

JOINT STOCK COMPANY AIR ASTANA

Condensed Consolidated Interim Financial Information
for the six-month period
ended 30 June 2024 (unaudited)

JOINT STOCK COMPANY AIR ASTANA

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STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

Management is responsible for the preparation and presentation of the condensed consolidated interim financial information of JSC Air Astana (the “Company”) and its subsidiary (the “Group”) as at 30 June 2024, the results of its operations for the three- and six-month periods ended 30 June 2024, 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 consolidated 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 Standards as issued by the International Accounting Standards Board (“IFRS Standards”) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s financial position and financial performance; and
- making an assessment of the Group’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 Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group, and which enable them to ensure that the condensed consolidated interim financial information of the Group comply with IAS 34;
- maintaining statutory accounting records in compliance with the legislation of Kazakhstan and IFRS standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The condensed consolidated interim financial information for the six-month period ended 30 June 2024 was authorised for issue on 4 August 2024 by management of the Group.

On behalf of the Group’s management:


Peter Foster
Chief Executive Officer


Ibrahim Canliel
Chief Financial Officer




Saule Khassenova
Chief Accountant

4 August 2024
Almaty, Republic of
Kazakhstan

4 August 2024
Almaty, Republic of
Kazakhstan

4 August 2024
Almaty, Republic of
Kazakhstan



«КПМГ Аудит» жауапкершілігі
шектелулі серіктестік
Қазақстан, А25D6Т5, Алматы,
Достық д-лы, 180,
+7 (727) 298-08-98

KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholders of JSC Air Astana

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of JSC Air Astana (the "Company") and its subsidiary (the "Group") as at 30 June 2024, and the related condensed consolidated interim statements of profit or loss, other comprehensive income for the three- and six-month periods ended 30 June 2024, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated 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 consolidated 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 consolidated interim financial information as at 30 June 2024 and for the three- and six-month periods then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.


Mukhit Kossayev
Engagement Partner
KPMG Audit LLC
Almaty, Republic of Kazakhstan



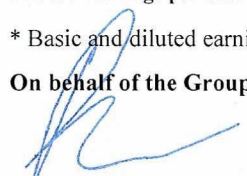
4 August 2024

JOINT STOCK COMPANY AIR ASTANA
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (UNAUDITED)
(in thousands of USD)


	Notes	Three-month period ended 30 June 2024 (unaudited)	Three-month period ended 30 June 2023 (unaudited)	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Revenue and other income					
Passenger revenue	6	304,321	280,453	561,636	512,389
Cargo and mail revenue	6	6,279	5,066	11,369	10,341
Other income	6	6,631	3,411	8,965	5,318
Gain from sale and leaseback transaction	6	5,196	-	5,196	-
Total		322,427	288,930	587,166	528,048
Operating expenses					
Fuel and oil costs		(73,281)	(65,002)	(141,896)	(122,967)
Employee and crew costs	7	(52,733)	(47,573)	(104,411)	(89,366)
Depreciation and amortisation	11	(46,494)	(39,048)	(91,589)	(76,991)
Handling, landing fees and route charges	7	(26,882)	(24,064)	(55,028)	(46,942)
Passenger service	7	(28,651)	(23,425)	(54,073)	(44,124)
Engineering and maintenance	7	(28,963)	(24,834)	(53,059)	(48,939)
Selling costs	7	(11,115)	(9,764)	(20,407)	(19,737)
Consultancy, legal and professional services		(2,207)	(1,048)	(6,403)	(2,238)
Insurance		(3,076)	(2,616)	(6,166)	(5,161)
Aircraft lease costs		(3,426)	(999)	(3,964)	(2,071)
Information technology		(1,513)	(1,716)	(3,331)	(3,126)
Taxes, other than income tax		(1,251)	(1,056)	(2,336)	(2,109)
Property and office costs		(963)	(834)	(2,216)	(1,735)
Impairment loss		-	(8)	(6)	(9)
Other		(6,436)	(4,193)	(9,127)	(6,703)
Total operating expenses		(286,991)	(246,180)	(554,012)	(472,218)
Operating profit		35,436	42,750	33,154	55,830
Finance income	8	5,088	3,580	10,201	6,470
Finance costs	8	(14,552)	(12,064)	(28,191)	(24,170)
Foreign exchange loss, net		(4,729)	(4,627)	(8,462)	(7,308)
Profit before tax		21,243	29,639	6,702	30,822
Income tax expense	9	(5,062)	(7,068)	(2,104)	(7,322)
Profit for the period		16,181	22,571	4,598	23,500
Basic earnings per share (in USD)*	19	0.045	0.074	0.013	0.077
Diluted earnings per share (in USD)*	19	0.045	0.074	0.013	0.077

* Basic and diluted earnings per share have been retrospectively recalculated to reflect the updated number of shares issued.

On behalf of the Group's management


Peter Foster
Chief Executive Officer
4 August 2024
Almaty, Republic of Kazakhstan




Ibrahim Canliel
Chief Financial Officer
4 August 2024
Almaty, Republic of Kazakhstan


Saule Khassenova
Chief Accountant
4 August 2024
Almaty, Republic of Kazakhstan

JOINT STOCK COMPANY AIR ASTANA
CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (UNAUDITED)
(in thousands of USD)

		Three-month period ended 30 June 2024 (unaudited)	Three-month period ended 30 June 2023 (unaudited)	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
	Notes				
Profit for the period		16,181	22,571	4,598	23,500
Other comprehensive income to be reclassified into profit or loss in subsequent periods:					
Cash flow hedges – effective portion of changes in fair value	18	81	(179)	899	(1,483)
Corporate income tax related to cash flow hedges – effective portion of changes in fair value		(16)	36	(180)	297
Realised net loss from cash flow hedging instruments	25	3,176	3,093	6,331	6,163
Corporate income tax related to loss from hedging instruments	25	(635)	(619)	(1,266)	(1,233)
Other comprehensive income for the period, net of income tax		2,606	2,331	5,784	3,744
Total comprehensive income for the period		18,787	24,902	10,382	27,244

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (UNAUDITED)

(in thousands of USD)

	Notes	30 June 2024 (unaudited)	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	10	991,588	853,320
Intangible assets		3,641	2,836
Prepayments for non-current assets	14	15,319	18,451
Guarantee deposits	12	34,226	33,302
Deferred tax assets	9	43,153	37,040
Trade and other receivables	15	925	1,343
		1,088,852	946,292
Current assets			
Inventories	13	67,385	67,548
Prepayments	14	24,397	24,825
Income tax prepaid		13,580	13,259
Trade and other receivables	15	60,732	23,525
Other taxes prepaid	16	11,227	10,247
Guarantee deposits	12	1,825	1,979
Cash and bank balances	17	418,190	274,006
Other financial assets	18	1,236	763
		598,572	416,152
Total assets		1,687,424	1,362,444
EQUITY AND LIABILITIES			
Equity			
Share capital	19	138,112	17,000
Functional currency transition reserve		(9,324)	(9,324)
Other reserves		29	-
Treasury shares		(2,483)	-
Reserve on hedging instruments, net of tax		(10,508)	(16,292)
Retained earnings		226,520	221,975
Total equity		342,346	213,359
Non-current liabilities			
Lease liabilities	25	643,136	543,896
Provision for aircraft maintenance	22	219,237	148,618
Other non-current liabilities		773	623
		863,146	693,137
Current liabilities			
Loans	24	209	412
Lease liabilities	25	182,318	174,997
Deferred revenue	21	135,313	84,368
Provision for aircraft maintenance	22	57,532	105,170
Trade and other payables	23	106,560	91,001
		481,932	455,948
Total liabilities		1,345,078	1,149,085
Total equity and liabilities		1,687,424	1,362,444
Book value per ordinary share (in USD)*	19	0.953	12,383.706

* Disclosure of the book value per common share is not covered by IFRS and is disclosed upon request and in accordance with the rules of KASE.

The number of ordinary shares used in calculation as of 30 June 2024 and 31 December 2023 was 355,247,026 and 17,000 respectively.

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

(in thousands of USD)

	Notes	Share capital	Treasury shares	Other reserves	Functional currency translation reserve	Reserve on hedging instruments	Retained earnings	Total equity
At 1 January 2023		17,000	-	-	(9,324)	(25,398)	169,990	152,268
Profit for the period (unaudited)		-	-	-	-	-	23,500	23,500
Other comprehensive income: Realised loss on cash flow hedging instruments, net of tax (unaudited)		-	-	-	-	3,744	-	3,744
Total comprehensive income for the period (unaudited)		-	-	-	-	3,744	23,500	27,244
Dividends declared (unaudited)		-	-	-	-	-	(16,776)	(16,776)
At 30 June 2023 (unaudited)		17,000	-	-	(9,324)	(21,654)	176,714	162,736
At 1 January 2024		17,000	-	-	(9,324)	(16,292)	221,975	213,359
Profit for the period (unaudited)		-	-	-	-	-	4,598	4,598
Other comprehensive income: Realised loss on cash flow hedging instruments and effective portion of changes in fair value of fuel call options, net of tax (unaudited)		-	-	-	-	5,784	-	5,784
Total comprehensive income for the period (unaudited)		-	-	-	-	5,784	4,598	10,382
Issue of shares (unaudited)		121,112	-	-	-	-	-	121,112
Issue costs (unaudited)		-	-	(3,091)	-	-	-	(3,091)
Treasury shares (unaudited)		-	(2,483)	-	-	-	-	(2,483)
Equity settled share-based payments (unaudited)		-	-	3,120	-	-	-	3,120
Other reserves (unaudited)		-	-	-	-	-	(53)	(53)
At 30 June 2024 (unaudited)		138,112	(2,483)	29	(9,324)	(10,508)	226,520	342,346

JOINT STOCK COMPANY AIR ASTANA

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

(in thousands of USD)

	Notes	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
OPERATING ACTIVITIES:			
Profit before tax		6,702	30,822
Adjustments for:			
Depreciation and amortisation of property and equipment and intangible assets	11	91,589	76,991
Gain on sale of property, equipment and inventory		(5,573)	(500)
Change in impairment allowance for prepayments, trade receivables, guarantee deposits and cash and bank balances	12, 14, 15,17	(365)	(92)
Write-down of obsolete and slow-moving inventories	13	(224)	(205)
Change in vacation accrual	23	1,602	883
Accrual of provision for aircraft maintenance	22	45,098	39,400
Change in customer loyalty program provision	21	2,398	420
Foreign exchange loss, net		8,462	7,308
Finance income, excluding impairment	8	(9,990)	(6,120)
Finance costs, excluding impairment	8	28,054	23,964
Gain from early return of the aircraft	25	(2,826)	-
Equity-settled share-based payment		3,120	-
Operating cash flow before movements in working capital		168,047	172,871
Change in trade and other accounts receivables		(18,895)	(14,643)
Change in prepayments		(469)	(2,422)
Change in inventories		641	(12,843)
Change in trade and other payables and provision of aircraft maintenance		(12,656)	(459)
Change in deferred revenue		48,547	52,847
Change in other financial assets		369	52
Cash generated from operations		185,584	195,403
Income tax paid		(11,333)	(18,245)
Interest received		9,955	5,881
Net cash generated from operating activities		184,206	183,039
INVESTING ACTIVITIES:			
Purchase of property and equipment		(36,647)	(25,555)
Purchase of the engine for sale and leaseback		(9,231)	-
Proceeds from disposal of property and equipment		4,548	2,257
Purchase of intangible assets		(1,206)	(1,254)
Bank and Guarantee deposits placed		(4,241)	(3,659)
Bank and Guarantee deposits withdrawn		856	2,935
Net cash used in investing activities		(45,921)	(25,276)

JOINT STOCK COMPANY AIR ASTANA**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (CONTINUED) (UNAUDITED)***(in thousands of USD)*

	Notes	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
FINANCING ACTIVITIES:			
Repayment of lease liabilities	25	(85,945)	(95,875)
Interest paid	25	(24,457)	(20,940)
Repayment of borrowings and additional financing from sale and leaseback	25	(38,220)	(10,942)
Proceeds from borrowings	25	37,600	35,000
Treasury shares		(2,483)	-
Proceeds from share issuance		121,112	-
Dividends paid	19	-	(16,776)
Net cash generated/(used) in financing activities		7,607	(109,533)
NET INCREASE IN CASH AND BANK BALANCES		145,892	48,230
Effect of exchange rate changes on cash and bank balances held in foreign currencies		(1,653)	(883)
Effects of movements in ECL on cash and bank balances		(2)	(1)
Foreign currency translation		(53)	-
CASH AND BANK BALANCES, at the beginning of the period	17	274,006	252,888
CASH AND BANK BALANCES, at the end of the period	17	418,190	300,234

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 Group on 27 May 2005.

The Company has a subsidiary JSC “FlyArystan” (formerly JSC “Aviation Company “Air Kazakhstan”) (hereinafter – the “Subsidiary”) which was acquired in November 2019 by purchasing one hundred percent of the shares and voting interests. Together the Company and the Subsidiary are referred to as the “Group”.

The operations of Subsidiary commenced in October 2023. From December 2023 to March 2024, JSC “FlyArystan” issued additionally 2,280,000 shares in favour of the Company. The total additional investment amounted to KZT 9,120,000 thousand (USD 20,268 thousand).

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

As at 30 June 2024 and 31 December 2023, the Group operated 54 and 49 turbojet aircraft that are acquired under lease.

On 15 February 2024, the Company completed its Initial Public Offering (“IPO”), raising KZT 54,256,673 thousand (USD 121,112 thousand). The Company listed simultaneously on three exchanges: Kazakhstan Stock Exchange, Astana International Exchange, and London Stock Exchange. In addition to the primary offering, the existing shareholders JSC “National Welfare Fund “Samruk-Kazyna”, and BAE Systems Kazakhstan Limited both sold their shares (or GDRs representing shares), reducing their shareholdings to 41% and 16.95%, respectively. Other shareholders had less than 10% of shares post-IPO.

2. BASIS OF PREPARATION

Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023. This condensed consolidated interim financial information should be read in conjunction with those financial statements. This condensed consolidated interim financial information does not include all the information required for full annual financial statements prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (“IFRS Standards”).

Segmental Information

There are two main operating segments of the Group, full service brand Air Astana and low cost brand FlyArystan; these include information for the determination of performance evaluation and allocation of resources by the management. The Group management uses the operating profit calculated according to IFRS standards while evaluating the performance of the segments adjusted for the impact of inter-segments leases.

Functional currency

Even though the national currency of Kazakhstan is the Kazakhstani tenge (“tenge”), the Company’s functional currency is determined as the US Dollar (“USD”). The USD reflects the economic substance of the underlying events and circumstances of the Company and is the functional currency of the primary economic environment in which the Company operates. All currencies other than the currency selected for measuring items in the condensed consolidated interim financial information are treated as foreign currencies. Accordingly, transactions and balances not already measured in USD have been premeasured in USD in accordance with the relevant accounting standard requirements.

As requested by shareholders, the Group prepares two sets of financial statements with presentation currency Kazakhstani tenge and USD as shareholders believe that both currencies are useful for the users of the Group's financial statements. This condensed consolidated interim financial information for the three- and six-month periods ended 30 June 2024 has been presented in USD. All financial information presented in USD has been rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in this condensed consolidated interim financial information are the same as those applied in the last annual financial statements.

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing this condensed consolidated interim financial information.

The following amended standards and interpretations are not expected to have a significant impact on the Group's condensed consolidated interim financial information:

- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1;*
- *Non-current Liabilities with Covenants – Amendments to IAS 1;*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7;*
- *Lease liability in a Sale and Leaseback – Amendments to IFRS 16;*
- *Lack of Exchangeability - Amendments to IAS 21;*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).*

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that were applied to the Group's annual financial statements for 2023 prepared in accordance with IFRS standards.

5. SEGMENT REPORTING

The Group's management makes decisions regarding resource allocation to segments based upon the results and the activities of its full service brand Air Astana and Low Cost brand FlyArystan segments for the purpose of segments' performance evaluation. The Group's main activities can be summarized as follows:

Air Astana

The Group's aviation activities consist of mainly domestic and international passenger and cargo air transportation as a full service brand.

FlyArystan

The Group's aviation activities consist of mainly domestic and international passenger and cargo air transportation as a low cost brand.

In 2023, the Group amended the treatment of intercompany leases costs between Air Astana and FlyArystan in its segment reporting to consistently apply IFRS 16 *Leases* in both operating segments. As a result of this change the Group has recognized the depreciation of right-of-use assets arising from these intercompany lease transactions with FlyArystan. These transactions are treated as inter segment transactions and are reflected in elimination section of the segment report. The amendments have been applied for the six-month period ended 30 June 2023. The Group does not conduct a separate analysis of the financial position for each segment.

Operating results for the six-month period ended 30 June 2024 and 30 June 2023:

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2024 (unaudited)	Inter-group elimination	Total
	Air Astana	FlyArystan		
Condensed consolidated interim statement of profit or loss				
Revenue and other income				
Passenger revenue	418,565	143,075	(4)	561,636
Cargo and mail revenue	10,148	1,221	-	11,369
Other income	8,783	749	(567)	8,965
Lease	45,636	3,914	(49,550)	-
Gain from sale and leaseback transaction	5,196	-	-	5,196
Total revenue and other income	488,328	148,959	(50,121)	587,166
Operating expenses				
Fuel and oil costs	(103,551)	(38,345)	-	(141,896)
Employee and crew costs	(79,325)	(25,432)	346	(104,411)
Depreciation and amortisation	(83,159)	(28,555)	20,125	(91,589)
Handling, landing fees and route charges	(41,971)	(13,057)	-	(55,028)
Passenger service	(47,065)	(7,008)	-	(54,073)
Engineering and maintenance	(45,345)	(27,666)	19,952	(53,059)
Selling costs	(19,057)	(1,350)	-	(20,407)
Consultancy, legal and professional services	(6,332)	(166)	95	(6,403)
Insurance	(4,230)	(1,936)	-	(6,166)
Aircraft lease costs	(6,175)	(2,258)	4,469	(3,964)
Information technology	(2,377)	(954)	-	(3,331)
Property and office costs	(1,970)	(246)	-	(2,216)
Other	(10,821)	(649)	1	(11,469)
Total operating expenses	(451,378)	(147,622)	44,988	(554,012)
Operating profit	36,950	1,337	(5,133)	33,154

'000 USD	Six-month period ended 30 June 2023 (unaudited)	Six-month period ended 30 June 2023 (unaudited)	Inter-group elimination	Total
	Air Astana	FlyArystan		
Condensed consolidated interim statement of profit or loss				
Revenue and other income				
Passenger revenue	398,309	114,080	-	512,389
Cargo and mail	9,603	738	-	10,341
Other income	4,598	720	-	5,318
Lease	38,281	-	(38,281)	-
Total revenue and other income	450,791	115,538	(38,281)	528,048
Operating expenses				
Fuel and oil costs	(94,103)	(28,864)	-	(122,967)
Employee and crew costs	(70,275)	(19,091)	-	(89,366)
Depreciation and amortisation	(75,690)	(19,963)	18,662	(76,991)
Engineering and maintenance	(44,768)	(18,978)	14,807	(48,939)
Handling, landing fees and route charges	(37,178)	(9,764)	-	(46,942)
Passenger service	(38,089)	(6,035)	-	(44,124)
Selling costs	(17,599)	(2,138)	-	(19,737)
Insurance	(3,718)	(1,443)	-	(5,161)
Information technology	(2,417)	(709)	-	(3,126)
Consultancy, legal and professional services	(2,164)	(74)	-	(2,238)
Aircraft lease costs	(1,272)	(1,207)	408	(2,071)
Property and office costs	(1,611)	(124)	-	(1,735)
Other	(8,395)	(426)	-	(8,821)
Total operating expenses	(397,279)	(108,816)	33,877	(472,218)
Operating profit	53,512	6,722	(4,404)	55,830

6. REVENUE AND OTHER INCOME

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
	Passenger revenue	
Scheduled passenger flights	522,325	488,348
<i>including:</i>		
<i>Fuel surcharge</i>	43,026	49,767
<i>Airport services</i>	27,725	24,229
<i>Excess baggage</i>	2,836	3,160
Charter flights	39,311	24,041
	561,636	512,389

Passenger revenue increased by USD 49,247 thousand, or 10% increase, for the period ended 30 June 2024 as compared to the same period in 2023.

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
	Cargo and mail	
Cargo-Regular	10,371	9,353
Mail	998	988
	11,369	10,341

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Other income		
Incidental income	6,969	899
Income from ground services	853	709
Gain on disposal of spare parts and other assets	377	2,757
Other	766	953
	8,965	5,318

The Group purchased a spare engine in June 2024 which was immediately sold as part of a sale and leaseback transaction. The Group measured the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group recognized a net gain of USD 5,196 thousand which represents the excess of the sale proceeds over lease liabilities and the changes in engine's related assets. The Group has sold a spare engine for the total amount of USD 18,750 thousand and recognised a right-of-use asset of USD 5,491 thousand and lease liabilities of USD 9,814 thousand. Under the lease agreement the Group has leased back the spare engine for eight years with monthly payments. The Group has recognised USD 9,231 thousand as the purchase of the engine for the sale and leaseback transaction in investing activities in the consolidated statement of cash flows.

During the six-months periods ended 30 June 2024 and 30 June 2023, passenger, cargo and mail revenue, representing total revenue from contracts with customers, were generated from the following destinations in each operating segment:

'000 USD	Operating segments		
	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2024 (unaudited)
	Air Astana	FlyArystan	Total
Domestic	116,904	115,423	232,327
Asia and Middle East	181,195	13,004	194,199
Europe	99,214	5,211	104,425
CIS	31,400	10,654	42,054
Total revenue from passenger, cargo and mail	428,713	144,292	573,005

'000 USD	Operating segments		
	Six-month period ended 30 June 2023 (unaudited)	Six-month period ended 30 June 2023 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
	Air Astana	FlyArystan	Total
Domestic	113,015	84,692	197,707
Asia and Middle East	153,152	8,050	161,202
Europe	107,804	9,368	117,172
CIS	33,941	12,708	46,649
Total revenue from passenger, cargo and mail	407,912	114,818	522,730

7. OPERATING EXPENSES

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Employee and crew costs		
Wages and salaries	80,491	67,749
Accommodation and allowances	8,587	7,957
Social tax	7,038	5,893
Training	3,137	3,802
Other	5,158	3,965
	104,411	89,366

The average number of employees during the six-month period ended 30 June 2024 was 5,628 (30 June 2023: 5,407).

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Engineering and maintenance		
Maintenance – provisions (Note 22)	45,098	39,400
Maintenance – variable lease payments	7,841	6,605
Spare parts	7,421	5,909
Technical inspection	1,767	1,185
Maintenance – components*	(9,068)	(4,160)
	53,059	48,939

* During the six-month period ended 30 June 2024 and 2023 the Group received compensation amounts from suppliers of USD 16,563 thousand and USD 5,590 thousand respectively.

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Handling, landing fees and route charges		
Handling charge	24,508	19,810
Aero navigation	19,390	17,088
Landing fees	10,047	9,142
Other	1,083	902
	55,028	46,942

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Passenger service		
Airport charges	24,717	21,024
Catering	17,976	13,628
Security	2,701	2,399
In-flight entertainment	2,622	2,406
Other	6,057	4,667
	54,073	44,124

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Selling costs		
Reservation costs	11,821	10,574
Commissions	4,827	4,672
Advertising	3,412	4,094
Other	347	397
	20,407	19,737

8. FINANCE INCOME AND COSTS

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Finance income		
Interest income on bank deposits	9,742	5,873
Other	459	597
	10,201	6,470

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Finance costs		
Interest expense on lease liabilities (Note 26)	25,341	21,161
Interest expense on bank loans (Note 26)	519	1,299
Other	2,331	1,710
	28,191	24,170

9. INCOME TAX EXPENSE

The Group's income tax expense for the six-month period ended 30 June was as follows:

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Current income tax		
Current income tax	(12,471)	(18,923)
Adjustment recognised in the current year in relation to the current tax of prior years	2,028	1,824
	(10,443)	(17,099)
Deferred tax		
Deferred income tax benefit	8,339	9,777
	8,339	9,777
	(2,104)	(7,322)

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. In addition, as the Company has a functional currency that is different from the currency of the country in which it is domiciled, it recognises temporary differences on changes in exchange rates which lead to changes in the tax basis rather than the book basis.

The tax effect on the major temporary differences that give rise to the deferred income tax assets and liabilities as at 30 June 2024 and 31 December 2023 is presented below.

'000 USD	30 June 2024 (unaudited)	31 December 2023
Deferred tax assets		
Lease liabilities	156,961	132,305
Provision for aircraft maintenance	55,354	50,758
Trade and other payables	5,687	5,219
Trade receivables	3,544	3,674
Tax loss carried forward	229	41
Other	1,003	1,047
Total	222,778	193,044

'000 USD	30 June 2024	31 December 2023
Deferred tax liabilities	(unaudited)	(unaudited)
Right of use assets	(144,318)	(120,772)
Difference in depreciable value of property, plant and equipment and intangible assets	(29,957)	(31,309)
Inventories	(3,260)	(2,621)
Prepaid expenses	(1,479)	(477)
Other	(611)	(825)
Total	(179,625)	(156,004)
Net deferred tax assets	43,153	37,040

Movements in deferred tax assets and liabilities presented above were recorded in profit or loss accounts, except for USD 1,446 thousand related to carried forward corporate income tax losses, which were recognised in equity relating to the realised portion of deferred tax on cash flows hedge and effective portion of changes in fair value (six-month ended 2023: USD 936 thousand).

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 ten years.

The income tax rate in the Republic of Kazakhstan, where the Group is located, at 30 June 2024 and 31 December 2023 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 or loss before income tax.

Below is a reconciliation of theoretical income tax at 20% (2023: 20%) to the actual income tax benefit recorded in the Group's condensed consolidated interim statement of profit or loss:

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Profit before tax	6,702	30,822
Corporate income tax %	20%	20%
Income tax expense at statutory rate	(1,340)	(6,164)
USD forex effect	484	67
Tax effect of non-deductible expenses	(1,248)	(1,225)
Income tax expense	(2,104)	(7,322)

10. PROPERTY AND EQUIPMENT

'000 USD	Rotable spare parts	Office and training equipment	Building, premises and land	Vehicles	Aircraft under lease	Equipment-in-transit and construction-in-progress	Total
Cost							
At 1 January 2023	102,892	11,987	38,324	2,682	1,265,967	10,179	1,432,031
Additions (unaudited)	10,304	1,304	8,828	116	33,856	1,556	55,964
Disposals (unaudited)	(4,332)	(366)	(1,771)	(65)	(13,251)	-	(19,785)
Other transfers	-	8,312	2,106	-	-	(10,418)	-
At 30 June 2023 (unaudited)	108,864	21,237	47,487	2,733	1,286,572	1,317	1,468,210
At 1 January 2024	116,178	23,435	48,084	2,868	1,415,345	2,497	1,608,407
Additions (unaudited)	25,447	2,362	3,528	249	198,625	3,670	233,881
Disposals (unaudited)	(2,232)	(237)	-	(112)	(20,143)	-	(22,724)
At 30 June 2024 (unaudited)	139,393	25,560	51,612	3,005	1,593,827	6,167	1,819,564
Accumulated depreciation							
At 1 January 2023	39,485	7,595	14,051	1,534	551,781	-	614,446
Charge for the period (unaudited) (Note 11)	6,017	708	1,918	96	67,877	-	76,616
Disposals (unaudited)	(2,514)	(361)	(1,276)	(49)	(13,045)	-	(17,245)
At 30 June 2023 (unaudited)	42,988	7,942	14,693	1,581	606,613	-	673,817
At 1 January 2024	48,544	8,726	15,433	1,671	680,713	-	755,087
Charge for the period (unaudited) (Note 11)	5,968	1,229	2,310	79	81,602	-	91,188
Disposals (unaudited)	(673)	(229)	-	(79)	(17,318)	-	(18,299)
At 30 June 2024 (unaudited)	53,839	9,726	17,743	1,671	744,997	-	827,976
Net book value							
At 30 June 2023 (unaudited)	65,876	13,295	32,794	1,152	679,959	1,317	794,393
At 30 June 2024 (unaudited)	85,554	15,834	33,869	1,334	848,830	6,167	991,588

In determining the Group's geographical information, assets, which consist principally of aircraft and ground equipment are mainly registered in the Republic of Kazakhstan. Accordingly, there is no reasonable basis for allocating the assets to geographical segments.

The Group's obligations under leases are secured by the leased assets which have a carrying amount of USD 848,830 thousand (unaudited) (31 December 2023: USD 734,632 thousand) (Note 25). The total amount of Aircraft Under Lease as at 30 June 2024 includes 22 Airbus aircraft related to the FlyArystan division with a net book value of USD 345,721 thousand (2023: 18 Airbus aircraft with a net book value of USD 271,447 thousand).

As per the loan agreement with JSC Halyk Bank of Kazakhstan, the Technical Center (Hangar) in Astana, with a carrying amount of USD 18,199 thousand, is currently pledged in favor of JSC Halyk Bank of Kazakhstan.

The cost of fully depreciated items as at 30 June 2024 is USD 20,891 thousand (31 December 2023: USD 22,250 thousand).

11. DEPRECIATION AND AMORTISATION

'000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Depreciation of property and equipment (Note 10)	91,188	76,616
Amortisation of intangible assets	401	375
Total	91,589	76,991

12. GUARANTEE DEPOSITS

'000 USD	30 June 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Guarantee deposits for leased aircraft	33,341	32,233
Other guarantee deposits	1,362	1,599
Impairment allowances	(477)	(530)
	34,226	33,302
<i>Current</i>		
Other guarantee deposits	1,361	1,580
Guarantee deposits for leased aircraft	464	400
Impairment allowances	-	(1)
	1,825	1,979
	36,051	35,281

Guarantee deposits for leased aircraft comprise security deposits required by the lease agreements as security for future lease payments to be made by the Group. Guarantee deposits are denominated primarily in US Dollars. The Group assesses credit risk for such deposits as low mainly because almost all lessors are rated from AA to BBB in accordance with Standard and Poor's Global Ratings (S&P Global Ratings) credit quality grades. For those lessors who are not credit rated by international rating agencies, the management calculates the expected credit loss based on the assumption that such lessors are rated at CCC by S&P Global Ratings. The amount of deposits with such lessors is USD 3,157 thousand and USD 3,732 thousand as of 30 June 2024 and 31 December 2023, respectively.

As at 30 June 2024, the Group had guarantees and stand-by letters of credit in JSC Halyk Bank of Kazakhstan in the amount of USD 10,043 thousand, USD 13,416 thousand in JSC Altyn Bank and USD 16,417 thousand in JSC Citibank Kazakhstan.

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

'000 USD	30 June 2024 (unaudited)	31 December 2023
Within one year	464	400
After one year but not more than five years	9,321	11,456
More than five years	24,044	20,804
	33,829	32,660
Fair value adjustment at initial recognition	(24)	(27)
	33,805	32,633

13. INVENTORIES

'000 USD	30 June 2024 (unaudited)	31 December 2023
Spare parts	45,006	41,548
Fuel	10,699	14,733
Crockery	4,353	4,136
Goods in transit	3,748	4,238
Uniforms	1,547	1,825
Promotional materials	1,285	2,586
Other	5,760	3,719
	72,398	72,785
Less: cumulative write-down for obsolete and slow-moving inventories	(5,013)	(5,237)
	67,385	67,548

14. PREPAYMENTS

'000 USD	30 June 2024 (unaudited)	31 December 2023
<i>Non-current</i>		
Advances for services	9,096	9,146
Prepayments for long-term assets	6,223	9,305
	15,319	18,451
<i>Current</i>		
Advances for services	14,061	11,506
Advances for goods	8,549	10,934
Prepayments of leases without transfer of legal title	1,925	2,569
	24,535	25,009
Less: impairment allowance for prepayments	(138)	(184)
	24,397	24,825

As at 30 June 2024 prepayments for long-term assets include prepayments to Boeing as pre-delivery payment for three aircraft (Note 27).

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

15. TRADE AND OTHER RECEIVABLES

'000 USD	30 June 2024	31 December 2023
	(unaudited)	
<i>Non-current</i>		
Other financial assets	45,040	45,258
Due from employees and Ab-initio pilot trainees	925	1,343
	45,965	46,601
Less: impairment allowance	(45,040)	(45,258)
w	925	1,343
<i>Current</i>		
Trade receivables	60,012	23,135
Due from employees and Ab-initio pilot trainees	1,635	1,354
	61,647	24,489
Less: impairment allowance	(915)	(964)
	60,732	23,525

As of 30 June 2024 current trade receivables include USD 18,750 thousand related to the sale and leaseback transaction (Note 6).

The movements in impairment allowance on trade and other receivables for the periods six-months ended 30 June 2024 and 30 June 2023 were:

'000 USD	Six-month period	Six-month period
	ended	ended
	30 June 2024	30 June 2023
	(unaudited)	(unaudited)
At the beginning of the period	(46,222)	(46,521)
Accrued during the period	(698)	(23)
Reversed during the period	705	360
Foreign currency difference	260	(104)
At the end of the period	(45,955)	(46,288)

In 2016, due to the significant credit quality deterioration, KazInvestBank JSC announced that its banking license was recalled, and Delta Bank JSC experienced temporary suspension of its license for accepting new deposits and opening new accounts on 22 May 2017. Consequently, the management reclassified all funds held with these banks from the bank deposit line item to non-current trade and other receivables and recognised an impairment allowance of approximately 90% of the funds as at 31 December 2016.

As at 30 June 2024 the allowance for those banks comprises 100% of their gross balances.

Amounts due from trainees of the Ab-initio pilot program in respect of the portion of their initial training costs are classified as interest free loans. The remaining costs are classified by the Group as a prepayment of its expenses and are amortised over a period of seven years, during which period the Group has a right to oblige these expenses also to become payable by the pilot trainees should such pilot trainee terminate his/her employment. The alumni of the Ab-initio pilot program can either repay the remaining training cost by cash or defer for the future so that this amount becomes payable only 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.

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

'000 USD	30 June 2024	31 December 2023
	(unaudited)	
US Dollar	27,166	2,070
Tenge	25,210	16,008
Euro	1,744	1,757
Other	7,537	5,033
	61,657	24,868

16. OTHER TAXES PREPAID

'000 USD	30 June 2024 (unaudited)	31 December 2023
Value-added tax recoverable	10,503	9,722
Other taxes prepaid	724	525
	11,227	10,247

Value-added tax receivable is recognised within current assets as the Group annually applies for reimbursement of these amounts.

17. CASH AND BANK BALANCES

'000 USD	30 June 2024 (unaudited)	31 December 2023
Term deposits with an initial maturity of less than 3 months	299,174	178,313
Current accounts with foreign banks	106,686	85,661
Current accounts with local banks	6,646	9,578
US Treasury Bills	5,006	-
Cash in hand	106	111
Accrued interest	584	353
	418,202	274,016
Impairment allowance	(12)	(10)
	418,190	274,006

Cash and bank balances are denominated in the following currencies:

'000 USD	30 June 2024 (unaudited)	31 December 2023
US Dollar	395,622	262,832
Euro	7,569	1,686
Tenge	6,198	3,869
Indian Rupee	4,622	2,164
British Pound	2,454	1,504
Other	1,725	1,951
	418,190	274,006

18. OTHER FINANCIAL ASSETS

The Group signed agreements and entered into transactions with various financial institutions to manage the risk of significant changes in aviation fuel prices. In accordance with the terms, the financial institutions agreed to compensate the Group the excess between the actual price of crude oil and the ceiling price specified in the agreements. The fair value has been determined using a valuation model with market observable parameters.

Loss on fuel options of USD 916 thousand was added to fuel costs during the six-month period ended 30 June 2024 (six-month period ended 30 June 2023: loss of USD 1,761 thousand).

'000 USD	Call option (purchase)
At 1 January 2023	1,660
Loss included in "fuel costs"	(1,761)
Acquisition of fuel options	1,709
Loss included in OCI - Net change in fair value	(1,483)
At 30 June 2023 (unaudited)	125
At 1 January 2024	763
Loss included in "fuel costs"	(916)
Loss included in "finance cost" as ineffective part	(58)
Acquisition of fuel options	1,192
Gain included in OCI - Net change in fair value	899
Payment of exercised contracts	(587)
Reclassification to accounts receivable on exercised instruments	(57)
At 30 June 2024 (unaudited)	1,236

19. EQUITY

As at 30 June 2024 share capital was comprised of 355,247,026 authorised, issued and fully paid ordinary shares (31 December 2023: 17,000 ordinary shares). 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 Group.

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 standards. 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 2024 the Company had retained earnings, including the profit for the current period, of USD 226,517 thousand (31 December 2023: USD 221,975 thousand), and total equity of USD 342,346 thousand (31 December 2023: USD 213,359 thousand).

On 31 March 2023, a general annual meeting of the Company's shareholders was held. The general meeting decided to distribute 20% of the Company's net profit for 2022 in the amount of KZT 7,516,580 thousand (equivalent of USD 16,776 thousand) between the Company's shareholders in proportion to their interests. The dividends were fully paid on 26 May 2023.

No dividends were declared during the six months ended 30 June 2024.

On 8 July 2022 the Company changed the number of authorised ordinary shares from 17,000 to 1,700,000. On 10 January 2024 existing shares were split to 306,000,000 shares and additional 60,000,000 shares were authorised for issue.

As at 30 June 2024 the number of authorised but not issued shares is 9,473,685.

On 30 April 2024 the Company announced buyback programme to purchase ordinary shares of the Company and global depository receipts representing shares. The purpose of the programme is to meet the Company's obligations arising from its employee incentive programmes. For the first part of the programme, the Company intends to purchase up to 4,786,800 shares (in the form of shares and GDRs), which currently constitutes approximately 1.3% of the total number of placed shares of the Company (including those represented by GDRs), for a maximum consideration of USD 12,000 thousand (including ancillary costs). This part of the programme commenced on 30 April 2024 and ends no later than 8 February 2025.

The calculation of basic earnings per share is based on profit or loss for the period and the weighted average number of ordinary shares outstanding during the reporting periods. Comparative figures for the six-month period ended 30 June 2023 are based on profit or loss for the period and the updated number of ordinary shares outstanding after the share split of 306,000,000.

The total amount of treasury share as at 30 June 2024 is 1,279,289 shares.

	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Profit for the period	4,598	23,500
Weighted average number of ordinary shares in issue used for basic earnings per share	343,772,542	306,000,000
Earnings per share – basic (USD)	0.013	0.077
	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Profit for the period	4,598	23,500
Weighted average number of ordinary shares used for diluted earnings per share	343,772,542	306,000,000
Earnings per share – diluted (USD)	0.013	0.077

Outstanding employee share schemes does not have a dilutive impact on the earnings per share for the six-month period ended 30 June 2024.

Book value per share

In accordance with the KASE decision dated 4 October 2010, financial statements must contain information on the book value per share (common and preferred) as of the reporting date, calculated in accordance with the rules approved by the KASE.

	<u>30 June 2024</u>	<u>31 December 2023</u>
Total assets	1,687,424	1,362,444
Less: intangible assets	(3,641)	(2,836)
Less: total liabilities	(1,345,078)	(1,149,085)
Net Asset Value	338,705	210,523
Number of ordinary shares	355,247,026	17,000
Book value per ordinary share (in USD)	<u>0.953</u>	<u>12,383.706</u>

20. SHARE-BASED PAYMENTS

The Group operates share-based payment schemes as part of the total remuneration package provided to employees. These schemes include share award plans in which shares are provided to employees at no cost, subject to the Group achieving specified performance targets. All the schemes imply equity settlement.

IPO Award

The IPO Award plan is granted to key management personnel. The IPO Award plan vests after one year from the IPO date, subject to continued service, with no further performance conditions. The fair value of IPO Award is based on the market value of the share at the reporting date, KZT 954.71 (USD 2.025).

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) is a recurring plan granted to the key management personnel, following the announcement of full year results of each third IPO anniversary. The LTIP award is subject to the achievement of performance conditions: 60% of the award is based on a range of net profit margin targets for the 2026 year-end, and 40% of the award is based on the Company’s total shareholder return (“TSR”) performance against a peer group of other airlines. The total award amount is determined by the fulfilment of these performance conditions. The plan terminates on the tenth anniversary. The fair value of LTIP is based on the market value of the share at the reporting date, KZT 954.71 (USD 2.025).

The fair value of awards granted within LTIP was determined at reporting date using a binomial model (The Cox-Ross-Rubinstein binomial model) for TSR and Monte Carlo model for EPS with the following assumptions:

Inputs into the Models	<u>Long-Term Incentive Plan</u>
Market share price	2.025
Expected volatility	4.05%
Expected dividends	dividend payment is not expected
Risk-free interest rate (based on US Treasury bonds)	4.67%

The expected volatility of Group’s share return was determined as the median volatility of peer companies’ share returns. Based on the model, as of 30 June 2024, the weighted average performance conditions level for EPS and TSR is 72%.

Employee Share Ownership Plan

The Employee Share Ownership Plan (ESOP) is granted to eligible employees who had worked for the company for at least 1 year prior to the IPO. The ESOP will vest one year after the IPO with no further performance conditions except for continuous service.

The fair value of awards granted within the ESOP is based on the market value of the share at the reporting date, which is KZT 954.71 (USD 2.025).

Total Number of Awards Granted

Number of awards	Employee Incentive Plan
Outstanding at 1 January 2024	-
Granted	6,189,494
Forfeited	(97,389)
Outstanding at 30 June 2024	6,092,105

The fair value of share rights at reporting date granted to employees is recognised as an expense, within “Employee and crew costs” in profit or loss, over the vesting periods (1 and 3 years). The corresponding entry is reflected directly in equity.

Total expense recognised in the six-month period ended 30 June 2024 in respect to equity-settled share-based payment was USD 3,900 thousand before income tax of USD 780 thousand.

21. DEFERRED REVENUE

’000 USD	30 June 2024 (unaudited)	31 December 2023
Unearned transportation revenue	120,987	72,440
Customer loyalty program provision	14,326	11,928
	135,313	84,368

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 Group’s Nomad Club program.

22. PROVISION FOR AIRCRAFT MAINTENANCE

’000 USD	30 June 2024 (unaudited)	31 December 2023
Engines	233,587	210,975
D-Check	19,541	22,486
Provision for redelivery of aircraft	6,566	5,864
Landing gear	6,234	6,141
C-Check	5,853	2,994
Auxiliary Power unit	4,988	5,328
	276,769	253,788

The movements in the provision for aircraft maintenance were as follows for the six-month periods ended 30 June 2024 and 30 June 2023:

’000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
At 1 January	253,788	189,643
Accrued during the period (Note 7)	45,875	40,933
Unwinding of the discount	2,076	1,457
Recognised in property, plant and equipment	856	-
Reversed during the period (Note 7)	(777)	(1,533)
Used during the period	(25,049)	(10,034)
At 30 June (unaudited)	276,769	220,466

Under the terms of certain lease agreements without transfer of title for aircraft, the Group 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:

'000 USD	30 June 2024 (unaudited)	31 December 2023
Within one year	57,532	105,170
During the second year	66,831	62,411
During the third year	76,096	59,412
After the third year	76,310	26,795
Total provision for aircraft maintenance	276,769	253,788
Less: current portion	57,532	105,170
Non-current portion	219,237	148,618

The shop visit dates have been revised due to changes in schedule in 2024. These changes affected the shop visit plan and the maturity dates of provisions.

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 leases without transfer of title 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
- and no provisions have been made for unscheduled maintenance.

23. TRADE AND OTHER PAYABLES

'000 USD	30 June 2024 (unaudited)	31 December 2023
Trade payables	69,032	62,929
Advances received	12,132	8,570
Deposits received from agents	9,752	7,250
Due to employees	7,142	6,860
Taxes payable	4,280	1,637
Vacation pay accrual	2,607	1,005
Pension contribution	1,064	1,014
Other	551	1,736
	106,560	91,001

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

'000 USD	30 June 2024 (unaudited)	31 December 2023
US Dollar	47,267	37,505
Tenge	46,438	43,945
Euro	8,218	4,395
British Pound	795	958
Other	3,842	4,198
	106,560	91,001

24. LOANS

'000 USD	30 June 2024 (unaudited)	31 December 2023
<i>Current</i>		
Current portion of bank loan	209	412
	209	412

On 12 August 2019 the Group opened a Credit Line in JSC Halyk Bank of Kazakhstan for USD 40,000 thousand for 3 years, for the purpose of working capital financing. Later, during 2020 the credit line was increased up to USD 160,000 thousand and tenor extended until 10 September 2025. The Technical Center (Hangar) in Astana, with a carrying amount of USD 18,276 thousand, is pledged in favor of JSC Halyk Bank of Kazakhstan (Note 10).

During January and February 2024, the Group obtained new short-term loans for working capital needs from JSC Halyk Bank of Kazakhstan and JSC Citibank Kazakhstan in amount of KZT 9,000,000 thousand (USD 19,733 thousand) and KZT 8,000,000 thousand (USD 17,792 thousand). The loans were fully repaid in February 2024.

As of 30 June 2024 the Group had available credit lines totalling USD 142,900 thousand with the option to be utilised until September 2025 at JSC Halyk Bank of Kazakhstan. Additionally, there are revolving credit line of USD 20,000 thousand at Citibank Kazakhstan JSC. Both credit lines are for financing working capital management.

As at 30 June 2024 and 31 December 2023 the Group's loans are fully denominated in US Dollar.

25. LEASE LIABILITIES

During the years from 2012 to 2014 the Group acquired ten aircraft under fixed interest lease agreements with transfer of title. The lease term for each aircraft is twelve years. The Group has an option to purchase each aircraft for a nominal amount at the end of the lease. Other aircraft lease contracts are concluded for eight years without repurchase options at the end of the lease terms.

As at 30 June 2024 the Group has five Airbus and three Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2023: five Airbus and three Boeing 767 aircraft).

Loans provided by financial institutions to the lessors in respect of five 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.

The Group's leases with transfer of title 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 lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met as at 30 June 2024 and 30 June 2023.

All other aircraft leases other than described above are contracted without the right for purchase at the end of the lease term.

The Group's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of USD 848,830 thousand (31 December 2023: USD 734,632 thousand) (Note 10).

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2024 (unaudited)	31 December 2023	30 June 2024 (unaudited)	31 December 2023
'000 USD				
Not later than one year	232,480	214,585	182,318	174,997
Later than one year and not later than five years	595,580	512,484	492,462	431,400
Later than five years	163,243	121,453	150,674	112,496
	991,303	848,522	825,454	718,893
Less: future finance charges	(165,849)	(129,629)	-	-
Present value of minimum lease payments	825,454	718,893	825,454	718,893
Included in the financial information as:				
- current portion of lease obligations			182,318	174,997
- non-current portion of lease obligations			643,136	543,896
			825,454	718,893

The Group's lease obligations are mainly denominated in US Dollars.

Reconciliation of movements of loans and lease liabilities to cash flows arising from financing activities

'000 USD	Loans (Note 24)	Lease liabilities	Total
Balance as at 1 January 2024	412	718,893	719,305
Changes from financing cash flows			
Repayment of borrowings	(38,017)	-	(38,017)
Proceed from borrowings	37,600	-	37,600
Repayment of lease liabilities	-	(85,945)	(85,945)
Interest paid	(519)	(23,938)	(24,457)
Repayment of additional financing	(203)	-	(203)
Total changes from financing cash flows	(1,139)	(109,883)	(111,022)
The effect of changes in foreign exchange rates	417	(285)	132
Other changes			
New leases and modifications	-	196,877	196,877
Non-cash settlement due to netting with guarantee deposits	-	(2,663)	(2,663)
Revenue from early return	-	(2,826)	(2,826)
Interest expense (Note 8)	519	25,341	25,860
Total other changes	519	216,729	217,248
Balance as at 30 June 2024	209	825,454	825,663

'000 USD	Loans (Note 24)	Lease liabilities	Total
Balance as at 1 January 2023	12,096	732,804	744,900
Changes from financing cash flows			
Repayment of borrowings	(10,750)	-	(10,750)
Proceed from borrowings	35,000	-	35,000
Repayment of lease liabilities	-	(95,875)	(95,875)
Interest paid	(1,196)	(19,744)	(20,940)
Repayment of additional financing	(192)	-	(192)
Total changes from financing cash flows	22,862	(115,619)	(92,757)
The effect of changes in foreign exchange rates	-	91	91
Other changes			
New leases and modifications	-	31,496	31,496
Interest expense (Note 8)	1,299	21,161	22,460
Total other changes	1,299	52,657	53,956
Balance as at 30 June 2023	36,257	669,933	706,190

On 1 July 2015 the Group designated a portion of its US dollar lease obligations as hedges of highly probable future US Dollar revenue streams. The Group applied the cash flow hedge accounting model to this hedging transaction, in accordance with IAS 39.

In connection with the transition of the functional currency to US Dollar, this hedge ceased to be economically effective from 31 December 2017. At 30 June 2024, a foreign currency loss of 13,281 USD thousand (31 December 2023: USD 19,613 thousand), before income tax of USD 2,656 thousand (31 December 2023: USD 3,923 thousand) on the lease liabilities with transfer of title, representing an effective portion of the hedge, is deferred in the hedging reserve within equity. As a result of the change, the hedge relationship has been discontinued so that starting from 1 January 2018 no further foreign currency translation gains or losses are transferred from profit or loss to the hedge reserve, and the hedge reserve recognised in equity as at 31 December 2017 is reclassified to profit or loss in line with the forecasted hedge recognition which is expected to happen annually until 2025.

During the first half of 2024 the amount reclassified from the hedging reserve to foreign exchange loss in the condensed consolidated interim statement of other comprehensive income was USD 6,331 thousand (before income tax of USD 1,266 thousand) (six months ended 30 June 2023: USD 6,163 thousand (before income tax of USD 1,233 thousand)).

26. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, currency and commodity price risk arises in the normal course of the Group's business. The Group does not hedge its exposure to such risks, other than commodity price risk as discussed below.

Capital management

The Group manages its capital to ensure the Group 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 Group's current 10-year development Strategy was approved in 2017 and covers the years 2017-2026.

The capital structure of the Group consists of net debt (comprising loans and lease obligations in Notes 24 and 25) and equity of the Group (comprising issued capital, functional currency transition reserve, reserve on hedging instruments and retained earnings as detailed in Note 19).

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

The Group 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 Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The maximum exposure to credit risk related to financial instruments, such as cash, guarantee deposits and accounts receivable, is calculated on basis of 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 2024 there was no significant concentration of credit risk in respect of trade accounts receivable (Note 15).

The Group uses reputable banks and has established a prudent cash investment policy which limits the credit risk related to bank accounts and deposits.

As per the Group's cash management policy minimum credit ratings are required for banks to be added to the Group's list of accredited banks. The Group places its main amounts due from banks in banks with ratings of BBB-, or higher. The carrying amounts of financial assets represent the maximum credit exposure.

As at 30 June 2024 management believes that there has been no significant increase in credit risk of major banks and debtors in comparison to the prior year end.

Interest rate risk

The Group is not exposed to significant interest rate risk because the Group borrows funds at fixed interest rates.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the US dollar. The currency giving rise to this risk is primarily the Tenge. For amounts of assets and liabilities denominated in foreign currencies refer to Notes 15, 17 and 23.

The Group management believes that it has taken appropriate measures to support the sustainability of the Group business under the current circumstances in respect of foreign currency risk.

Foreign currency sensitivity analysis

The Group is mainly exposed to the risk of change of exchange rates of the USD against tenge.

The carrying value of the Group’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 consolidated interim financial information of the Group.

	Notes	30 June 2024	30 June 2024	31 December 2023	31 December 2023
		KZT (unaudited)	EUR (unaudited)	KZT	EUR
’000 USD					
Assets					
Other taxes prepaid	16	11,227	-	10,247	-
Trade and other receivables	15	25,210	1,744	16,008	1,757
Income tax prepaid		13,580	-	13,259	-
Cash and bank balances	17	6,198	7,569	3,869	1,686
Guarantee deposits		360	303	341	313
Total		56,575	9,616	43,724	3,756
Liabilities					
Trade and other payables	23	46,438	8,218	43,945	4,395
Lease liabilities		6,628	-	4,832	-
Total		53,066	8,218	48,777	4,395
Net position		3,509	1,398	(5,053)	(639)

As at 30 June 2024 the following table details the Group’s sensitivity of weakening of the US Dollar against the Tenge by 10% (31 December 2023: 10%) and Euro by 10 % (31 December 2023: 10%) and strengthening of the US Dollar against the Tenge by 10 % (31 December 2023: 10%) and Euro by 10 % (31 December 2023: 10%).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for above mentioned 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 and lease liabilities.

A negative number below indicates a decrease in profit or loss and positive number would be an increase on the profit or loss.

’000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
30 June 2024	10%	10%	(10%)	(10%)
Profit/(loss)	281	112	(281)	(112)

’000 USD	Weakening of US Dollar		Strengthening of US Dollar	
	Tenge	Euro	Tenge	Euro
31 December 2023	10%	10%	(10%)	(10%)
(Loss)/profit	(404)	(51)	404	51

The Group 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 lease liabilities are denominated.

Liquidity risk management

Liquidity risk is the risk that a Group will encounter difficulty in meeting the obligations associated with its liabilities that are settled by delivering cash or another financial asset. The Group’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 Group’s reputation.

Ultimate responsibility for liquidity risk management rests with the Group’s Management. The Group 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 Group’s remaining contractual maturity for its non-derivative financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
30 June 2024 (unaudited)					
Financial assets					
<i>Non interest bearing</i>					
Trade and other receivables	59,646	1,086	925	-	61,657
Guarantee deposits	304	1,521	9,866	24,384	36,075
Cash and bank balances	418,190	-	-	-	418,190
Financial liabilities					
<i>Non interest bearing</i>					
Trade and other payables	80,006	10,142	-	-	90,148
<i>Fixed rate</i>					
<i>Loans</i>					
Lease liabilities	106	106	-	-	212
	56,960	175,520	595,580	163,243	991,303

’000 USD	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	Total
31 December 2023					
Financial assets					
Trade and other receivables	22,778	747	1,343	-	24,868
Guarantee deposits	384	1,595	12,230	21,099	35,308
Cash and bank balances	274,006	-	-	-	274,006
Financial liabilities					
<i>Non-interest bearing</i>					
Trade and other payables	73,544	7,250	-	-	80,794
<i>Fixed rate</i>					
Loans	106	317	-	-	423
Lease liabilities	53,282	161,303	512,484	121,453	848,522

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.

Fuel call options

The Group uses options to hedge the risk of jet fuel price movement. The Group uses standard market instruments for fuel hedging purposes, such as “call option” (where the premium is paid in advance by the Group to cover the risk of increases of commodity price above the predetermined level). Since there is no possibility to hedge the risk of changes in jet fuel prices purchased in domestic market, the Group hedges only the amount of fuel purchased outside the Republic of Kazakhstan by signing a general agreement with several international banks on the conclusion of derivative transactions. The management of the Group determines the volume of jet fuel that will be hedged before executing the deal. Hedging is carried out according to the Fuel hedging policy approved by the directors and shareholders of the Company. The Group determines the economic relationship between the hedge instrument and the hedge item by analyzing the historic price movement of aviation fuel and Brent by performing a regression analysis. The resulting Beta coefficient is assessed for statistical significance and used as a hedge ratio.

The hedge ineffectiveness comes from the probability that due to constantly changing economic conditions the highly probable transaction, purchase of aviation fuel, might not occur.

These hedge items are highly probable future transactions planned for the second half of 2024. The hedging instrument is a crude oil call option with the strike prices of USD 85 and USD 80 per barrel. Based on a hedge ratio of 1,439, the Group hedged 294,113 barrels of fuel as of 30 June 2024 (31 December 2023: 353,884 barrels of fuel). Due to the short-term maturity the Group does not expect significant changes in the fair value of the instruments.

The fair values (FV) of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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

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

Guarantee Deposits

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

Trade and other receivables and payables

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

Loans

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

27. COMMITMENTS AND CONTINGENCIES

Capital commitments

In 2011 the Group finalized an agreement with Boeing to purchase three Boeing 787-8 aircraft (Note 14). The Group is committed to pre-delivery payments in accordance with the agreed payment schedule. The Group have an option to make further changes to the Purchase agreement.

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

Future commitments

Aircraft

Aircraft leases are for terms of between 3 to 12 years. Lease contracts contain market review clauses in the event that the parties agree to renew the leases. The Group may not have an option to purchase the leased aircraft at the expiry of the lease period.

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

Commitments for leases of aircraft to be delivered from the second half of 2024 to 2026:

'000 USD	30 June 2024	31 December 2023
	(unaudited)	
Within one year	27,818	22,166
After one year but not more than five years	660,914	511,496
More than five years	673,760	852,470
	1,362,492	1,386,132

In 2022 the Group signed operating lease agreements for twelve A320neo aircraft and for three A321neo aircraft with expected delivery dates in 2023-2025 both for expansion and replacement of retiring aircraft. Also, the Airline signed the operating lease for three B787-9 aircraft with deliveries in 2025-2026.

During 2023 four A320neo, two A320ceo and one A321neo aircraft were delivered.

In 2023, the Group signed operating lease agreements for two A320neo, two A321neo and four A321neoLR aircraft with expected delivery dates in 2024-2026 both for expansion and replacing of retiring aircraft.

During the first half of 2024 the Group signed operating lease agreements for five A320 ceo family aircraft and two 320neo family aircraft with expected delivery dates in 2024-2026.

During the first half of 2024 one A321neo, four A320neo, two A320 ceo were delivered and one Embraer E190-E2 were redelivered.

Aircraft lease extension for two A320 ceo family aircraft and one A320neo were executed.

In 2023 and 2024 the Group signed various contracts aimed at implementing projects for the modernization and enhancement of its operational activities.

Non-cancellable commitments related to the Simulator project and other projects:

'000 USD	30 June 2024	31 December 2023
Within one year	1,766	1,054
	1,766	1,054

Insurance

Aviation insurance

The Group puts substantial attention in conducting insurance coverage for its aircraft operations and hence hedges 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.

Non – Aviation Insurance

Apart from aviation insurance coverage the Group constantly purchases 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:

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterized 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 standards treatment of revenues, expenses and other items in the condensed consolidated interim financial information. 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.

The 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 consolidated interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

The functional currency of the Company is US Dollar, as it best reflects the economic substance of the underlying events and circumstances of the Company. The Tax Code of the Republic of Kazakhstan does not contain provisions which would regulate questions arising from the application of functional currency in accounting books different from tenge. However, the Tax Code requires all taxpayers in Kazakhstan to maintain their tax records and to settle tax liabilities in tenge. Therefore, the Group also maintains records and conducts calculations in tenge for the purpose of taxation and settlement of tax liabilities and makes certain estimates in this respect. The management believes that such approach is the most appropriate under the current legislation.

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 Group initially incurred a fine imposed by the court following an investigation by the Antimonopoly agency of the Republic of Kazakhstan regarding an alleged non-compliance in the collection of fuel surcharge from passengers for services rendered during the period January 2021 – May 2022. Initially, the court determined a penalty amounting to KZT 6,806,138 thousand (USD 15,041 thousand); however, after the Group appealed the court decision, the fine was decreased significantly to the amount of KZT 876,863 thousand (USD 1,848 thousand). The Group fully repaid the fine in January 2024. Following the initial court decision, the Group faces the possibility of legal proceedings with the Antimonopoly agency of the Republic of Kazakhstan concerning an alleged non-compliance in the collection of fuel surcharge from passengers for services rendered starting from June 2022. If such legal proceedings were to occur, the Group might be subject to a fine which cannot be estimated reliably because the principle underlying the assessment of the fine by the latest court was unclear.

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.

Depreciation of the Kazakhstan Tenge, volatility in the global price of oil and geopolitical conflicts have also increased the level of uncertainty in the business environment. The condensed consolidated interim financial information reflect the management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from the management’s assessment.

28. RELATED PARTY TRANSACTIONS

Control relationships

As of 30 June 2024, shareholders holding 10% or more of the Company’s shares include JSC “National Welfare Fund “Samruk-Kazyna”, which owns 41.0%, and BAE Systems Kazakhstan Limited, which owns 16.95%. The Company’s free float stands at 42.05% and is traded on the Kazakhstan Stock Exchange, Astana International Exchange, and London Stock Exchange

Management remuneration

Key management that have authority and responsibility regarding management, control and planning of the Group’s activity received the following remuneration during the period, which is included in employee costs:

’000 USD	Six-month period ended 30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)
Wages and salaries	5,799	4,246
Share-based payment	1,200	-
Termination benefits	269	-
Social tax	534	384
	7,802	4,630

Transactions with related parties

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

The Group provides air transportation services to Government departments, Government agencies and State-controlled enterprises. The Group has established its buying and approval process for purchases and sales of products and services. Both sales and purchase transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

The following transactions require disclosure as related party transactions:

'000 USD	Six-month period ended 30 June 2024 (unaudited)	30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)	31 December 2023
	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Services received				
Shareholders' subsidiaries	36,507	(2,772)	30,629	(1,598)
State-owned companies	80,343	1,003	71,059	1,332
	116,850	(1,769)	101,688	(266)

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

'000 USD	Six-month period ended 30 June 2024 (unaudited)	30 June 2024 (unaudited)	Six-month period ended 30 June 2023 (unaudited)	31 December 2023
	Transaction value	Outstanding balance	Transaction value	Outstanding balance
Services provided by the Group				
Shareholders' subsidiaries	614	151	618	1,018
	614	151	618	1,018

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.

Transactions with government-related entities

The Group transacts with a number of entities that are controlled by the Government of Kazakhstan. The Group applies the exemption in IAS 24 *Related Party Disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

The Group transacts with a number of entities that are related to the Government of Kazakhstan. These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not government-related.

29. SUBSEQUENT EVENTS

In July 2024 the Group signed an agreement for the lease of seven Airbus A321neo LR with delivery starting in 2026.

30. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated interim financial information was approved by management of the Group and authorised for issue on 4 August 2024.