

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

NOTE 5 - 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) Other receivables from related parties

	31 March 2015	31 December 2014
Balances with other related parties:		
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	265.499	265.501
PUEM	-	35.671
	265.499	301.172

b) Trade payables to related parties

	31 March 2015	31 December 2014
Balances with parent company:		
Esas Holding	1.182.563	-
Balances with joint ventures and subsidiaries:		
Hitit Bilgisayar (*)	638.386	-
PUEM	378.216	-
Balances with other related parties:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	40.519	85.569
	2.239.684	85.569

(*) The Group purchased shares representing 40% capital of Hitit Bilgisayar Hizmetleri A.Ş.'s that provides information system solutions for transportation industry on 26 March 2015.

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NOTE 5 - RELATED PARTY TRANSACTIONS (cont'd)

(ii) Significant Transactions with Related Parties (cont'd)

d) Surety commission expenses

	1 January- 31 March 2015	1 January- 31 March 2014
Esas Holding	2.910.649	3.475.803
	2.910.649	3.475.803

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 members of the board of directors, general managers and assistant general managers. The remuneration of key management paid during the year ended 31 March 2015 and 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Salaries and other short term benefits	1.883.528	1.209.390
Other long term benefits	1.496.387	-
	3.379.915	1.209.390

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NOTE 5 - RELATED PARTY TRANSACTIONS (cont'd)

(ii) Significant Transactions with Related Parties:

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

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

The Group generates 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 their pilots.

a) Sale of services

	1 January- 31 March 2015	1 January- 31 March 2014
Balances with joint ventures and subsidiaries:		
PUEM	131.013	95.826
Balances with other related parties:		
Doğan Burda	225.000	203.700
	356.013	299.526

b) Purchases of goods or services

	1 January- 31 March 2015	1 January- 31 March 2014
Balances with joint ventures and subsidiaries:		
PUEM	1.489.345	1.766.489
Balances with other related parties:		
Callpex	1.837.679	1.868.624
Esasburda	45.789	191.611
RM Arşiv (*)	-	9.240
Other	2.540	217.410
	3.375.353	4.053.374

(*) RM Arşiv has been delisted from related parties list as of 19 August 2014.

c) Rent expenses

	1 January- 31 March 2015	1 January- 31 March 2014
Esasburda	840.114	711.614
	840.114	711.614