

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL

Republican State Enterprise on the Right of Economic Use "Kazaeronavigatsia" (hereinafter referred to as the "Enterprise") was established in accordance with the resolution of the Government of the Republic of Kazakhstan dated 23 July 2013 No. 736 *On the Reorganisation of Certain Republican State Enterprises of the Civil Aviation Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan* as a merger of:

- Republican State Enterprise on the right of economic use for air traffic control, technical operation of ground support radiotechnical communication and navigational equipment "Kazaeronavigation" of the Civil Aviation Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan; and
- Republican State Enterprise on the right of economic use "Center for Flight Safety" of the Civil Aviation Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan.

The Enterprise was registered by the Justice Department of Astana on 18 September 2013, BIN 130940015918, the last re-registration was carried out on 30 July 2015.

The founder of the Enterprise is the Government of the Republic of Kazakhstan (hereinafter, the "Founder").

The rights of the state property subject with respect to the property of the Enterprise are exercised by the State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan.

The body governing the Enterprise is the Civil Aviation Committee of the Ministry of Investments and Development of the Republic of Kazakhstan.

The core activities of the enterprise include the provision of air navigation services to users of the airspace of the Republic of Kazakhstan, the use and maintenance of air navigation devices of the air traffic control system.

The purpose of the Enterprise is to meet the needs of users of the airspace of the Republic of Kazakhstan by providing the air navigation services and meeting the requirements of the civil aviation industry in the training of aviation personnel, medical support, and meteorological support for civil aviation.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 6 July 2015 No. 537 *On liquidation of Kazaeroservice Joint Stock Company*, amendments were made to paragraph 3 of the Resolution of the Government of the Republic of Kazakhstan dated 23 July 2013 No. 736 *On the reorganisation of some state enterprises of the Civil Aviation Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan*, according to which the list of the main activities of the Enterprise includes provision of meteorological services, search and rescue flight operations, provision of aeronautical information.

The activities of the Enterprise are regulated by the Convention on International Civil Aviation and the current legislation of the Republic of Kazakhstan.

In accordance with the Law of the Republic of Kazakhstan *On Natural Monopolies and Regulated Markets*, air navigation services are classified as natural monopolies in the Republic of Kazakhstan. The Enterprise has exclusive rights to provide air navigation services to users of the airspace of the Republic of Kazakhstan.

The cost of services is based on the established tariffs for air navigation services provided to aircraft. The activities of the Enterprise are divided into regulated and unregulated.

The tariffs for regulated services are approved by the Civil Aviation Committee of the Ministry of Investment and Development of the Republic of Kazakhstan as from 1 January 2017. The tariffs for unregulated services are established by the Enterprise independently taking into account ICAO recommendations.

The Enterprise carries out activities related to provision of medical services in the Republic of Kazakhstan on the basis of:

- Permanent state license No. 15022637 issued by the Astana Healthcare Department on 30 December 2015.
- Certificate No. 1 for compliance with the requirements regulating the activities of medical institutions in civil aviation issued by the Civil Aviation Committee of the Ministry of Investment and Development of the Republic of Kazakhstan on 22 November 2017, valid until 22 November 2020.

The Enterprise provides aviation personnel training and retraining services in the Republic of Kazakhstan on the basis of the Certificate of the Aviation Training Center No. AVII 05-14 issued by the Civil Aviation Committee of the Ministry of Transport and Communications of the Republic of Kazakhstan on 9 January 2017. The certificate of the aviation training center is not limited in time.

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. GENERAL INFORMATION (continued)

As of 31 December 2018, the organisational structure of the Enterprise includes the Central Office, which includes the Personnel Training Center and the Medical Center, as well as 15 branches registered in the regions of the Republic of Kazakhstan.

The registered address of the Enterprise is: Republic of Kazakhstan, Astana, Yessil region, E522 Str., bldg. 15.

The accompanying financial statements were authorised for release by the General Director and Chief Accountant of the Enterprise on 19 March 2019.