for each reporting date presented (i.e. including comparatives) are translated at the closing rate at the reporting date;
b) income and expenses for the reporting period (i.e., including comparatives) are translated at average exchange rates during the three-month and the 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 2013	**Six-month period ended 30 June 2012**	**30 June 2013**	**31 December 2012**
US dollar (USD)	150.89	148.15	151.65	150.74
Euro (EUR)	198.21	192.21	197.90	199.22
British Pound (GBP)	232.91	233.49	231.28	243.72

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

In preparing this condensed interim financial information the Company has adopted the following Standards:
- IAS 19 (revised in 2011) "Employee Benefits"; and
- IFRS 13 "Fair Value Measurement".

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

5. REVENUE

Passenger revenue	**Three-month period ended 30 June 2013 (unaudited)**	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Passenger transportation	180,848	169,417	331,179	311,525
Fuel surcharge	36,229	29,530	65,996	45,052
Airport services	11,274	8,285	20,273	15,745
Excess baggage	2,123	2,471	3,998	4,162
	230,474	209,703	421,446	376,484

Cargo and mail revenue	**Three-month period ended 30 June 2013 (unaudited)**	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Cargo	6,801	5,479	12,851	10,451
Mail	447	465	894	850
	7,248	5,944	13,745	11,301

Other revenue	**Three-month period ended 30 June 2013 (unaudited)**	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Penalties on agency contracts	2,255	1,999	4,198	3,555
Advertising revenue	427	372	1,011	886
Income from ground services	240	151	469	312
(Loss)/gain on disposal of spare parts and other assets	(70)	129	572	208
Spare parts received free of charge	-	7	28	7
(Reversal of)/income from government subsidies	(226)	815	(95)	1,796
Other	967	624	1,628	887
	3,593	4,097	7,811	7,651

During the six-month period ended 30 June 2013, passenger and cargo revenue were generated from the following destinations:

	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Europe	104,095	87,565	173,923	146,618
Domestic	85,664	86,102	159,579	154,216
Asia	47,963	41,980	101,689	86,951
Total passenger and cargo revenue	237,722	215,647	435,191	387,785

6. OPERATING EXPENSES

Handling, landing fees and route charges	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Aero navigation	10,988	7,726	20,759	14,997
Handling charge	8,052	6,639	17,363	14,920
Landing fees	8,944	7,363	16,798	14,302
Meteorological services	543	469	1,010	922
Other	387	252	741	445
	28,914	22,449	56,671	45,586

Employee costs	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Wages and salaries of operational personnel	14,327	14,721	28,856	28,261
Wages and salaries of administrative personnel	3,356	2,919	6,454	5,557
Social tax	2,502	1,515	3,993	2,918
Wages and salaries of sales personnel	1,409	1,251	2,814	2,461
Other	1,300	1,192	2,460	2,358
	22,894	21,598	44,577	41,555

The average number of employees during the six-month period ended 30 June 2013 was 4,001 (2012: 3,750).

Aircraft operating lease costs	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Fixed lease charges	17,744	19,984	35,369	39,696
Operating lease return costs	1,561	337	3,620	337
Leased engine on wing costs	692	683	1,371	1,117
Lease of engines and rotable spare parts	297	302	593	582
	20,294	21,306	40,953	41,732

Passenger service	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Airport charges	10,437	8,574	18,845	14,633
Catering	9,325	7,962	17,085	15,765
Security	812	641	1,420	1,101
In-flight entertainment	626	566	1,201	1,121
Other	1,922	1,422	3,729	2,826
	23,122	19,165	42,280	35,446

Engineering and maintenance	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Maintenance – variable lease payments	11,518	12,274	22,242	23,183
Spare parts	4,549	2,344	7,886	5,641
Maintenance – components	3,252	1,685	3,379	8,195
Maintenance provision accrual/(reversal) (Note 19)	1,946	(1,396)	4,179	854
Technical inspection	580	813	1,268	1,602
	21,845	15,720	38,954	39,475

Selling costs	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Commissions	5,966	8,861	11,347	17,089
Reservation costs	3,761	3,620	7,182	6,844
Advertising	1,859	1,298	3,375	2,125
Interline commissions	320	289	595	501
Other	165	475	335	608
	12,071	14,543	22,834	27,167

Aircraft crew costs	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Accommodation and allowances	3,972	3,238	8,148	6,586
Contract crew	3,521	4,032	6,938	8,163
Training	2,475	3,087	5,198	5,633
	9,968	10,357	20,284	20,382

Insurance	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Hull insurance	569	537	1,157	1,122
Legal liability insurance	565	546	1,089	1,020
Medical insurance	209	174	407	343
Other	55	59	115	128
	1,398	1,316	2,768	2,613

7. FINANCE INCOME AND COSTS

Finance income	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Interest income on bank deposits	404	845	890	2,044
Income from revaluation of fair value of guarantee deposits	13	7	202	18
Other	18	(519)	51	9
	435	333	1,143	2,071

Finance costs	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Interest expense on finance lease	1,232	-	2,313	-
Bank commissions	243	208	448	457
Net unrealised loss on financial assets and liabilities at fair value through profit or loss	164	1,236	195	1,236
Interest expense on bank loans	-	581	-	649
Other	-	-	108	-
	1,639	2,025	3,064	2,342

8. INCOME TAX

Income tax for the six-month period ended 30 June is accrued using the tax rate that would be applicable to expected total annual earnings - that is, the estimated average annual effective income tax rate is applied to profit before tax of the interim period.

The Company’s income tax expense was as follows:

	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Current income tax expense	(2,571)	(1,814)	(1,542)	(871)
Deferred income tax expense	(1,282)	(2,718)	(1,476)	(1,063)
	(3,853)	(4,532)	(3,018)	(1,934)

The Company's income tax recognized in other comprehensive loss was as follows:

	Three-month period ended 30 June 2013 (unaudited)	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Deferred income tax	(26)	(84)	(29)	(45)
	(26)	(84)	(29)	(45)

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 2013 and 31 December 2012 is presented below:

	30 June 2013 (unaudited)	**31 December 2012**
Deferred tax assets		
Provision for aircraft maintenance	3,742	4,169
Trade and other payables	3,756	1,473
Trade and other receivables	1,213	1,205
Remuneration payable	-	628
Intangible assets	144	111
Total	8,855	7,586
Deferred tax liabilities		
Difference in depreciable value of property, plant and equipment	(13,747)	(11,034)
Prepaid expenses	(70)	(67)
Total	(13,817)	(11,101)
Net deferred tax liabilities	(4,962)	(3,515)

Income tax rate in the Republic of Kazakhstan, where the Company is located, at 30 June 2013 and 31 December 2012 was 20%. The taxation charge for the period 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% (2012: 20%) to the actual income tax expense recorded in the Company's condensed interim statement of comprehensive income:

	Three-month period ended 30 June 2013 (unaudited)	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Profit before tax	19,310	20,745	14,912	6,838
Income tax expense at statutory rate	3,862	4,149	2,982	1,368
Tax effect of (non-taxable income)/non-deductible expenses	(9)	383	36	566
Income tax expense	3,853	4,532	3,018	1,934

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
Cost							
At 1 January 2012	33,105	8,359	5,457	3,128	-	3,674	53,723
Additions	3,985	-	-	-	-	163,525	167,510
Disposals	(496)	(144)	-	(82)	-	-	(722)
Transfers from prepayments	-	-	-	-	37,816	-	37,816
Transfers to inventory	-	-	-	-	-	(101)	(101)
Transfers	11,287	1,810	431	370	146,642	(160,540)	-
Foreign currency translation difference	(675)	(148)	(88)	(52)	(1,994)	(88)	(3,045)
At 31 December 2012	47,206	9,877	5,800	3,364	182,464	6,470	255,181
Additions (unaudited)	-	-	-	-	-	52,319	52,319
Disposals (unaudited)	(3,275)	(470)	-	-	-	-	(3,745)
Transfers from prepayments	-	-	-	-	9,298	-	9,298
Transfers (unaudited)	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 (unaudited)	48,573	10,824	5,768	3,389	233,007	9,671	311,232
Accumulated depreciation							
At 1 January 2012	12,963	4,325	908	1,426	-	-	19,622
Charge for the year	3,624	1,446	184	449	720	-	6,423
Disposals	(204)	(122)	-	(64)	-	-	(390)
Foreign currency translation difference	(237)	(82)	(17)	(27)	(8)	-	(371)
At 31 December 2012	16,146	5,567	1,075	1,784	712	-	25,284
Charge for the period (Note 10) (unaudited)	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 (unaudited)	18,402	5,896	1,159	1,878	8,265	-	35,600
Net book value							
At 30 June 2013 (unaudited)	30,171	4,928	4,609	1,511	224,742	9,671	275,632
At 31 December 2012	31,060	4,310	4,725	1,580	181,752	6,470	229,897

As at 30 June 2013, book value of fully depreciated property, plant and equipment that is still in use was 3,397 USD thousand (unaudited) (as at 31 December 2012: USD 3,174 thousand). As at 30 June 2013 the Company's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of USD 224,742 thousand (unaudited) (as at 31 December 20122: USD 181,752 thousand) (Note 22). Rotable spare parts include aircraft modifications.

10. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 June 2013 (unaudited)	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Depreciation of property, plant and equipment	6,008	1,562	11,681	2,990
Amortisation of intangible assets	190	139	429	428
Total	6,198	1,701	12,110	3,418

11. GUARANTEE DEPOSITS

	30 June 2013 (unaudited)	**31 December 2012**
Non-current		
Guarantee deposits for leased aircraft	16,790	17,020
Other guarantee deposits	639	581
	17,429	17,601
Current		
Guarantee deposits for leased aircraft	325	391
Other guarantee deposits	1,033	1,194
	1,358	1,585
	18,787	19,186

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

Guarantee deposits for the leased aircrafts are receivable as follows:

	30 June 2013 (unaudited)	**31 December 2012**
Within one year	325	391
After one year but not more than five years	12,096	15,046
More than five years	4,751	2,231
	17,172	17,668
Fair value adjustment	(57)	(257)
	17,115	17,411

12. INVENTORIES

	30 June 2013 (unaudited)	31 December 2012
Spare parts	26,781	23,088
Fuel	6,379	8,908
Goods in transit	5,329	5,138
Crockery	1,920	2,197
De-icing liquid	1,134	581
Promotional materials	862	1,140
Uniforms	649	1,279
Blank forms	560	593
Other	465	513
	44,079	43,437
Less: allowance for obsolete and slow-moving inventories	(673)	(677)
	43,406	42,760

13. PREPAYMENTS

	30 June 2013 (unaudited)	31 December 2012
Non-current		
Prepayments for non-current assets	90,423	94,114
Advances paid for services	912	939
	91,335	95,053
Current		
Advances paid for services	14,087	15,854
Advances paid for goods	6,137	5,843
Prepayments for operating leases	4,732	5,069
	24,956	26,766
Less: allowance for non-recovery	(5,508)	(5,510)
	19,448	21,256

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

14. TRADE AND OTHER RECEIVABLES

	30 June 2013 (unaudited)	31 December 2012
Non-current		
Due from employees	5,745	-
	5,745	-
Current		
Trade receivables	49,043	29,070
Receivable from lessors – variable lease reimbursement	7,336	11,376
Due from employees	978	5,888
Subsidies receivable (Note 25)	483	242
Other	583	259
	58,423	46,835
Less: allowance for doubtful debts	(559)	(513)
	57,864	46,322

As at 30 June 2013, eight debtors including IATA Bank Settlement Plans (BSPs) as collecting agencies from the worldwide travel agencies comprised 46% of the Company's trade and other receivables (unaudited) (at 31 December 2012: eight debtors comprised 39%).

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

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

	30 June 2013 (unaudited)	31 December 2012
Tenge	28,559	19,939
US Dollar	17,304	16,039
Euro	6,610	5,083
Russian Rouble	3,944	1,535
Other	7,751	4,239
	64,168	46,835

15. BANK DEPOSITS

	30 June 2013 (unaudited)	31 December 2012
Term deposits with local banks	97,662	76,049
Guarantee deposits	20	19
Interest receivable	1,177	4,408
	98,859	80,476

As at 30 June 2013, term deposits with local banks (with an original maturity of more than three months and less than one year) earn interest in the range from 0% to 4.5% per annum (unaudited) (31 December 2012: 0.4% to 7.5%). Bank deposits have no restrictions on early withdrawal.

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

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

	30 June 2013 (unaudited)	**31 December 2012**
US Dollar	78,899	78,871
Tenge	18,002	35
Euro	1,958	1,570
	98,859	80,476

16. CASH AND BANK BALANCES

	30 June 2013 (unaudited)	**31 December 2012**
Current accounts with local banks	41,401	30,929
Current accounts with foreign banks	6,740	7,060
Cash on hand	123	87
Term deposits with local banks with original maturity less than 3 months	-	4,975
	48,264	43,051

As at 30 June 2013, current accounts with banks earn interest in the range of 0.1% to 2% per annum (unaudited) (31 December 2012: 0.2% to 2%).

Cash and bank balances are denominated in the following currencies:

	30 June 2013 (unaudited)	**31 December 2012**
US Dollar	34,260	6,261
Euro	3,945	5,341
Tenge	3,288	24,751
GBP	2,179	1,433
Indian Rupee	1,060	1,025
Chinese Yuan	850	980
Russian Rouble	825	1,362
Uzbek Soms	105	735
Other	1,752	1,163
	48,264	43,051

17. EQUITY

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

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

In May 2013, the shareholders declared a dividend payment equivalent to 35% of profit for 2012. The total amount of the dividend is USD 21,120 thousand.

In May 2012, the shareholders declared a dividend payment equivalent to 30% of profit for 2011. The total amount of the dividend of 2,694,568 thousand tenge, which was distributed and paid to each shareholder in accordance with their shareholdings.

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

	Three-month period ended 30 June 2013 (unaudited)	**Three-month period ended 30 June 2012 (unaudited)**	**Six-month period ended 30 June 2013 (unaudited)**	**Six-month period ended 30 June 2012**
Net income	15,457	16,213	11,894	4,904
Number of ordinary shares	17,000	17,000	17,000	17,000
Earnings per share – basic and diluted (KZT)	909	953	700	288

18. DEFERRED REVENUE

	30 June 2013 (unaudited)	**31 December 2012**
Unearned transportation revenue	78,596	50,146
Customer loyalty program	6,963	7,294
	85,559	57,440

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

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

19. PROVISION FOR AIRCRAFT MAINTENANCE

	30 June 2013 (unaudited)	**31 December 2012**
Engines	13,470	16,673
Aircraft reconfiguration	2,744	-
C-Check	2,499	3,529
Fokker-50 redelivery provisions	-	642
	18,713	20,844

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 2012:

	Six-month period ended 30 June 2013 (unaudited)	**Year ended 31 December 2012**
At 1 January	20,844	28,306
Accrued during the period (Note 6)	6,610	10,207
Reversed during the period (Note 6)	(2,431)	(10,016)
Used during the period	(6,196)	(7,290)
Foreign currency translation difference	(114)	(363)
At period end	18,713	20,844

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

The planned utilisation of these provisions is as follows:

	30 June 2013 (unaudited)	**31 December 2012**
Within one year	13,029	16,712
During the second year	2,444	2,248
During the third year	413	726
After the third year	2,827	1,158
Total provision for aircraft maintenance	18,713	20,844
Less: current portion	(13,029)	(16,712)
Non-current portion	5,684	4,132

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

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

20. TRADE AND OTHER PAYABLES

	30 June 2013 (unaudited)	31 December 2012
Trade payables	46,500	36,426
Dividends payable	21,018	-
Wages and salaries payable to employees	4,034	3,828
Operating lease payables	3,290	3,147
Advances received	2,098	1,952
Taxes payable	1,924	1,015
Employee unused vacation and remuneration payable	1,749	5,512
Other	190	1,160
	80,803	53,040

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

	30 June 2013 (unaudited)	31 December 2012
Tenge	50,052	23,177
US dollar	22,014	19,585
Euro	4,618	5,900
Russian roubles	1,173	893
GBP	721	1,312
Other	2,225	2,173
	80,803	53,040

21. LOANS

	30 June 2013 (unaudited)	31 December 2012
Non-current		
Non-secured non-bank loans	-	6,456
	-	6,456
Current		
Current portion of non-secured non-bank loans	27,304	18,081
Interest payable	173	146
	27,477	18,227
	27,477	24,683

On 16 March 2012, the Company entered into a renewable credit line agreement with JSC Halyk Bank for the amount of USD 45,000 thousand for the purpose of replenishment of working capital in order to meet current liabilities and not to incur interest penalties on early termination of bank deposits. Interest rate was fixed depending on loan terms from 4.5% to 7.25% per annum. The loan was secured by cash kept on the Company's current accounts and was fully repaid during August 2012. The extension till June 2014 of the current renewable credit line is not being used.

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

Under the term sheet signed during March 2013 with HSBC Bank for providing financing (guaranteed by European Export Credit Agencies) for up to USD 46,000 thousand, the Company received one Airbus 320 under finance lease on 3 May 2013.

22. OBLIGATIONS UNDER FINANCE LEASE

In 2012, the Company acquired four aircrafts under fixed interest finance lease agreements. 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 the four new Airbus are guaranteed by European Export Credit Agencies. The Company's obligations under finance leases are secured by the lessors' title to the leased assets, which as at 30 June, 2013 have a carrying value of 224,742 USD thousand (unaudited) (2012: USD 181,752 thousand) (Note 9). In May 2013 the Company acquired one further aircraft under finance lease.

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 2013.

	Minimum lease payments		**Present value of minimum lease payments**	
	30 June 2013 (unaudited)	**31 December 2012**	**30 June 2013 (unaudited)**	**31 December 2012**
To one year	18,806	14,210	13,699	10,047
Over one year to five years	73,202	57,500	44,224	43,579
Over five years	121,136	100,846	122,286	90,454
	213,144	172,556	180,209	144,080
Less: future finance charges	(32,935)	(28,476)	-	-
Present value of minimum lease payments	180,209	144,080	180,209	144,080
Included in the financial statements as:				
- current portion of finance lease obligations			13,699	10,047
- non-current portion of finance lease obligations			166,510	134,033
			180,209	144,080

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 and interest rate risk which is fixed on delivery of aircraft and in advance of delivery in the case of two new Boeing-767 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 overall strategy remains unchanged from 2012.

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

Credit risk

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

As at 30 June 2013 there was no significant concentration of credit risk in respect of trade and other receivables (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.

Commodity price risk

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

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than tenge. For amounts of assets and liabilities denominated in foreign currency refer to Notes 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 US Dollars and Euro.

The book 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.

		US dollar		Euro	
	Notes	**30 June 2013 (unaudited)**	**31 December 2012**	**30 June 2013 (unaudited)**	**31 December 2012**
Assets					
Guarantee deposits		18,450	18,913	102	83
Trade and other receivables	14	17,304	16,039	6,610	5,083
Bank deposits	15	78,899	78,871	1,958	1,570
Cash and bank balances	16	34,260	6,261	3,945	5,341
Total		148,913	120,084	12,615	12,077
Liabilities					
Loans	21	27,477	24,683	-	-
Finance lease liabilities	22	213,144	172,556	-	-
Trade and other payables	20	22,014	19,585	4,618	5,900
Total		262,635	216,824	4,618	5,900
Net currency position		(113,722)	(96,740)	7,997	6,177

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

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

A negative number below indicates a decrease in profit and equity where exchange rate changes in an opposite direction.

	Currency USD impact		Currency Euro impact	
	30 June 2013 (unaudited)	31 December 2012	30 June 2013 (unaudited)	31 December 2012
	10.72%	10.72%	10.77%	10.77%
Profit or (loss)	9,753	8,296	(689)	(532)

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

Liquidity risk management

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

Liquidity and interest risk tables

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

	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 June 2013 (unaudited)					
Financial liabilities					
Interest-free					
Trade and other payables	21,018	58,036	-	-	79,054
Financial liabilities at fair value through profit or loss	-	380	-	-	380
Fixed rate					
Non-secured non-bank loans	-	27,919	-	-	27,919
Finance lease liabilities	4,575	14,231	73,202	121,136	213,144
31 December 2012					
Financial liabilities					
Interest-free					
Trade and other payables	-	47,528	-	-	47,528
Financial liabilities at fair value through profit or loss	-	280	-	-	280
Fixed rate					
Non-secured non-bank loans	-	18,587	6,824	-	25,411
Finance lease liabilities	2,207	12,003	57,500	100,846	172,556

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

	Weighted average effective interest rate %	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 June 2013 (unaudited)						
Financial assets						
Interest-free						
Trade and other receivables	-	-	57,864	-	-	57,864
Financial assets at fair value through profit or loss	-	-	264	-	-	264
Guarantee deposits	-	-	1,358	12,712	4,717	18,787
Cash and bank balances	-	48,264	-	-	-	48,264
Fixed rate						
Bank deposits	1.66%	26,729	72,481	-	-	99,210
31 December 2012						
Financial assets						
Interest-free						
Trade and other receivables	-	-	46,322	-	-	46,322
Financial assets at fair value through profit or loss	-	-	361	-	-	361
Guarantee deposits	-	-	1,585	15,431	2,170	19,186
Cash and bank balances	-	43,051	-	-	-	43,051
Fixed rate						
Bank deposits	3.26%	40,335	40,992	-	-	81,327

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.

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.

Trade and other receivables and payables

For assets and liabilities maturing within twelve months, the carrying value approximates fair value due to the relatively short-term maturity of these financial instruments.

For financial assets and liabilities maturing in over twelve months, the fair value represents the present value of estimated future cash flows discounted at year-end market rates. Average market borrowing rates were as follows:

	30 June 2013 (% per annum) (unaudited)	**31 December, 2012 (% per annum)**
Tenge		
For 1 to 5 years	11.0%-11.4%	11.5%-13.1%
Foreign currency		
For 1 to 5 years	6.3%-12%	8.5%-10.1%

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed interim financial information approximate their fair values.

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 twelve 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 recognized at amortized cost 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 is committed to pre-delivery payments in accordance with an agreed payment schedule. Payments commenced in 2008 and the last payment is due in 2013. During 2012 the Company entered into fixed interest finance lease agreements on delivery of three of these Airbus aircraft. In May 2013 one more aircraft was delivered for which fixed interest finance lease agreement was signed. These leases are denominated in US Dollars, with a repayment term of twelve years. Loans provided by financial institutions to the lessors are guaranteed by European Export Credit Agencies. Delivery of the remaining two aircraft is scheduled for 2013.

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

During 2012, the Company finalised an agreement with Boeing to purchase three Boeing-787 and three Boeing-767 aircraft. The Company is committed to pre-delivery payments in accordance with the agreed payment schedule. In respect of the Boeing-767, 50% of pre-delivery payments are paid from own resources and 50% is financed by the borrowings (Note 21). Last pre-delivery payments are expected in 2013 and 2018 for Boeing-767 and Boeing-787 respectively. Deliveries of Boeing-767 are expected in September 2013, October 2013 and mid 2014; delivery of Boeing-787 in 2017 and 2019.

In June 2013 the Company signed a term sheet with a US financing corporation to finance purchase of up to three Boeing-767 aircraft for the amount to be guaranteed by US Export-Import Bank.

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

Operating lease commitments

Aircraft

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

Operating lease commitments include fixed lease payments and variable lease payments which vary according to flying hours and cycles. The recent contracts have provided an option to replace the variable lease payments with the letters of credit for maintenance reserves.

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

On 9 April 2013 and 26 April 2013, the Company signed letters of intent for operating leases of one and two Airbus A320 aircraft, respectively, with delivery in 2014. Based on these letters of intents on 5 and 12 July 2013 lease agreements were signed.

Non-cancellable operating lease commitments are payable as follows:

	30 June 2013 (unaudited)	**31 December 2012**
Within one year	98,406	104,919
Over one year to five years	240,325	247,685
More than five years	75,954	95,550
	414,685	448,154

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

Engine

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

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

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

Non-cancellable operating lease commitments are payable as follows:

	30 June 2013 (unaudited)	**31 December 2012**
Within one year	2,682	1,394
Over one year to five years	5,834	5,994
More than five years	1,435	1,945
	9,951	9,333

Insurance

Aviation insurance

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

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

Non – Aviation Insurance

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

- Medical insurance of employees;
- Directors, Officers and Corporate liability insurance;
- Property insurance;
- Comprehensive vehicle insurance;
- Compulsory insurance of employee from accidents during execution of labor (service) duties;
- Commercial general liability insurance (Public Liability);
- Civil liability insurance to customs authorities.

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by numerous taxes and frequent changes in legislation, official pronouncements and court decisions. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

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

In 2012, tax authorities performed tax audit for five-year period from 2006 to 2010 inclusive. During 2013 based on their final assessment, a total amount of 430,245 thousand tenge was accrued including taxes, interest and penalties. Additionally accrued taxes were paid in 2013. The Company appealed to Tax Authorities in January 2013 for the amount of 272,454 thousand tenge. Tax Authorities rejected appeal of the Company and the Company appealed to the Ministry of Finance. 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.

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 2013 to independent directors was USD 47 thousand (unaudited) (six-month period ended 30 June 2012: USD 42 thousand).

Management remuneration

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

	Three-month period ended 30 June 2013 (unaudited)	Three-month period ended 30 June 2012 (unaudited)	Six-month period ended 30 June 2013 (unaudited)	Six-month period ended 30 June 2012
Salaries and bonuses	1,228	1,156	2,183	2,200
	1,228	1,156	2,183	2,200

Transactions with related parties

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

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

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

The Company returned the Government subsidies for the six-month period ended 30 June 2013 for the amount of USD 95 thousand (unaudited) (and received for the six-month period ended 30 June 2012: USD 1,796 thousand) (Note 5). As at 30 June 2013 the outstanding amount due to the Company for subsidies was USD 483 thousand (unaudited) (31 December 2012: USD 242 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:

Services received	Six-month period ended 30 June 2013 (unaudited) Transaction value	30 June 2013 (unaudited) Outstanding balance	Six-month period ended 30 June 2012 Transaction value	31 December 2012 Outstanding balance
State-owned companies	24,608	(5,616)	14,739	(363)
Shareholders and their subsidiaries	5,717	(448)	5,080	(5,583)
	30,325	(6,064)	19,819	(5,946)

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

Services provided by the Company	Six-month period ended 30 June 2013 (unaudited) Transaction Value	30 June 2013 (unaudited) Outstanding balance	Six-month period ended 30 June 2012 Transaction Value	31 December 2012 Outstanding balance
Shareholders and their subsidiaries	564	177	716	132
	564	177	716	132

26. SUBSEQUENT EVENTS

In July 2013, the Company pre-fixed interest rates with the US financing corporation on the twelve year loans in respect of two of the Boeing-767 aircraft to be delivered in September 2013 and October 2013, respectively.

In July 2013, US Export-Import Bank approved a guarantee to support the purchase of three Boeing-767 aircraft.

In July 2013, the Company signed operating lease agreements for two leased Airbus aircraft.

In August 2013 dividends declared for 2012 (Note 17) were fully paid to each shareholder in accordance with their shareholdings.

27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The condensed interim financial information was approved by management and authorised for issue on 9 August 2013.