

DETAILED INCOME STATEMENT AND FOOTNOTES

based on USD accounting



INCOME STATEMENT (USD)

	<u>Unaudited</u>	<u>Unaudited</u>
	<u>1 January - 31 March 2014</u>	<u>1 January - 31 March 2013</u>
<u>PROFIT OR LOSS</u>		
Sales Revenue	2.315.274.851	2.014.565.690
Cost of Sales (-)	(2.085.535.076)	(1.769.113.660)
GROSS PROFIT/(LOSS)	229.739.775	245.452.030
General Administrative Expenses (-)	(64.616.168)	(57.693.588)
Marketing and Sales Expenses (-)	(267.496.465)	(235.407.488)
Other Operating Income	27.071.636	28.260.012
Other Operating Expenses (-)	(7.166.078)	(19.922.143)
OPERATING PROFIT	(82.467.300)	(39.311.177)
Income from Investment Activities	12.527.942	17.549.846
Share of Investments' Profit / Loss Accounted By Using the Equity method	(8.284.912)	3.295.001
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE	(78.224.270)	(18.466.330)
Financial Income	7.873.607	37.085.115
Financial Expenses (-)	(66.469.461)	(35.167.329)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(136.820.124)	(16.548.544)
Tax Income/ Expense of Continuing Operations	34.601.291	2.587.290
Current Tax Expense for the Period	-	-
Deferred Tax (Expense)/Income	34.601.291	2.587.290
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(102.218.833)	(13.961.254)

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GROSS PROFIT (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Scheduled flights		
Passenger	2.009.119.419	1.768.433.328
Cargo and mail	231.867.895	189.821.315
Total scheduled flights	2.240.987.314	1.958.254.643
Unscheduled flights	10.753.441	8.482.992
Technical Revenue	53.822.791	34.693.679
Other revenue	9.711.305	13.134.376
Net sales	2.315.274.851	2.014.565.690
Cost of sales (-)	(2.085.535.076)	(1.769.113.660)
Gross profit	229.739.775	245.452.030

GEOGRAPHICAL DETAILS OF REVENUE FROM THE SCHEDULED FLIGHTS (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
- Europe	679.185.054	597.267.666
- Far East	529.617.933	444.523.804
- Middle East	331.338.395	283.946.923
- America	216.650.927	184.075.937
- Africa	208.802.565	172.326.408
Total international flights	1.965.594.874	1.682.140.738
Domestic flights	275.392.440	276.113.905
Total revenue	2.240.987.314	1.958.254.643

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OPERATING COSTS BY TYPE (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Fuel expenses	887.469.040	769.306.646
Personnel expenses	398.347.178	384.968.638
Depreciation expenses	172.947.976	163.581.533
Ground services expenses	145.362.923	125.850.796
Passenger service catering expenses	125.527.576	97.252.432
Air traffic control expenses	123.836.596	94.209.381
Landing and navigation expenses	94.923.623	74.462.613
Short term leasing expenses	91.460.815	35.265.940
Maintenance expenses	85.852.414	56.260.158
Commissions and incentive expenses	77.696.061	75.642.731
Reservation systems expenses	56.041.503	50.549.293
Advertising and promotion expenses	38.248.147	20.574.610
Operating lease expenses	36.021.131	41.103.807
Service expenses	19.248.500	12.043.201
Other rent expenses	10.777.949	14.197.783
Communication and information expenses	9.081.057	8.516.569
Insurance expenses	8.200.857	9.144.587
Transportation expenses	5.678.638	4.520.159
Tax expenses	5.271.982	4.218.597
Consultancy expenses	2.917.345	3.564.027
Utility expenses	2.096.182	2.202.570
Membership fees	1.378.894	1.308.350
System use and membership expenses	1.030.216	977.558
Other expenses	18.231.106	12.492.757
	2.417.647.709	2.062.214.736

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COST OF SALES (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Fuel expenses	887.311.695	769.114.097
Personnel expenses	289.194.389	282.009.768
Depreciation expenses	162.691.230	154.462.304
Ground services expenses	145.362.923	125.850.796
Passenger service catering expenses	125.527.576	97.252.432
Air traffic control expenses	123.836.596	94.209.381
Landing and navigation expenses	94.923.623	74.462.613
Maintenance expenses	85.251.900	55.114.078
Short term leasing expenses	91.460.815	35.265.940
Operating lease expenses	36.021.131	41.103.807
Service expenses	14.032.119	8.596.866
Insurance expenses	7.888.794	9.020.648
Other rent expenses	5.283.334	8.436.754
Transportation expenses	5.678.638	4.520.159
Tax expenses	2.476.367	2.316.516
Utility expenses	1.207.112	1.572.512
Other expenses	7.386.834	5.804.989
	<u>2.085.535.076</u>	<u>1.769.113.660</u>

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GENERAL ADMINISTRATIVE EXPENSES (USD)

	<u>1 January - 31 March 2014</u>	<u>1 January - 31 March 2013</u>
Personnel expenses	37.407.118	33.487.965
Depreciation expenses	8.522.010	7.591.897
Communication and information expenses	7.043.329	6.694.234
Service expenses	3.505.893	2.382.619
System use and membership expenses	1.030.216	977.558
Consultancy expenses	1.386.560	2.314.470
Rent expenses	1.103.529	743.173
Maintenance expenses	600.514	1.146.080
Utility expenses	889.070	630.058
Insurance expenses	312.063	123.939
Tax expenses	336.574	784.300
Other administrative expenses	2.479.292	817.295
	<u>64.616.168</u>	<u>57.693.588</u>

MARKETING, SALES AND DISTRIBUTION EXPENSES (USD)

	<u>1 January - 31 March 2014</u>	<u>1 January - 31 March 2013</u>
Commissions and incentive expenses	77.696.061	75.642.731
Personnel expenses	71.745.671	69.470.905
Reservation systems expenses	56.041.503	50.549.293
Advertising and promotion expenses	38.248.147	20.574.610
Rent expenses	4.391.086	5.017.856
Tax expenses	2.459.041	1.117.781
Consultancy expenses	1.530.785	1.249.557
Communication and information expenses	2.037.728	1.822.335
Depreciation expenses	1.734.736	1.527.332
Service expenses	1.710.488	1.063.716
Membership fees	1.378.894	1.308.350
Fuel expenses	157.345	192.549
Other sales and marketing expenses	8.364.980	5.870.473
	<u>267.496.465</u>	<u>235.407.488</u>

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OTHER OPERATING INCOME (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Foreign exchange gains on trade operations, net	7.072.454	-
Insurance, indemnities, penalties income	4.882.829	8.534.039
Grant credit income related to aircraft, engines and other purchases	1.254.495	1.019.269
Provisions released	1.875.856	3.529.562
TGS share premium	1.686.139	1.584.388
Non- interest revenues from banks	1.236.515	1.143.221
Late payment interest income	127.428	71.096
Rent income	1.096.108	884.586
Other operating income	7.839.812	11.493.851
	27.071.636	28.260.012

OTHER OPERATING EXPENSE (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Provision expenses	4.588.971	498.529
Indemnity and penalty expenses	683.029	659.620
Discount Interest expenses	705.950	169.011
Foreign exchange losses on trade operations, net	-	13.770.463
Other operating expenses	1.132.194	4.809.200
Loss on sale of fixed assets	55.934	15.320
	7.166.078	19.922.143

INCOME FROM INVESTMENT ACTIVITIES (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Income from investment assistance	12.240.096	11.644.225
Financial investment interest income	287.846	5.905.621
	12.527.942	17.549.846

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FINANCIAL INCOME (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Interest income	6.767.076	8.481.160
Rediscount Interest income related to aircraft prepayments	1.106.531	782.406
Gain on derivative financial instruments	-	7.829.792
Foreign Exchange gain	-	19.991.757
	<u>7.873.607</u>	<u>37.085.115</u>

FINANCIAL EXPENSES (USD)

	1 January - 31 March 2014	1 January - 31 March 2013
Finance lease interest expenses	38.052.143	30.509.019
Foreign exchange losses	24.159.736	-
Losses on derivative financial instruments	629.931	-
Finance lease administration expenses	1.762.815	3.360.986
Rediscount interest expense related to aircraft purchases	-	-
Cost of ETB interest	960.006	838.489
Other financial expenses	904.830	458.835
	<u>66.469.461</u>	<u>35.167.329</u>