

CONVENIENCE TRANSLATION OF
THE REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

**PEGASUS HAVA TAŐIMACILIĐI
ANONİM ŐRKETİ AND ITS SUBSIDIARIES**

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

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PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

	Notes	Current year (Not Reviewed) 31 March 2015	Prior year (Audited) 31 December 2014
ASSETS			
Current assets		1.586.343.231	1.508.849.889
Cash and cash equivalents	26	939.727.361	856.890.769
Trade receivables	6	295.045.012	233.180.223
<i>Trade receivables from related parties</i>		-	-
<i>Trade receivables from third parties</i>	6	295.045.012	233.180.223
Other receivables		284.597.323	289.309.942
<i>Other receivables from related parties</i>	5	265.499	301.172
<i>Other receivables from third parties</i>		284.331.824	289.008.770
Derivative financial instruments	21	7.195.972	6.576.885
Inventories		8.397.794	7.663.964
Prepaid expenses		43.058.963	106.102.556
Current income tax assets		6.934.519	6.934.519
Other current assets		1.386.287	2.191.031
Non-Current assets		2.083.179.044	2.025.868.636
Other receivables		43.609.935	41.943.524
<i>Other receivables from related parties</i>		-	-
<i>Other receivables from third parties</i>		43.609.935	41.943.524
Investment accounted by using the equity method	3	14.251.551	2.458.775
Property and equipment	8	1.933.769.022	1.931.512.646
Intangible assets	9	10.938.256	11.471.044
Prepaid expenses		71.439.033	25.081.645
Deferred tax assets		9.171.247	13.401.002
TOTAL ASSETS		3.669.522.275	3.534.718.525

The accompanying notes form an integral part of these condensed consolidated financial statements.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

	Notes	Current year (Not Reviewed) 31 March 2015	Prior year (Audited) 31 December 2014
LIABILITIES			
Current liabilities		993.812.053	862.779.698
Short term financial liabilities	22	4.903.159	4.504.480
Short term portion of long term financial liabilities	22	167.801.810	162.765.963
Trade payables	6	221.318.460	196.386.561
<i>Trade payables to related parties</i>	5	2.239.684	85.569
<i>Trade payables to third parties</i>		219.078.776	196.300.992
Employee benefit obligations		8.983.277	8.641.269
Other payables		39.441.153	13.236.652
<i>Other payables to related parties</i>		-	-
<i>Other payables to third parties</i>		39.441.153	13.236.652
Derivative financial instruments	21	129.106.710	182.607.585
Deferred income	7	379.777.600	264.344.800
Short term provisions		42.108.138	30.061.681
<i>Short term provisions for employee benefits</i>		39.263.407	27.240.263
<i>Other short term provisions</i>		2.844.731	2.821.418
Other current liabilities		371.746	230.707
Non-Current liabilities		1.564.605.606	1.510.778.611
Long term financial liabilities	22	1.175.136.612	1.186.991.297
Derivative financial instruments	21	58.314.159	62.316.092
Deferred income		6.671.944	7.725.108
Long term provisions		156.982.921	125.104.840
<i>Long term provisions for employee benefits</i>		7.035.223	6.192.649
<i>Other long term provisions</i>		149.947.698	118.912.191
Deferred tax liabilities		167.499.970	128.641.274
SHAREHOLDERS' EQUITY		1.111.104.616	1.161.160.216
Equity attributable to shareholders' of the parent		1.118.509.071	1.161.283.251
Paid-in share capital	14	102.272.000	102.272.000
Effects of business acquisition		29.504.957	29.504.957
Share premiums on capital stock		455.687.025	455.687.025
Other comprehensive income/expense to be reclassified to profit or loss			
Currency translation differences		259.421.270	258.696.079
Hedge fund		(27.308.311)	(58.095.258)
Restricted profit reserves		9.806.631	-
Retained earnings		363.411.817	229.876.620
Net (loss) / profit for the year		(74.286.318)	143.341.828
Non-controlling interest		(7.404.455)	(123.035)
TOTAL LIABILITIES AND EQUITY		3.669.522.275	3.534.718.525

The accompanying notes form an integral part of these condensed consolidated financial statements.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

	Notes	Current year (Not Reviewed) 1 January - 31 March 2015	Prior year (Not Reviewed) 1 January - 31 March 2014
Sales	15	583.146.329	510.823.297
Cost of sales (-)	15	(618.509.220)	(561.703.920)
Gross loss		(35.362.891)	(50.880.623)
General administrative expenses (-)	16	(22.200.187)	(18.578.361)
Marketing expenses (-)	16	(35.272.768)	(43.825.582)
Other operating income	17	83.076.119	821.917
Other operating expenses (-)	17	(1.156.401)	(13.635.185)
Operating loss		(10.916.128)	(126.097.834)
Income from investing activities	18	8.764.486	1.805.460
Share of investments income accounted for using the equity method	3	175.570	966.749
Operating loss before financial income/(expense)		(1.976.072)	(123.325.625)
Financial income	19	8.137.493	53.123.469
Financial expense (-)	19	(52.640.908)	(44.162.703)
Loss before tax		(46.479.487)	(114.364.859)
Tax (expense)/income		(34.166.024)	9.840.264
Current tax expense		-	-
Deferred tax (expense)/income		(34.166.024)	9.840.264
Loss for the year		(80.645.511)	(104.524.595)
Net loss attributable to:			
Shareholders' of the parent		(74.286.318)	(102.552.797)
Non-controlling interest		(6.359.193)	(1.971.798)
		(80.645.511)	(104.524.595)
Loss per share (TL)	20	(0,73)	(1,00)
Other comprehensive income			
Items to be reclassified to profit or loss			
Currency translation differences		(197.036)	31.245.119
Cash flow hedge		30.786.947	(2.674.154)
Gain/(loss) on derivative contracts		38.483.686	(3.342.693)
Taxes related to other comprehensive (loss)/income items to be reclassified to profit or loss			
Deferred tax effect		(7.696.739)	668.539
Other comprehensive income		30.589.911	28.570.965
Total comprehensive income		(50.055.600)	(75.953.630)
Total comprehensive income attributable to:			
Shareholders' of the parent		(42.774.180)	(74.169.170)
Non-controlling interest		(7.281.420)	(1.784.460)
		(50.055.600)	(75.953.630)

The accompanying notes form an integral part of these condensed consolidated financial statements.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

	Other comprehensive income/(loss) items to be reclassified to profit or loss					Retained earnings			Equity attributable to shareholders' of the parent	Non-controlling interest	Shareholders' equity
	Paid in share capital	Effects of business acquisition	Share premiums on capital stock	Currency translation differences	Hedge fund	Restricted profit reserves	Retained earnings	Net profit for the year			
As at 1 January 2014	102.272.000	29.504.957	455.687.025	308.022.092	20.321.546	-	138.192.795	91.683.825	1.145.684.240	542.845	1.146.227.085
Transfers	-	-	-	-	-	-	91.683.825	(91.683.825)	-	-	-
Total comprehensive income / (loss)	-	-	-	31.057.781	(2.674.154)	-	-	(102.552.797)	(74.169.170)	(1.784.460)	(75.953.630)
As at 31 March 2014	102.272.000	29.504.957	455.687.025	339.079.873	17.647.392	-	229.876.620	(102.552.797)	1.071.515.070	(1.241.615)	1.070.273.455
As at 1 January 2015	102.272.000	29.504.957	455.687.025	258.696.079	(58.095.258)	-	229.876.620	143.341.828	1.161.283.251	(123.035)	1.161.160.216
Transfers	-	-	-	-	-	9.806.631	133.535.197	(143.341.828)	-	-	-
Total comprehensive income / (loss)	-	-	-	725.191	30.786.947	-	-	(74.286.318)	(42.774.180)	(7.281.420)	(50.055.600)
As at 31 March 2015	102.272.000	29.504.957	455.687.025	259.421.270	(27.308.311)	9.806.631	363.411.817	(74.286.318)	1.118.509.071	(7.404.455)	1.111.104.616

The accompanying notes form an integral part of these condensed consolidated financial statements.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

		Current year (Not Reviewed) 1 January - 31 March 2015	Prior year (Not Reviewed) 1 January - 31 March 2014
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(74.286.318)	(102.552.797)
Adjustments to reconcile the net profit			
Depreciation and amortization	8-9	39.781.951	42.316.842
Provision for retirement pay liability		-	-
Provision for employee benefits		13.212.718	9.484.550
Provision for doubtful receivable	17	290.924	16.541
Current tax expense		34.166.024	(9.840.264)
Interest and commission (income)/expense	19	(149.329)	(12.649.224)
Gain on equity investments accounted for using the equity method	3	(175.570)	(966.749)
Change in maintenance reserves and redelivery provision		14.944.159	8.790.605
Other provisions related with investing or financing activities		(19.638.209)	(23.309.575)
Legal provision		915.056	75.338
Changes in working capital			
Increase in trade receivables		(62.241.225)	(69.355.792)
(Increase)/decrease in inventories		(733.830)	70.631
Decrease/(increase) in other receivables and other current assets		4.447.272	(9.318.782)
Increase in trade payables		24.931.899	9.985.118
Increase in deferre income, other payables and other current liabilities		140.323.429	161.129.006
Net cash generated from operating activities		115.788.951	3.875.448
Payment for employee, executive bonus plan and retirement benefits		(344.113)	(234.727)
Payment for litigation provisions		(131.653)	-
Penalty and compensation paid		(18.544)	(7.466.013)
		115.294.641	(3.825.292)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflows from purchase of property, equipment and intangible assets	8-9	(27.771.527)	(14.020.688)
Changes in advances on aircraft		24.952.268	17.586.635
Proceeds from sale of property, equipment and intangible assets		-	1.982.824
Payment for purchase of subsidiary		(11.499.750)	-
		(14.319.009)	5.548.771
C. CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of principal in finance lease liabilities		(43.136.375)	(45.092.046)
Interest and commission paid		(8.008.960)	(8.609.301)
Interest received		7.178.581	17.531.792
Net increase in borrowings		398.679	329.766
		(43.568.075)	(35.839.789)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE TRANSLATION EFFECT (A+B+C)			
		57.407.557	(34.116.310)
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS			
		25.429.035	14.495.083
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		82.836.592	(19.621.227)
E. CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF THE PERIOD	26	856.890.769	877.401.671
CASH AND CASH EQUIVALENTS			
AT THE END OF THE YEAR (A+B+C+D+E)	26	939.727.361	857.780.444

The accompanying notes form an integral part of these condensed consolidated financial statements.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

NOTE 1 - GROUP ORGANIZATION AND ITS OPERATIONS

Pegasus Hava Taşımacılığı A.Ş. (the “Company” or “Pegasus”) and its subsidiaries (together “the Group”) is a low cost airline. The Group operates under a low cost business model and employs low cost airline business practices which focus on providing affordable, reliable and simple service.

The shareholders and their respective holdings in the Company as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Esas Holding A.Ş. (“Esas Holding”)	62,92%	62,92%
Publicly held	34,51%	34,51%
Sabancı Family Members	2,57%	2,57%
Total	100,00%	100,00%

Shares of the Company has been started to be traded in İstanbul Stock Exchange since 26 April 2013, after the book building between the dates of 18-19 April 2013.

The Group’s total number of full time employees as of 31 March 2015 is 3.794 (31 December 2014: 3.608). The address of its principal executive office is Aeropark Yenişehir Mah. Osmanlı Bulvarı No: 11/A Kurtkoy-Pendik İstanbul.

Approval of Financial Statements

Board of Directors has approved the condensed consolidated financial statements as of 31 March 2015 and delegated authority for publishing it on 11 May 2015. General shareholders’ meeting has the authority to modify the financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TAS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles and the local currency in their registered countries

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2015**

(Amounts are expressed in TL unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Statement of Compliance with TAS (cont'd)

The Group has prepared the financial statements and its notes for the interim period ended 31 March 2015 in accordance with TAS 34 “Interim Financial Reporting”.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. The accompanying condensed consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards.

Functional and Presentation Currency

Euro is the functional currency of the entities that comprise the Group as it is the currency in which the operations are primarily transacted. Presentation currency of the Group’s financial statements is Turkish Lira (“TL”). Financial Statements have been translated from Euro to TL in accordance with the relevant provisions of TAS 21 (“The Effects of Changes in Foreign Exchange Rates”) as follows;

- Assets and liabilities are translated using the Central Bank of the Turkish Republic (“TCMB”) Euro buying rate prevailing at the balance sheet date; 31 March 2015: 1 Euro (€) = 2,8309 TL (31 December 2014: 1 Euro (€) = 2,8207 TL)
- Income and expenses are translated from Euro to TL at exchange rates at the dates of transactions.

Translation gains or losses arising from the translations stated above are presented as foreign currency translation reserve under equity. Share capital amount, representing the nominal share capital of the Company, all other equity items are presented in historic TL terms where all translation gains or losses in relation to these balances are accounted under foreign currency translation reserve.

Comparative Information and Reclassification of Prior Period Financial Statements

Condensed consolidated financial statements of Group are prepared in comparison to prior period in order to identify financial position and performance trends. In order to maintain consistency with current year condensed consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current period, the Group has made several reclassifications in the prior period consolidated financial statements in order to maintain consistency with current year consolidated financial statements. There is no effect of these reclassifications in the prior period equity and statement of profit or loss. The nature, amount and reasons for each of the reclassifications are described below:

- In the statement of profit or loss, TL 882.850 that was previously presented in handling fees and TL 21.495 presented in landing expenses under cost of sales have been reported by netting off scheduled flights revenue within the 31 March 2014 period.
- In the statement of profit or loss, TL 403.844 that was previously presented in travel expenses under general administration expenses has been reported by netting off scheduled flights revenue within the 31 March 2014 period.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The table below sets out the consolidated subsidiaries and participation rate of the Group in these subsidiaries as of 31 March 2015 and 31 December 2014:

<u>Name of the company</u>	<u>Principal activity</u>	<u>Participation rate</u>		<u>Country of registration and operation</u>
		<u>31 March 2015</u>	<u>31 December 2014</u>	
IHY İzmir Havayolları A.Ş. ("İzair")	Air transportation	69%	69%	Turkey
Air Company "Air Manas" LTD ("Air Manas")	Air transportation	49%	49%	Kyrgyzstan

The table below sets out affiliates and joint ventures then indicates the proportion of ownership interest of the Company in these affiliates and joint ventures as of 31 March 2015 and 31 December 2014:

<u>Name of the company</u>	<u>Principal activity</u>	<u>Participation rate</u>		<u>Country of registration and operation</u>
		<u>31 March 2015</u>	<u>31 December 2014</u>	
Pegasus Uçuş Eğitim Merkezi A.Ş. ("PUEM")	Simulator training	49%	49%	Turkey
Hitit Bilgisayar Hizmetleri A.Ş. ("Hitit Bilgisayar") (*)	Information system solutions	40%	-	Turkey

(*) 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.

2.2 Changes in Accounting Policies

Condensed consolidated financial statements for the interim period with respect to the period ending on 31 March 2015 are prepared in accordance with TAS 34 standard pertaining to the preparation of TAS's interim period condensed financial statements. Further, condensed consolidated financial statements with respect to the period ending on 31 March 2015 are prepared upon applying such accounting policies that are consistent with the accounting policies applied during preparation of the consolidated financial statements corresponding to the year ending on 31 December 2014. Therefore, such interim period condensed consolidated financial statements have to be assessed together with the consolidated financial statements corresponding to the year ending on 31 December 2014.

2.3 Changes in Accounting Estimates

The same presentation and methods of computation have been followed in these condensed interim consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 Application of New and Revised Turkish Accounting Standards (TAS)

(a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

None.

(b) New and revised standards applied with no material effect on the condensed consolidated financial statements

Amendments to TAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements to 2010-2012 Cycle	<i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TMS 37, TMS 39</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 3, TFRS 13, TAS 40</i> ¹

¹ Effective for annual periods beginning on or after 30 June 2014.

(c) New and revised standards in issue but not yet effective

The Group has not applied the following new and revised standards that have been issued but are not yet effective:

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to TAS 16, TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36, TAS 40	<i>Agriculture: Bearer Plants</i> ¹
Amendments to TFRS 11 and TFRS 1	<i>Accounting for Acquisition of Interests in Joint operations</i> ¹
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1</i> ²
Amendments to TAS 1	<i>Disclosure Initiative</i> ²
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> ²
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements</i> ²
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

The Group evaluate the effects of these standards on the condensed consolidated financial statements.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2015

(Amounts are expressed in TL unless otherwise stated.)

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of investments accounted for using the equity method are as follows:

	31 March 2015	31 December 2014
Joint ventures		
PUEM	2.751.801	2.458.775
Associates		
Hitit Bilgisayar (*)	11.499.750	-
	14.251.551	2.458.775

(*) 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. The Group accounted Hitit Bilgisayar at its acquisition cost and disclosed it under investments accounted for using equity method in the financial statements as of 31 March 2015. Based on IFRS 3 "Business Combinations" paragraph 45-49, in the measurement period one year from the acquisition date, the Group would be able to make changes in accounted amounts if any and would comply with disclosure requirements like fair value of the investment and if any, recognition of goodwill.

Total profit from investments accounted for using the equity method is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
PUEM	175.570	966.749
Net profit	175.570	966.749

NOTE 4 - SEGMENTAL INFORMATION

The Group is managed as a single business unit that provides low fares airline-related services, including scheduled services, charter services, ancillary services and other services. The Group's Chief Operating Decision Maker is the Board of Directors. The resource allocation decisions are made based on the entire network and the deployment of the entire aircraft fleet. The objective in making resource allocation decisions is to maximise consolidated financial results, rather than results on individual routes within the network. All other assets and liabilities have been allocated to the Company's single reportable segment.

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(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:

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

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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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

The details of short term trade receivables as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Trade receivables	60.819.999	47.705.241
Credit card receivables	233.265.483	185.703.124
Income accruals	2.827.999	1.633.595
	296.913.481	235.041.960
Less: Allowance for doubtful receivables	(1.868.469)	(1.861.737)
	295.045.012	233.180.223

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (cont'd)

Short term trade payables

The details of short term trade payables as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Trade payables	146.836.647	150.396.070
Accrued direct operational costs	59.966.363	32.902.644
Other accrued expenses	12.275.766	13.002.278
Due to related parties (Note 5)	2.239.684	85.569
	221.318.460	196.386.561

NOTE 7 - DEFERRED INCOME

The details of deferred income as of 31 March 2015 and 31 December 2014 are as follows:

Short term deferred income

	31 March 2015	31 December 2014
Passenger flight liabilities	345.756.589	242.062.449
Deferred income from sale of subsidiary	14.302.751	14.251.217
Advances received from customers	16.360.173	6.141.846
Other deferred income	3.358.087	1.889.288
	379.777.600	264.344.800

The details of passenger flight liabilities as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Flight liability from ticket sales	263.516.945	175.992.993
Passenger airport fees received from customers	63.256.741	49.951.667
Flight liability from flight points	18.982.903	16.117.789
	345.756.589	242.062.449

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 - PROPERTY AND EQUIPMENT

31 March 2015	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Components, spare engine and repairables	Owned and leased aircraft	Construction in process	Total
Cost:								
Opening	7.016.010	7.310.207	40.779.927	28.184.960	67.289.792	2.392.480.349	1.529.477	2.544.590.722
Additions	244.113	47.745	1.543.343	486.336	25.037.594	-	117.906	27.477.037
Currency translation differences	74.731	45.960	189.874	125.535	779.511	19.621.580	8.057	20.845.248
Closing	7.334.854	7.403.912	42.513.144	28.796.831	93.106.897	2.412.101.929	1.655.440	2.592.913.007
Accumulated depreciation:								
Opening	(1.900.821)	(3.757.948)	(21.909.947)	(12.388.565)	(22.916.369)	(550.204.426)	-	(613.078.076)
Depreciation for the period	(127.339)	(239.271)	(1.128.095)	(1.052.382)	(1.936.121)	(34.433.215)	-	(38.916.423)
Currency translation differences	(43.949)	(35.664)	(99.827)	(69.156)	(124.331)	(6.776.559)	-	(7.149.486)
Closing	(2.072.109)	(4.032.883)	(23.137.869)	(13.510.103)	(24.976.821)	(591.414.200)	-	(659.143.985)
Net book value	5.262.745	3.371.029	19.375.275	15.286.728	68.130.076	1.820.687.729	1.655.440	1.933.769.022

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NOTE 8 - PROPERTY AND EQUIPMENT (cont'd)

31 March 2014	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Components, spare engine and repairables	Owned and leased aircraft	Construction in process	Total
Cost:								
Opening	2.105.975	7.030.047	36.769.477	21.349.674	43.249.268	2.558.906.229	2.975.003	2.672.385.673
Additions	18.348	-	1.689.729	286.771	9.320.786	282.473	2.167.340	13.765.447
Disposals	(1.782)	(26.292)	-	-	-	(1.956.520)	-	(1.984.594)
Currency translation differences	34.181	160.739	863.863	461.483	958.853	61.024.904	71.627	63.575.650
Closing	2.156.722	7.164.494	39.323.069	22.097.928	53.528.907	2.618.257.086	5.213.970	2.747.742.176
Accumulated depreciation:								
Opening	(1.489.102)	(2.787.977)	(18.403.732)	(10.771.253)	(22.032.241)	(496.273.425)	-	(551.757.730)
Depreciation for the period	(43.559)	(269.941)	(1.156.084)	(754.797)	(1.214.975)	(38.081.292)	-	(41.520.648)
Disposals	459	1.311	-	-	-	-	-	1.770
Currency translation differences	(33.271)	(63.514)	(429.053)	(224.246)	(519.712)	(11.596.524)	-	(12.866.320)
Closing	(1.565.473)	(3.120.121)	(19.988.869)	(11.750.296)	(23.766.928)	(545.951.241)	-	(606.142.928)
Net book value	591.249	4.044.373	19.334.200	10.347.632	29.761.979	2.072.305.845	5.213.970	2.141.599.248

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NOTE 9 - INTANGIBLE ASSETS

31 March 2015	Brand	Software	Total
Cost:			
Opening	1.988.594	23.204.104	25.192.698
Additions	-	294.490	294.490
Currency translation differences	7.191	100.026	107.217
Closing	1.995.785	23.598.620	25.594.405
Accumulated amortization:			
Opening	(770.579)	(12.951.075)	(13.721.654)
Amortization for the period	(24.424)	(841.104)	(865.528)
Currency translation differences	(3.310)	(65.657)	(68.967)
Closing	(798.313)	(13.857.836)	(14.656.149)
Net book value	1.197.472	9.740.784	10.938.256
31 March 2014	Brand	Software	Total
Cost:			
Opening	2.070.233	20.505.267	22.575.500
Additions	-	537.714	537.714
Currency translation differences	49.844	494.694	544.538
Closing	2.120.077	21.537.675	23.657.752
Accumulated amortization:			
Opening	(689.428)	(10.438.330)	(11.127.758)
Amortization for the period	(26.737)	(769.457)	(796.194)
Currency translation differences	(25.862)	(241.248)	(267.110)
Closing	(742.027)	(11.449.035)	(12.191.062)
Net book value	1.378.050	10.088.640	11.466.690

NOTE 10 - LEASING TRANSACTIONS

Details related to leasing transactions are disclosed in Note 22.

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NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Litigation

The Group is party to various lawsuits and claims that have been filed against it, the total claims constituted by which, excluding reserved rights for claiming excess amounts, risk of litigation and interest, is TL 6.172.924 as of 31 March 2015 (31 December 2014: TL 5.824.082). These lawsuits and fines have been evaluated by the Group's management and a litigation provision of TL 2.128.940 (31 December 2014: TL 2.087.083) has been provided against claims for which management believes it is probable it will be required to make a payment. These lawsuits consist primarily of guest complaints and claims by the Group's former employees, besides a limited number of commercial claims.

Contingent Liabilities

In addition to the above, in June 2008, the İstanbul Atatürk Airport Customs Directorate imposed a monetary fine against the Group in the amount of TL 545.366 on the grounds that the Group had violated temporary import regime regulations. The monetary fine was challenged before the relevant tax court which ruled against the Group in April 2009, in response to which the Group filed an appeal and refused to make payment, citing amendments in the temporary import regime legislation and providing a letter of credit for the amount of the fine and the accrued interest totaling TL 931.212. In January 2011 the Customs Directorate requested the liquidation of the letter of credit in a motion that was challenged by the Group, which resulted, first, in an injunction decision in February 2011, and later, in the cancellation of the liquidation request in September 2011. The Customs Directorate later appealed the cancellation decision of the tax court. As of 31 March 2015 the appellate review of both lawsuits have been finalized in the Group's favor, whereby the court decision turning down the Group's request for the cancellation of the monetary fined has been overturned and the court decision cancelling the liquidation of the letter of credit by the administration has been upheld. The Group management believes that significant cash outflow is not probable and has not provided any provision for this fine.

Tax Audit

The Inspection Officers of Ministry of Finance audited the accounts and transactions of the Company for 2009, 2010, 2011 and until January 2012 on the subject of VAT. As a result of this inspection, the tax inspector challenged the VAT tax remitted on behalf of the non-resident aircraft lessor company that is party to the Company's finance lease structure. In accordance with the legislative changes made by the Cabinet Decree on 01.08.2008, rate of VAT applied by the Company is 1%.

The tax inspector asserted that the VAT rate should have been 18% for all periods resulting a liability of TL 30.872.430 and an additional tax penalty amount of TL 46.308.645 for the audited periods. The tax inspector challenged the applicability of the Cabinet Decree to the Group's transactions.

During this process;

On the official web site of the Directorate General of Revenues (www.gib.gov.tr), the Directorate of Major Taxpayers' Tax Office has issued individual circular orders, which have been given to a taxpayer dated 21.05.2013 and number 64597866-130 [28-2013]- 74, dated 08.07.2013 and number 64597866-130[28-2013]-93. Directorate General of Revenues also published Value Added Tax General Implementation Circular on Official Gazette Number 28983 Dated 26.04.2014.

In Value Added Tax General Implementation Circular and in other individual circular order mentioned above, it is indicated that such vehicle deliveries of which purchases are exempted from VAT pursuant to Article (13/a) of Law Number 3065, services with respect to such taxpayers whose operations are either fully or partially involved with leasing and/or operating such vehicles in diverse manners are subject to VAT at the rate of (1%), and in the event such vehicles are subject to financial leasing, vat at the rate of (1%) is applicable.

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NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Tax Audit (cont'd)

Based on the explanations of both communiqués of Directorate General of Revenues and Ministry of Finance General Circulars, it is concluded that the opinion in respect of value added tax applicable to aircraft leasing operations made via financial leasing from abroad is to be at the rate of 1% is definite and conclusive, so the Company is in the opinion that the VAT application with respect to leasing of aircraft is fully compatible with the resolutions adopted by the Assembly of Ministers of the Republic of Turkey.

As a result of the Tax Inspection made, upon our due request with respect to the accrued value added tax and tax loss penalties, such reconciliation negotiations realized on November 13, 2004 before Central Reconciliation Commission Chairmanship have not been concluded with reconciliation. This status is declared to the general public by our Special Status Announcement dated 13.11.2014. In parallel to the foregoing, the Company filed an action against the subject matter tax accrual and imposition of tax depletion penalty within the legal term of 15 days granted to that effect.

Management of the Company is anticipating that the implementation for VAT with respect to aircraft leasing operations made through financial leasing is in full compliance with the decrees adopted to that effect by the Board of Ministers of the Republic of Turkey, and estimates that the actions filed would be concluded and be awarded in favor of the Company. On grounds of the foregoing, the Company has not put aside and reserved any provision, in parallel to the relevant opinions of its legal advisors as well as experts on taxation matters, taking into consideration several specific communiqués and the explanations under such Value Added Tax General Implementation Circular provided by the Revenues Administration to different taxpayers in relation with the subject matter, confirming the VAT rates applied at the different periods referred to hereinbefore, including the periods not reviewed and inquired on the attached consolidated financial statements.

Company's accounts as well as operations pertaining to year are inspected and examined in terms of Taxation Laws; and Corporation Tax Inspection Report number 2013-B-228/3, Corporation Tax Withholding Inspection Report number 2013-B-228/5, and Value Added Tax Withholding Tax Inspection Report number 2013-B-228/6 are hereby presented.

Under such Corporation Tax Inspection Report number 2013-B-228/3, it is allegedly stated that deducted portion in the amount of TL 1.553.762,38 over the corporation tax return of such lump sum expenses calculated and deducted under scope of the provision of Article 40/1 of Corporation Tax Law over transport proceeds obtained abroad cannot possibly be subjected to any deduction, and further that such portion deducted over the tax return is not related to transport proceeds obtained abroad, while on the other hand it is expressed on the same Report that those minor fixed assets purchased in year 2010, and each to be entered as direct expenses according to Article 313 of Tax Procedures Law are required to be redeemed through amortization , and therefore it is pointed out that TL 76.798,60 as well is to be included in the income of the corporation pertaining to year 2010.

A lawsuit has been filed by the Company, claiming revocation of such determination act with respect to an income difference in the amount of TL 1.630.561,18. Lawsuit filed before Istanbul Tax Court is concluded in favor of the Company. In respect of this judgment, Major Taxpayers Tax Office has appealed in upper court council of state and appeal process has not been concluded yet.

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NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Tax Audit (cont'd)

Under decrees of the 4th Department of the Supreme Court of State, dated 28.02.2007, numbers E:2006/2738 E., K:2007/610 and dated 31.03.2005, numbers E:2004/1293, K:2005/529, it is contained judgments reading that the lump sum income amount could possibly be subjected to deduction over the tax return, and further, since the minor fixed assets claimed on the Report and direct costs of which are taken into consideration as expense remain below those limits specified pursuant to the Law, it is opinionated that the matters alleged on the Tax Inspection Report are as to the revocation of the administrative transaction as a consequence of the action filed. Therefore, no provision has been provided and set aside in parallel to the opinions of Company's legal advisors and taxation specialists, including the period not inspected and reviewed on the attached consolidated financial statements.

On such Corporation Tax Inspection Report number 2013-B-228/5, it is stated that despite the fact that rental payments of our Company with respect to such aircraft subject matter of financial leasing from the acquisition of the same through financial leasing from companies with legal and principal places of business domiciled abroad, constitute commercial income of the company obtaining the same under scope of business revenues, alleging that such payments are real property capital income under Article 30 of Corporation Tax Law, they are subject to added value tax withholding at the rate of 1% and in the total amount of TL 706.539,70 as per the relevant months of year 2010, and further on the same Report, it is stated that such package computer software in the form of commercial commodity, purchased from any company with legal and principal places of business domiciled abroad, is subject to corporation tax withholding at the rate of 10% and in the amount of TL 12.968,63 as non-material right charge within framework of Article 30 of Corporation Tax Law.

Major Taxpayers Tax Office that we are affiliated to, accrued corporation tax withholding in the total amount of TL 719.508 for year 2010 through Tax Fine Notices issued as per the relevant months of year 2010 by basing on the said Tax Inspection Report, and charged tax loss fine in the total amount of TL 1.079.262 on grounds of such tax accrued.

Lawsuits have been filed within legal terms granted, before Istanbul Tax Courts as of the respective months of year 2010, with the demand for waiver of the assessments set forth under the subject matter tax inspection reports and rescission of any fines accrued. Under 7 of the 12 lawsuits so filed, action with respect to the claim that any financial leasing payments made for abroad are subject to corporation tax withholding is concluded in favor of the Company as a result of the Judgment adopted by Istanbul 10th Tax Court, which Judgments are brought to appeal before the Council of State by the Tax Administration, and the trial process is still ongoing.

Such lawsuit filed on grounds of the argument that any package computer software of commodity nature, purchased from any company domiciled abroad is subject to corporation tax withholding at the rate of 10% and in the amount of TL 12.968,63 as non-material right (royalty) fee under scope of Article 30 of Corporation Tax Law, is concluded against the Company and such Judgment is brought by the Company to appeal before the Council of State.

Whereas yet another issue for criticism on the said Report is with respect to failing to have been made any corporation tax withholding over such package computer software purchased by the Company in year 2010 from a business entity with legal and principal places of business domiciled abroad, and according to the specific communiqués issued by the Revenues Department on various dates, since such package computer software purchased from companies with legal and principal places of business domiciled abroad are submitted to the market in readily available form, not comprising of those programs prepared specific to the company, these are commercial commodities, and accordingly, it is opinionated that the purchasing prices of such programs are not subject to corporation tax withholding.

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NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Tax Audit (cont'd)

Under its such capacity and in parallel to the relevant opinions of Company's legal advisors and taxation specialists, no provision has been provided therefor, including the period on the accompanied consolidated financial statements not inspected.

Value Added Tax Inspection Report Number 2013-B-228/6, is based on the allegation that corporation tax withholdings arising on grounds of such amounts set forth to be accrued under such Corporation Tax Withholding Inspection Report Number 2013-B-228/5, and corporation tax withholdings anticipated under the said Report are at the same time subject to value added tax withholding.

In the aforesaid process, some of the lawsuits filed with the demand for rescission of such fined value added tax assessments imposed in the name of the Company as per respective monthly periods of year 2010, with the claim that the rate of value added tax required to be calculated over corporation tax withholdings claimed as being payable over such leasing payments with respect to aircraft subject matter of financial leasing with the purpose of acquiring the same from companies with legal domiciles as well as principal places of business abroad being 18% are concluded, and such lawsuits concluded are in favor of the Company. The Judgment made is brought to appeal by the Tax Administration before the Council of State and Regional Administrative Court, which trial process is still ongoing.

It is believed that as a result of the said action filed, the principal taxes anticipated to be accrued, including any fines charged thereon, are to be released. Therefore, in parallel to the opinions of the Company's legal advisors as well as taxation specialists, no provision has been provided on the accompanied consolidated financial statements, including the period not inspected.

NOTE 12 - COMMITMENTS

Purchase Commitments

	31 March 2015	31 December 2014
Commitments to purchase aircraft	23.817.141.261	21.585.233.161
	23.817.141.261	21.585.233.161

As of 31 March 2015, the Group holds firm orders for 75 aircraft. The expected deliveries are: 7 aircraft in 2016, 5 aircraft in 2017, 10 aircraft in 2018, 14 aircraft in 2019, 13 aircraft in 2020, 13 aircraft in 2021, 13 aircraft in 2022. The purchase commitments for these aircraft were calculated based on their list prices and actual prices would be typically lower than the list prices.

The Group has provided advances on aircraft purchases amounting TL 67.904.702 (31 December 2014: TL 87.683.757) and this amount is reclassified under long term prepaid expenses (31 December 2014: TL 63.915.029 of this amount is reclassified under short term, TL 23.768.728 of this amount is reclassified under long term prepaid expenses).

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NOTE 12 - COMMITMENTS (cont'd)

The Company as Lessee

Operating Lease Agreements:

Payments recognised as expense:

	1 January- 31 March 2015	1 January- 31 March 2014
Minimum lease payments	64.484.079	41.273.913
	64.484.079	41.273.913

Operating leases have remaining lease terms of between 1 to 8 years. The Company does not have the option to purchase the leased aircraft at the expiration of the lease period.

The non-cancellable operating lease liabilities as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Less than 1 year	274.782.036	225.002.237
Between 1 - 5 years	952.103.910	798.480.355
Over 5 years	228.375.473	179.730.639
	1.455.261.419	1.203.213.231

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NOTE 12 - COMMITMENTS (cont'd)

Collaterals-Pledges-Mortgages(“CPM”)

The details of the CPMs given by the Group as of 31 March 2015 is as follows:

31 March 2015	TL TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on the behalf of its own legal entity					
-Collateral	321.693.691	108.198.260	7.683.649	10.003.976	7.518.975
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
B. Total amounts of CPM given on the behalf of subsidiaries that are included in full consolidation					
-Collateral	25.819.050	4.998.000	-	12.773.271	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations (*)					
-Collateral	9.806.648	3.757.049	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
D. Total amounts of other CPM given					
i. Total amount of CPM given on behalf of the Parent					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
	357.319.389	116.953.309	7.683.649	22.777.247	7.518.975

(*) Consisted of given CPMs to third parties in order to guarantee PUEM's, joint venture company accounted for equity method, liabilities for routine trade operations.

The other CPMs given by the Company constitute 0% of the Company's equity as of 31 March 2015.

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NOTE 12 - COMMITMENTS (cont'd)

Collaterals-Pledges-Mortgages(“CPM”) (cont'd)

The details of the CPMs given by the Group as of 31 December 2014 is as follows:

31 December 2014	TL TOTAL	USD	EUR	TL	Other
A. Total amounts of CPM given on the behalf of its own legal entity					
-Collateral	278.165.765	103.203.384	8.096.773	10.097.338	5.911.532
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
B. Total amounts of CPM given on the behalf of subsidiaries that are included in full consolidation					
-Collateral	24.363.133	4.998.000	-	12.773.271	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
C. Total amounts of CPM given in order to guarantee third parties debts for routine trade operations (*)					
-Collateral	8.328.186	1.176.500	-	5.600.000	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
D. Total amounts of other CPM given					
i. Total amount of CPM given on behalf of the Parent					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
ii. Total amount of CPM given on behalf of other group companies not covered in B and C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties not covered in C					
-Collateral	-	-	-	-	-
-Pledge	-	-	-	-	-
-Mortgage	-	-	-	-	-
	310.857.084	109.377.884	8.096.773	28.470.609	5.911.532

(*) Consisted of given CPMs to third parties in order to guarantee PUEM's, joint venture company accounted for equity method, liabilities for routine trade operations.

The CPMs given by the Group are consisted of collaterals given to airports and terminals operators, aircraft leasing companies and service suppliers.

The other CPMs given by the Company constitute 0% of the Company's equity as of 31 December 2014.

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NOTE 13 - EXPENSES BY NATURE

The details of expenses by nature as of the years ended 31 March 2015 and 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Jet fuel expenses	227.291.208	240.675.357
Personnel expenses	97.537.827	81.256.590
Operating lease expenses	64.484.079	41.273.913
Maintenance expenses	57.122.897	32.414.233
Handling and station fees	51.413.066	43.955.844
Navigation expenses	44.084.442	40.465.790
Depreciation and amortisation expense	39.781.951	42.316.842
Landing expenses	17.684.561	15.982.194
Advertising expenses	17.441.976	27.404.714
Commission expenses	11.981.235	10.504.055
Passenger service and catering expenses	7.544.641	6.291.801
Other expenses	39.614.292	41.566.530
	675.982.175	624.107.863

NOTE 14 - SHAREHOLDERS' EQUITY

The Company's shareholding structure as of 31 March 2015 and 31 December 2014 is as follows:

Shareholders:	31 March 2015		31 December 2014	
	(%)	TL	(%)	TL
Esas Holding	62,92	64.353.570	62,92	64.353.570
Publicly held	34,51	35.294.000	34,51	35.294.000
Emine Kamyşlı	0,86	874.810	0,86	874.810
Ali İsmail Sabancı	0,86	874.810	0,86	874.810
Kazım Köseoğlu	0,43	437.405	0,43	437.405
Can Köseoğlu	0,43	437.405	0,43	437.405
TL historic capital	100,0	102.272.000	100,0	102.272.000

The Company's share capital consists of 102.272.000 shares of par value TL 1 each (31 December 2014: 102.272.000 shares). All issued shares are fully paid in cash.

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NOTE 15 - SALES AND COST OF SALES

The details of sales and cost of sales as of the years ended 31 March 2015 and 2014 are as follows:

Sales:

	1 January- 31 March 2015	1 January- 31 March 2014
Scheduled flights	436.950.850	380.854.484
<i>International scheduled flights</i>	259.368.420	213.336.942
<i>Domestic scheduled flights</i>	177.582.430	167.517.542
Ancillary revenue	127.285.393	111.174.901
Charter flights	5.443.121	6.706.742
Other revenue	13.466.965	12.087.170
	583.146.329	510.823.297

Geographical details of revenue from the scheduled flights are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Domestic	177.582.430	167.517.542
Europe	199.708.134	154.827.982
Other	59.660.286	58.508.960
	436.950.850	380.854.484

Cost of sales:

	1 January- 31 March 2015	1 January- 31 March 2014
Jet fuel expenses	227.291.208	240.675.357
Personnel expenses	85.691.996	70.980.431
Operating lease expenses	64.484.079	41.273.913
Maintenance expenses	57.122.897	32.414.233
Handling and station fees	51.413.066	43.955.844
Navigation expenses	44.084.442	40.465.790
Depreciation and amortisation expenses	36.429.238	39.349.710
Landing expenses	17.684.561	15.982.194
Passenger service and catering expenses	7.544.641	6.291.801
Other expenses	26.763.092	30.314.647
	618.509.220	561.703.920

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NOTE 16 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January- 31 March 2015	1 January- 31 March 2014
Marketing expenses	35.272.768	43.825.582
General administrative expenses	22.200.187	18.578.361
	57.472.955	62.403.943

The details of general administrative expenses and marketing expenses as of the years ended 31 March 2015 and 2014 are as follows (there are no research & development expenses in the years ended in respective dates):

General administrative expenses:

	1 January- 31 March 2015	1 January- 31 March 2014
Personnel expenses	9.187.623	7.316.913
Depreciation and amortisation expenses	2.697.924	2.400.960
Rent expenses	2.628.694	2.448.464
IT expenses	1.772.973	1.122.341
Legal and notary expenses	1.252.441	517.890
Consultancy expenses	1.071.298	1.872.928
Travel expenses	610.385	746.208
Office utility expenses	352.655	378.773
Other expenses	2.626.194	1.773.884
	22.200.187	18.578.361

Marketing expenses:

	1 January- 31 March 2015	1 January- 31 March 2014
Advertising expenses	17.441.976	27.404.714
Commission expenses	11.981.235	10.504.055
Personnel expenses	2.658.208	2.959.246
Call center expenses	1.879.831	1.951.605
Depreciation and amortisation expenses	654.789	566.172
Other expenses	656.729	439.790
	35.272.768	43.825.582

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NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses as of the years ended 31 March 2015 and 2014 are as follows:

Other operating income:

	1 January- 31 March 2015	1 January- 31 March 2014
Foreign exchange gain from operating activities	82.244.149	-
Discount cancellation income	78.160	59.052
Rent income	-	45.319
Income from sale and leaseback transactions	-	88.611
Other income	753.810	628.935
	83.076.119	821.917

Other operating expenses:

	1 January- 31 March 2015	1 January- 31 March 2014
Doubtful receivable expense	290.924	16.541
Foreign exchange loss from operating activities	-	13.167.242
Other expense	865.477	451.402
	1.156.401	13.635.185

NOTE 18 - INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities as of the years ended 31 March 2015 and 2014 are as follows:

Income from investing activities:

	1 January- 31 March 2015	1 January- 31 March 2014
Foreign exchange gain from investing activities	8.744.315	1.805.460
Other income	20.171	-
	8.764.486	1.805.460

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NOTE 19 - FINANCIAL INCOME AND EXPENSES

The details of financial income and expenses as of the years ended 31 March 2015 and 2014 are as follows:

Financial income:

	1 January- 31 March 2015	1 January- 31 March 2014
Interest income	8.137.493	21.157.068
Gain on derivative contracts	-	31.966.401
	8.137.493	53.123.469

Financial expenses:

	1 January- 31 March 2015	1 January- 31 March 2014
Losses from derivative contracts	28.233.397	-
Foreign exchange loss	16.419.347	35.654.859
Other commission expenses	3.143.112	2.024.419
Surety commission expenses	2.910.649	3.475.803
Interest expense on obligations under finance lease	1.934.403	3.007.086
Interest expense on bank loans	-	536
	52.640.908	44.162.703

NOTE 20 - EARNINGS/LOSS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing the net income by the weighted number of shares that have been outstanding during the period concerned. Number of total shares and calculation of earnings per share at 31 March 2015 and 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Net loss attributable to shareholders of the parent	(74.286.318)	(102.552.797)
Weighted average number of shares issued in the period	102.272.000	102.272.000
Loss per share	(0,73)	(1,00)

Shares of the Company has been started to be traded in İstanbul Stock Exchange ("ISE") since 26 April 2013, after the demand collection between the dates of 18-19 April 2013.

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NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

Fair Value of Derivative Financial Instruments

	31 March 2015		31 December 2014	
	Asset	Liability	Asset	Liability
Short term	7.195.972	129.106.710	6.576.885	182.607.585
Long term	-	58.314.159	-	62.316.092
	7.195.972	187.420.869	6.576.885	244.923.677

Detailed explanations related to derivative financial instruments are disclosed in Note 24.

NOTE 22 - FINANCIAL INSTRUMENTS

Financial Liabilities

The details of financial liabilities as of 31 March 2015 and 31 December 2014 are as follows:

Short term financial liabilities	31 March 2015	31 December 2014
Short term bank borrowings	4.903.159	4.504.480
Short term portion of long term finance lease obligations	167.801.810	162.765.963
	172.704.969	167.270.443
Long term financial liabilities	31 March 2015	31 December 2014
Long term finance lease obligations	1.175.136.612	1.186.991.297
	1.175.136.612	1.186.991.297

a) Bank Borrowings

The effective interest rates, original currency and TL equivalents of the borrowings as of 31 March 2015 and 31 December 2014 are as follows:

31 March 2015	Weighted average interest rate (%)	Currency	Original amount	TL amount
Short term bank borrowings	0,00 (*)	TL	4.903.159	4.903.159
Total loans				4.903.159
31 December 2014	Weighted average interest rate (%)	Currency	Original amount	TL amount
Short term bank borrowings	0,00 (*)	TL	4.504.480	4.504.480
Total loans				4.504.480

(*) Amount consists of non-interest bearing loans for monthly social security premiums and tax payments.

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NOTE 22 - FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities (cont'd)

b) Financial Lease Liabilities

The details of financial lease liabilities as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Less than 1 year	172.331.502	168.520.791
Between 1 - 5 years	701.467.400	683.783.642
Over 5 years	494.866.016	528.461.762
	1.368.664.918	1.380.766.195
Less: Future interest expenses	(25.726.496)	(31.008.935)
	1.342.938.422	1.349.757.260

Present value of minimum lease payments of financial lease liabilities are as follows;

	31 March 2015	31 December 2014
Less than 1 year	167.801.810	162.765.963
Between 1 - 5 years	684.432.933	663.881.114
Over 5 years	490.703.679	523.110.183
	1.342.938.422	1.349.757.260

The Group purchases certain of its aircraft through finance lease arrangements. The average lease term is 12 years. For the period ended 31 March 2015, the floating interest rate applicable to Euro-denominated lease obligations is 0,32% (31 December 2014: 0,34%) and the floating rate applicable to US Dollar-denominated lease obligations is 0,80% (31 December 2014: 1,25%).

NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

Financial Risk Factors

Foreign currency risk management

The Group has significant transactions in non-euro currencies including, but not limited to, Turkish Lira revenues, non-euro borrowings and US dollars fuel purchases. These non-euro denominated transactions expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group's foreign currency position of monetary and non-monetary assets/liabilities for the years ended 31 March 2015 and 31 December 2014 are as follows:

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NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 March 2015	TL Total	USD	TL	GBP	Other
1. Trade receivables	212.936.647	9.930.918	145.607.486	3.931.218	26.228.653
2a. Monetary financial assets	775.536.871	233.864.778	127.825.076	5.964.588	14.248.081
2b. Non monetary financial assets	-	-	-	-	-
3. Other	235.388.637	89.754.886	38.914	36.204	931.732
4. CURRENT ASSETS	1.223.862.155	333.550.582	273.471.476	9.932.010	41.408.466
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	81.041.444	30.835.222	196.919	44.800	185.451
8. NON CURRENT ASSETS	81.041.444	30.835.222	196.919	44.800	185.451
9. TOTAL ASSETS	1.304.903.599	364.385.804	273.668.395	9.976.810	41.593.917
10. Trade payables	127.616.043	26.883.839	51.287.758	126.715	5.666.829
11. Financial liabilities	43.295.810	14.708.701	4.903.159	-	-
12a. Other liabilities, monetary	61.627.739	17.712.279	29.029.599	46.822	(13.815.235)
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	232.539.592	59.304.819	85.220.516	173.537	(8.148.406)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	230.351.633	88.250.568	-	-	-
16a. Other liabilities, monetary	-	-	-	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	230.351.633	88.250.568	-	-	-
18. TOTAL LIABILITIES	462.891.225	147.555.387	85.220.516	173.537	(8.148.406)
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	40.866.653	18.584.556	-	(1.350.000)	(2.430.270)
19.a Off-balance sheet foreign currency derivative assets	48.509.408	18.584.556	-	-	-
19b. Off-balance sheet foreigncurrency derivative liabilities	7.642.755	-	-	1.350.000	2.430.270
20. Net foreign currency asset/(liability) position	842.012.374	216.830.417	188.447.879	9.803.273	49.742.323
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	525.582.293	96.240.309	188.212.046	9.722.269	48.625.140

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NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

31 December 2014	TL Total	USD	TL	GBP	Other
1. Trade receivables	168.289.021	6.572.925	122.923.989	2.768.338	20.167.856
2a. Monetary financial assets	730.019.628	233.713.712	153.209.145	6.816.076	10.340.465
2b. Non monetary financial assets	-	-	-	-	-
3. Other	271.872.624	116.823.664	39.848	34.866	805.000
4. CURRENT ASSETS	1.170.181.273	357.110.301	276.172.982	9.619.280	31.313.321
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-
7. Other	35.439.526	15.060.186	189.478	44.800	165.877
8. NON CURRENT ASSETS	35.439.526	15.060.186	189.478	44.800	165.877
9. TOTAL ASSETS	1.205.620.799	372.170.487	276.362.460	9.664.080	31.479.198
10. Trade payables	117.845.568	30.962.487	37.788.620	544.767	6.299.000
11. Financial liabilities	38.566.656	14.688.937	4.504.480	-	-
12a. Other liabilities, monetary	25.338.331	4.568.480	18.473.657	192.401	(4.421.068)
12b. Other liabilities, non monetary	-	-	-	-	-
13. CURRENT LIABILITIES	181.750.555	50.219.904	60.766.757	737.168	1.877.932
14. Trade payables	-	-	-	-	-
15. Financial liabilities	213.300.183	91.983.347	-	-	-
16a. Other liabilities, monetary	-	-	-	-	-
16b. Other liabilities, non monetary	-	-	-	-	-
17. NON CURRENT LIABILITIES	213.300.183	91.983.347	-	-	-
18. TOTAL LIABILITIES	395.050.738	142.203.251	60.766.757	737.168	1.877.932
19. Net asset / liability position of Off-balance sheet derivatives (19a-19b)	79.889.762	38.453.742	-	(1.800.000)	(2.807.640)
19.a Off-balance sheet foreign currency derivative assets	89.170.382	38.453.742	-	-	-
19b. Off-balance sheet foreigncurrency derivative liabilities	9.280.620	-	-	1.800.000	2.807.640
20. Net foreign currency asset/(liability) position	810.570.061	229.967.236	215.595.703	8.926.912	29.601.266
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	503.257.911	98.083.386	215.366.377	8.847.246	28.630.389

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NOTE 23 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily with respect to the US Dollar and Turkish Lira.

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollars, and TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Foreign currency sensitivity tables as of 31 March 2015 and 31 December 2014 are as follows:

31 March 2015	Profit/Loss		Shareholders' equity	
	If foreign currency appreciated 10%	If foreign currency depreciated 10%	If foreign currency appreciated 10%	If foreign currency depreciated 10%
Effect of 10% change in USD rate				
USD net asset / liability	25.120.645	(25.120.645)	-	-
Part of hedged from USD risk	4.850.941	(4.850.941)	-	-
USD net effect	29.971.586	(29.971.586)	-	-
Effect of 10% change in TL rate				
TL net asset / liability	18.821.205	(18.821.205)	113.841.293	(113.841.293)
Part of hedged from TL risk	-	-	-	-
TL net effect	18.821.205	(18.821.205)	113.841.293	(113.841.293)
31 December 2014	Profit/Loss		Shareholders' equity	
	If foreign currency appreciated 10%	If foreign currency depreciated 10%	If foreign currency appreciated 10%	If foreign currency depreciated 10%
Effect of 10% change in USD rate				
USD net asset / liability	22.744.556	(22.744.556)	-	-
Part of hedged from USD risk	8.917.038	(8.917.038)	-	-
USD net effect	31.661.594	(31.661.594)	-	-
Effect of 10% change in TL rate				
TL net asset / liability	21.536.638	(21.536.638)	121.925.547	(121.925.547)
Part of hedged from TL risk	-	-	-	-
TL net effect	21.536.638	(21.536.638)	121.925.547	(121.925.547)

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NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

Fair Value of Financial Instruments

31 March 2015	Loans and receivables	Derivative instruments which are reflected at fair value in shareholders' equity	Derivative instruments which are reflected fair value in profit / (loss)	Financial liabilities at amortized cost	Carrying amount (*)	Note
Financial assets						
Cash and cash equivalents	939.727.361	-	-	-	939.727.361	26
Trade receivables	295.045.012	-	-	-	295.045.012	
- <i>Related party</i>	-	-	-	-	-	
- <i>Other</i>	295.045.012	-	-	-	295.045.012	6
Other receivables	328.207.258	-	-	-	328.207.258	
- <i>Related party</i>	265.499	-	-	-	265.499	5
- <i>Other</i>	327.941.759	-	-	-	327.941.759	
Advances given for purchase of aircraft	67.904.702	-	-	-	67.904.702	
Derivative financial assets	-	-	7.195.972	-	7.195.972	21
Financial liabilities						
Bank borrowings	-	-	-	4.903.159	4.903.159	22
Obligations under financial leases	-	-	-	1.342.938.422	1.342.938.422	22
Trade payables	-	-	-	221.318.460	221.318.460	6
- <i>Related party</i>	-	-	-	2.239.684	2.239.684	5
- <i>Other</i>	-	-	-	219.078.776	219.078.776	
Passenger airport fees liability	-	-	-	63.256.741	63.256.741	7
Derivative financial liabilities	-	34.135.380	153.285.489	-	187.420.869	21

(*) The Group's management believes that carrying amount of financial instruments approximates their fairvalue.

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(Amounts are expressed in TL unless otherwise stated.)

NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (cont'd)

Fair Value of Financial Instruments (cont'd)

31 December 2014	Loans and receivables	Derivative instruments which are reflected at fair value in shareholders' equity	Derivative instruments which are reflected fair value in profit / (loss)	Financial liabilities at amortized cost	Carrying amount (*)	Note
Financial assets						
Cash and cash equivalents	856.890.769	-	-	-	856.890.769	26
Trade receivables	233.180.223	-	-	-	233.180.223	
- <i>Related party</i>	-	-	-	-	-	
- <i>Other</i>	233.180.223	-	-	-	233.180.223	6
Other receivables	331.253.466	-	-	-	331.253.466	
- <i>Related party</i>	301.172	-	-	-	301.172	5
- <i>Other</i>	330.952.294	-	-	-	330.952.294	
Advances given for purchase of aircraft	87.683.757	-	-	-	87.683.757	
Derivative financial assets	-	-	6.576.885	-	6.576.885	21
Financial liabilities						
Bank borrowings	-	-	-	4.504.480	4.504.480	22
Obligations under financial leases	-	-	-	1.349.757.260	1.349.757.260	22
Trade payables	-	-	-	196.386.561	196.386.561	6
- <i>Related party</i>	-	-	-	85.569	85.569	5
- <i>Other</i>	-	-	-	196.300.992	196.300.992	
Passenger airport fees liability	-	-	-	49.951.667	49.951.667	7
Derivative financial liabilities	-	72.619.073	172.304.604	-	244.923.677	21

(*) The Group's management believes that carrying amount of financial instruments approximates their fairvalue.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2015**

(Amounts are expressed in TL unless otherwise stated.)

**NOTE 24 - FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING
DISCLOSURES) (cont'd)**

Fair Value of Financial Instruments (cont'd)

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices:
- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of financial assets and liabilities are determined by the input that does not reflect an actual data observed in the market while finding the fair value of an asset or liability.

Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique
	31 March 2015	31 December 2014		
Fuel purchase forward contracts	(34.135.380)	(72.619.073)	Level 2	Discounted cash flow method
Currency forward contracts	7.195.972	5.925.404	Level 2	Discounted cash flow method
Chooser forward contracts	(153.026.517)	(172.304.604)	Level 2	Discounted cash flow method
Interest rate swap contracts	(258.972)	651.481	Level 2	Discounted cash flow method

NOTE 25 - EVENTS AFTER BALANCE SHEET DATE

None.

PEGASUS HAVA TAŞIMACILIĞI A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2015**

(Amounts are expressed in TL unless otherwise stated.)

NOTE 26 - EXPLANATIONS RELATED TO STATEMENT OF CASH FLOW

The details of cash and cash equivalents as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Cash on hand	97.304	168.239
Cash at banks	939.630.057	856.722.530
- Demand deposits	52.647.476	33.765.213
- Time deposits	886.982.581	822.957.317
	939.727.361	856.890.769

The effective interest rates of time deposits are as presented below:

31 March 2015	Effective interest rates	Total
TL deposits	11,40%	123.024.916
USD deposits	2,42%	603.211.080
EUR deposits	1,33%	141.439.732
GBP deposits	0,92%	19.306.853
		886.982.581

31 December 2014	Effective interest rates	Total
TL deposits	10,92%	145.735.671
USD deposits	2,53%	536.192.839
EUR deposits	1,60%	117.107.634
GBP deposits	0,88%	21.581.428
CHF deposits	0,70%	2.339.745
		822.957.317

All of the time deposits as of 31 March 2015 and 31 December 2014 mature within 90 days.