Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Financial Statements
As At and For The Nine Month Period Ended
31 October 2017

This report contains 40 pages of financial statement explanatory notes.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Condensed Consolidated Interim Statement of Financial Position
As at 31 October 2017
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Notes	**Unaudited 31 October 2017**	**Audited Restated (1) 31 January 2017**
ASSETS			
Current assets			
Cash and cash equivalents	*6*	174,818	158,056
Trade receivables		187,017	109,381
- Due from related parties	*8*	--	*4,059*
- Due from third parties	*9*	*187,017*	*105,322*
Other receivables		21,655	21,491
- Due from third parties		*21,655*	*21,491*
Derivatives	*20*	4,135	7,336
Inventories		292,359	287,844
Prepayments		27,693	20,388
Current tax asset		293	5,287
Other current assets		15,430	15,597
Total current assets		**723,400**	**625,380**
Non-current assets			
Other receivables		2,794	2,014
- Due from third parties		*2,794*	*2,014*
Prepayments		--	68
Property and equipment		154,702	136,579
Intangible assets		49,364	55,551
Goodwill	*11*	99,112	100,472
Deferred tax assets		8,075	6,746
Total non-current assets		**314,047**	**301,430**
TOTAL ASSETS		**1,037,447**	**926,810**

(1) See Note 2.3.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Financial Position

As at 31 October 2017

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Notes	Unaudited 31 October 2017	Audited Restated [1] 31 January 2017
LIABILITIES			
Current liabilities			
Loans and borrowings	*7*	202,719	230,814
Trade payables		391,157	299,515
- Due to related parties	*8*	*110,477*	*108,740*
- Due to third parties	*9*	*280,680*	*190,775*
Payables to employees		18,989	14,849
Other payables		32,122	86,721
- Due to related parties	*8*	*22,481*	*76,365*
- Due to third parties		*9,641*	*10,356*
Derivatives	*20*	--	--
Current tax liabilities		11,782	203
Provisions		13,068	10,630
- Provisions for employee benefits	*12*	*2,768*	*2,159*
- Other provisions	*12*	*10,300*	*8,471*
Deferred revenue		13,610	11,985
Other current liabilities		3,467	9,746
Total current liabilities		**686,914**	**664,463**
Non-current liabilities			
Loans and borrowings	*7*	95,654	105,209
Provisions		3,579	3,151
- Provisions for employee benefits	*12*	*3,579*	*3,151*
Deferred revenue		108	119
Deferred tax liabilities		12,272	13,398
Total non-current liabilities		**111,613**	**121,877**
TOTAL LIABILITIES		**798,527**	**786,340**
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	49,657	49,657
Reserves		201	(16,749)
Retained earnings		190,351	115,797
Equity attributable to owners of the Company		**240,209**	**148,705**
Non-controlling interests		**(1,289)**	**(8,235)**
Total equity		**238,920**	**140,470**
TOTAL EQUITY AND LIABILITIES		**1,037,447**	**926,810**

1 See Note 2.3.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the nine month period ended 31 October 2017

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Notes	**Unaudited 1 February – 31 October 2017**	**Unaudited 1 August – 31 October 2017**	**Unaudited 1 February – 31 October 2016**	**Unaudited 1 August – 31 October 2016**
Revenue		1,350,425	521,633	972,671	387,527
Cost of sales		(665,692)	(256,292)	(478,362)	(187,741)
Gross profit		**684,733**	**265,341**	**494,309**	**199,786**
Administrative expenses		(69,540)	(23,575)	(51,940)	(17,117)
Selling, marketing and distribution expenses	*14*	(435,700)	(155,787)	(327,248)	(120,228)
Research and development expenses		(16,768)	(5,543)	(13,839)	(5,134)
Other income	*15*	1,775	539	1,619	173
Other expenses	*15*	(518)	(162)	(1,421)	38
Operating profit		**163,982**	**80,813**	**101,480**	**57,518**
Finance income	*16*	998	(1,728)	452	(1,483)
Finance costs	*17*	(60,557)	(21,430)	(34,534)	(12,267)
Net finance costs		**(59,559)**	**(23,158)**	**(34,082)**	**(13,750)**
Profit before tax		**104,423**	**57,655**	**67,398**	**43,768**
Income tax expense	*18*	**(20,296)**	**(9,228)**	**(14,693)**	**(9,362)**
- Tax expense		(23,182)	(9,719)	(17,726)	(7,652)
- Deferred tax income/(expenses)		2,886	491	3,033	(1,710)
Profit		**84,127**	**48,427**	**52,705**	**34,406**
Profit attributable to:					
Non-controlling interests		5,493	3,889	375	375
Owners of the Company		78,634	44,538	52,330	34,031
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liability		89	109	(424)	(592)
- Related tax		(18)	(22)	85	119
Items that are or may be reclassified to profit or loss					
Foreign operations - foreign currency translation differences		11,355	4,443	(2,311)	(1,697)
Cash flow hedging reserves		3,621	6,681	--	--
- Related tax		(724)	(1,336)	--	--
Other comprehensive income net of tax		**14,323**	**9,875**	**(2,650)**	**(2,170)**
Total comprehensive income attributable to:					
Owners of the Company		91,504	54,635	51,028	33,209
Non-controlling interests		6,946	3,667	(973)	(973)
Total comprehensive income		**98,450**	**58,302**	**50,055**	**32,236**
Earnings per share					
Basic earnings per share (full TL)	*19*	1.5835	0.8969	1.0538	0.6854
Diluted earnings per share (full TL)	*19*	1.5835	0.8969	1.0538	0.6854
Earnings before interest, tax, depreciation and amortization **(EBITDA)**	*26*	**207,809**	**96,027**	**134,673**	**69,451**

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

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

				Other comprehensive income/expense not to be reclassified to profit or loss		Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings				
	Share capital	**Legal reserves**	**Purchase of share of entities under common control**	**Remeasurement of defined benefit liability**	**Other reserve**	**Foreign currency translation reserve**	**Hedging reserve**	**Retained earnings**	**Net profit**	**Attributable to owners of the Company**	**Attributable to non-controlling interest**	**Total equity**
Balance as at 1 February 2016	**49,657**	**14,819**	**(35,757)**	**(4,211)**	**(4,080)**	**6,855**	**--**	**34,889**	**33,453**	**95,625**	**--**	**95,625**
Transfers	--	2,608	--	--	--	--	--	30,845	(33,453)	--	--	--
Acquisition of subsidiary with NCI (Note 5)	--	--	--	--	--	--	--	(1)	--	(1)	(7,123)	(7,124)
Total comprehensive income				(339)		(963)	--	-	52,330	51,028	(973)	50,055
Total balance as at 31 October 2016	**49,657**	**17,427**	**(35,757)**	**(4,550)**	**(4,080)**	**5,892**	**--**	**65,733**	**52,330**	**146,652**	**(8,096)**	**138,556**
Balance as at 1 February 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,152**	**--**	**65,733**	**50,064**	**148,735**	**(8,235)**	**140,500**
Impact of remeasurement of goodwill[1]	--	--	--	--	--	(30)	--	--	--	(30)	--	(30)
Restated balance as at 1 February 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,122**	**--**	**65,733**	**50,064**	**148,705**	**(8,235)**	**140,470**
Transfers	--	--	--	--	--	--	--	50,064	(50,064)	--	--	--
Acquisition of NCI (Note 13)	--	--	--	--	4,080	--	--	(4,080)	--	--	--	--
Total comprehensive income	--	--	--	71	--	9,902	2,897	--	78,634	91,504	6,946	98,450
Total balance as at 31 October 2017	**49,657**	**17,427**	**(35,757)**	**(4,390)**	**--**	**20,024**	**2,897**	**111,717**	**78,634**	**240,209**	**(1,289)**	**238,920**

1 See Note 2.3.

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

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

Cash flow from operating activities	*Notes*	Unaudited 1 February – 31 October 2017	Unaudited 1 February – 31 October 2016
Net profit for the period		**84,127**	**52,705**
Depreciation and amortization expense		43,827	33,193
Finance income		(948)	(414)
Finance cost		50,946	32,658
Provision for unused vacation	12	1,012	1,406
Provision for employee severance indemnity		2,812	1,712
Fair value change of derivatives		4,625	1,382
Impairment loss on receivables		(514)	306
Inventory obsolescence, reversals		(1,000)	(2,406)
Loss on disposal of property and equipment, net	10	134	294
Tax expense	18	20,296	14,693
Unrealized currency translation difference		6,852	(1,933)
		212,169	**133,596**
Changes in:			
Change in trade receivables		(81,211)	(52,196)
Change in inventory		(3,833)	(75,338)
Change in prepaid expenses		(7,237)	(6,118)
Change in receivables from related parties		4,059	(1,517)
Change in other receivables		(944)	(3,251)
Change in other current and non-current assets		167	(13,298)
Change in employee benefits liabilities		(440)	86
Change in trade payables		89,905	47,766
Change in payables to related parties		1,745	55,541
Change in payables to employees		4,140	848
Change in other payables		3,319	2,113
Change in deferred revenue		1,614	1,830
Change in short term and long term provisions		1,829	5,268
Change in other liabilities		(6,279)	6,198
Employee benefits paid		(2,313)	(2,254)
Income tax paid		(10,936)	(9,281)
Net cash from operating activities		**205,754**	**89,993**
Cash flows from investing activities		--	--
Acquisition of tangible assets	10	(52,982)	(39,259)
Proceeds from sale of tangible assets		--	--
Acquisition of intangible assets	10	(2,470)	(6,307)
Acquisition of subsidiary, net of cash acquired		(43,278)	(16,229)
Proceeds from sale of intangible assets		--	--
Interest received		948	414
Net cash flow used in investing activities		**(97,782)**	**(61,381)**
Proceeds from loans and borrowings		129,028	391,151
Repayment of loans and borrowings		(176,257)	(347,353)
Proceeds of settlement of derivatives, net		2,197	1,561
Other financial payments		(27,394)	(19,785)
Interest paid		(23,552)	(12,873)
Net cash flow used in financing activities		**(95,978)**	**12,701**
Net increase in cash and cash equivalent		**11,994**	**41,313**
Cash and cash equivalents at the beginning of the year	6	**154,832**	**110,805**
Cash and cash equivalents at the end of the period	6	**166,826**	**152,117**

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

Notes to the condensed consolidated interim financial statements

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

1 Reporting entity

Mavi Giyim Sanayi ve Ticaret A.Ş. (the "Company" or "Mavi Giyim"), established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim bottoms for men, women and children.

The Company's registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53, 34418 Kağıthane Istanbul/Turkey.

Export sales operations started in 1994. Mavi Giyim has offices and showrooms in Heusenstamm, Düsseldorf, Sindelfingen, Munich, Hamburg, Berlin, Zurich, Salzburg, Prague, Brussels, Moscow, New York, New Jersey, Los Angeles, Atlanta, Dallas, Chicago, Vancouver, Toronto and Montreal.

With the appropriate permission from İstanbul Stock Exchange Market Presidency, shares equal to TL 27,311 representing 55% of nominal shares of the Company's TL 49,657 was offered to public on 15 June 2017. As a result of the offering, main shareholder from Company's partnership structure Blue International Holding B.V.'s shares decreased to 45% from 100%. The primary shareholder of the Company as at 31 October 2017 is Blue International Holding B.V. ("Blue International") with 46.55% ownership (31 January 2017 Blue International with 100% ownership).

The condensed consolidated interim financial statements as at 31 October 2017 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe"), Mavi Nederland BV ("Mavi Nederland") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA"), Mavi Kazakhstan LLP and its subsidiaries are referred here as the ("Group") and individually ("the Group entity") in this report.

The ownership interest of and voting power held by the Company as at and for the periods ended 31 October 2017 and 31 January 2017 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 October 2017	31 January 2017
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	87.50
Mavi Nederland	Netherland	Wholesale sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Mavi Kazakhstan [2]	Kazakhstan	Retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi Canada[1]	Canada	Wholesale and retail sales of apparel	38.25	38.25
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00

[1] The Group holds %51 percent voting right in Mavi Canada.

[2] The Group has been planning to start legal process of dissolution the operations in Mavi Kazakhstan. As of 31 October 2017, Mavi Kazakhstan does no longer proceed any operations.

As of 31 October 2017, the Group's total number of employees is 3,770 (31 January 2017: 3,340).

2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 January 2017 ('last annual financial statements'). They do not include all of the information required to be a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 4 December 2017. General Assembly has the authority to modify the condensed consolidated interim financial statements.

(b) Basis of measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed further in Note 2.2.

(c) Functional and presentation currency

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") which is the Company's functional currency. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These accompanying condensed consolidated interim financial statements are presented in thousands of TL which is the Company's functional currency except when the otherwise indicated. All other currencies are indicated in full unless otherwise indicated.

The table below summarizes functional currencies of the Group entities.

Company	Functional currency
Mavi Giyim	TL
Mavi Europe	Euro ("EUR")
Mavi Nederland	EUR
Mavi Russia	Rouble ("RBL")
Mavi Kazakhstan	Kazakhstan Tenge ("KZT")
Eflatun Giyim	TL
Mavi USA	US Dollars ("USD")
Mavi Canada	Canada Dollars ("CAD")

2 Basis of presentation of financial statements *(continued)*

2.1 Basis of accounting *(continued)*

(d) Use of judgements and estimates

In preparing these condensed consolidated interim financial statements management has made judgements, estimates, and assumptions that affects the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The significant judgements made by the management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 January 2017.

2.2 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

Going concern assumption

Condensed consolidated interim financial statements are prepared in accordance with the going concern assumption that the Group will gain benefit from its assets and meet the liabilities in the following year within the natural flow of its activities.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

(ii) Derivative financial liabilities

Forward exchange contracts

The fair values of forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Other non-derivative financial liabilities

Fair value of other non-derivative financial liabilities are determined during the initial recognition and for disclosure purposes at the end of each period. Fair values are calculated as reduction of present values of prospective principal and interest cash flows with market interest rate at the measurement date. Fair values of current non-derivative financial liabilities are accepted same as their carrying values.

2 Basis of presentation of financial statements *(continued)*

2.2 Significant accounting policies *(continued)*

Measurement of fair values *(continued)*

(iv) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. The fair value of customer relationships acquired in a business combination are determined according to the excess earnings methods and replacement cost approach.

(v) Property, plant and equipment

The fair value of property and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

2.3 Restatements

On 12 August 2016, Mavi Giyim acquired the shares and controlling interest of 51% in Eflatun, which has 100% and 75% shareholding interest in Mavi US and Mavi Canada, respectively.

On 31 August 2016, the Group recognized TL 25,371 as contingent consideration liability, which was USD 8,587 at the date of acquisition, in addition to acquisition amount. As a result of the quotation of the Company shares in stock Exchange on 15 June 2017, the ultimate shareholders of the Company changed and the exit occurred. The market price of the company determined by the participants ended up with a result that Company should pay additional price to Eflatun Giyim shareholders.

Thus, the contingent consideration liability has increased to USD 17,165 from USD 8,587. The Group has determined that the market participants has valued the Group relying on the same information, facts and circumstances which were used by the Company management at the time of the acquisition date.

Group's accounting policies require remeasurement of goodwill if the fair value of the contingent consideration liability would change as a result of differences coming from newly-acquired information regarding the existed events and conditions at the date of acquisition.

Reassessment performed in accordance with this accounting policy, goodwill and other payables to related parties are increased by TL 32,841 and TL 32,872, respectively and foreign currency translation reserves decreased by TL 30 in the consolidated financials as at 31 January 2017. This remeasurement has no effect on the statement of profit or loss. For the further explanation see Note 5.

2 Basis of presentation of financial statements *(continued)*

2.4 Standards issued but not yet effective and not early adopted as of 31 October 2017

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 16 Leases

On 13 January 2016, IASB published the new leasing standard which will replace IAS 17 Leases, International Financial Reporting Interpretations Committee ("IFRIC") 4 Determining Whether an Arrangement Contains a Lease, SIC ("Standard Interpretations Committee") 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently change IAS 40 Investment Properties. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15-Revenue from Contracts with Customers. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

2 Basis of presentation of financial statements *(continued)*

2.4 Standards issued but not yet effective and not early adopted as of 31 October 2017 *(continued)*

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management's intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

2 Basis of presentation of financial statements *(continued)*

2.4 Standards issued but not yet effective and not early adopted as of 31 October 2017 *(continued)*

IFRIC 23 –Uncertainty over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

IAS 28 "Investments in Associates and Joint Ventures"

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

3 Seasonality of operations

The condensed consolidated interim financial statements of the Group also comprises the effects of seasonality. Therefore, the nine month period operating results for the period ended 31 October 2017 are not indicative of the results for the financial year.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

4 Operating segments

	1 February- 31 October 2017			1 August - 31 October 2017			1 February- 31 October 2016			1 August - 31 October 2016		
	Reportable segment			**Reportable segment**			**Reportable segment**			**Reportable segment**		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**	**Turkey**	**International**	**Total**	**Turkey**	**International**	**Total**
Segment revenue [1]	**1,107,768**	**242,657**	**1,350,425**	**430,476**	**91,157**	**521,633**	**858,131**	**114,540**	**972,671**	**333,953**	**53,574**	**387,527**
-Retail	831,120	36,798	867,918	306,508	13,041	319,549	629,583	22,778	652,361	230,522	8,912	239,434
-Wholesale	261,753	195,929	457,682	118,729	74,179	192,908	217,940	88,948	306,888	99,820	42,885	142,705
-E-commerce	14,895	9,930	24,825	5,239	3,937	9,176	10,608	2,814	13,422	3,611	1,777	5,388
Segment profit before tax	**88,040**	**16,383**	**104,423**	**48,845**	**8,810**	**57,655**	**67,013**	**385**	**67,398**	**40,481**	**3,287**	**43,768**

	31 October 2017			31 January 2017		
	Reportable segment			**Reportable segment**		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**
Total segment assets	890,237	147,210	**1,037,447**	699,875	226,935	**926,810**
Total segment liabilities	640,936	157,591	**798,527**	572,556	213,784	**786,340**

The Group has 6 strategic operating segments based on the geographical areas where sales are generated. These divisions are managed separately because they require different trading and marketing strategies. Only Turkey operations are determined to be a reportable segment. None of the other segments except Turkey met the quantitative thresholds as at and for the nine month period ended 31 October 2017 and 2016 and year end 31 January 2017. International segment comprises Europe, USA, Canada, Russia and rest of the world.

[1] Segment revenue comprised of third party sales after elimination between consolidated entities.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

5 Acquisition of subsidiary

On 12 August 2016, Mavi Giyim acquired the controlling interest of 51% in Eflatun, which has 100% and 75% shareholding interest in Mavi US and Mavi Canada, respectively. Eflatun Giyim is a holding company, which owns Mavi US and Mavi Canada shares and has no ongoing any other operations. As a result, the Group obtained control of the Mavi USA and Mavi Canada.

On 31 August 2016, the Group recognized TL 25,371 as contingent consideration liability, which was USD 8,587 at the date of acquisition, in addition to acquisition amount. As a result of the public offering of the Company shares in stock Exchange on 15 June 2017, the contingent consideration liability has increased to USD 17,165 (In equivalent of TL 50,713) from USD 8,587 in accordance with Share Purchase Agreement ("SPA") in which has clauses to regulate the contingent consideration liability. The Group has determined that the market participants has valued the Group relying on the same information, facts and circumstances which were used by the Company management at the time of the acquisition date.

Group's accounting policies require remeasurement of goodwill if the fair value of the contingent consideration liability would change as a result of differences coming from newly-acquired information regarding the existed events and conditions at the date of acquisition.

The following tables summarized the remeasurement of the acquisition date fair value of each major class of consideration transferred and remeasurement of the goodwill arising from the acquisition.

Cash	16,807
Contingent consideration	50,713
Fair value of consideration transferred or will be transferred	**67,520**
Cash acquired through business combination	(578)
Contingent consideration	(50,713)
Net cash outflows	**16,229**

Goodwill	
Consideration transferred	**67,520**
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of Eflatun	(7,123)
Fair value of identifiable net liabilities assumed	14,251
Goodwill	**74,648**

As of 31 January 2017 rearranged and recognized goodwill amount, which considers currency translation differences to functional currency of the Group TL, equals to TL 96,739. The recalculated amount was TL 74,648 as of 31 August 2016 (Note 11).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

6 Cash and cash equivalents

As at 31 October 2017 and 31 January 2017, cash and cash equivalents comprises the following:

	31 October 2017	31 January 2017
Cash on hand	2,054	1,403
Cash at banks	54,567	61,529
Demand deposits	*41,703*	*18,265*
Time deposits	*12,864*	*43,264*
Other cash and cash equivalents	118,197	95,124
Cash and cash equivalents in the statement of consolidated financial statement	**174,818**	**158,056**
Bank overdrafts	(7,992)	(3,224)
Cash and cash equivalents in the statement of consolidated cash flows	**166,826**	**154,832**

As at 31 October 2017 and 31 January 2017, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 October 2017 and 31 January 2017, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 October 2017
USD	1 November 2017	1.80%	12,012
EUR	1 November 2017	0.75%	852
			12,864

	Maturity	Interest rate	31 January 2017
TL	1 February 2017	6.75%	8,000
USD	1 February 2017	1.90%	22,745
EUR	1 February 2017	1.05%	12,519
			43,264

As at 31 October 2017 and 31 January 2017, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency risk and sensitivity analyses are disclosed in Note 23.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

7 Loans and borrowings

As at 31 October 2017 and 31 January 2017, financial borrowings comprise the following:

	31 October 2017	31 January 2017
Current liabilities		
Unsecured bank loans	62,231	148,416
Current portion of unsecured bank loans	132,459	79,127
Secured bank loans	37	47
Bank overdraft	7,992	3,224
	202,719	**230,814**
Non-current liabilities		
Unsecured bank loans	95,654	105,209
	95,654	**105,209**

As at 31 October 2017 and 31 January 2017, loan and borrowings comprised the following:

	31 October 2017	31 January 2017
Bank loans	298,373	336,023
	298,373	**336,023**

As at 31 October 2017 and 31 January 2017, the repayments of loan agreements according to the original maturities comprised the following:

	31 October 2017	31 January 2017
Less than one year	202,719	230,814
One to two years	78,080	76,743
Two to three years	17,060	27,781
Three to four years	350	355
Four to five years	164	330
	298,373	**336,023**

As at 31 October 2017 and 31 January 2017, maturities and conditions of outstanding loans comprised the following:

	31 October 2017				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	EUR	%0.75-%2.99	2017-2019	63,629	63,705
Unsecured bank loans	TL	%0.00-%16.61	2017-2020	162,734	164,033
Unsecured bank loans	USD	%4.05-%4.99	2017-2021	69,089	70,598
Secured bank loans	CAD	0.00%	2020	37	37
				295,489	**298,373**

	31 January 2017				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	EUR	0.75%-3.00%	2017-2019	102,150	103,079
Unsecured bank loans	TL	0.00%-15.23%	2017-2019	162,331	163,278
Unsecured bank loans	USD	3.20%-4.75%	2017-2021	69,315	69,619
Secured bank loans	CAD	0.00%	2020	47	47
				333,843	**336,023**

The Group's exposure to foreign currency and sensitivity analyses for financial liabilities are disclosed in Note 23.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

8 Related party

Related parties in condensed consolidated interim financial statements are determined as key management personnel, board of directors, family members, subsidiaries controlled by the Company. Several related party transactions are carried out during ordinary course of the business.

Ultimate controlling party of the Group is Akarlılar Family indirectly holds 30.45% as at 31 October 2017 (31 January 2017: Turkish Private Equity Fund II: 54%).

(a) Related party balances

As at 31 October 2017 and 31 January 2017, short term receivables from related parties comprised the following:

	31 October 2017	31 January 2017
Due from related parties		
Mavi LLC [1]	--	4,048
Erak Giyim Sanayi Ticaret A.Ş. ("Erak")	--	11
	--	**4,059**

[1] Due from Mavi LLC (registered in USA) is comprised of loan given which is interest rate is 4%. As at 31 October 2017, the loan was paid.

Prepayments given to related parties	31 October 2017	31 January 2017
Erak [1]	14,758	11,983
	14,758	**11,983**

[1] Advances given to Erak is related to fabric purchases and are tracked in prepayments.

	31 October 2017	31 January 2017
Due to related parties		
Erak[1]	96,042	93,186
Akay Lelmalabis Elgazhizah LLC ("Akay") [2]	14,237	14,978
Kitsch Apparel Inc. ("Kitsch Apparel") [3]	198	447
Erma Tekstil Dış Ticaret Kollektif Şirketi ("Erma")	--	129
	110,477	**108,740**

[1] Amounts due to Erak, a company controlled by immediate family members of the shareholder of the parent company, are for purchases of inventory. Amounts are non-interest bearing and have 90 days repayment date.

[2] Amount comprise of inventory purchases to subsidiary Akay situated in Egypt. Amounts are non-interest bearing and have 90 days repayment date.

[3] Amounts due to Kitsch Apparel Inc., a shareholder company under control of Arkun Durmaz are non-interest bearing with no specific terms of repayment. The Group pays management fee to Kitsch Apparel based on 4% of Mavi Canada's revenue.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

8 Related party *(continued)*

(a) Related party balances *(continued)*

As at 31 October 2017 and 31 January 2017, other short term payables to related parties comprised the following:

	31 October 2017	31 January 2017
Other payables to related parties		
Eflatun Giyim shareholders[1]	22,481	66,119
Put option liability[2]	--	10,246
Total other payables to related parties	**22,481**	**76,365**
Short term other payables to related parties	**22,481**	**76,365**

[1]Payables to Eflatun Giyim shareholders comprised of contingent payables due to the acquisition of Eflatun Giyim. Please see Note 5 for further details. On 18 July 2017, according to the protocol signed among the Company and Eflatun Giyim shareholders, the payment made on 17 May 2017 for the acquisition of Eflatun was fixed to foreign currency rate at the acquisition date. As a result of this agreement, the parties were agreed that the remaining balance to be paid is amounting to USD 5,942 thousand.

[2] The minority shareholders had a contingent consideration right of 12.5% for Mavi Germany shares. Please see Note 13 for further details.

For the period ended 31 October 2017 and 2016, the sales to related parties of the Group comprised the following:

	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Sales to related parties				
Mavi USA [1]	--	--	425	98
Mavi Canada [1]	--	--	401	77
	--	--	**826**	**175**

[1] The Group acquired 51% of the shares and voting interests in Eflatun Giyim. As a result, the Group consolidated the results of Mavi USA and Mavi Canada as of the acquisition date. These transactions are related to the periods before acquisition.

For the period ended 31 October 2017 and 2016, the services given to related parties of the Group comprised the following:

	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Services given to related parties				
Mavi LLC	34	--	82	--
Mavi ABD	--	--	735	114
Eflatun Giyim	--	--	6	6
Mavi Kanada	--	--	787	267
	34	**--**	**1,528**	**387**

[1] Service given to related parties mainly comprise of design and sourcing charges.

[2] The Group acquired 51% of the shares and voting interests in Eflatun Giyim. As a result, the Group obtained the control of the Mavi USA and Mavi Canada. These transactions are related to the periods before acquisition.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

8 Related party *(continued)*

(b) Related party transactions *(continued)*

For the period ended 31 October 2017 and 2016, purchases from related parties of the Group comprised the following:

	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Purchase from related parties				
Erak	223,733	75,360	197,757	69,984
Akay(1)	36,999	13,038	4,293	2,686
	260,732	**88,398**	**202,050**	**72,670**

(1) The increase in the amount is a result of the acquisition of Mavi USA and Mavi Canada on August 2016.

For the period ended 31 October 2017 and 2016, the services from related parties of the Group comprised the following:

	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Services from related parties				
Erak (1)	805	118	862	461
CM Objekt Heusenstamm GBR (2)	492	177	411	142
Mavi Jeans Holding Inc.(4)	403	138	167	77
Sylvia House Inc.(3)	387	134	126	27
Erma	3	--	40	--
	2,090	**567**	**1,606**	**707**

(1) The Group rented Çerkezköy and Bayrampaşa retail stores from Erak.

(2) Mavi Europe rented its office from CM Objekt Heusenstamm GBR.

(3) Mavi Canada rented its office in Yeltown, Vancouver from Sylvia House Inc.

(4) Mavi Canada rented its Office and warehouse from Mavi Jeans Holding Inc.

(c) Information regarding benefits provided to the Group's key management

For the nine month period ended 31 October 2017, short term benefits provided to senior management and board of directors amount to TL 21,615 (31 October 2016: TL 18,793).

For the period ended 31 October 2017 and 31 January 2017, the Group does not have any payables to any board of director or key management personnel of the Group.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

9 Trade receivables and payables

Short term trade receivables

As at 31 October 2017 and 31 January 2017, short term trade receivables are as follows:

	31 October 2017	31 January 2017
Trade receivables from others	187,017	105,322
Trade receivables from related parties	--	4,059
	187,017	**109,381**

As at 31 October 2017 and 31 January 2017, short term trade receivables from others are as follows:

	31 October 2017	31 January 2017
Trade receivables	171,964	96,272
Post-dated cheques	6,099	7,581
Endorsed cheques	2,454	1,398
Notes receivables	6,500	71
Doubtful receivables	13,392	14,037
Allowance for doubtful receivables (-)	(13,392)	(14,037)
	187,017	**105,322**

Details related to Group's exposure to foreign currency risk for short term trade receivables is disclosed in Note 23.

Short term trade payables

As at 31 October 2017 and 31 January 2017, short term trade payables of the Group are as follows:

	31 October 2017	31 January 2017
Trade payables to third parties	280,680	190,775
Trade payables to related parties	110,477	108,740
	391,157	**299,515**

Trade payables mainly consist of unpaid amounts of trade purchases and ongoing expenditures.

Details related to Group's exposure to foreign currency risk for short term trade payables is disclosed in Note 23.

As at 31 October 2017 and 31 January 2017, short term trade payables due to others are as follows:

	31 October 2017	31 January 2017
Trade payables to third parties(1)	272,582	186,112
Expense accruals	8,098	4,663
	280,680	**190,775**

Trade payables comprises of the unpaid amounts of trade purchases and ongoing expenditures.

(1) Trade payables to third parties comprise factoring payables amounting TL 78,386 (31 January 2017: TL 81,385). The Company performs import factoring for foreign good purchases. In this context, foreign suppliers transfer their receivables to finance organizations after receiving Company's confirmation.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

10 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the nine month period ended 31 October 2017 is TL 55,452 (31 October 2016: TL 45.566).

Net book value of tangible and intangible assets sold during the nine month period ended 31 October 2017 amounted to TL 134 (31 October 2016: TL 294).

11 Goodwill

As at 31 October 2017, and 31 January 2017, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 October 2017	**Restated 31 January 2017**
Mavi America	86,543	87,976
Mavi Canada	8,836	8,763
Other	3,733	3,733
	99,112	**100,472**

Goodwill amounting TL 67,631, which was formerly reported as of 31 January 2017, has been restated to TL 100,472. At the same time TL 32,841 restatement effect includes TL 7,499 foreign currency translation.

12 Provisions, contingent assets and liabilities

Short term provisions

As at 31 October 2017 and 31 January 2017, short term provisions are as follows:

	31 October 2017	**31 January 2017**
Provision for employee benefits	2,768	2,159
Other short term provisions	10,300	8,471
	13,068	**10,630**

Short term provision for employee benefits consists of provision for vacation pay liability. For the periods ended 31 October, the movement of provision for vacation liability is as follows:

	2017	**2016**
1 February balance	**2,159**	**862**
Effect of movements in exchange rates	18	49
Current period provision	1,012	1,209
Acquisitions through business combinations (Note 4)	--	197
Payments	(421)	--
31 October balance	**2,768**	**2,317**

Vacation pay liability is calculated by remaining number of unused vacation days and average daily salary.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

12 Provisions, contingent assets and liabilities *(continued)*

Short term provisions *(continued)*

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with the existing labour law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

For the period ended 31 October 2017 and 31 January 2017, details of other short term provisions are as follows:

	31 October 2017	31 January 2017
Return provision	8,047	4,817
Legal provision [(1)]	2,031	1,892
Other provisions	222	1,762
	10,300	**8,471**

[(1)] Legal provision mainly comprised of labour lawsuits.

For the periods ended 31 October 2017 and 2016, the movement of short term provision is as follows:

	Legal provision	Return provisions	Other provisions	Total
1 February 2016 balance	**1,210**	**4,059**	**750**	**6,019**
Current year provision	1	4,402	3,108	7,511
Acquisitions through business combinations	--	1,532	216	1,748
Effect of movements in exchange rates	--	149	26	175
Provisions used during year	--	(1,286)	(626)	(1,912)
Provisions cancelled during year	(143)	--	(324)	(467)
31 October 2016 balance	**1,068**	**8,856**	**3,150**	**13,074**

	Legal provision	Return Provisions	Other provisions	Total
1 February 2017 balance	**1,892**	**4,817**	**1,762**	**8,471**
Current year provision	258	4,155	15	4,428
Effect of movements in exchange rates	--	184	6	190
Provisions used during year	--	(1,109)	(1,066)	(2,175)
Provisions cancelled during year	(119)	--	(495)	(614)
31 October 2017 balance	**2,031**	**8,047**	**222**	**10,300**

Long term provisions

For the nine month period ended 31 October 2017 long term provisions consist of severance pay liabilities in amount of TL 3,579 (31 January 2017: TL 3,151).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

13 Capital, reserves and other capital reserves

Paid-in capital

As at 31 October 2017 and 31 January 2017, paid capital is as follows:

	%	31 October 2017	%	31 January 2017
Blue International	46.55	23,115	100.00	49,657
Publicly held	53.45	26,542	--	--
	100.00	**49,657**	**100.00**	**49,657**

As of 31 October 2017 paid-in capital of the Company comprises 49,657,000 shares issued of full TL 1 each (31 January 2017: 49,657,000 shares).

Other reserves

The difference between exercise price of put option and the carrying amount of the minority interests that are derecognized under other reserves by the Group. Subsequent changes to fair value of put option obligations are also recognized in profit or loss. On 29 March 2017, the non-controlling interest owners in Mavi Germany decided to exercise their put option rights. As a result of this transaction other reserves in amount of TL 4,080 has been reclassified to retained earnings. Put option liability is paid in total and the non-controlling interests are taken over by the group at 29 September 2017.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

14 Selling, marketing and distribution expenses

For the periods ended 31 October 2017 and 2016, selling, marketing and distribution expenses comprised the following:

	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Rent expenses	(162,116)	(57,700)	(126,098)	(44,608)
Personnel expenses	(147,878)	(52,683)	(107,681)	(39,694)
Depreciation and amortization expenses	(34,108)	(11,917)	(27,023)	(9,334)
Other	(91,598)	(33,487)	(66,446)	(26,592)
	(435,700)	**(155,787)**	**(327,248)**	**(120,228)**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

15 Other income and expense

For the periods ended 31 October 2017 and 2016, other operating income comprised the following:

	1 February – 31 October 2017	**1 August – 31 October 2017**	**1 February – 31 October 2016**	**1 August – 31 October 2016**
Damage compensation income (1)	311	28	1,149	(39)
Salary protocol income	356	133	289	105
Decoration income	1,025	339	39	39
Other	83	39	142	68
	1,775	**539**	**1,619**	**173**

(1) Income from insurance claims.
(2) Income from decoration incentives within the scope of Turquality.

For the periods ended 31 October 2017 and 2016, other expenses comprised the following:

	1 February – 31 October 2017	**1 August – 31 October 2017**	**1 February – 31 October 2016**	**1 August – 31 October 2016**
Kazakhstan restructuring expenses(1)	--	--	(728)	--
Store closing expense	(156)	--	(362)	--
Other	(362)	(162)	(331)	38
	(518)	**(162)**	**(1,421)**	**38**

(1)Expense related to closure of legally owned stores in Kazakhstan.

16 Finance income

For the periods ended 31 October 2017 and 2016, finance income comprised the following:

	1 February– 31 October 2017	**1 August – 31 October 2017**	**1 February – 31 October 2016**	**1 August – 31 October 2016**
Interest income on:				
Receivables and payables, net	**--**	(1,154)	(81)	(486)
Time deposits	948	592	414	201
Foreign exchange gain	50	(1,166)	119	(1,198)
	998	**(1,728)**	**452**	**(1,483)**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

17 Finance costs

For the periods ended 31 October 2017 and 2016, finance costs comprised the following:

	1 February – 31 October 2017	**1 August – 31 October 2017**	**1 February – 31 October 2016**	**1 August – 31 October 2016**
Interest expenses on:				
Interest expenses on purchases	(18,517)	(7,052)	(11,156)	(4,614)
Financial liabilities measured at amortized cost	(23,552)	(7,466)	(12,873)	(4,842)
Change in fair value of forward contracts	(4,625)	(170)	(1,382)	792
Foreign exchange loss	(4,493)	(3,439)	(21)	236
Credit card commission expenses	(4,908)	(1,347)	(5,454)	(2,048)
Interest expense on receivable and payable	(494)	(494)	(476)	(476)
Import financing expenses	(3,183)	(1,184)	(2,486)	(1,144)
Other	(785)	(278)	(686)	(171)
	(60,557)	**(21,430)**	**(34,534)**	**(12,267)**

18 Income taxes

Corporate tax rate of Turkey is 20%. For the nine month period ended 31 October 2017, Group's effective tax rate is 19% (31 October 2016: 22%). The main reasons of difference between the corporate tax rate and the effective tax rate are listed below:

- Variety of tax rates of the Group's subsidiaries operates outside of Turkey,
- The effect of non-deductible expenses and
- Mavi USA corporate tax expense adjustments

19 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the periods ended 31 October 2017 and 2016 is as follows:

	1 February – 31 October 2017	**1 August – 31 October 2017**	**1 February – 31 October 2016**	**1 August – 31 October 2016**
Net profit for the year attributable to owners of the Company	78,634	44,538	52,330	34,031
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000	49,657,000
Earnings per ordinary share (full TL)	1.5835	0.8969	1.0538	0.6854

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

20 Derivatives

As at 31 October 2017 and 31 January 2017, short term derivative assets and liabilities are as follows:

	31 October 2017	**31 January 2017**
Forward exchange contracts used for hedging	3,732	7,336
Other forward exchange contracts	403	--
	4,135	**7,336**

As of 31 October 2017, the Group has open forward contracts in the notional amount of USD 12,506 in equivalent of TL 47,149. Ineffective portion of forward contracts amounting to TL 98 is reclassified to profit or loss, the remaining balance of effective portion of forward contracts amounting to TL 3,634 is recognized in other comprehensive income.

21 Operating leases

Leases as lessee

As at 31 October 2017 and 31 January 2017, total minimum lease payments pursuant to leases are as follows:

	31 October 2017	**31 January 2017**
Less than one year	193,267	189,940
1-5 year	515,634	498,515
More than 5 years	77,670	90,655
	786,571	**779,110**

Group has leased retail stores and its head office through an operating lease.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

22 Commitments

(a) Warranties, pledges and mortgages

As of 31 October 2017 and 31 January 2017, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 October 2017					
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**	**CAD**
A. On behalf of its own legal personality of the total amount of GPMs	**92,760**	**4,140**	**16,228**	**--**	**4,632**	**--**
Guarantee	92,760	4,140	16,228	--	4,632	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**1,027**	**--**	**15**	**14,241**	**--**	**13**
Guarantee	990	--	15	14,241	--	--
Pledge	--	--	--	--	--	--
Mortgage	37	--	--	--	--	13
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	**93,787**	**4,140**	**16,243**	**14,241**	**4,632**	**13**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

22 Commitments *(continued)*

(a) Warranties, pledges and mortgages *(continued)*

	31 January 2017					
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**	**CAD**
A. On behalf of its own legal personality of the total amount of GPMs	**103,194**	**4,070**	**20,456**	--	**3,989**	**--**
Guarantee	103,194	4,070	20,456	--	3,989	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**1,319**	**--**	**94**	**13,960**	**--**	**16**
Guarantee	1,272	--	94	13,960	--	--
Pledge	--	--	--	--	--	--
Mortgage	47	--	--	--	--	16
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	**104,513**	**4,070**	**20,550**	**13,960**	**3,989**	**16**

22 Commitments *(continued)*

(a) Warranties, pledges and mortgages *(continued)*

As of 31 October 2017, ratio of other GPM given by the Group to equity was 0% (31 January 2017: 0%).

As of 31 October 2017, letter of guarantees given to third parties for the amount of TL 46,152 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2017: TL 61,019).

The Group has purchase commitments related to inventory amounting to TL 367,034 as of 31 October 2017 (31 January 2017: TL 219,915).

(b) Guarantees received

As of 31 October 2017, Group has received letter of guarantees for the amount of TL 7,199 as in the form of security (31 January 2017: TL 6,354).

23 Nature and level of risks related to financial instruments

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The functional currencies of Group entities are CAD, USD, EUR, RUB and KZT.

The Group uses derivative financial instruments such as short-term forward foreign exchange contracts to hedge currency risk.

Interest rates of the loans are determined on the currency of the loan. Currency of loans, are mainly used in TL, match the cash flow generated from operations of the Group. In such way, Group protects itself from financial risks without using derivative instruments.

Interest rate risk

Group is not exposed to risk of interest rate fluctuations since the total amount of floating interest rate loans and borrowings are insignificant.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure in order to reduce the cost of capital.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

23 Nature and level of risks related to financial instruments *(continued)*

Currency Risk

The foreign currency exchange rates as at balance sheet date of the related periods are as follows:

	31 October 2017	31 January 2017
EUR / TL	4.3848	4.0983
USD / TL	3.7700	3.8324
RUB / TL	0.0648	0.0635
CAD / TL	2.9352	2.9111

The foreign currency average exchange rates for the nine month period ended 31 October 2017 and 2016 are as follows:

	31 October 2017	31 October 2016
EUR / TL	4.0352	3.4002
USD / TL	3.5869	3.0847
RUB / TL	0.0614	0.0471
CAD / TL	2.7567	2.3373

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

23 Nature and level of risks related to financial instruments *(continued)*

Market risk

Currency risk

As of 31 October 2017, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other foreign currency TL equivalent
1. Trade receivables	6.319	1.395	--	1.059
2a. Monetary financial assets (including cash. banks)	15.037	3.510	337	326
2b. Non-monetary financial assets	--	--	--	--
3. Other	3.551	816	106	9
4. Current assets (1+2+3)	**24.906**	**5.721**	**443**	**1.395**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	**24.906**	**5.721**	**443**	**1.395**
10. Trade payables	(80.335)	(21.194)	(84)	(67)
11. Financial liabilities	(59.615)	(3.151)	(10.887)	(37)
12a. Monetary other liabilities	(22.481)	(5.963)	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**(162.468)**	**(30.308)**	**(10.971)**	**(104)**
14. Trade payables	--	--	--	--
15. Financial liabilities	(14.760)	(1.771)	(1.844)	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(14.760)**	**(1.771)**	**(1.844)**	--
18. Total liabilities (13+17)	**(177.228)**	**(32.078)**	**(12.815)**	**(104)**
19. Net asset/(liability) position of derivative instruments (19a-19b)	**4.135**	**1.097**	--	--
19a. Hedged total asset	4.135	1.097	--	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(148.187)**	**(25.261)**	**(12.371)**	**1.291**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(155.873)**	**(27.173)**	**(12.478)**	**1.282**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

23 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

As of 31 January 2017 the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other foreign currency TL equivalent
1. Trade receivables	5.730	1.124	--	1.426
2a. Monetary financial assets (including cash. banks)	36.219	6.090	3.143	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	3.761	968	13	
4. Current assets (1+2+3)	**45.709**	**8.181**	**3.156**	**1.426**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	111	16	12	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	**111**	**16**	**12**	
9. Total assets (4+8)	**45.820**	**8.197**	**3.168**	
10. Trade payables	(80.290)	(20.977)	25	--
11. Financial liabilities	(47.187)	(65)	(11.453)	--
12a. Monetary other liabilities	(76.365)	(17.253)	(2.500)	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**(203.842)**	**(38.296)**	**(13.928)**	--
14. Trade payables	--	--	--	--
15. Financial liabilities	(16.482)	(386)	(3.661)	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(16.482)**	**(386)**	**(3.661)**	--
18. Total liabilities (13+17)	**(220.325)**	**(38.682)**	**(17.588)**	--
19. Net asset/(liability) position of derivative instruments (19a-19b)	**7.336**	**1.914**	-	--
19a. Hedged total asset	**7.336**	**1.914**	-	--
19b. Hedged total liabilities	**--**	**--**	**--**	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(167.168)**	**(28.571)**	**(14.420)**	**1.426**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23)(=1+2a+5+6a-10-11-12a-14-15-16a)	**(178.265)**	**(31.453)**	**(14.433)**	**1.426**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

23 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

The Group's foreign exchange risk consists of movements of TL against Euro, US Dollar and Rouble and Australia Dollar.

The basis for performing sensitivity analysis to measure foreign exchange risk is to disclose total currency position of the Company. Total foreign currency position consists of all purchase/sales agreements in foreign currency and all assets and liabilities. Analysis does not include net foreign currency investments.

The Group's short term and long term borrowings are carried out in balance under pooling/portfolio model.

Foreign Currency Sensitivity Analysis				
31 October 2017				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	(9.523)	9.523	(9.523)	9.523
2- Hedged portion of TL against USD risk(-)	--	--	(414)	414
3- Net effect of USD (1+2)	**(9.523)**	**9.523**	**(9.937)**	**9.937**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5.425)	5.425	(5.425)	5.425
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5.425)**	**5.425**	**(5.425)**	**5.425**
10% change of other against TL				
7- Net other denominated asset/liability	129	(129)	202	(202)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**129**	**(129)**	**202**	**(202)**
Total (3+6+9)	**(14.819)**	**14.819**	**(15.232)**	**15.232**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

23 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2017				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	(11.683)	11.683	(11.683)	11.683
2- Hedged portion of TL against USD risk(-)	734	(734)	734	(734)
3- Net effect of USD (1+2)	**(10.949)**	**10.949**	**(10.949)**	**10.949**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5.910)	5.910	(5.910)	5.910
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5.910)**	**5.910**	**(5.910)**	**5.910**
10% change of other against TL				
7- Net other denominated asset/liability	143	(143)	143	(143)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	143	(143)	143	(143)
Total (3+6+9)	**(16.717)**	**16.717**	**(16.717)**	**16.717**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

24 Financial risk management

Fair values

The table below presents fair values and carrying amounts of financial assets and liabilities along with their amounts measured at fair value. If the carrying amount is an approximate assumption of the fair value, the table below does not include the fair value information of assets and liabilities not measured at fair value.

	Carrying amount			Fair value			
31 October 2017	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivatives	4,135	--	4,135	--	4,135	--	4,135
Financial assets not measured at fair value							
Trade receivables from third parties	187,017	--	187,017	--	--	--	--
Other receivables from third parties[(1)]	24,449	--	24,449	--	--	--	--
Cash and cash equivalents	174,818	--	174,818	--	--	--	--
Total	**390,419**	**--**	**390,419**	**--**	**4,135**	**--**	**4,135**

	Loans and receivables	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value							
Derivatives	--	--	--	--	--	--	--
Financial liabilities not measured at fair value							
Bank overdrafts	--	(7,992)	(7,992)	--	--	(7,992)	(7,992)
Bank loans	--	(290,381)	(290,381)	--	--	(290,381)	(290,381)
Trade payables to third parties	--	(280,680)	(280,680)	--	--	--	--
Other payables to related parties	--	(9,641)	(9,641)	--	--	--	--
Other payables to third parties	--	(110,477)	(110,477)	--	--	--	--
Trade payables to related parties	--	(22,481)	(22,481)	--	--	--	--
Total	--	**(721,652)**	**(721,652)**	--	--	**(298,373)**	**(298,373)**

[(1)] Other receivables from third parties excludes deposits and guarantees given.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

24 Financial risk management *(continued)*

Fair values *(continued)*

	Carrying amount			Fair value			
31 January 2017	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivatives	7,336	--	7,336	--	7,336	--	7,336
Financial assets not measured at fair value							
Trade receivables from third parties	105,322	--	105,322	--	--	--	--
Other receivables from third parties [1]	21,098	--	21,098	--	--	--	--
Trade receivables from related parties	4,193	--	4,193	--	--	--	--
Cash and cash equivalents	158,056	--	158,056	--	--	--	--
Total	**296,005**	**--**	**296,005**	**--**	**7,336**	**--**	**7,336**

	Loans and receivables	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value							
Other payables to related parties	--	(76,365)	(76,365)	**--**	**--**	(76,365)	(76,365)
Financial liabilities not measured at fair value							
Bank overdrafts	--	(3,224)	(3,224)	--	--	(3,224)	(3,224)
Bank loans	--	(332,799)	(332,799)	--	--	(332,799)	(332,799)
Trade payables to third parties	--	(190,775)	(190,775)	--	--	--	--
Other payables to third parties	--	(10,356)	(10,356)	--	--	--	--
Trade payables to related parties	--	(108,740)	(108,740)	--	--	--	--
Total	**--**	**(722,529)**	**(722,259)**	**--**	**--**	**(412,388)**	**(412,388)**

[1] Other receivables from third parties excludes deposits and guarantees given.

24 Financial risk management *(continued)*

Fair value disclosures

The Group estimates the fair values of financial instruments based on market information readily available and proper valuation approaches. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

When measuring fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable	Intra-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: the fair value is determined using quoted forward Exchange rate and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.
Financial instruments not measured at fair value			
Other financial liabilities [(1)]	Discounted cash flows: the valuation model considers the present value of expected payment, discounted using a risk-adjusted discounted rate.		

[(1)] Other financial liabilities include bank loans.

As the financial assets and liabilities have short term in nature, the carrying amounts approximate their fair values.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

25 Subsequent events

None.

26 Ebitda reconciliation

The Directors of the Group have presented the performance measure EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation and amortization.

EBITDA is not a defined performance measure in IFRS. Reconciliation EBITDA for the nine month period ended 31 October 2017 and 2016 are as follows:

	Note	1 February – 31 October 2017	1 August – 31 October 2017	1 February – 31 October 2016	1 August – 31 October 2016
Profit		84,127	48,427	52,705	34,406
Income tax expense		20,296	9,228	14,693	9,362
Profit before tax		**104,423**	**57,655**	**67,398**	**43,768**
Adjustment for:					
-Net finance costs		59,559	23,158	34,082	13,750
-Depreciation and amortization		43,827	15,214	33,193	11,933
EBITDA		**207,809**	**96,027**	**134,673**	**69,451**