

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2014

(Amounts are expressed in TL unless otherwise stated.)

NOTE 20 - 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

	31 March 2014	31 December 2013
Balances with joint ventures and subsidiaries:		
Esasburda İnşaat Sanayi ve Ticaret A.Ş. (*)	929	-
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda")	-	318.600
	929	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.

b) Due to related parties

	31 March 2014	31 December 2013
Balances with parent company:		
Esas Holding	1.378.644	-
Balances with joint ventures and subsidiaries:		
PUEM	91.857	46.569
Balances with other related parties:		
Doğan Burda	4.282	-
RM Arşiv Yönetim Hizmetleri A.Ş.	2.880	3.180
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	-	65.822
	1.477.663	115.571

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NOTE 20 - 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 İnşaat Sanayi Ticaret A.Ş., 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- 31 March 2014	1 January- 31 March 2013
Balances with joint ventures and subsidiaries:		
Doğan Burda	203.700	180.000
PUEM	95.826	118.546
İzair (*)	-	1.064.038
	299.526	1.362.584

(b) Purchases of goods or services

	1 January- 31 March 2014	1 January- 31 March 2013
Balances with joint ventures and subsidiaries:		
PUEM	1.766.489	1.078.887
İzair (*)	-	1.091.086
Purchases from other related parties:		
Callpex	1.868.624	1.763.880
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	191.611	247.467
RM Arşiv Yönetim Hizmetleri A.Ş.	9.240	6.459
Mars Sinema Turizm ve Sportif Tesisler İşletmeciliği A.Ş.	-	47.000
Other	217.410	-
	4.053.374	4.234.779

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

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NOTE 20 - RELATED PARTY TRANSACTIONS (cont'd)

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

(c) Rent expenses

	1 January- 31 March 2014	1 January- 31 March 2013
Esasburda İnşaat Sanayi ve Ticaret A.Ş.	711.614	534.117
	711.614	534.117

(d) Surety commission expenses

	1 January- 31 March 2014	1 January- 31 March 2013
Esas Holding	3.475.803	2.989.978
	3.475.803	2.989.978

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 Manager, Assistant General Managers and Directors. The remuneration of directors and other members of key management during the period ended 31 March 2014 and 2013 are as follows:

	1 January- 31 March 2014	1 January- 31 March 2013
Salaries and other short term benefits	1.209.390	1.102.759
	1.209.390	1.102.759