

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2014

(Amounts are expressed in TL unless otherwise stated.)

NOTE 19 - RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Group is Esas Holding. The Group has a number of operating and financial relationships with its shareholders and other entities owned by its shareholders. There are no set payment terms for any of the related party transactions. The related party receivable and payables resulting from operating activities are generally settled in normal course of business.

(i) Balances with related parties:

a) Due from related parties

	30 June 2014	31 December 2013
Balances with other related parties:		
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	335.663	318.600
Esasburda İnşaat Sanayi ve Ticaret A.Ş. (*)	902	-
	336.565	318.600

(*) The trade name of EAG Turizm ve İnşaat Sanayi Ticaret A.Ş. has been changed as Esasburda İnşaat Sanayi ve Ticaret A.Ş. ("Esasburda").

b) Due to related parties

	30 June 2014	31 December 2013
Balances with parent company:		
Esas Holding	1.270.940	-
Balances with joint ventures and subsidiaries:		
PUEM	330.182	46.569
Balances with other related parties:		
RM Arşiv Yönetim Hizmetleri A.Ş.	2.587	3.180
Esasburda	-	65.822
	1.603.709	115.571

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NOTE 19 - RELATED PARTY TRANSACTIONS (cont'd)

(ii) Significant transactions with related parties:

The significant transactions with Esas Holding consist of the financial guarantee Esas provides for aircraft acquisitions and their related commissions. The Group records these commissions within finance expense.

The Group also leases its head office building from Esas Holding A.Ş. and Esasburda, another Esas Holding subsidiary, and records rent expense as disclosed below.

The Group earns advertising revenue by renting ad space via Doğan Burda.

The Group has significant transactions with Callpex Çağrı Merkezi ve Müşteri Hizmetleri A.Ş. ("Callpex") that provide call center services to Pegasus. The Company's chairman is a shareholder in Callpex.

The Group provides maintenance services to İzair. The Group also receives simulator training services from PUEM for its pilots.

a) Sale of services

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Balances with joint ventures and subsidiaries:				
PUEM	86.609	(9.217)	391.472	201.374
İzair (*)	-	-	1.064.038	-
Balances with other related parties:				
Doğan Burda	423.618	219.918	360.000	180.000
	510.227	210.701	1.815.510	381.374

b) Purchases of goods or services

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Balances with joint ventures and subsidiaries:				
PUEM	3.359.179	1.592.690	2.438.404	1.359.517
İzair (*)	-	-	1.091.086	-
Purchases from other related parties:				
Callpex	3.844.655	1.976.031	3.643.672	1.879.792
Esasburda	461.061	269.450	420.719	173.252
RM Arşiv Yönetim Hizmetleri A.Ş.	16.485	7.245	12.186	5.727
Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş.	-	-	47.000	-
Other	28.109	2.640	34.879	34.879
	7.709.489	3.848.056	7.687.946	3.453.167

(*) Amount is due from the period İzair had been accounted using the equity method before 1 April 2013.

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NOTE 19 - RELATED PARTY TRANSACTIONS (cont'd)

(ii) Significant transactions with related parties (cont'd)

c) Rent expenses

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Esasburda	1.343.802	632.188	1.217.869	683.752
	1.343.802	1.264.376	1.217.869	683.752

d) Surety commission expenses

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Esas Holding	6.752.183	3.276.380	5.974.777	2.984.799
	6.752.183	3.276.380	5.974.777	2.984.799

Commission expenses represent commissions and fees for Esas Holding's guarantee which is provided for financial leases of aircraft. The fee rate is 0,575% of the 115% of the amount guaranteed.

(iii) Compensation of key management personnel:

Key management personnel include General Managers and Assistant General Managers. The remuneration of key management paid during the period ended 30 June 2014 and 2013 are as follows:

	1 January- 30 June 2014	1 April- 30 June 2014	1 January- 30 June 2013	1 April- 30 June 2013
Salaries and other short term benefits	4.385.192	3.175.802	2.464.483	1.925.257
	4.385.192	3.175.802	2.464.483	1.925.257