Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Years Ended
31 January 2017, 2016 and 2015

With Independent Auditor's Report on
Consolidated Financial Statements Thereon

5 April 2017

This report includes 3 pages of independent auditor's report and 98 pages of consolidated financial statements together with their explanatory notes.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Akis Bağımsız Denetim ve
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Independent Auditor's Report

To the Shareholders of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 January 2017, 2016 and 2015, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial positions of the Group as at 31 January 2017, 2016 and 2015, and of its consolidated financial performances and its consolidated cash flows for the three years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of KPMG International Cooperative

Serkan Ercin, Partner
5 April 2017
İstanbul, Turkey

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As at 31 January 2017, 2016 and 2015

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

	Notes	31 January 2017	31 January 2016 Restated (1)	31 January 2015 Restated (1)
ASSETS				
Current assets				
Cash and cash equivalents	*5*	158,056,210	111,374,352	92,175,560
Trade receivables		109,381,356	74,659,708	78,415,363
- Due from related parties	*7*	*4,059,449*	*1,730,377*	*857,191*
- Due from third parties	*8*	*105,321,907*	*72,929,331*	*77,558,172*
Other receivables		21,491,129	13,116,025	14,129,127
- Due from third parties	*9*	21,491,129	*13,116,025*	*14,129,127*
Derivatives	30	7,335,934	2,943,292	334,309
Inventories	*10*	287,843,785	177,346,064	154,723,797
Prepayments	*11*	20,388,055	15,655,436	16,021,253
Current tax asset	*28*	5,286,472	3,872,871	6,377,698
Other current assets	*18*	15,596,832	12,976,373	9,642,184
Total current assets		**625,379,773**	**411,944,121**	**371,819,291**
Non-current assets				
Other receivables		2,013,418	1,342,220	1,249,052
- Due from third parties	*9*	*2,013,418*	*1,342,220*	*1,249,052*
Prepayments	*11*	68,334	248,096	478,333
Property and equipment	*12*	136,579,232	114,807,993	100,217,638
Intangible assets	*13*	55,551,322	14,530,833	12,316,372
Goodwill	*14*	67,631,122	3,558,789	4,868,243
Deferred tax assets	*28*	6,745,902	5,035,639	4,451,546
Total non-current assets		**268,589,330**	**139,523,570**	**123,581,184**
TOTAL ASSETS		**893,969,103**	**551,467,691**	**495,400,475**

1 See Note 2.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position (continued)

As at 31 January 2017, 2016 and 2015

(Amounts are expressed in Türkish Lira (“TL”), unless otherwise stated.)

	Notes	31 January 2017	31 January 2016 Restated (1)	31 January 2015 Restated (1)
LIABILITIES				
Current liabilities				
Loans and borrowings	6	230,815,083	146,921,163	146,601,101
Trade payables		299,515,567	213,722,682	199,977,434
- Due to related parties	7	*108,740,109*	*48,019,493*	*48,989,178*
- Due to third parties	8	*190,775,458*	*165,703,189*	*150,988,256*
Payables to employees	17	14,848,665	15,024,812	12,334,589
Other payables		53,849,708	3,403,715	4,384,913
- Due to related parties	7	*43,493,517*	--	--
- Due to third parties	9	*10,356,191*	*3,403,715*	*4,384,913*
Current tax liabilities	28	203,253	282,971	2,276,394
Provisions		10,630,074	6,881,502	4,252,020
- Provisions for employee benefits	15	*2,159,414*	*862,107*	*733,709*
- Other provisions	15	*8,470,660*	*6,019,395*	*3,518,311*
Deferred revenue	11	11,985,224	10,738,389	8,733,883
Other current liabilities	18	9,746,468	5,288,211	1,610,442
Total current liabilities		**631,594,042**	**402,263,445**	**380,170,776**
Non-current liabilities				
Loans and borrowings	6	105,208,694	42,475,111	44,556,337
Provisions		3,150,839	2,976,994	1,948,617
- Provisions for employee benefits	15	*3,150,839*	*2,976,994*	*1,948,617*
Deferred revenue	11	118,601	--	--
Other payables	7	--	8,073,000	6,849,250
- Due to related parties		--	*8,073,000*	*6,849,250*
Deferred tax liabilities	28	13,397,761	54,185	226,272
Total non-current liabilities		**121,875,895**	**53,579,290**	**53,580,476**
TOTAL LIABILITIES		**753,469,937**	**455,842,735**	**433,751,252**

EQUITY			
Equity attributable to owners of the Company			
Share capital	49,657,000	49,657,000	49,657,000
Reserves	(16,719,776)	(22,374,079)	(23,021,517)
Retained earnings	115,796,716	68,342,035	35,013,740
Equity attributable to owners of the Company	**148,733,940**	**95,624,956**	**61,649,223**
Non-controlling interests	(8,234,774)	--	--
Total equity	**140,499,166**	**95,624,956**	**61,649,223**
TOTAL EQUITY AND LIABILITIES	**893,969,103**	**551,467,691**	**495,400,475**

1 See note 2.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended 31 January 2017, 2016 and 2015

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

	Notes	31 January 2017	31 January 2016 Restated [1]	31 January 2015
Revenue	20	1,307,933,672	1,052,807,320	895,070,863
Cost of sales	21	(640,915,023)	(528,395,125)	(460,225,642)
Gross profit		**667,018,649**	**524,412,195**	**434,845,221**
Administrative expenses	22	(76,669,539)	(55,614,721)	(47,657,482)
Selling and marketing expenses	22	(448,336,188)	(357,951,334)	(294,614,173)
Research and development expenses	23	(18,656,506)	(15,661,612)	(14,554,970)
Other income	24	1,924,394	2,819,082	713,286
Other expenses	24	(1,600,746)	(7,217,594)	(4,535,265)
Operating profit		**123,680,064**	**90,786,016**	**74,196,617**
Finance income	26	15,311,151	11,111,673	2,243,289
Finance costs	27	(70,530,719)	(55,838,134)	(47,685,967)
Net finance costs		**(55,219,568)**	**(44,726,461)**	**(45,442,678)**
Profit before tax		**68,460,496**	**46,059,555**	**28,753,939**
Income tax expense		**(16,647,273)**	**(12,606,612)**	**(9,869,391)**
- Tax expense	28	(15,524,252)	(13,139,968)	(5,365,506)
- Deferred tax income/(expenses)	28	(1,123,021)	533,356	(4,503,885)
Profit		**51,813,223**	**33,452,943**	**18,884,548**
Profit attributable to:				
Owners of the Company		50,064,008	33,452,943	18,884,548
Non-controlling interests		1,749,215	--	--
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	16	(312,514)	(1,015,774)	(990,845)
- Related tax		62,503	203,155	198,169
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences		435,692	1,335,409	3,078,109
Other comprehensive income net of tax		**185,681**	**522,790**	**2,285,433**
Total comprehensive income attributable to:				
Owners of the Company		53,110,899	33,975,733	21,169,981
Non-controlling interests		(1,111,995)	--	--
Total comprehensive income		**51,998,904**	**33,975,733**	**21,169,981**
Earnings per share	**29**			
Basic earnings per share	29	1.0082	0.6737	0.3803
Diluted earnings per share	29	1.0082	0.6737	0.3803
Earnings before interest, tax, depreciation and amortization **(EBITDA)**	38	**170,209,508**	**131,012,773**	**103,239,297**

1 See Note 2.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Changes In Equity

For the years ended 31 January 2017, 2016 and 2015

(Amounts are expressed in Turkish Lira (”TL”), unless otherwise stated.)

				Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss	Retained earnings		
	Share capital	Legal reserves	Purchase of share of entities under common control	Remeasurements of defined benefit liability	Other reserves	Foreign currency translation reserve	Retained earnings	Net profit	Total equity
Balance as at 1 February 2014	**43,948,879**	**9,631,034**	**(35,757,281)**	**(2,606,179)**	**(4,079,773)**	**2,441,585**	**18,449,624**	**36,895,914**	**68,923,803**
Impact of correction of errors [(1)]	5,708,121	--	--	--	--	--	(5,708,121)	--	--
Restated balance as at 1 February 2014	**49,657,000**	**9,631,034**	**(35,757,281)**	**(2,606,179)**	**(4,079,773)**	**2,441,585**	**12,741,503**	**36,895,914**	**68,923,803**
Profit	--	--	--	--	--	--	--	18,884,548	18,884,548
Other comprehensive income	--	--	--	(792,676)	--	3,078,109	--	--	2,285,433
Total comprehensive income	**--**	**--**	**--**	**(792,676)**	**--**	**3,078,109**	**--**	**18,884,548**	**21,169,981**
Transactions with owners of the Company									
Transfers	--	5,063,664	--	--	--	--	31,832,250	(36,895,914)	--
Dividends	--	--	--	--	--	--	(28,444,561)	--	(28,444,561)
Total transactions with owners of the Company	**--**	**5,063,664**	**--**	**--**	**--**	**--**	**3,387,689**	**(36,895,914)**	**(28,444,561)**
Total balance as at 31 January 2015	**49,657,000**	**14,694,698**	**(35,757,281)**	**(3,398,855)**	**(4,079,773)**	**5,519,694**	**16,129,192**	**18,884,548**	**61,649,223**
Balance as at 1 February 2015	**43,948,879**	**14,694,698**	**(35,757,281)**	**(3,398,855)**	**(4,079,773)**	**5,519,694**	**21,837,313**	**18,884,548**	**61,649,223**
Impact of correction of errors [(1)]	5,708,121	--	--	--	--	--	(5,708,121)	--	--
Restated balance as at 1 February 2015	**49,657,000**	**14,694,698**	**(35,757,281)**	**(3,398,855)**	**(4,079,773)**	**5,519,694**	**16,129,192**	**18,884,548**	**61,649,223**
Profit for the year	--	--	--	--	--	--	--	33,452,943	33,452,943
Other comprehensive income	--	--	--	(812,619)	--	1,335,409	--	--	522,790
Total comprehensive income	**--**	**--**	**--**	**(812,619)**	**--**	**1,335,409**	**--**	**33,452,943**	**33,975,733**
Transactions with owners of the Company									
Transfers	--	124,648	--	--	--	--	18,759,900	(18,884,548)	--
Total transactions with owners of the Company	**--**	**124,648**	**--**	**--**	**--**	**--**	**18,759,900**	**(18,884,548)**	**--**
Total balance as at 31 January 2016	**49,657,000**	**14,819,346**	**(35,757,281)**	**(4,211,474)**	**(4,079,773)**	**6,855,103**	**34,889,092**	**33,452,943**	**95,624,956**

1 See Note 2.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Changes In Equity

For the years ended 31 January 2017, 2016 and 2015

(Amounts are expressed in Turkish Lira (”TL”), unless otherwise stated.)

				Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss	Retained earnings				
	Share capital	Legal reserves	Purchase of share of entities under common control	Remeasurements of defined benefit liability	Other reserves	Foreign currency translation reserve	Retained earnings	Net profit	Total	NCI	Total equity
Balance as at 1 February 2016	**43,948,879**	**14,819,346**	**(35,757,281)**	**(4,211,474)**	**(4,079,773)**	**6,855,103**	**40,597,213**	**36,313,177**	**98,485,190**	**--**	**98,485,190**
Impact of correction of errors [1]	5,708,121	--	--	--	--	--	(5,708,121)	(2,860,234)	(2,860,234)	--	(2,860,234)
Restated balance as at 1 February 2016	**49,657,000**	**14,819,346**	**(35,757,281)**	**(4,211,474)**	**(4,079,773)**	**6,855,103**	**34,889,092**	**33,452,943**	**95,624,956**	**--**	**95,624,956**
Profit	--	--	--	--	--	--	--	50,064,008	50,064,008	1,749,215	51,813,223
Other comprehensive income	--	--	--	(250,011)	--	3,296,902	--	--	3,046,891	(2,861,210)	185,681
Total comprehensive income	**--**	**--**	**--**	**(250,011)**	**--**	**3,296,902**	**--**	**50,064,008**	**53,110,899**	**(1,111,995)**	**51,998,904**
Transactions with owners of the Company											
Acquisition of subsidiary with NCI (Note 4)	--	--	--	--	--	--	(1,915)	--	(1,915)	(7,122,779)	(7,124,694)
Transfers	--	2,607,412	--	--	--	--	30,845,531	(33,452,943)	--	--	--
Total transactions with owners of the Company	**--**	**2,607,412**	**--**	**--**	**--**	**--**	**30,843,616**	**(33,452,943)**	**(1,915)**	**(7,122,779)**	**(7,124,694)**
Total balance as at 31 January 2017	**49,657,000**	**17,426,758**	**(35,757,281)**	**(4,461,485)**	**(4,079,773)**	**10,152,005**	**65,732,708**	**50,064,008**	**148,733,940**	**(8,234,774)**	**140,499,166**

1 See Note 2.

Cash flow from operating activities	*Notes*	31 January 2017	31 January 2016 Restated (1)	31 January 2015
Net profit for the year		**51,813,223**	**33,452,943**	**18,884,548**
Depreciation and amortization expense	25	46,529,444	40,226,757	29,042,680
Finance income		(706,682)	(327,674)	(785,847)
Finance cost		49,581,598	42,245,985	32,834,339
Provision for unused vacation	15	873,819	123,273	12,412
Provision for employee severance indemnity	25	2,409,072	2,443,549	1,799,699
Fair value change of derivatives		(7,335,934)	(2,943,292)	(334,309)
Impairment loss on receivables	34	831,612	1,230,815	528,741
Impairment loss on intangible assets	24	--	--	2,781,052
Inventory obsolescence, reversals	10	(5,771,671)	5,885,376	(4,963,216)
Impairment loss on goodwill	24	19,401	544,758	336,474
Loss on disposal of property and equipment, net		148,547	1,662,134	666,432
Tax expense	28	16,647,273	12,606,612	9,869,391
Unrealized currency translation difference		16,481,102	(1,159,496)	8,110,261
		171,520,804	**135,991,740**	**98,782,657**
Changes in:				
Change in trade receivables		(17,238,607)	(797,279)	(7,215,694)
Change in inventory		(79,695,489)	(13,882,138)	160,899
Change in prepaid expenses		(3,847,390)	(10,515,506)	(8,689,520)
Change in receivables from related parties		(2,329,072)	(2,941,640)	521,054
Change in other receivables		(9,049,308)	(1,689,049)	(3,598,576)
Change in other current and non-current assets		(809,825)	(6,293,405)	2,887,616
Change in employee benefits liabilities		(375,846)	2,647,125	4,044,162
Change in trade payables		13,005,629	14,568,257	39,448,428
Change in payables to related parties		62,664,358	(934,248)	(6,267,453)
Change in deferred revenue		1,365,436	3,677,769	8,733,883
Change in other payables		6,952,476	(379,188)	1,519,937
Change in short term and long term provisions		664,201	5,362,134	2,610,432
Change in other liabilities		4,365,966	3,228,256	(13,238,039)
		147,193,333	**128,042,828**	**119,699,786**
Employee benefits paid	16	(3,179,989)	(2,455,453)	(2,707,679)
Income tax paid	20	(16,108,950)	(12,628,562)	(6,634,391)
Net cash from operating activities		**127,904,394**	**112,958,813**	**110,357,716**
Cash flows from investing activities				
Acquisition of tangible assets	10	(54,739,149)	(50,710,130)	(56,096,805)
Proceeds from sale of tangible assets	10	289,463	1,145,853	269,854
Acquisition of intangible assets	11,12	(7,830,779)	(6,430,417)	(5,396,188)
Acquisition of subsidiary, net of cash acquired	4	(16,229,097)	--	--
Proceeds from sale of intangible assets	11	6,170	11,638	14,213
Interest received		709,688	371,533	785,847
Net cash flow used in investing activities		**(77,793,704)**	**(55,611,523)**	**(60,423,079)**
Dividends paid	19	--	--	(28,444,561)
Proceeds from loans and borrowings		1,522,043,686	1,033,017,937	153,200,158
Proceeds of settlement of derivatives		2,943,292	5,902,508	564,745
Repayment of loans and borrowings		(1,482,001,572)	(1,034,627,819)	(123,695,604)
Other financial payments		(30,480,182)	(25,309,573)	(17,371,078)
Interest paid		(18,589,029)	(17,572,585)	(14,631,237)
Net cash flow used in financing activities		**(6,083,805)**	**(38,589,532)**	**(30,377,577)**
Net increase in cash and cash equivalent		**44,026,885**	**18,757,758**	**19,557,060**
Cash and cash equivalents at the beginning of the year	5	110,804,855	92,047,097	72,490,037
Cash and cash equivalents at the end of the year	5	**154,831,740**	**110,804,855**	**92,047,097**

1 See Note 2.

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

Notes to the consolidated financial statements

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, Los Angeles, Atlanta, Dallas, Chicago, Vancouver, Toronto and Montreal.

The primary shareholder of the Company as at 31 January 2017 is Blue International Holding B.V. ("Blue International") with 100.00% ownership (31 January 2016 and 2015: Blue International with 99.9901% ownership).

The consolidated financial statements as at 31 January 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 Company") in this report.

The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2017, 2016 and 2015 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %		
			31 January 2017	31 January 2016	31 January 2015
Mavi Europe	Germany	Wholesale and retail sales of apparel	87.50	87.50	87.50
Mavi Nederland	Netherland	Wholesale sales of apparel	100.00	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00	100.00
Mavi Kazakhstan	Kazakhstan	Retail sales of apparel	100.00	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	--	--
Mavi Canada(1)	Canada	Wholesale and retail sales of apparel	38.25	--	--
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	--	--

(1)The group holds %51 percent voting right in Mavi Canada.

As of 31 January 2017, Group's total number of employees is 3,340 (31 January 2016: 2,952 and 31 January 2015: 2,673).

2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB.

The consolidated financial statements were authorised for issue by the Board of Directors on 5 April 2017. General Assembly has the authority to modify the consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and contingent payment for the acquisition of Eflatun shares which are measured at fair value. The methods used to measure fair values are discussed further in Note 2.2 (r).

The Group measures the estimated exercise price of the financial liability originating from put options granted to non-controlling interests as the present value of estimated option redemption amount. Present value of the estimated option redemption amount is based on the estimated fair value of equity for the Mavi Europe subject to the put option. The methods which are used for calculating fair value is indicated at Note 2.2 (r).

(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 consolidated financial statements are presented in TL which is the Company's functional currency except when the otherwise indicated.

The table below summarises 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 presentation *(continued)*

(d) Use of judgements and estimates

In preparing these consolidated 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.

Information about judgements made in applying accounting policies that may have most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 19 Put option liabilities: NCI subject to the put is presented as attributable to the owners of the parent.
- Note 31 Leases: Lease classifications.

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment is included in the following notes:

- Note 4 Acquisition of subsidiary: Fair values are measured on a provisional basis.
- Note 10 Inventory: Allowance for inventory impairment.
- Note 11 Deferred revenue: Estimation of loyalty credits that can be redeemed in the next years.
- Note 12 and 13 Property and equipment and intangibles: Useful lives.
- Note 13 and 14 Impairment of intangible assets including goodwill: Key assumptions, underlying recoverable amounts.
- Note 16 Provision for employee termination benefits: Key actuarial assumptions.
- Note 15 Provisions for sales returns and discounts: Estimation of return and discount, provision for upcoming months using the historical data.
- Note 34 Trade receivables: Allowance for doubtful receivables.

2.2 Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts in the statement of financial position and profit or loss and other comprehensive income have been reclassified or represented, either as a result of correction of errors (see Note 2.q) or change in classification to conform current year presentation.

(a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company and its subsidiaries on the basis set out in the section below.

Subsidiaries are consolidated based on the following methods:

- Mavi Russia, Mavi Netherland and Mavi Kazakhstan are fully consolidated without non-controlling interest.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

- Mavi Europe is fully consolidated of which non-controlling interest subject to put option is derecognized.
- Eflatun Giyim, Mavi Canada and Mavi USA are fully consolidated. Non-controlling interest has been accounted for Eflatun.

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value as the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit, or loss immediately.

Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration are recognized in the profit or loss except the new information is obtained about facts and circumstances that existed as of the acquisition date accounted on goodwill. The identifiable assets and liabilities, the consideration transferred and the resulting goodwill may change during the measurement period.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

iii) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Mavi Europe has written a put option agreement with the non-controlling shareholders on their equity interests in that subsidiary. The put option granted to the non-controlling shareholders provides for settlement in cash. The Group recognises a liability for the present value of the exercise price of the option price. As the NCI still have present access to the returns associated with the underlying ownership interests, the contract is accounted for as an anticipated acquisition of the underlying NCI as if the put option had been exercised already by the non-controlling shareholders. Under the anticipated-acquisition method, the interests of the non-controlling shareholders that hold the written put options are derecognised when the financial liability is recognised. This is because the recognition of the financial liability implies that the interests subject to the put options are deemed to have been acquired already. Therefore, the underlying interests are presented as already owned by the Group, both in the statement of financial position and in the statement of profit or loss and OCI, even though legally they are still NCI. In other words, profits and losses attributable to the holder of the NCI subject to the put are presented as attributable to the owners of the parent and not as attributable to those non-controlling shareholders. Subsequent to initial recognition, the Group recognises changes in the carrying amount of the put liability in profit or loss. Gains or losses on the foreign currency translation of put option liability are recognised in profit or loss.

Changes in the Group's share in subsidiaries that do not result in loss of control are accounted for as equity transactions.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparative periods are restated. The restatement does not extend to periods during which the entities were not under common control. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Company equity and any gain/loss arising is recognised directly in equity.

(b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities are measured at fair value in foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured on historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit, or loss.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated via monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

2.2 Summary of significant accounting policies *(continued)*

(b) Foreign currency *(continued)*

ii) Foreign operations *(continued)*

The Group and subsidiaries use either TL, EUR, RUB, USD, CAD or KZT as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group and subsidiaries and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses TL as the reporting currency.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates as the reporting currency. The above-mentioned decision dated 17 March 2005 as a result of the application of hyperinflation accounting ended as of 31 December 2005 and TL came off as not highly inflationary status for the period beginning after 1 January 2006.

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

	31 January 2017	31 January 2016	31 January 2015
EUR / TL	4.0983	3.2292	2.7397
USD / TL	3.8324	2.9609	2.4176
RUB / TL	0.0635	0.0389	0.0343
KZT / TL	0.0106	0.0081	0.0133
CAD / TL	2.9111	2.1062	1.9074

The foreign average currency exchange rates for the related periods are as follows:

	2016	2015	2014
EUR / TL	3.4002	3.0628	2.8788
USD / TL	3.0847	2.7752	2.1980
RUB / TL	0.0471	0.0447	0.0549
KZT / TL	0.0090	0.0123	0.0121
CAD / TL	2.3373	--	--

(c) Financial instruments

(i) Non-derivative financial assets and financial liabilities - Recognition and derecognition

The Group initially recognises loans, receivables and bank deposits on the date when they are originated. All other financial assets and liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

2.2 Summary of significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

(i) Non-derivative financial assets and financial liabilities - Recognition and derecognition *(continued)*

The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expired. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group management of its short-term commitments. Cash and cash equivalents comprise cash, bank deposits and cash equivalents.

(iii) Non-derivative financial liabilities - measurement

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group has the following other financial liabilities: loans and borrowings, bank overdrafts, trade payables and due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss. The Group's derivative financial instrument consists of foreign exchange forward transactions.

(d) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity, net of any tax effects.

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

2.2 Summary of significant accounting policies *(continued)*

(d) Property and equipment *(continued)*

(ii) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain and loss on disposal of an item of property and equipment is recognised in profit or loss.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Property, plant and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit, or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of lease term. Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

- Vehicles (5) years
- Furniture and fixtures (3 – 15) years
- Leasehold improvements shorter of (1 – 10) years or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets recognised in a business combination

Customer relationships arising from the business acquisitions were recognized at their fair values.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

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

2.2 Summary of significant accounting policies *(continued)*

(e) Intangible assets and goodwill *(continued)*

(ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Except for goodwill, customer relationship and intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Trademark (15) years

• Licenses (3–20) years

• Customer relationships (9-13) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost or net realizable value.

The cost of inventories is based on first-in first-out principle, and includes expenditure incurred for the purchase and bringing the items to their current condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of completion and estimated costs to sell. Net realizable value write-downs are evaluated in product groups and for particular seasons such as fall/winter and spring/summer.

(g) Impairment

(i) Non-derivative financial assets

A financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is any objective evidence of impairment that it is impaired. A financial asset is impaired if any objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Group considers evidence of impairment for receivables at individual asset level. All individually significant receivables are assessed for specific impairment. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic benefit and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

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

2.2 Summary of significant accounting policies *(continued)*

(g) Impairment *(continued)*

(i) Non-derivative financial assets *(continued)*

Financial assets measured at amortised cost (continued)

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit, or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs ("Cash Generating Unit"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceed its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

2.2 Summary of significant accounting policies *(continued)*

(h) Employee benefits

(i) Long term employee benefits

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Such payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 4,426 at 31 January 2017 (31 January 2016: TL 4,093 and 31 January 2015: TL 3,541) per year of employment at the rate of pay applicable at the date of retirement or termination. Employee benefits represent the present value of the estimated future probable obligation of the Company arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. Severance payment provisions are not subject to legal funding.

In accordance with the Russian Labor Law (the Article 178 "Dismissal allowances", Chapter 27, Section VII "Guarantees and compensations"), when the Group company unilaterally terminates the employment agreement, employer should inform the employee two months before position cancelling date. After two months, at the date of dismissal, employer is required to pay the employee a dismissal compensation at the amount of one month average wage. In case the employee can't find an employment during two preceding months after the dismissal date, employee has right to request average wages of two unemployed months from the Group company.

IAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation under defined benefit plans. Consequently, in the accompanying consolidated financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees, as of 31 January 2017, 2016 and 2015 basic assumptions are presented as follows:

	31 January 2017	31 January 2016	31 January 2015
	%	%	%
Discount rate	5.19	4.72	3.81
Inflation rate	6.00	6.00	5.00

The actuarial gains/losses are recognised under other comprehensive income.

The Group has not recorded any reserve for employee severance payments for its employees in foreign subsidiaries since only under very specific circumstances a company is liable to pay a severance according to labour laws of the foreign entities.

(ii) Short term employee benefits

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. Group are obliged to make payments for unused vacation days in the amount of the employment contract is terminated on the date of the daily gross wage and contract related interests on the total payment. The Group provides reserve for the vacation pay liability due to the earned and unused vacation rights of its employees.

Vacation pay liability is measured on an undiscounted basis and is recognised in profit or loss as the related service is provided.

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

2.2 Summary of significant accounting policies *(continued)*

(i) Provisions; contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the consolidated financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the consolidated financial statements about the contingent asset if the entry of economic benefit is certain, the asset and its related income changes are included in the consolidated financial statements at the date that they occurred.

(j) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control of the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

2.2 Summary of significant accounting policies *(continued)*

(k) Revenue

(i) Sale of goods

In overall, the Group has wholesale, retail and e-commerce business. Retail sales represent sales to consumers at mono-brand Mavi stores that the Group operates themselves. Revenue is recognized when the significant risk and rewards of ownership have been transferred to the buyer. Revenue from the sale of goods through retail business in the course of ordinary activities is measured at the fair value of the consideration received in cash or credit card. The discount is recognized as a reduction of revenue as the sales are recognized.

Wholesale sales are to third-party retailers that then on-sell to consumers. The wholesale channel includes Mavi mono-brand stores operated by franchisees, department store chains, corner shops, and third-party online channels. The Group signs franchise agreements with franchises. However, the Group does not send consignment inventory to these franchises nor does the Group earn franchise fees on these agreements. The Group recognizes revenues from franchisees on a principal basis as gross when the significant risk and rewards of ownership have been transferred to the franchisees.

In addition, the Group has consignments in certain department stores. Revenue from these consignments is recognized only after they are sold to the end customer as defined above. E-Commerce represents direct sales that the Group makes to consumers on own mavi.com websites. Revenue from the sale of goods through wholesale business in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The Group also generates revenue in the form of royalty fees paid by its Australian franchisee.

Corporate card sales to corporate customers are initially recognized as deferred revenue and the revenue is recognized when the card is used by the ultimate customer. Corporate cards given to customers during the reporting period are valid until a specific maturity date. Unused balance of the corporate cards are recognized as revenue following the expiration date.

Loyalty programme

For customer loyalty programmes, the fair value of the consideration receivable in respect of the initial sale is allocated to the "Kartuş Card Points". The present fair value of the Kartuş Card Points, which can be redeemed as discount against future purchases by customers, is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and revenue is recognized only when the points are redeemed and the Group has fulfilled its obligations to supply the discounted products. The amount of revenue recognized in those circumstances is based on the number of points that have been redeemed in exchange for discounted products, relative to the total number of points that is expected to be redeemed.

(l) Earnings per share

Earnings per shares is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

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

2.2 Summary of significant accounting policies *(continued)*

(m) Leasing transactions

(i) Leased assets

A lease of property, plant and equipment that transfers to the Group substantially all of the risks and rewards of ownership is classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

(ii) Operating leases

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in the consolidated profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Deferred lease inducements represents inducements provided by the landlord for leasehold improvements. The amortization of deferred lease inducements is recorded as a reduction of rent expense over the term of the lease.

(n) Research and development

The Group has a separate department which operates to research and develop new fabric and design. The department produces sample products which involves new designs for new season collections. The Group recognises related personnel expenses and sample production costs under research and development expenses.

(o) Finance income and finance cost

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a gross basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

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

2.2 Summary of significant accounting policies *(continued)*

(p) Tax

Tax expense comprises of current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences related to initial recognition of goodwill.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that is probable that future taxable profits will available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company and its consolidated subsidiaries have reflected their deferred tax assets and liabilities in their financial statements, but there has been no netting on a consolidated basis.

(iii) Tax risk

The Group takes into account whether the Group has the uncertain tax position and the surcharge has to be paid and the tax liability while it determines the current tax expense and delayed tax expense. The assessment might include judgments about future events and is based on estimates and assumptions. In case there exists new information about the adequacy of the Group's current tax liability which will cause a change in the professional judgment; this change will affect the period which the situation emerges.

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

2.2 Summary of significant accounting policies *(continued)*

(p) Tax *(continued)*

(iv) Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

(q) Government grants

The Group obtains government incentives under the Turquality program from Turkish Republic Ministry of Economy. The Group is initially recongnises government grants related to trade mark developments in international markets in profit or loss as deduction of relevant selling and marketing expenses at fair value when there is reasonable assurance that the incentives will be received.

(r) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

2.2 Summary of significant accounting policies *(continued)*

(r) Determination of fair values *(continued)*

(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.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price. The carrying amounts of significant financial instruments approximate their fair values in the consolidated financial statements due to their short term nature.

(ii) Other non-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) Property, plant and equipment

The fair value of property and equipment recognised 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.

(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.

(s) Correction of error

The Group discovered that share capital remeasurement with respect to inflationary accounting had been erroneously accounted since 2014. As a consequence share capital was understated and retained earnings overstated by TL 5,708,121 as at 31 January 2015 and 2016. The error have been corrected by restating share capital and retained earnings for these periods. As a result of correction of this error the Group's restated consolidated statement of financial position as at 31 January 2015 for the following accounts: an increase in the Share Capital by TL 5,708,121 (1 February 2016: increased by TL 5,708,121; 1 February 2017: increased by TL 5,708,121) under equity, a decrease in the Retained Earnings account by in by TL 5,708,121 (1 February 2016: decreased by TL 5,708,121; 1 February 2017: decreased by TL 5,708,121) has been recognised in the restated consolidated financial statements and for the year end. This error does not affect consolidated profit or loss and other comprehensive income as at 31 January 2015 and 31 January 2016.

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

2.2 Summary of significant accounting policies *(continued)*

(s) Correction of error *(continued)*

In addition to above correction, the Group discovered that certain transaction had been erroneously accounted in its subsidiary Mavi Kazakhstan. The Group has corrected the consolidated financial statements accordingly and other current assets decreased by TL 1,745,998 and other current liabilities increased by TL 1,114,235 and as a result net profit and total comprehensive income decreased by TL 2,860,233 TL as at and for the year ended 31 January 2016.

(t) Standards issued but not yet effective and not early adopted

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 recognising 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.

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

2.2 Summary of significant accounting policies *(continued)*

(t) Standards issued but not yet effective and not early adopted *(continued)*

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The amendments clarifies 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.

Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in consolidated financial statements. The amendments will require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, with earlier application permitted. The Group does not expect that these amendments will have significant impact on the consolidated statement of cash flows of the Group.

Amendments to IAS 12 *Income Taxes*– Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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.

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

2.2 Summary of significant accounting policies *(continued)*

(t) Standards issued but not yet effective and not early adopted *(continued)*

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.

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 Operating segments

The Group has the following 6 strategic operating segments based on the geographical areas where sales 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 years ended 31 January 2017, 2016, and 2015. Europe comprises Netherland and Germany. Rest of the world mainly includes Kazakhstan and Australia.

The Group's chief executive officer reviews the internal management reports of each division at least quarterly. The Group's retail business comprise of owned stores and wholesale business comprised of franchises, corners, department stores, e-business, service sales and other sales. E-commerce activities through Mavi.com are followed up separately.

There are varying levels of integration between geographical segments. This integration includes transfers of inventory and shared services. Segment activities are reviewed after the intra-group activities are eliminated.

3 Operating segments *(continued)*

	Reportable segment	Other segments					
31 January 2017	**Turkey**	**Europe**	**USA**	**Canada**	**Russia**	**Rest of the world**	**Total**
External revenues	**1,121,183,169**	**100,133,392**	**37,577,093**	**17,272,640**	**19,742,463**	**12,024,915**	**1,307,933,672**
-Retail	856,736,308	17,232,338	2,877,788	2,607,937	11,014,699	--	890,469,070
-Wholesale	248,676,415	80,475,770	31,883,231	13,827,094	8,727,764	12,024,915	395,615,189
-E-commerce	15,770,446	2,425,284	2,816,074	837,609	--	--	21,849,413
Segment revenue	**1,121,183,169**	**100,133,392**	**37,577,093**	**17,272,640**	**19,742,463**	**12,024,915**	**1,307,933,672**
Segment profit before tax	**63,015,934**						**68,460,496**
Interest income	588,155						706,682
Interest expense	33,686,658						37,223,093
Depreciation and amortisation	41,100,323						46,529,444
Other material non-cash items							
-- Impairment losses on non-financial items	19,401						19,401
Tax income / expense	13,620,281						16,647,273
Segment assets	**667,033,907**						**893,969,103**
Capital expenditure	**60,273,799**						**62,569,928**
Segment liabilities	**494,684,820**						**753,469,937**

3 Operating segments *(continued)*

	Reportable segment	Other segments					
31 January 2016 (restated)	**Turkey**	**Europe**	**USA**	**Canada**	**Russia**	**Rest of the world**	**Total**
External revenues	**925,704,942**	**96,246,959**	**--**	**--**	**19,400,594**	**11,454,825**	**1,052,807,320**
-Retail	703,642,467	16,833,859	--	--	8,917,258	--	729,393,584
-Wholesale	209,703,407	77,589,711	--	--	10,483,336	11,454,825	309,231,279
-E-commerce	12,359,068	1,823,389	--	--	--	--	14,182,457
Segment revenue	**925,704,942**	**96,246,959**	**--**	**--**	**19,400,594**	**11,454,825**	**1,052,807,320**
Segment profit before tax	**49,565,399**						**46,059,555**
Interest income	327,673						327,673
Interest expense	28,925,331						30,619,199
Depreciation and amortisation	34,425,406						40,226,757
Other material non-cash items							
-- Impairment losses on non-financial items	544,758						544,758
Tax income / expense	11,802,607						12,606,612
Segment assets	**501,490,703**						**551,467,691**
Capital expenditure	**52,350,168**						**57,140,547**
Segment liabilities	**381,436,027**						**455,842,735**

3 Operating segments *(continued)*

	Reportable segment	Other segments					
31 January 2015	**Turkey**	**Europe**	**USA**	**Canada**	**Russia**	**Rest of the world**	**Total**
External revenues	**752,280,608**	**101,477,721**	**--**	**--**	**26,248,601**	**15,063,933**	**895,070,863**
-Retail	550,657,962	16,026,241	--	--	6,389,481	138,797	573,212,481
-Wholesale	191,886,085	83,846,930	--	--	19,859,120	14,925,136	310,517,271
-E-commerce	9,736,561	1,604,550	--	--	--	--	11,341,111
Segment revenue	**752,280,608**	**101,477,721**	**--**	**--**	**26,248,601**	**15,063,933**	**895,070,863**
Segment profit before tax	**37,099,275**						**28,753,939**
Interest income	779,943						785,847
Interest expense	23,119,223						24,892,420
Depreciation and amortisation	25,829,297						29,042,680
Other material non-cash items							
-- Impairment losses on non-financial items	282,000						3,117,526
Tax income / expense	8,855,502						9,869,391
Segment assets	**434,988,042**						**495,400,475**
Capital expenditure	**55,742,403**						**61,492,993**
Segment liabilities	**353,221,842**						**433,751,252**

3 Operating segments *(continued)*

Reconciliations of information on reportable segments to IFRS measures

	2016	2015	2014
Profit before tax			
Total profit before tax for reportable segments	63,015,934	49,565,399	37,099,275
Profit before tax for other segments	5,444,562	(3,505,844)	(8,345,336)
Consolidated profit before taxes	**68,460,496**	**46,059,555**	**28,753,939**

	31 January 2017	31 January 2016	31 January 2015
Total assets			
Total assets for reportable segments	667,033,907	501,490,703	434,988,042
Assets for other segments	226,935,196	49,976,988	60,412,433
Consolidated assets	**893,969,103**	**551,467,691**	**495,400,475**

	31 January 2017	31 January 2016	31 January 2015
Total liabilities			
Total liabilities for reportable segments	494,684,820	381,436,027	353,221,842
Liabilities for other segments	258,785,117	74,406,708	80,529,410
Consolidated liabilities	**753,469,937**	**455,842,735**	**433,751,252**

	2016	2015	2014
Total tax expenses			
Total tax expenses for reportable segments	13,620,281	11,802,607	8,855,502
Tax expenses for other segments	3,026,992	804,005	1,013,889
Consolidated tax expenses	**16,647,273**	**12,606,612**	**9,869,391**

	2016	2015	2014
Total interest income			
Total interest income for reportable segments	588,155	327,673	779,943
Interest income for other segments	118,527	--	5,904
Consolidated ınterest income	**706,682**	**327,673**	**785,847**

	2016	2015	2014
Total interest expenses			
Total interest expenses for reportable segments	33,686,658	28,925,331	23,119,223
Interest expenses for other segments	3,536,435	1,693,868	1,773,197
Consolidated ınterest expenses	**37,223,093**	**30,619,199**	**24,892,420**

3 Operating segments *(continued)*

Reconciliations of information on reportable segments to IFRS measures *(continued)*

	2016	2015	2014
Total depreciation and amortisation for reportable segments			
Total interest expenses for reportable segments	41,100,323	34,425,406	25,829,297
Depreciation and amortisation for other segments	5,429,121	5,801,351	3,213,383
Consolidated depreciation and amortisation	**46,529,444**	**40,226,757**	**29,042,680**

	2016	2015	2014
Total capital expenditure			
Total capital expenditure for reportable segments	60,203,799	52,350,168	55,742,403
Capital expenditure for other segments	2,366,129	4,790,379	5,750,590
Total consolidated capital expenditure	**62,569,928**	**57,140,547**	**61,492,993**

Major customer

None of the customers of the Group represents more than 10% of the Group's total revenues.

4 Acquisition of subsidiary

On 12 August 2016, Mavi Giyim acquired the controlling interest of 51% in Eflatun, which has 100% sand 75% shareholding interest in Mavi US and Mavi Canada, respectively. Eflatun Giyim by itself is a holding company and at the date of acquisition and as of 31 January 2017, only holds the interests in Mavi US and Mavi Canada. As a result, the Group obtained control of the Mavi USA and Mavi Canada.

Obtaining control of Eflatun is part of the Group's strategy to expand its operations in Northern America.

For the five months period ended 31 January 2017, Eflatun contributed revenue of TL 54.8 million and profit of TL 5.0 million to the Group's results. If the acquisition had occurred on 1 February 2016, management estimates that consolidated revenue would have been TL 1,368.5 million, and consolidated profit for the year would have been TL 53.9 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 February 2016.

4 Acquisition of subsidiary *(continued)*

These consolidated financial statements have been prepared as if the exit has occurred before April 2018 and there will be no exit adjustment for the changing of the ultimate shareholders (the "Exit"). The Group has included USD 8,587,458 in equivalent of TL 25,371,643 at the time of acquisition as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition.

The contingent consideration will be calculated based on a formula defined in Share Purchase Agreement ("SPA") as follows:

In April 2017, Eflatun's net debt will be deducted from Eflatun's equity value and 51% of this value will be calculated and if there is a positive difference with first purchase price (USD 5,750,000 in equivalent of TL 16,807,250 at the time of acquisition) plus USD 250,000 will be paid by Mavi Giyim as additional payment to former controlling party. In April 2017, Eflatun Giyim's net debt will be deducted from Eflatun's equity value in 2017, and if there is a negative difference with 250,000 USD plus the initial purchase price, the difference to be calculated according to this item will be calculated according to this item and will be distributed by Sellers as additional payment to the Mavi Giyim. If Exit, occurs before April 2017, the formula to be used for valuation of Eflatun's equity value is EBITDA x exit multiplier.

The following table summarised the acquisition date fair value of each major class of consideration transferred.

Cash	16,807,250
Contingent consideration	25,371,643
Fair value of consideration transferred or will be transferred	**42,178,893**
Cash acquired through business combination	(578,153)
Contingent consideration	(25,371,643)
Net cash outflows	**16,229,097**

In addition to the additional payment set forth above, if exit occurs prior to April 2018, the positive difference between the EBITDA multiplier used at this exit and the EBITDA multiplier equal to the value of (x 10) used in this agreement; the difference will be distributed in full and in cash by the Buyers ("Mavi Giyim") to the Sellers through the transfer of the funds immediately available for use as the exit difference payment. If there is a negative difference between the EBITDA multiplier used in this exit and the EBITDA multiplier equal to the value of (x10) used in this agreement; the difference will be paid in full and in cash by the Sellers to the Buyers as the exit difference adjustment. However, if the exit is realized after April 2018 (including April), the Buyer or Seller will not be entitled to receive the exit difference payment.

Property and equipment and intangibles comprise of furniture and fixtures, leasehold improvements, rights and customer relationships. The book values of these assets in the acquisition are considered to reflect their fair values.

Wholesale customer relationships is the leading intangible assets in the acquired businesses. The estimated attrition rate is considered in the projection of the revenues to be generated from sales to customers. Accordingly, the relationships with the existing customers are assumed to be maintained until 2026 and 2030 for Mavi USA and Mavi Canada, respectively. Customer relationships have been accounted at fair value at acquisition date.

The carrying amount of inventory as at acquisition date 31 August 2016, is assumed to represent its fair value.

The carrying values of assets and liabilities were determined in accordance with IFRS on 31 August 2016 assuming that the transaction was completed on that date.

4 Acquisition of subsidiary *(continued)*

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	
Property and equipment	12	2,116,383
Intangible assets	13	32,619,609
Other non-current receivables		1,799,612
Prepaid expenses		705,467
Inventories		25,030,561
Other current assets		11,022
Trade and other receivables		17,166,878
Cash and cash equivalents		578,153
Deferred tax liabilities	28	(9,547,088)
Loans and borrowings		(70,192,067)
Trade and other payables		(11,869,304)
Payables to employees		(199,699)
Current tax liabilities		(54,583)
Other short term provisions		(1,984,400)
Other current liabilities		(431,535)
Total identifiable net liabilities assumed		**(14,250,991)**

The fair value of Mavi Canada's and Mavi USA's intangible assets (customer relationships) and contingent consideration have been measured provisionally. If new information obtained within one year of the date of acquisition identifies adjustments to the customer relations or contingent consideration, or any additional provisions that existed at the date of acquisition, the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	42,178,893
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Eflatun	(7,122,779)
Fair value of identifiable net liabilities assumed	14,250,991
Goodwill (Note 14)	**49,307,105**

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Mavi USA and Mavi Canada into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

5 Cash and cash equivalents

As at 31 January 2017, 2016 and 2015, cash and cash equivalents comprises the following:

	31 January 2017	31 January 2016	31 January 2015
Cash on hand	1,403,270	1,989,326	1,442,078
Cash at banks	61,528,837	31,697,601	27,476,742
Demand deposits	*18,264,636*	*10,380,691*	*13,419,397*
Time deposits	*43,264,201*	*21,316,910*	*14,057,345*
Other cash and cash equivalents	95,124,103	77,687,425	63,256,740
Cash and cash equivalents in the statement of consolidated financial statement	**158,056,210**	**111,374,352**	**92,175,560**
Bank overdrafts	(3,224,470)	(569,497)	(128,463)
Cash and cash equivalents in the statement of consolidated cash flows	**154,831,740**	**110,804,855**	**92,047,097**

As at 31 January 2017, 2016 and 2015, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2017, 2016 and 2015, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2017
TL	1 February 2017	6.75%	8,000,000
USD	1 February 2017	1.90%	22,744,667
EUR	1 February 2017	1.05%	12,519,534
			43,264,201

	Maturity	Interest rate	31 January 2016
TL	1 February 2016	11.65%	14,400,000
USD	1 February 2016	1.45%	3,849,170
EUR	1 February 2016	0.85%	3,067,740
			21,316,910

	Maturity	Interest rate	31 January 2015
TL	2 February 2015	7.75%	2,680,000
USD	2 February 2015	0.90%	3,747,280
EUR	2 February 2015	0.90%	7,630,065
			14,057,345

As at 31 January 2017, 2016 and 2015, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 34.

6 Loans and borrowings

As at 31 January 2017, 2016 and 2015, financial borrowings comprise the following:

	31 January 2017	31 January 2016 (Restated)	31 January 2015
Current liabilities			
Unsecured bank loans	148,415,859	76,197,120	103,731,999
Secured bank loans	47,081	--	--
Current portion of unsecured bank loans	79,127,673	70,154,546	42,740,639
Bank overdraft	3,224,470	569,497	128,463
	230,815,083	**146,921,163**	**146,601,101**
Non-current liabilities			
Unsecured bank loans	105,208,694	42,475,111	44,556,337
	105,208,694	**42,475,111**	**44,556,337**

As at 31 January 2017, 2016 and 2015 loan and borrowings comprised the following:

	31 January 2017	31 January 2016	31 January 2015
Bank loans	336,023,777	189,396,274	191,157,438
	336,023,777	**189,396,274**	**191,157,438**

As at 31 January 2017, 2016 and 2015 the repayments of loan agreements according to the original maturities comprised the following:

	31 January 2017	31 January 2016	31 January 2015
Less than one year	230,815,083	146,921,163	146,601,101
One to two years	76,742,673	35,453,774	37,704,910
Two to three years	27,780,672	6,227,405	6,851,427
Three to four years	355,462	284,590	--
Four to five years	329,927	264,165	--
More than five years	--	245,177	--
	336,023,777	**189,396,274**	**191,157,438**

As at 31 January 2017, 2016 and 2015 maturities and conditions of outstanding loans comprised the following:

	31 January 2017				
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.75%-3.00%	2017	69,665,975	70,282,989
Unsecured bank loans	EUR	2.30%-2.40%	2018	9,942,421	9,946,475
Unsecured bank loans	EUR	2.99%	2019	22,540,650	22,849,586
Unsecured bank loans	TL	11.24%-15.23%	2018	55,009,462	55,550,729
Unsecured bank loans	TL	11.50%-14.96%	2019	83,333,333	83,739,077
Unsecured bank loans	TL	11.65% -11.70%	2017	20,765,000	20,765,000
Unsecured bank loans	TL	0.00%	2017	3,224,470	3,224,470
Unsecured bank loans	USD	3.20%-4.75%	2017	44,747,102	45,044,638
Unsecured bank loans	USD	4,5%	2018	22,843,169	22,843,169
Unsecured bank loans	USD	3.70%	2021	1,724,580	1,730,563
Secured bank loans	CAD	0.00%	2020	47,081	47,081
				333,843,243	**336,023,777**

6 Loans and borrowings *(continued)*

	31 January 2016				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	Euro	0.75%-4.62%	2016	93,646,800	93,545,034
Unsecured bank loans	USD	3.70%-4.80%	2016	1,097,883	1,112,141
Unsecured bank loans	USD	3.70%	2021	1,332,405	1,334,811
Unsecured bank loans	TL	11.45%-15.54%	2016	11,000,000	11,220,487
Unsecured bank loans	TL	11.24%-15.23%	2017	33,362,500	33,808,571
Unsecured bank loans	TL	11.42%-12.60%	2018	47,000,000	47,805,733
Unsecured bank loans	TL	0.00%	2016	569,497	569,497
				188,009,085	**189,396,274**

	31 January 2015				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	Euro	0.89%-4.22%	2015	68,198,385	68,002,643
Unsecured bank loans	Euro	4.62%	2016	17,808,050	17,885,233
Unsecured bank loans	TL	8.09%-14.70%	2015	43,031,416	44,098,414
Unsecured bank loans	TL	11.45%-15.54%	2016	29,000,000	29,303,778
Unsecured bank loans	TL	11.47%-15.23%	2017	29,000,000	29,340,011
Unsecured bank loans	TL	0.00%	2015	128,463	128,463
Unsecured bank loans	USD	4.15%	2015	2,398,896	2,398,896
				189,565,210	**191,157,438**

The Group's exposure to liquidity, foreign currency and interest rate risk as well as related sensitivity analyses for financial liabilities are disclosed in Note 34.

7 Related party

Related parties in consolidated 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 Turkish Private Equity Fund II ("Türkven") indirectly holds 54% and the Akarlılar Family owns 46% of the Group.

(a) Related party balances

As at 31 January 2017, 2016 and 2015 short term receivables and payables from related parties comprised the following:

	31 January 2017	31 January 2016	31 January 2015
Due from related parties	4,059,449	1,730,377	857,191
	4,059,449	**1,730,377**	**857,191**

The Group's main shareholder and ultimate controlling entity of the Group is Mavi Giyim Sanayi ve Ticaret A.Ş.

As at 31 January 2017, 2016 and 2015 short term receivables from related parties comprised the following:

	31 January 2017	31 January 2016	31 January 2015
Due from related parties			
Mavi LLC (2)	4,048,697	--	--
Erak Giyim Sanayi Ticaret A.Ş. ("Erak")	10,752	--	--
Mavi USA (1)	--	1,308,012	585,017
Mavi Canada (1)	--	421,836	265,685
Eflatun Giyim	--	529	6,489
	4,059,449	**1,730,377**	**857,191**

(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.

(2) Due from Mavi LLC (registered in USA) is comprised of loan given amounting to USD 1,056,000 which is due on 1 December 2017 including 4% interest.

Prepayments given to related parties

	31 January 2017	31 January 2016	31 January 2015
Erak(1)	11,983,273	11,470,907	9,189,614
	11,983,273	**11,470,907**	**9,189,614**

(1) The balance of Erak is related to fabric advances (Note 11).

7 Related party *(continued)*

(a) Related party balances *(continued)*

	31 January 2017	31 January 2016	31 January 2015
Due to related parties			
Erak[1]	93,186,160	48,019,493	48,953,741
Akay Lelmalabis Elgazhizah LLC ("Akay")	14,978,265	--	--
Kitsch Apparel Inc. ("Kitsch Apparel") [2]	446,644	--	--
Erma Tekstil Dış Ticaret Kollektif Şirketi ("Erma")	129,040	--	35,437
	108,740,109	**48,019,493**	**48,989,178**

[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] 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 Mavi Canada's revenue.

	31 January 2017	31 January 2016	31 January 2015
Other payables to related parties			
Fatma Elif Akarlılar[1]	14,122,095	--	--
Seyhan Akarlılar[1]	14,120,854	--	--
Put option liabilities[2]	10,245,750	8,073,000	6,849,250
Ragıp Ersin Akarlılar[1]	5,004,818	--	--
Total other payables to related parties	**43,493,517**	**8,073,000**	**6,849,250**
Short term other payables to related parties	**43,493,517**	**--**	**--**
Long term other payables to related parties	**--**	**8,073,000**	**6,849,250**

[1]Payables to Fatma Elif Akarlılar, Seyhan Akarlılar, Ragıp Ersin Akarlılar comprised of contingent payables due to the acquisition of Eflatun Giyim that are payable in April 2017. Please see Note 4 for further details.

[1]Mavi Giyim and non-controlling interest holders of the Mavi Europe has signed shareholders agreement which was recently amended in January 2014. The minority shareholders of Mavi Europe have a put option right, which can be exercised by each of the minority shareholders independently from each with respect to no less than all of the minority shares held by each one of them, to sell their shares to Mavi Giyim or its affiliates designate by the Mavi Giyim. The put option right granted to each of the minority shareholders of Mavi Europe under this shareholder agreement is subject to the prior written consent of the Mavi Giyim unless the exercise of such right covers all the shares held by the Minority Shareholder exercising its put option right.

The group recognised a liability for the present value of the exercise price of the put option.

7 Related party *(continued)*

(b) Related party transactions

For the years ended 31 January 2017, 2016 and 2015, the sales to related parties of the Group comprised the following:

	2016	2015	2014
Sales to related parties			
Mavi USA [1]	424,824	1,384,131	458,497
Mavi Canada [1]	400,765	898,455	567,963
	825,589	**2,282,586**	**1,026,460**

[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 years ended 31 January 2017, 2016 and 2015, the services given to related parties of the Group comprised the following:

	2016	2015	2014
Services given to related parties			
Mavi USA [1] [2]	734,830	1,494,035	966,008
Mavi Canada [1] [2]	786,812	1,096,409	946,455
Mavi LLC	112,488	--	--
Eflatun Giyim	6,000	6,000	6,000
	1,640,130	**2,596,444**	**1,918,463**

[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.

For the years ended 31 January 2017, 2016 and 2015, purchases from related parties of the Group comprised the following:

	2016	2015	2014
Purchase from related parties			
Erak	269,777,665	239,775,740	215,314,908
Akay	4,292,475	--	--
	274,070,140	**239,775,740**	**215,314,908**

For the years ended 31 January 2017, 2016 and 2015, the services from related parties of the Group comprised the following:

	2016	2015	2014
Services from related parties			
Erak [1]	970,218	783,731	762,946
CM Objekt Heusenstamm GBR [2]	568,330	504,871	485,793
Sylvia House Inc.[3]	173,766	--	--
Mavi Jeans Holding Inc.	244,448	--	--
Erma	39,539	5,596	20,082
	1,996,301	**1,294,198**	**1,268,821**

[1] The Group receives inventory procurement related services from Erak.

[2] Mavi Europe rented its office from CM Objekt Heusenstamm GBR which is owned by the non-controlling owners of Mavi Germany.

[3] Mavi Canada rented its office from Sylvia House Inc. which is owned by the non-controlling owners of Mavi Group.

7 Related party *(continued)*

(b) Related party transactions *(continued)*

	2016	2015	2014
Other sales to related parties			
Ragıp Ersin Akarlılar [(1)]	166,576	--	--
	166,576	**--**	**--**

[(1)] The transaction is related to vehicle sales to Ragıp Ersin Akarlılar.

	2016	2015	2014
Other purchases from related parties			
Side Trail Corporation N.V. [(1)]	923,355	--	--
	923,355	**--**	**--**

[(1)] The balance is related to acquisition of brand rights of Mavi brand rest of Europe and Turkey.

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

For the years ended 31 January, short term benefits provided to senior management and board of directors amount to TL 22,237,177 (31 January 2016: TL 14,143,929 and 31 January 2015: TL 13,638,131).

For the years ended 31 January 2017, 2016 and 2015, the Group does not have any payables to any board of director or key management personnel of the Group.

8 Trade receivables and payables

Short term trade receivables

As at 31 January 2017, 31 January 2016 and 2015, short term trade receivables are as follows:

	31 January 2017	31 January 2016 Restated	31 January 2015
Trade receivables from others	105,321,907	72,929,331	77,558,172
Trade receivables from related parties	4,059,449	1,730,377	857,191
	109,381,356	**74,659,708**	**78,415,363**

As at 31 January 2017, 31 2016 and 2015, short term trade receivables from others are as follows:

	31 January 2017	31 January 2016 Restated	31 January 2015
Trade receivables	96,272,070	64,107,755	68,310,933
Post-dated cheques	7,581,056	5,931,470	5,113,521
Endorsed cheques	1,397,781	1,628,029	3,375,735
Notes receivables	71,000	1,262,077	757,983
Doubtful receivables	14,037,339	7,497,602	6,455,345
Allowance for doubtful receivables (-)	(14,037,339)	(7,497,602)	(6,455,345)
	105,321,907	**72,929,331**	**77,558,172**

Details related to Group's exposure to credit and foreign currency risk, and impairment losses for short term trade receivables is disclosed in Note 34.

8 Trade receivables and payables *(continued)*

Short term trade payables

As at 31 January 2017, 2016 and 2015, short term trade payables of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Trade payables to third parties[1]	190,775,458	165,703,189	150,988,256
Trade payables to related parties	108,740,109	48,019,493	48,989,178
	299,515,567	**213,722,682**	**199,977,434**

As at 31 January 2017, 2016 and 2015, short term trade payables from others are as follows:

	31 January 2017	31 January 2016	31 January 2015
Trade payables to third parties[1]	186,112,078	160,957,601	144,963,957
Expense accruals	4,663,380	4,745,588	6,024,299
	190,775,458	**165,703,189**	**150,988,256**

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

[1] Trade payables to third parties comprise factoring payables amounting TL 81,385,117 (31 January 2016: TL 56,382,904 and 31 January 2015: TL 55,741,001).

The Group's exposure to foreign currency and liquidity risk for short term trade payables are disclosed in Note 34.

9 Other receivables and payables

Other short term trade receivables

As at 31 January 2017, 2016 and 2015, short term other receivables of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Other receivables from third parties	21,491,129	13,116,025	14,129,127
	21,491,129	**13,116,025**	**14,129,127**

As at 31 January 2017, 31 January 2016 and 2015, short term other receivables from third parties of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Receivables from public institutions [1]	20,965,564	12,602,089	12,981,769
Deposits and guarantees given	393,435	381,315	640,850
Other short term receivables	132,130	132,621	506,508
	21,491,129	**13,116,025**	**14,129,127**

[1] Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 7,748,520 (31 January 2016: TL 5,687,339 and 31 January 2015: TL 3,148,563) and value added tax receivables amounting to TL 13,030,764 (31 January 2016: TL 6,892,540 and 31 January 2015: TL 9,833,206).

Mavi Giyim has the right to receive government grants from the Republic of Turkey for its investments abroad as part of a brand-building program called "Turquality". Turquality income accrual consists of the approved/to be approved but not yet paid grants regarding capital expenditures and other expenses, i.e. rent, marketing, design, in context of this brand-building program.

9 Other receivables and payables *(continued)*

Other short term trade receivables *(continued)*

The Group's exposure to credit and foreign currency risk for short term other receivables are disclosed in Note 34.

Long term other receivables

As at 31 January 2017, 2016 and 2015, long term other receivables of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Other receivables from third parties	2,013,418	1,342,220	1,249,052
	2,013,418	**1,342,220**	**1,249,052**

As at 31 January 2017, 31 January 2016 and 2015, long term other receivables from parties of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Deposits and guarantees given	2,013,418	1,342,220	1,157,493
Receivables from personnel	--	--	91,559
	2,013,418	**1,342,220**	**1,249,052**

The Group's exposure to credit and foreign currency risk for long term other receivables are disclosed in Note 34.

Other short term payables

As at 31 January 2017, 2016 and 2015, short term other payables of the Group are as follows:

	31 January 2017	31 January 2016 Restated	31 January 2015
Other payables to related parties (Note 7)	43,493,517	--	--
Other payables to third parties	10,356,191	3,403,715	4,384,913
	53,849,708	**3,403,715**	**4,384,913**

As at 31 January 2017, 31 January 2016 and 2015, other payables to third parties of the Group are as follows:

	31 January 2017	31 January 2016 Restated	31 January 2015
Taxes and duties payable	9,948,828	3,267,641	3,937,741
Other payables	407,363	136,074	447,172
	10,356,191	**3,403,715**	**4,384,913**

The Group's exposure to foreign currency and liquidity risk for other short term payables is disclosed in Note 34.

10 Inventories

As at 31 January 2017, 2016 and 2015, inventories are as follows:

	31 January 2017	31 January 2016	31 January 2015
Trade goods	288,460,801	183,155,498	158,491,993
Consignment trade goods	8,169,462	9,673,529	6,312,247
Goods in transit	6,251,311	3,253,928	2,146,084
Provision for impairment on inventory (-)	(15,037,789)	(18,736,891)	(12,226,527)
	287,843,785	**177,346,064**	**154,723,797**

As at 31 January 2017 there is no pledge on inventories (31 January 2016: nil and 31 January 2015: nil).

As at 31 January 2017, 31 January 2016 and 2015, the provision for impairment on inventory is as follows:

	2016	2015	2014
Opening balance	18,736,891	12,226,527	17,990,348
Provision for the year	4,039,984	10,579,069	8,362,255
Write-off	(9,811,655)	(4,693,693)	(13,325,471)
Effect of movements in exchange rates	2,072,569	624,988	(800,605)
Closing balance	**15,037,789**	**18,736,891**	**12,226,527**

As of the year ending on 31 January 2017, inventories of TL 4,039,984 (31 January 2016; TL 10,579,069 and 31 January 2015: TL 8,362,255) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the year and included in “cost of sales”. In addition, during 2016, inventories of TL 9,811,655 (31 January 2016; TL 4,693,693 and 31 January 2015: TL 13,325,471) were disposed.

11 Prepayments and deferred revenues

Prepayments

As at 31 January 2017, 2016 and 2015, the remaining balance of prepayments under current and non-current assets is as follows:

	31 January 2017	31 January 2016	31 January 2015
Advances given[1]	13,454,510	13,580,149	12,403,520
Prepaid rent expenses	2,170,975	1,142,353	1,593,250
Prepaid advertising and marketing expenses	2,348,132	56,697	1,121,606
Prepaid insurance expenses	886,817	345,190	328,221
Prepaid stamp tax and duties expenses	328,647	211,981	11,924
Other prepaid expenses	1,267,308	567,162	1,041,065
Total prepaid expenses	**20,456,389**	**15,903,532**	**16,499,586**
Long term prepaid expenses	**68,334**	**248,096**	**478,333**
Short term prepaid expenses	**20,388,055**	**15,655,436**	**16,021,253**

[1]Advances given comprise of advances given to producers and service providers including fabric advances given to Erak (Note 7).

Deferred revenue

As at 31 January 2017, 2016 and 2015, deferred revenue of the Group are as follows:

	31 January 2017	31 January 2016	31 January 2015
Customer loyalty claims[1]	9,327,815	8,985,790	8,121,831
Salary protocol	1,422,222	244,821	612,052
Corporate sales [2]	1,219,249	847,778	--
Rent income [3]	134,539	660,000	--
Total deferred revenue	**12,103,825**	**10,738,389**	**8,733,883**
Short term deferred revenue	**11,985,224**	**10,738,389**	**8,733,883**
Long term deferred revenue	**118,601**	**--**	**--**

[1] The deferred revenue related to loyalty credits granted has been estimated with reference to the fair value of apparel for which could be redeemed.
[2] Corporate sales consist of prepaid cards which are given to corporate firms.
[3] Rent income consist of rent support which is taken for shops.

12 Property and equipment

The movement of property and equipment for the year ended 31 January 2017, 2016 and 2015 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2014 opening balance	**144,769**	**78,774,079**	**62,274,491**	**1,015,052**	**142,208,391**
Effect of movements in exchange rates	--	(1,833,092)	(1,777,770)	--	(3,610,862)
Additions	1,356	21,748,716	22,950,696	11,396,037	56,096,805
Disposals	(55,269)	(7,814)	(1,617,913)	--	(1,680,996)
Transfers[1]	39,694	3,805,361	3,591,734	(7,476,804)	(40,015)
31 January 2015 closing balance	**130,550**	**102,487,250**	**85,421,238**	**4,934,285**	**192,973,323**
1 February 2015 opening balance	**130,550**	**102,487,250**	**85,421,238**	**4,934,285**	**192,973,323**
Effect of movements in exchange rates	--	992,538	2,931,663	--	3,924,201
Additions	139,167	20,036,010	21,177,734	9,357,219	50,710,130
Disposals	(79,940)	(1,966,215)	(5,891,306)	--	(7,937,461)
Transfers[1]	--	6,120,249	5,817,552	(11,974,745)	(36,944)
31 January 2016 closing balance	**189,777**	**127,669,832**	**109,456,881**	**2,316,759**	**239,633,249**
1 February 2016 opening balance	**189,777**	**127,669,832**	**109,456,881**	**2,316,759**	**239,633,249**
Acquisitions through business combinations (Note 4)	139,398	954,785	1,022,200	--	2,116,383
Effect of movements in exchange rates	22,796	3,779,060	5,163,555	--	8,965,411
Additions	--	25,716,218	19,419,305	9,603,626	54,739,149
Disposals	(110,520)	(1,621,629)	(1,214,788)	--	(2,946,937)
Transfers[1]	--	6,782,940	4,345,837	(11,221,772)	(92,995)
31 January 2017 closing balance	**241,451**	**163,281,206**	**138,192,990**	**698,613**	**302,414,260**

[1] Transfers of TL 92,995 as at 31 January 2017, TL 36,944 as at 31 January 2016 and TL 40,015 as at 31 January 2015 related to transfers to intangible assets.

12 Property and equipment *(continued)*

The movement of property and equipment for the year ended 31 January 2017, 2016 and 2015 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2014 opening balance	**98,519**	**43,025,729**	**28,599,246**	**--**	**71,723,494**
Effect of movements in exchange rates	--	(881,607)	(522,031)	--	(1,403,638)
Depreciation for the year	15,800	12,272,208	10,892,531	--	23,180,539
Disposals	(44,259)	(973)	(699,478)	--	(744,710)
31 January 2015 closing balance	**70,060**	**54,415,357**	**38,270,268**	**--**	**92,755,685**
1 February 2015 opening balance	**70,060**	**54,415,357**	**38,270,268**	**--**	**92,755,685**
Effect of movements in exchange rates	--	531,683	1,075,917	--	1,607,600
Depreciation for the year	38,402	18,839,579	16,002,164	--	34,880,145
Disposals	(79,940)	(481,573)	(3,856,661)	--	(4,418,174)
31 January 2016 closing balance	**28,522**	**73,305,046**	**51,491,688**	**--**	**124,825,256**
1 February 2016 opening balance	**28,522**	**73,305,046**	**51,491,688**	**--**	**124,825,256**
Effect of movements in exchange rates	829	2,277,148	2,156,579	--	4,434,556
Depreciation for the year	63,493	20,541,609	18,479,041	--	39,084,143
Disposals	(22,273)	(1,615,167)	(871,487)	--	(2,508,927)
31 January 2017 closing balance	**70,571**	**94,508,636**	**71,255,821**	**--**	**165,835,028**
31 January 2015 carrying amount	**60,490**	**48,071,893**	**47,150,970**	**4,934,285**	**100,217,638**
31 January 2016 carrying amount	**161,255**	**54,364,786**	**57,965,193**	**2,316,759**	**114,807,993**
31 January 2017 carrying amount	**170,880**	**68,772,570**	**66,937,169**	**698,613**	**136,579,232**

12 Property and equipment *(continued)*

For the year ended 31 January 2017, TL 3,328,423 (and for the years ended 31 January 2016: TL 2,977,344 and 31 January 2015: TL 2,051,124) of depreciation expenses are included under administrative expenses, TL 35,295,956 (31 January 2016: TL 31,716,836 and 31 January 2015: TL 20,926,726) under selling and marketing expenses and TL 459,764 (31 January 2016: TL 295,255 and 31 January 2015: TL 202,689) under research and development expenses.

As of 31 January 2017, there is no pledge on property and equipment (31 January 2016: nil and 31 January 2015: nil.)

As at 31 January 2017 the amount of insurance on property and equipment is TL 256,458,985 (31 January 2016: TL 183,608,268 and 31 January 2015: TL 178,438,479).

13 Intangible assets

The movement of intangible assets as at 31 January 2017, 2016 and 2015 are as follows:

	Licenses	**Customer relationships**	**Brand**	**Total**
Cost				
1 February 2014 balance	**26,248,245**	**2,781,052**	**--**	**29,029,297**
Additions	3,273,365	--	--	3,273,365
Transfer from property and equipment	40,015	--	--	40,015
Effect of movements in exchange rates	(553,596)	--	--	(553,596)
Disposals	(26,856)	--	--	(26,856)
31 January 2015 balance	**28,981,173**	**2,781,052**	**--**	**31,762,225**
1 February 2015 balance	**28,981,173**	**2,781,052**	**--**	**31,762,225**
Additions	6,430,417	--	--	6,430,417
Transfer from property and equipment	36,944	--	--	36,944
Effect of movements in exchange rates	97,003	965,531	--	1,062,534
Disposals	(15,871)	--	--	(15,871)
31 January 2016 balance	**35,529,666**	**3,746,583**	**--**	**39,276,249**
1 February 2016 balance	**35,529,666**	**3,746,583**	**--**	**39,276,249**
Acquisitions through business combinations (Note 4)	300,992	32,318,617	--	32,619,609
Additions	6,713,415	--	923,355	7,636,770
Transfer from property and equipment	92,995	--	--	92,995
Effect of movements in exchange rates	739,335	8,006,520	--	8,745,855
Disposals	(11,538)	--	--	(11,538)
31 January 2017 balance	**43,364,865**	**44,071,720**	**923,355**	**88,359,940**

13 Intangible assets *(continued)*

The movement of intangible assets as at 31 January 2017, 2016 and 2015 is as follows:

	Licenses	Customer relationships	Brand	Total
Amortisation				
1 February 2014 balance	**11,052,800**	--	**--**	**11,052,800**
Current year amortisation	5,862,141	--	--	5,862,141
Impairment	--	2,781,052	--	2,781,052
Effect of movements in exchange rates	(237,497)	--	--	(237,497)
Disposals	(12,643)	--	--	(12,643)
31 January 2015 balance	**16,664,801**	**2,781,052**	**--**	**19,445,853**
1 February 2015 balance	**16,664,801**	**2,781,052**	**--**	**19,445,853**
Current year amortisation	5,175,247	--	--	5,175,247
Impairment	--	62,075	--	62,075
Effect of movements in exchange rates	1,189	65,285	--	66,474
Disposals	(4,233)	--	--	(4,233)
31 January 2016 balance	**21,837,004**	**2,908,412**	**--**	**24,745,416**
1 February 2016 balance	**21,837,004**	**2,908,412**	**--**	**24,745,416**
Current year amortisation	5,803,398	1,601,891	40,012	7,445,301
Effect of movements in exchange rates	338,685	284,584	--	623,269
Disposals	(5,368)	--	--	(5,368)
31 January 2017 balance	**27,973,719**	**4,794,887**	**40,012**	**32,808,618**
Carrying amount				
31 January 2015 balance	**12,316,372**	**--**	**--**	**12,316,372**
31 January 2016 balance	**13,692,662**	**838,171**	**--**	**14,530,833**
31 January 2017 balance	**15,391,146**	**39,276,833**	**883,343**	**55,551,322**

For the year ended 31 January 2017, TL 5,491,960 (and for the years ended 31 January 2016: TL 1,732,687 and 31 January 2015: TL 1,512,286) of amortisation expenses are included under general administrative expenses and TL 1,953,341 (31 January 2016: TL 3,504,635 and 31 January 2015: TL 4,349,855) under selling and marketing expenses.

14 Goodwill

The movement of goodwill as at 31 January 2017, 2016 and 2015 is as follows:

Cost	**31 January 2017**	**31 January 2016**	**31 January 2015**
As of 1 February	**4,836,547**	**5,655,717**	**3,558,136**
Additions	194,009	--	2,122,823
Effect of movements in exchange rates	14,590,620	(819,170)	(25,242)
Acquisitions through business combinations (Note:4)	49,307,105	--	--
As of 31 January	**68,928,281**	**4,836,547**	**5,655,717**
Impairment loss			
As of 1 February	**(1,277,758)**	**(787,474)**	**(451,000)**
Impairment losses on goodwill	(19,401)	(544,758)	(336,474)
Effect of movements in exchange rates	--	54,474	--
As of 31 January	**(1,297,159)**	**(1,277,758)**	**(787,474)**
Carrying amount			
As of 31 January	**67,631,122**	**3,558,789**	**4,868,243**

Impairment losses on goodwill are included in expenses from other operating expenses under consolidated statement of comprehensive income.

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2017, 2016 and 2015, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 January 2017	**31 January 2016**	**31 January 2015**
Mavi Europe AG	1,342,115	1,342,115	1,342,115
Mavi America	58,109,687	--	--
Mavi Canada	5,788,038	--	--
Switzerland	--	--	764,696
Other	2,391,282	2,216,674	2,761,432
	67,631,122	**3,558,789**	**4,868,243**

14 Goodwill *(continued)*

Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi Europe, Mavi USA and Mavi Canada as three separate CGU's was performed by the Company management as of 31 January 2017 for Mavi Europe, Mavi USA, Mavi Canada and as of 31 January 2016 and 31 January 2015 for Mavi Europe. The income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi Europe, Mavi USA and Mavi Canada.

5-year business plans (31 January 2017, 2016 and 2015: 3-year business plan) prepared by the management for Mavi Europe, Mavi USA and Mavi Canada were used in the valuation of CGUs. The growth in business plan of Mavi Europe, Mavi USA, Mavi Canada and Eflatun Giyim are driven by the increase in number of stores.

As a result of the impairment testing performed on CGU basis, no impairment loss was recognised as at 31 January 2017 for Mavi Europe, Mavi USA and Mavi Canada and 31 January 2016 and 31 January 2015 for Mavi Europe. On 31 January 2015, goodwill related to Switzerland operations were impaired.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi Europe are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 14%, 1.3%, 20.2% respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 9.6%, 2.3%, 15.6% respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 9.5%, 2.0%, 6.1% respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Discount rate

The discount rate is for Mavi Europe estimated based on the company specific average weighted cost of capital. Value in use is determined by applying post tax discount rate of 14%.

14 Goodwill *(continued)*

Discount rate *(continued)*

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital. Value in use is determined by applying post tax discount rate of 9.6%.

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital. Value in use is determined by applying post tax discount rate of 9.5%.

Terminal growth rate

Mavi Europe, Mavi USA and Mavi Canada has five years cash flows included in their discounted cash flow models. A long term growth rate into perpetuity has been determined as the lower nominal GDP rates for Germany, USA and Canada in which Mavi Europe, Mavi USA and Mavi Canada is based and long term compound annual growth rate in EBITDA estimated by management.

Income approach

Discounted cash flow methodology is used under income approach. In this method, the cash flow available for distribution after funding internal needs of the company are forecasted for a finite period of years. Beyond finite period, a terminal value is developed by capitalising an assumed stabilised cash flow figure. Then, the finite period cash flow and terminal value are discounted to present value to arrive at an indication of fair value.

Mavi Europe operations

In percent	**31 January 2017**	**31 January 2016**	**31 January 2015**
Discount rate in EUR	14%	9.6%	9.6%
Terminal value growth rate	1.3%	1.6%	1.6%
Budgeted EBITDA margin (in three years)	20.2%	28.5%	46.0%

Mavi USA operations

In percent	**31 January 2017**
Discount rate in USD	9.6%
Terminal value growth rate	2.3%
Budgeted EBITDA margin (at terminal value)	15.6%

Mavi Canada operations

In percent	**31 January 2017**
Discount rate in CAD	9.5%
Terminal value growth rate	2.0%
Budgeted EBITDA margin (at terminal value)	6.1%

15 Provisions, contingent assets and liabilities

Short term provisions

As at 31 January 2017, 2016 and 2015, short term provisions are as follows:

	31 January 2017	31 January 2016	31 January 2015
Provision for employee benefits	2,159,414	862,107	733,709
Other short term provisions	8,470,660	6,019,395	3,518,311
	10,630,074	**6,881,502**	**4,252,020**

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

	2016	2015	2014
1 February balance	862,107	733,709	787,451
Effect of movements in exchange rates	226,152	5,125	(66,154)
Acquisitions through business combinations (Note 4)	197,336	--	--
Current period provision	873,819	123,273	12,412
31 January balance	**2,159,414**	**862,107**	**733,709**

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

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 recognised 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 years ended 31 January 2017, 2016 and 2015, the movement of other short term provisions is as follows:

	31 January 2017	31 January 2016	31 January 2015
Legal provision (1)	1,891,410	1,209,990	634,441
Return provision	4,817,213	4,059,227	2,433,870
Other provisions	1,762,037	750,178	450,000
	8,470,660	**6,019,395**	**3,518,311**

(1) Legal provisions mainly comprise of labour lawsuits.

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

Short term provisions *(continued)*

For the years ended 31 January 2017, 2016 and 2015, the movement of short term provision is as follows:

	Legal provision	Return provisions	Other provisions	Total
1 February 2016 balance	**1,209,990**	**4,059,227**	**750,178**	**6,019,395**
Acquisitions through business combinations (Note 4)	--	1,570,924	216,140	1,787,064
Current year provision	576,725	930,059	804,260	2,311,044
Effect of movements in exchange rates	104,695	662,204	(8,541)	758,358
Provisions used during year	--	(990,930)	--	(990,930)
Provision cancellations	--	(1,414,271)	--	(1,414,271)
31 January 2017 balance	**1,891,410**	**4,817,213**	**1,762,037**	**8,470,660**

	Legal provision	Return provisions	Other provisions	Total
1 February 2015 balance	**634,441**	**2,433,870**	**450,000**	**3,518,311**
Current year provision	575,549	1,507,144	367,748	2,450,441
Effect of movements in exchange rates	--	118,213	(67,570)	50,643
31 January 2016 balance	**1,209,990**	**4,059,227**	**750,178**	**6,019,395**

	Legal provision	Return provisions	Other provisions	Total
1 February 2014 balance	**547,057**	**2,312,193**	**501,897**	**3,361,147**
Current year provisions	87,384	266,476	(43,599)	310,261
Effect of movements in exchange rates	--	(144,799)	(8,298)	(153,097)
31 January 2015 balance	**634,441**	**2,433,870**	**450,000**	**3,518,311**

Long term provisions

For the years ended 31 January 2017, 2016 and 2015, the movement of long term provisions is as follows:

	31 January 2017	31 January 2016	31 January 2015
Long term provisions for employee benefits	3,150,839	2,976,994	1,948,617
	3,150,839	**2,976,994**	**1,948,617**

Long term employee benefits consist of severance pay liabilities. The details of severance pay liability are disclosed in Note 16.

16 Employee benefits

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Due to changes in legislation as of 8 September 1999, there are certain transitional obligations related to the retirement age.

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 4,426 at 31 January 2017 (31 January 2016: TL 4,093 and 31 January 2015: TL 3,541) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

The liability is calculated by estimating the present value of the future probable obligation of the Company arising from retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans..

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, as at 31 January 2017, 2016 and 2015, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees Accordingly, the liability is calculated using the following actuarial assumptions.

	31 January 2017	31 January 2016	31 January 2015
Discount rate (%)	5.19	4.72	3.81
Estimated inflation (%)	6.00	6.00	5.00

All actuarial losses are recognized in other comprehensive income.

16 Employee benefits *(continued)*

Provision for employment termination benefits *(continued)*

For the years ended 31 January 2017, 2016 and 2015 the movement of provision for severance pay liability is as follows:

	2016	**2015**	**2014**
Opening balance	2,976,994	1,948,617	2,070,557
Interest cost	222,622	156,615	125,345
Service cost	2,186,450	2,286,934	1,674,354
Paid benefits	(3,179,989)	(2,455,453)	(2,707,679)
Effect of movements in exchange rates	632,248	24,507	(204,805)
Actuarial difference	312,514	1,015,774	990,845
Ending balance	**3,150,839**	**2,976,994**	**1,948,617**

17 Payables to employees

As at 31 January 2017, 2016 and 2015 payables to employees are as follows:

	31 January 2017	**31 January 2016**	**31 January 2015**
Payables to personnel[1]	11,377,963	9,647,852	7,868,386
Social security premiums payable	3,470,702	5,376,960	4,466,203
	14,848,665	**15,024,812**	**12,334,589**

[1] Payables to personnel consist of the salary and wages to be paid in the following month.

18 Other asset and liabilities

Other current assets

As at 31 January 2017, 31 January 2016 and 2015, other current assets are as follows:

	31 January 2017	31 January 2016	31 January 2015
Transferred value added tax ("VAT")	15,596,832	12,976,373	9,642,184
	15,596,832	**12,976,373**	**9,642,184**

Other current liabilities

As at 31 January 2017, 31 January 2016 and 2015, other current liabilities are as follows:

	31 January 2017	31 January 2016	31 January 2015
Advances received[1]	9,238,409	4,783,119	1,057,825
VAT payable	508,059	505,092	552,617
Other	--	--	--
	9,746,468	**5,288,211**	**1,610,442**

[1] Advance received comprise of advances received for products from franchises.

19 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2017, 31 January 2016 and 2015, paid capital is as follows:

	%	31 January 2017	%	31 January 2016	%	31 January 2015
Blue International	100	49,657,000	99.99	49,652,146	99.99	49,652,146
MYN Ventures Ltd.	--	--	0.0025	1,226	0.0025	1,226
Lifestyle Brands N.V.	--	--	0.0025	1,226	0.0025	1,226
Blue International Holding N.V.	--	--	0.0025	1,226	0.0025	1,226
Blue International Holding Coperatie U.A	--	--	0.0024	1,176	0.0024	1,176
	100	**49,657,000**	**100**	**49,657,000**	**100**	**49,657,000**

As of 31 January 2017 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2016: 49,657,000 shares and 31 January 2015: 49,657,000 shares).

Remeasurement loss on defined benefit plans

Amounts include actuarial gains and losses recognized in other comprehensive income.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Capital, reserves and other capital reserves *(continued)*

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 January 2017, the Company's legal reserves are amounting to TL 17,426,758 (31 January 2016: TL 14,819,346 and 31 January 2015: TL 14,694,698).

Dividends

During 2016, the Group hasn't distributed dividends (2015: nil; 2014: TL 28,444,561) from distributable 2016 consolidated net income.

Purchase of share of entities under common control

On 2 December 2011 the Company merged with Mavi Grup Giyim Ticaret A.Ş. ("Mavi Grup"). Mavi Grup had owned the Company's shares in amount of 99.9% until the date of this merger. The difference between investment and share capital of the Company amounting to TL 35,757,281 has been recognized as an equity transaction as purchase of share of entities under common control.

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. As of 31 January 2017, other reserves presented under shareholders equity is TL 4,079,773 (31 January 2016: TL 4,079,773 and 31 January 2015: TL 4,079,773).

20 Revenue

For the years ended 31 January 2017, 2016 and 2015, revenue comprised the following:

	2016	**2015**	**2014**
Sales of goods	1,306,652,599	1,051,737,670	892,766,287
Service revenue[1]	1,194,728	807,710	803,965
Other	86,345	261,940	1,500,611
	1,307,933,672	**1,052,807,320**	**895,070,863**

[1] Service revenue mainly comprised royalty fee which taken from Mavi Jeans Australia Pty Ltd.

21 Cost of sales

For the years ended 31 January 2017, 2016 and 2015, cost of sales comprised the following:

	2016	**2015**	**2015**
Cost of goods sold	640,915,023	528,395,125	460,225,642
	640,915,023	**528,395,125**	**460,225,642**

22 Administrative expenses, selling and marketing expenses

For the years ended 31 January 2017, 2016 and 2015, administrative expenses comprised the following:

	2016	**2015**	**2014**
Personnel expenses	44,048,870	31,829,037	28,788,289
Depreciation and amortization expenses (Note 12, 13)	8,820,383	4,710,031	3,563,410
Rent expenses	7,831,529	6,724,887	5,496,933
Consultancy expenses	3,158,742	2,129,745	1,591,760
Office materials expenses	2,545,784	1,597,734	975,617
Representation and entertainment expenses	2,043,076	424,128	402,536
Travel expenses	1,728,364	1,596,042	1,740,154
General office expenses	1,285,127	956,681	838,712
Bad debt expenses, net	831,612	1,230,815	528,741
Communication expenses	738,607	657,542	717,181
Legal expenses	716,373	917,073	463,137
Cleaning expenses	686,387	564,301	468,283
Contribution and donations	383,962	325,727	283,775
Taxes, fees and funds	243,068	185,399	224,158
Insurance expenses	206,916	182,200	113,422
Other	1,400,739	1,583,379	1,461,374
	76,669,539	**55,614,721**	**47,657,482**

22 Administrative expenses, selling and marketing expenses *(continued)*

For the years ended 31 January 2017, 2016 and 2015, selling and marketing expenses comprised the following:

	2016	**2015**	**2014**
Rent expenses	173,180,145	134,082,735	105,632,875
Personnel expenses	147,519,231	115,337,604	99,168,777
Depreciation and amortization expenses (Note 12, 13)	37,249,297	35,221,471	25,276,581
Outsourced logistics expenses	19,076,576	14,821,336	12,646,459
Advertising expenses	16,581,317	13,915,240	13,342,622
Freight-out expenses	9,149,927	7,628,171	6,336,465
Travel expenses	5,597,303	4,959,323	5,242,536
Visual design and marketing	4,142,498	4,181,860	3,270,363
Shopping bags expenses	3,441,528	2,641,241	2,201,788
Communication expenses	2,516,283	2,066,989	1,809,515
Cleaning expenses	2,341,556	1,722,669	1,401,926
Tailor expenses	2,116,173	1,786,019	1,660,870
Consultancy expenses	2,488,545	1,904,992	1,648,518
Marketing expenses	1,778,357	1,625,956	551,603
Public relations and market research expenses	1,850,934	1,307,552	1,352,790
Municipality expenses	1,646,808	1,225,429	1,043,268
Trade show expenses	1,457,030	603,892	850,020
Training expenses	1,016,563	1,420,100	1,010,564
Insurance expenses	894,613	862,787	813,678
Representation and entertainment expenses	701,086	635,061	516,160
Other	13,590,418	10,000,907	8,836,795
	448,336,188	**357,951,334**	**294,614,173**

23 Research and development expenses

For the years ended 31 January 2017, 2016 and 2015, research and development expenses comprised the following:

	2016	**2015**	**2014**
Personnel expenses	15,600,603	13,186,614	12,192,345
Travel expenses	844,088	782,448	791,540
Depreciation and amortization expenses (Note 12, 13)	459,764	295,255	202,689
Design expenses	441,160	352,181	401,953
Consultancy expenses	349,856	214,727	158,355
Communication expenses	295,329	249,667	262,713
Training expenses	53,188	56,910	42,092
Representation and entertainment expenses	41,912	40,185	35,443
Other	570,606	483,625	467,840
	18,656,506	**15,661,612**	**14,554,970**

24 Other income and expense

For the years ended 31 January 2017, 2016 and 2015, other operating income comprised the following:

	2016	2015	2014
Damage compensation income [1]	1,148,651	688,856	29,482
Salary protocol income	422,599	367,232	367,232
Gain on sale of tangible assets	104,132	62,712	72,770
Decoration income[2]	99,914	1,605,004	320
Other	149,098	95,278	243,482
	1,924,394	**2,819,082**	**713,286**

[1] Income from insurance claims.

[2]Decoration income received from shopping malls.

For the years ended 31 January 2017, 2016 and 2015, other expenses comprised the following:

	2016	2015	2014
Kazakhstan restructuring expenses[1]	728,093	3,984,863	--
Expense related to store closings	362,903	294,352	439,557
Impairment losses on goodwill	19,401	544,758	336,474
Impairment loss on customer relations	--	--	2,781,052
Portfolio compensation [2]	--	--	792,280
Fire related expenses	--	1,724,846	--
Other	490,349	668,775	185,902
	1,600,746	**7,217,594**	**4,535,265**

[1]Expense related to closure of legally owned stores in Kazakhstan.

[2]Compensations paid to the franchise of which their stores are taken over during the period.

25 Expenses by nature

For the years ended 31 January 2017, 2016 and 2015, expenses by nature are as follows:

Depreciation and amortization expenses

	2016	2015	2014
Selling and marketing expenses (Note 22)	37,249,297	35,221,471	25,276,581
Administrative expenses (Note 22)	8,820,383	4,710,031	3,563,410
Research and development expenses	459,764	295,255	202,689
	46,529,444	**40,226,757**	**29,042,680**

For the years ended 31 January 2017, TL 39,084,143 (31 January 2016: TL 34,989,435 and 31 January 2015: TL 23,180,539) of the depreciation and amortization expenses are resulting from tangible assets TL 7,445,301 (31 January 2016: TL 5,237,322 and 2015: TL 5,862,141) are from intangible assets.

Expenses related to personnel

	2016	2015	2014
Selling and marketing expenses (Note 22)	147,519,231	115,337,604	99,168,777
Administrative expense (Note 22)	44,048,870	31,829,037	28,788,289
Research and development (Note 23)	15,600,603	13,186,614	12,192,345
	207,168,704	**160,353,255**	**140,149,411**

For the years ended 31 January 2017, 2016 and 2015, the details of expenses related to personnel are as follows:

	2016	2015	2014
Wages and salaries	124,893,274	90,655,543	77,726,677
Social security premiums	29,662,384	25,330,768	22,851,873
Bonus expense	21,966,115	17,241,736	16,365,620
Meal expenses	11,349,406	10,577,277	8,315,273
Overtime expenses	5,908,080	4,516,607	3,723,364
Personnel travel expenses	4,155,990	4,102,955	3,636,796
Employee termination benefit expenses (Note: 16)	2,409,072	2,443,549	1,799,699
Notice payment expenses	1,736,770	1,176,219	2,059,978
Other	5,087,613	4,308,601	3,670,131
	207,168,704	**160,353,255**	**140,149,411**

26 Finance income

For the years ended 31 January 2017, 2016 and 2015, finance income comprised the following:

	2016	2015	2014
Interest income on:			
Receivables and payables, net	691,146	807,713	465,579
Time deposits	706,682	327,673	785,847
	1,397,828	1,135,386	1,251,426
Foreign exchange gain	1,258,170	1,128,868	91,543
Changes in fair value of forward contracts	12,655,153	8,845,800	899,054
Other	--	1,619	1,266
	15,311,151	**11,111,673**	**2,243,289**

27 Finance costs

For the years ended 31 January 2017, 2016 and 2015, finance costs comprised the following:

	2016	2015	2014
Interest expense on:			
Interest expenses on purchases	18,350,685	13,682,787	9,429,159
Financial liabilities measured at amortised cost	18,872,408	16,936,412	15,463,261
	37,223,093	30,619,199	24,892,420
Change in fair value of contingent consideration	229,008	--	--
Foreign exchange loss	20,949,121	13,592,149	14,851,628
Credit card commission expenses	7,669,531	5,947,818	5,001,512
Import financing expenses	3,286,973	4,515,920	2,053,560
Other	1,172,993	1,163,048	886,847
	70,530,719	**55,838,134**	**47,685,967**

28 Income taxes

Corporate tax

Corporate income tax is levied at the rate of 20% (31 January 2017, 2016, 2015: 20%) on the statutory corporate income tax base of Turkey's operating, which is determined by modifying income for certain tax exclusions and allowances.

As of 31 January 2017, 2016 and 2015 tax rates used in deferred tax calculation according to the tax laws of the countries except Turkey is as follows:

Country	31 January 2017	31 January 2016	31 January 2015
Russia	20%	20%	20%
Germany	29.72%	29.58%	29.58%
Netherlands	20%	20%	20%
America	34%	--	--
Canada	26.3%	--	--

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income (if any, past year losses and investment incentives if preferred).

In Turkey, advance tax returns are filed on a quarterly basis. Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Between 1^{st} - 25^{th} days of the fourth month following the closing of the period for those with special accounting periods). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Foreign subsidiaries are subject to the tax legislation in the respective countries and necessary provisions for tax expense have been reflected in the financial statements.

Under the Turkish taxation system, 75% of profit gained from sale of property, plant and equipment of subsidiaries owned at least 2 years can be recognized as exempt income on condition that would be added to equity in following five years. The remaining 25% is subject to corporate tax.

The tax legislation in Turkey does not allow the parent company and its subsidiaries to issue a consolidated tax declaration. For this reason, the tax provisions reflected in the consolidated financial statements are separately calculated for each company subject to consolidation.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

28 Income taxes *(continued)*

Corporate tax *(continued)*

USA

The U.S. levies an income tax on a corporation's "taxable income". Taxable income equals a corporation's gross worldwide income less deductions allowed under the federal income tax law. Worldwide income includes income from a business, compensation for services, rent, royalties, dividends, gain from property transactions, and partnership income. In general, corporations are permitted to deduct ordinary and necessary business expenses that are incurred in the corporation's trade or business, depreciation on business property, and certain losses related to the business. Business-related expenses are only deductible if the U.S. income tax laws do not otherwise require the expenses to be capitalized.

Russia

In Russia, the tax system has a legislative nature that is often changed by the authorities. 20%. Tax authorities and "delay penalties" may be subject to investigation and investigation by competent authorities. A tax year is the primary consolidation that follows up to be examined by tax authorities. The recent events in Russia show that they are more stable in the interpretation and implementation of tax legislation. Financial losses can be carried for a period of three years to be deducted from the profit of the institution.

Germany

Germany's effective corporate tax rate, including trade tax and solidarity tax is about 29.72. Germany's overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% (5.5 %of the corporate income tax) and municipal trade tax which varies between 7% and 17.15%. Losses can be carried forward for offset against future taxable income indefinitely.

However, the offset is limited: losses may be offset against profits up to EUR 1,000 thousand without restriction, but only 60% of income exceeding EUR 1,000 thousand may be offset against loss carry forwards.

Netherland

The Dutch corporate tax rate for corporations is 20% for profits up to 200,000 euros and 25% for excess. There is a one-sided decree issued to prevent double taxation for established companies in the Netherlands and, if there is no tax treaty, items such as profits from permanent foreign operations are not taxed. Dividend payments are subject to 5% tax.

In the Dutch tax system, financial losses can be carried forward for nine years to be deducted from future taxable income. Financial losses can be carried back up to one year ago. Companies must file their tax declarations within nine months of the end of the relevant year unless they request additional time (under normal circumstances for an additional period of nine months). Tax declarations are open for five years following their completion.

Tax authorities have the right to audit tax returns and related accounting records, and disclosures may be amended according to audit findings.

Canada

Canada's federal-provincial general corporate income tax rate is 26.3%. Tax losses can be carried forward for 20 years.

28 Income taxes *(continued)*

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Transfer pricing

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

Tax income/(expense)

For the years ended 31 January 2017, 2016 and 2015, tax expense recognized in profit loss comprised the following:

	2016	2015	2014
Current tax expense:			
Current year tax expense	(16,013,012)	(13,425,804)	(5,469,501)
Change in estimates related to prior years	488,760	285,836	103,995
	(15,524,252)	(13,139,968)	(5,365,506)
Deferred tax income			
Deferred tax (expense)/ income on temporary differences	(1,123,021)	533,356	(4,503,885)
Total tax expense	**(16,647,273)**	**(12,606,612)**	**(9,869,391)**

For the years ended 31 January 2017, 2016 and 2015, tax income recognized in other comprehensive income the following:

	31 January 2017	31 January 2016	31 January 2015
Tax income:			
Deferred taxes related to remeasurements of defined benefit liability	62,503	203,155	198,169

For the years ended 31 January 2017, 2016 and 2015, the details of the current tax assets/liabilities is as follows:

	2016	2015	2014
Current year tax expense	15,524,252	13,139,968	(4,101,304)
Corporate taxes paid	(20,607,471)	(16,729,868)	(9,466,810)
Total taxes payable on income, net	**(5,083,219)**	**(3,589,900)**	**(4,101,304)**
Current tax asset	(5,286,472)	(3,872,871)	(6,377,698)
Current tax liabilities	203,253	282,971	2,276,394

28 Income taxes *(continued)*

Tax income/(expense) *(continued)*

Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 January 2017, 2016 and 2015 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	2016	%	2015	%	2014
Profit for the year		51,813,223		33,452,943		18,884,548
Total income tax expense		(16,647,273)		(12,606,612)		(9,869,391)
Profit before tax		68,460,496		46,059,555		28,753,939
Income tax using domestic tax rate	(20)	(13,692,099)	(20)	(9,211,911)	(20)	(5,750,788)
Effect of tax rates in foreign jurisdictions	(2.2)	(1,483,165)	(1.1)	(540,803)	(0.8)	(235,530)
Non-deductible expenses[1]	(3.4)	(2,320,706)	(3.9)	(2,536,214)	(12.3)	(3,565,799)
Tax exempt income	0.3	189,164	0.2	106,000	1.8	515,000
Changes in estimates related to prior years	0.7	488,760	0.6	285,836	0.4	103,995
Statutory tax losses for which no deferred tax assets recognized	0.0	--	0.0	--	0.2	67,000
Recognition of tax effect on previously unrecognised tax losses	(0.5)	(337,000)	0.0	--	0.0	--
Other	0.7	507,773	(1.4)	(709,520)	(1.5)	(1,003,269)
Current tax expense		**(16,647,273)**		**(12,606,612)**		**(9,869,391)**

[1]For the year ending 31 January 2017 tax effect of non-deductible expenses mainly consist of Kazakhstan investment write-off amounting to TL 478,170 and inventory counting differences amounting to TL 1,027,250 (31 January 2016: Kazakhstan investment write-off: TL 224,926, inventory counting differences: TL 1,131,975; 31 January 2015: inventory counting differences: TL 845,168 and transfer pricing invoices from group companies: TL 2,004,894).

Unrecognized deferred tax asset

Tax losses for carried forward which no deferred tax asset was recognized expire as follows.

Expiry date	31 January 2017	Expiry date	31 January 2016	Expiry date	31 January 2015
2017	46,059	2017	373,203	2015-2017	839,328
	3,646,517		**373,203**		**839,328**

Deferred tax assets and liabilities

Deferred tax assets and liabilities were set off since there was a legal right to offset current tax assets and liabilities and since the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

28 Income taxes *(continued)*

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities for the years ended 31 January 2017, 2016 and 2015 are attributable to the items detailed in the table below:

	31 January 2017		
	Assets	**Liabilities**	**Net amount**
Property and equipment	12,463,242	(15,523,237)	(3,059,995)
Intangible assets	1,876,492	(14,671,992)	(12,795,500)
Inventories	3,708,906	(213,574)	3,495,332
Due from related parties	--	(68,768)	(68,768)
Trade and other receivables	2,316,008	(3,225,759)	(909,751)
Trade and other payables	1,984,897	(1,151,696)	833,201
Provisions	792,855	(111,220)	681,635
Employee benefits	635,896	(118,624)	517,272
Loans and borrowings	1,064,119	(1,005,536)	58,583
Tax losses carried forward	2,945,354	--	2,945,354
Put option liability	1,915,943	--	1,915,943
Other temporary differences	--	(265,165)	(265,165)
Total	**29,703,712**	**(36,355,571)**	**(6,651,859)**
Set-off tax	**(22,957,810)**	**22,957,810**	
	6,745,902	**(13,397,761)**	

	31 January 2016		
	Assets	**Liabilities**	**Net amount**
Property and equipment	8,637,476	(241,650)	8,395,826
Intangible assets	1,596,981	(12,645,994)	(11,049,013)
Inventories	2,277,946	(87,271)	2,190,675
Due from related parties	--	(54,185)	(54,185)
Trade and other receivables	2,770,880	(2,291,778)	479,102
Trade and other payables	2,253,508	(522,012)	1,731,496
Provisions	549,666	--	549,666
Employee benefits	431,497	--	431,497
Loans and borrowings	1,066,029	(1,005,536)	60,493
Tax losses carried forward	826,407	--	826,407
Put option liability	1,481,000	--	1,481,000
Other temporary differences	376,584	(438,094)	(61,510)
Total	**22,267,974**	**(17,286,520)**	**4,981,454**
Set-off tax	**(17,232,335)**	**17,232,335**	
	5,035,639	**(54,185)**	

28 Income taxes *(continued)*

Recognized deferred tax assets and liabilities *(continued)*

	31 January 2015		
	Assets	**Liabilities**	**Net amount**
Property and equipment	6,323,371	(167,000)	6,156,371
Intangible assets	1,723,654	(9,645,438)	(7,921,784)
Inventories	1,217,759	(75,000)	1,142,759
Due from related parties	--	(696,659)	(696,659)
Trade and other receivables	1,998,313	(301,897)	1,696,416
Trade and other payables	1,765,761	(316,924)	1,448,837
Provisions	264,356	(7,000)	257,356
Employee benefits	366,034	--	366,034
Loans and borrowings	1,170,277	(1,005,536)	164,741
Tax losses carried forward	695,000	--	695,000
Put option liability	1,416,943	(180,300)	1,236,643
Other temporary differences	167,967	(488,407)	(320,440)
Total	**17,109,435**	**(12,884,161)**	**4,225,274**
Set-off tax	**(12,657,889)**	**12,657,889**	
	4,451,546	**226,272**	

28 Income taxes *(continued)*

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

	1 February 2014	Recognised in profit or loss	Recognised in comprehensive income and expense	Effect of movements in exchange rates	31 January 2015
Property and equipment	1,688,018	4,454,736	--	13,617	6,156,371
Intangible assets	(3,365,527)	(4,556,257)	--	--	(7,921,784)
Inventories	2,616,577	(1,446,697)	--	(27,121)	1,142,759
Due from related parties	1,843,023	(2,539,682)	--	--	(696,659)
Trade and other receivables	1,952,994	(252,194)	--	(4,385)	1,696,415
Trade and other payables	1,418,356	35,603	--	(5,122)	1,448,837
Provisions	402,767	(145,411)	--	--	257,356
Employee benefits	367,924	(196,109)	198,169	(3,950)	366,034
Loans and borrowings	(1,664)	166,405	--	--	164,741
Tax losses carried forward	1,301,456	(540,897)	--	(65,559)	695,000
Put option liability	1,416,943	(180,300)	--	--	1,236,643
Other temporary differences	(506,158)	696,918	--	(511,199)	(320,439)
	9,134,709	**(4,503,885)**	**198,169**	**(603,719)**	**4,225,274**

	1 February 2015	Recognised in profit or loss	Recognised in comprehensive income and expense	Effect of movements in exchange rates	31 January 2016
Property and equipment	6,156,371	2,264,184	--	(24,729)	8,395,826
Intangible assets	(7,921,784)	(3,129,651)	--	2,422	(11,049,013)
Inventories	1,142,759	1,022,307	--	25,608	2,190,674
Due from related parties	(696,659)	642,474	--	--	(54,185)
Trade and other receivables	1,696,415	(1,246,294)	--	28,981	479,102
Trade and other payables	1,448,837	278,060	--	4,599	1,731,496
Provisions	257,356	286,284	--	6,026	549,666
Employee benefits	366,034	(140,943)	203,155	3,252	431,498
Loans and borrowings	164,741	(104,248)	--	--	60,493
Tax losses carried forward	695,000	34,858	--	96,549	826,407
Put option liability	1,236,643	244,357	--	--	1,481,000
Other temporary differences	(320,439)	381,968	--	(123,039)	(61,510)
	4,225,274	**533,356**	**203,155**	**19,669**	**4,981,454**

28 Income taxes *(continued)*

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

	1 February 2016	Recognised in profit or loss	Recognised in comprehensive income and expense	Acquisitions of subsidiaries	Effect of movements in exchange rates	31 January 2017
Property and equipment	8,395,826	(10,825,679)	--	598	(630,740)	(3,059,995)
Intangible assets	(11,049,013)	10,853,581	--	(12,614,646)	14,578	(12,795,500)
Inventories	2,190,674	(82,994)	--	1,233,470	154,182	3,495,332
Due from related parties	(54,185)	(14,583)	--	--	--	(68,768)
Trade and other receivables	479,102	(1,563,344)	--	--	174,491	(909,751)
Trade and other payables	1,731,496	(925,984)	--	--	27,689	833,201
Provisions	549,666	95,687	--	--	36,282	681,635
Employee benefits	431,498	3,692	62,503	--	19,579	517,272
Loans and borrowings	60,493	(1,910)	--	--	--	58,583
Tax losses carried forward	826,407	353,808	--	2,346,436	(581,297)	2,945,354
Put option liability	1,481,000	434,943	--	--	--	1,915,943
Other temporary differences	(61,510)	549,762	--	(512,946)	(240,471)	(265,165)
	4,981,454	**(1,123,021)**	**62,503**	**(9,547,088)**	**(1,025,707)**	**(6,651,859)**

29 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 years ended 31 January 2017, 2016 and 2015 is as follows:

	2016	2015	2014
Net profit for the year attributable to owners of the Company	50,064,008	33,452,943	18,884,548
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000
Earnings per ordinary share	**1.0082**	**0.6737**	**0.3803**

30 Derivatives

As at 31 January 2017 2016 and 2015, short term derivative assets are as follows:

	31 January 2017	31 January 2016	31 January 2015
Forward assets	7,335,934	2,943,292	334,309
	7,335,934	**2,943,292**	**334,309**

As of 31 January 2017, the Group has open forward contracts in amount of USD 10,042,635 in equivalent of TL 38,487,395 (31 January 2016: USD 25,403,248 in equivalent of TL 75,216,477, 31 January 2015: USD 5,461,361 in equivalent of TL 13,203,386).

31 Operating leases

Leases as lessee

For the years ended 31 January 2017, 2016 and 2015, total minimum lease payments pursuant to leases are as follows:

	31 January 2017	31 January 2016	31 January 2015
Less than one year	189,940,237	123,897,249	90,167,578
1-5 year	498,514,811	332,104,445	261,201,567
More than 5 years	90,654,842	42,816,166	33,673,027
	779,109,890	**498,817,860**	**385,042,172**

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

Group has recognized expenses related to operating leases amounting to TL 181,011,674 (31 January 2016: TL 140,807,622 and 31 January 2015: TL 140,807,622) in the statement of profit or loss and other comprehensive income.

32 Commitments

(a) Warranties, pledges and mortgages

	31 January 2017					
	TL Equivalent	**TL**	**EUR**	**RUB**	**CAD**	**USD**
A. On behalf of its own legal personality of the total amount of GPMs	**103,193,431**	**4,069,596**	**20,455,986**	**--**	**--**	**3,989,424**
Guarantee	103,193,431	4,069,596	20,455,986	--	--	3,989,424
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**1,319,226**	**--**	**94,074**	**13,960,037**	**16,173**	**--**
Guarantee	1,319,226	--	94,074	13,960,037	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	16,173	--
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	**104,512,657**	**4,069,596**	**20,550,060**	**13,960,037**	**16,173**	**3,989,424**

32 Commitments *(continued)*

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

As of 31 January 2017, 2016 and 2015, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 January 2016				
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**
A. On behalf of its own legal personality of the total amount of GPMs	**153,891,721**	**2,502,637**	**30,755,710**	**--**	**17,586,796**
Guarantee	153,891,721	2,502,637	30,755,710	--	17,586,796
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**829,875**	**--**	**94,074**	**13,538,126**	**--**
Guarantee	829,875	--	94,074	13,538,126	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
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	**154,721,596**	**2,502,637**	**30,849,784**	**13,538,126**	**17,586,796**

32 Commitments *(continued)*

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

	31 January 2015				
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**
A. On behalf of its own legal personality of the total amount of GPMs	**128,863,221**	**3,083,880**	**25,992,087**	**--**	**22,571,484**
Guarantee	128,863,221	3,083,880	25,992,087	--	22,571,484
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**257,735**	**--**	**94,074**	**--**	**--**
Guarantee	257,735	--	94,074	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
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	**129,120,956**	**3,083,880**	**26,086,161**	**--**	**22,571,484**

32 Commitments *(continued)*

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

As of 31 January 2017, ratio of CPM given by the Group to equity was 74% (31 January 2016: 162% and 31 January 2015: 209%).

As of 31 January 2017, letter of guarantees given to third parties for the amount of TL 61,018,855 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2016: TL 84,135,298 and 31 January 2015: TL 58,691,223).

The Group has purchase commitments related to inventory amounting to TL 219,914,872 as of 31 January 2017 (31 January 2016: TL 200,141,593; 31 January 2015: TL 189,095,108).

(b) Guarantees received

As of 31 January 2017, Group has received letter of guarantees for the amount of TL 6,353,838 as in the form of security (31 January 2017: TL 6,811,850 and 31 January 2015: TL 7,060,303).

33 Financial instruments

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management of framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

33 Financial instruments *(continued)*

Credit risk *(continued)*

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The allowance is provided for receivables that are legally insolvent.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Turkey, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2017, the DDS limits of the Company is amounting TL 98,981thousand (31 January 2016: TL 86,401 thousand; 31 January 2015: TL 77,240 thousand). The Company also obtains guarantees from its customers as another means of securing its receivables.

Cash is placed in financial institutions, which are considered at time of deposits and POS receivables to have minimal risk of default. Further details of concentration of revenue are included in Note 3.

As at 31 January 2017, 2016 and 2015, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

	31 January 2016	**31 January 2015**	**31 January 2014**
Turkey	65,433,834	53,868,822	55,124,667
Europe	18,103,195	15,346,442	15,584,814
USA	8,521,758	--	--
Canada	8,166,306	--	--
Other	5,096,814	3,714,067	6,848,691
	105,321,907	**72,929,331**	**77,558,172**

The derivatives entered into with bank counterparties, which have sensible ratings.

Management believes that the unimpaired amounts that are pass due by more than 30 days are still collectable in full, based on the historical behavior and analysis of customer credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

33 Financial instruments *(continued)*

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.

Interest rate risk

The Group is not exposed to the risk of interest rate due to not using of variable interest rate loans.

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.

34 Nature and level of risks related to financial instruments

Credit risk

The carrying amounts of financial assets shows the maximum credit risk exposure. As of the reporting date, the maximum exposure to credit risk is as follows:

	Receivables					
	Trade receivables		Other receivables			
31 January 2017	**Related party**	**Other**	**Related party**	**Other [1]**	**Cash and cash equivalents [2]**	**Derivatives**
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**4,059,449**	**105,321,907**	--	**21,097,694**	**156,652,940**	**7,335,934**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	4,059,449	85,746,201	--	21,097,694	156,652,940	7,335,934
B. Net book value of financial assets which are overdue, but not impaired	--	19,575,706	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	5,217,467	14,037,339	--	--	--	--
- Impairment (-)	(5,217,467)	(14,037,339)	--	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--	--

31 January 2017	**Receivables**	
	Trade receivables	**Other receivables**
Past due between 1-30 days	12,462,810	--
Past due between 1-3 months	6,870,005	--
Past due between 3-12 months	242,891	--
Total past due	**19,575,706**	--

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

[2] Cash and cash equivalents excludes cash on hand.

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

Credit risk *(continued)*

31 January 2016	Receivables				Cash and cash equivalents [2]	Derivatives
	Trade receivables		Other receivables			
	Related party	Other	Related party	Other [1]		
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**1,730,377**	**72,929,331**	**--**	**12,734,710**	**109,385,026**	**2,943,292**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	1,730,377	67,860,963	--	12,734,710	109,385,026	2,943,292
B. Net book value of financial assets which are overdue, but not impaired	--	5,068,368	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	7,497,602	--	--	--	--
- Impairment (-)	--	(7,497,602)	--	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--	--

31 January 2016	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	1,867,172	--
Past due between 1-3 months	1,460,303	--
Past due between 3-12 months	1,740,893	--
Total past due	**5,068,368**	**--**

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

(2) Cash and cash equivalents excludes cash on hand.

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

Credit risk *(continued)*

	Receivables					
	Trade receivables		Other receivables			
31 January 2015	Related party	Other	Related party	Other [1]	Cash and cash equivalents [2]	Derivatives
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**857,191**	**77,558,172**	**--**	**13,488,277**	**90,733,482**	**334,309**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	857,191	67,645,533	--	13,488,277	90,733,482	334,309
B. Net book value of financial assets which are overdue, but not impaired	--	9,912,639	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	--	6,455,345	--	--	--	--
- Impairment (-)	--	(6,455,345)	--	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--	--

31 January 2015	**Receivables**	
	Trade receivables	**Other receivables**
Past due between 1-30 days	2,482,467	--
Past due between 1-3 months	3,226,676	--
Past due between 1-12 months	4,203,496	--
Total past due	**9,912,639**	**--**

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

[2] Cash and cash equivalents excludes cash on hand.

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

Credit risk *(continued)*

Impairment

For the years ended 31 January 2017, 2016 and 2015, movement of the provision for doubtful receivables is as follows:

	2016	2015	2014
Balance beginning	7,497,602	6,455,345	6,817,010
Acquisitions through business combinations	4,526,828	--	--
Current year provision	3,206,926	1,704,374	750,008
Allowances no longer required	(2,375,314)	(473,559)	(221,267)
Write-offs	--	(378,907)	(384,370)
Effect of movements in exchange rates	1,181,297	190,349	(506,036)
Balance ending	**14,037,339**	**7,497,602**	**6,455,345**

The Group monitors the collectability of its trade receivables periodically and records provision for potential losses on doubtful receivables based on historical collection rates, Subsequent to recognition of allowance for doubtful receivables, partial or full recovery of doubtful receivables will be recorded under profit or loss with an offset to provision for doubtful receivables.

Liquidity risk

As at 31 January 2017, 31 January 2016 and 2015, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2017	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year
Non derivative financial liabilities					
Bank loans	336,023,777	371,412,626	73,820,704	157,821,094	139,770,828
Trade payables to third parties	190,775,458	193,562,043	146,607,848	46,954,195	--
Trade payables to related parties	108,740,109	108,515,087	91,276,580	17,238,507	--
Other payables to related parties	43,493,517	43,493,517	43,493,517	--	--
Payables to employees	14,848,665	14,848,665	14,848,665	--	--
Total	**693,881,526**	**731,831,938**	**370,047,314**	**222,013,796**	**139,770,828**

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

Liquidity risk *(continued)*

31 January 2016	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year
Non derivative financial liabilities					
Bank loans	189,396,274	210,714,543	40,451,335	119,246,851	51,016,358
Trade payables to third parties	165,703,189	166,698,415	130,635,579	36,062,835	--
Trade payables to related parties	48,019,493	48,019,493	42,207,865	5,811,628	--
Other payables to related parties	8,073,000	8,073,000	--	--	8,073,000
Payables to employees	15,024,812	15,024,812	15,024,812	--	--
Total	**426,216,768**	**448,530,263**	**228,319,591**	**161,121,314**	**59,089,358**

31 January 2015	Carrying amount	Contractual cash flow	3 months or less	3-12 months	1-5 year
Non derivative financial liabilities					
Bank loans	191,157,438	202,304,340	34,428,103	117,740,747	50,135,490
Trade payables to third parties	150,988,256	152,758,073	110,000,431	42,757,642	--
Trade payables to related parties	48,989,178	49,012,162	46,697,356	2,314,806	--
Other payables to related parties	6,849,250	6,849,250	--	--	6,849,250
Payables to employees	12,334,589	12,334,589	12,334,589	--	--
Total	**410,318,711**	**423,258,414**	**203,460,479**	**162,813,195**	**56,984,740**

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

Market risk

Currency risk

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

	TL Equivalent	USD	Euro	Other
1. Trade receivables	5,729,562	1,123,542	--	493,329
2a. Monetary financial assets (including cash. banks)	36,218,759	6,089,585	3,143,003	990
2b. Non-monetary financial assets	--	--	--	--
3. Other	3,760,881	967,762	12,696	--
4. Current assets (1+2+3)	**45,709,202**	**8,180,889**	**3,155,699**	**494,319**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	111,264	15,972	12,213	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	**111,264**	**15,972**	**12,213**	**--**
9. Total assets (4+8)	**45,820,466**	**8,196,861**	**3,167,912**	**494,319**
10. Trade payables	(80,289,988)	(20,977,335)	25,267	--
11. Financial liabilities	(47,187,331)	(65,304)	(11,452,812)	--
12a. Monetary other liabilities	(43,156,324)	(8,587,459)	(2,500,000)	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**(170,633,643)**	**(29,630,098)**	**(13,927,545)**	**--**
14. Trade payables	--	--	--	--
15. Financial liabilities	(16,482,451)	(386,257)	(3,660,581)	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(16,482,451)**	**(386,257)**	**(3,660,581)**	**--**
18. Total liabilities (13+17)	**(187,116,094)**	**(30,016,355)**	**(17,588,126)**	**--**
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	**7,335,934**	**1,914,188**	**--**	**--**
19a. Hedged total asset	**7,335,934**	**1,914,188**	**--**	**--**
19b. Hedged total liabilities	**--**	**--**	**--**	**--**
20. Position of net foreign currency assets/liabilities (9-18+19)	**(133,959,694)**	**(19,905,306)**	**(14,420,214)**	**494,319**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(145,056,509)**	**(22,787,256)**	**(14,432,910)**	**494,319**

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

Market risk *(continued)*

Currency risk *(continued)*

As of 31 January 2016 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	50,113,870	2,786,322	12,880,694	128,560
2a. Monetary financial assets (including cash. banks)	8,932,721	1,862,967	1,058,030	1,816
2b. Non-monetary financial assets	--	--	--	--
3. Other	3,556,547	1,184,750	15,057	--
4. Current assets (1+2+3)	**62,603,138**	**5,834,039**	**13,953,781**	**130,376**
5. Trade receivables	269,512	--	--	128,560
6a. Monetary financial assets	269,512	--	--	128,560
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	**539,024**	**--**	**--**	**257,120**
9. Total assets (4+8)	**63,142,162**	**5,834,039**	**13,953,781**	**387,496**
10. Trade payables	(59,280,734)	(19,974,114)	(43,162)	--
11. Financial liabilities	(93,593,760)	(16,457)	(28,968,485)	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**(152,874,494)**	**(19,990,571)**	**(29,011,647)**	**--**
14. Trade payables	--	--	--	--
15. Financial liabilities	(1,286,084)	(434,356)	--	--
16a. Monetary other liabilities	(8,073,000)	--	(2,500,000)	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(9,359,084)**	**(434,356)**	**(2,500,000)**	**--**
18. Total liabilities (13+17)	**(162,233,578)**	**(20,424,927)**	**(31,511,647)**	**--**
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	**2,943,292**	**994,053**	**--**	--
19a. Hedged total asset	**2,943,292**	**994,053**	**--**	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(96,148,124)**	**(13,596,835)**	**(17,557,866)**	**387,496**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(102,647,963)**	**(15,775,638)**	**(17,572,923)**	**387,496**

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

Market risk *(continued)*

Currency risk *(continued)*

As of 31 January 2015 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	5,584,612	2,261,018	17,049	38,245
2a. Monetary financial assets (including cash. banks)	12,696,203	1,743,202	3,095,890	816
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. Current assets (1+2+3)	**18,280,815**	**4,004,220**	**3,112,939**	**39,061**
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)	**18,280,815**	**4,004,220**	**3,112,939**	**39,061**
10. Trade payables	(60,184,820)	(24,640,962)	(223,685)	--
11. Financial liabilities	(77,229,709)	(992,263)	(27,313,507)	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**(137,414,529)**	**(25,633,225)**	**(27,537,192)**	**--**
14. Trade payables	--	--	--	--
15. Financial liabilities	(11,057,074)	--	(4,035,870)	--
16a. Monetary other liabilities	(6,849,250)	--	(2,500,000)	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(17,906,324)**	**--**	**(6,535,870)**	**--**
18. Total liabilities (13+17)	**(155,320,853)**	**(25,633,225)**	**(34,073,062)**	**--**
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	**334,309**	**138,282**	--	--
19a. Hedged total asset	**334,309**	**138,282**	--	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(136,705,729)**	**(21,490,723)**	**(30,960,123)**	**39,061**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(137,040,038)**	**(21,629,005)**	**(30,960,123)**	**39,061**

34 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 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	(8,362,103)	8,362,103	(8,362,103)	8,362,103
2- Hedged portion of TL against USD risk(-)	733,593	(733,593)	733,593	(733,593)
3- Net effect of USD (1+2)	**(7,628,510)**	**7,628,510**	**(7,628,510)**	**7,628,510**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,909,836)	5,909,836	(5,909,836)	5,909,836
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5,909,836)**	**5,909,836**	**(5,909,836)**	**5,909,836**
10% change of other against TL				
7- Net other denominated asset/liability	142,376	(142,376)	142,376	(142,376)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**142,376**	**(142,376)**	**142,376**	**(142,376)**
Total (3+6+9)	**(13,395,970)**	**(13,395,970**	**(13,395,970)**	**(13,395,970**

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

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2016				
	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	(4,320,216)	4,320,216	(4,320,216)	4,320,216
2- Hedged portion of TL against USD risk(-)	294,329	(294,329)	294,329	(294,329)
3- Net effect of USD (1+2)	**(4,025,887)**	**4,025,887**	**(4,025,887)**	**4,025,887**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,669,786)	5,669,786	(5,669,786)	5,669,786
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5,669,786)**	**5,669,786**	**(5,669,786)**	**5,669,786**
10% change of Rouble against TL				
7- Net Rouble denominated asset/liability	80,861	(80,861)	80,861	(80,861)
8- Hedged portion of TL against Rouble risk(-)	--	--	--	--
9- Net effect of Rouble (7+8)	**80,861**	**(80,861)**	**80,861**	**(80,861)**
Total (3+6+9)	**(9,614,812)**	**9,614,812**	**(9,614,812)**	**9,614,812**

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

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

Foreign Currency Sensitivity Analysis				
31 January 2015				
	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	(5,229,028)	5,229,028	(5,229,028)	5,229,028
2- Hedged portion of TL against USD risk(-)	33,431	(33,431)	33,431	(33,431)
3- Net effect of USD (1+2)	**(5,195,597)**	**5,195,597**	**(5,195,597)**	**5,195,597**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(8,482,145)	8,482,145	(8,482,145)	8,482,145
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(8,482,145)**	**8,482,145**	**(8,482,145)**	**8,482,145**
10% change of other against TL				
7- Net other denominated asset/liability	7,170	(7,170)	7,170	(7,170)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**7,170**	**(7,170)**	**7,170**	**(7,170)**
Total (3+6+9)	**(13,670,572)**	**13,670,572**	**(13,670,572)**	**13,670,572**

Interest rate risk

Profile

The interest rate profile of the Group's interest-bearing financial instruments is:

	31 January 2017	**31 January 2016**	**31 January 2015**
Fixed interest rate items			
Financial assets	43,264,201	21,316,910	14,057,345
Financial liabilities	(336,023,777)	(189,396,274)	(191,157,438)

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

Market risk *(continued)*

Interest rate risk *(continued)*

The fair value of fixed rate instruments risk:

The Group's does not have any hedging derivative instruments (interest rate swaps) recognized under fair value hedge accounting model or financial assets or liabilities for which fair values are recorded in profit or loss, Therefore, any changes in interest rates during the reporting period will not have an impact on profit or loss.

The fair value of variable rate instruments risk:

As the Group does not have any variable rate borrowings, changes in interest rates as of the reporting period will not have an impact on profit or loss.

Capital risk management

The Group's objectives when managing capital are to safeguard, and provide benefits to other stakeholders in order to reduce the cost of capital in order to maintain and protect the optimal capital structure of the Group.

To maintain or adjust the capital structure, the Group determines the amount of dividends paid to shareholders, issue new shares or may sell assets to reduce debt.

Group capital and net financial debt/equity ratio is followed using net financial debt less cash and cash equivalents; total financial debt is calculated by deducting from that amount.

As at 31 January 2017, 2016 and 2015, net debt / equity ratios are as follows:

	31 January 2017	**31 January 2016**	**31 January 2015**
Loans and borrowings	336,023,777	189,396,274	191,157,438
Cash and cash equivalents	(158,056,210)	(111,374,352)	(92,175,560)
Net financial liabilities	**177,967,567**	**78,021,922**	**98,981,878**
Equity	140,499,166	95,624,956	61,649,223
Net financial liabilities / equities rate	1.27	0.82	1.61

35 Financial risk management

Fair values

	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							
Forward exchange contracts	7,335,934	--	7,335,934	--	7,335,934	--	7,335,934
Financial assets not measured at fair value							
Trade receivables from third parties	105,321,907	--	105,321,907	--	--	--	--
Other receivables to third parties[(1)]	21,097,694	--	21,097,694	--	--	--	--
Receivables from related parties	4,192,558	--	4,192,558	--	--	--	--
Cash and cash equivalents	158,056,210	--	158,056,210	--	--	--	--
Total	**296,004,303**	**--**	**296,004,303**				

	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	--	(10,245,750)	(10,245,750)	--	--	(10,245,750)	(10,245,750)
Other payables to related parties (Contingent consideration)	--	(33,247,767)	(33,247,767)	--	--	(33,247,767)	(33,247,767)
Financial liabilities not measured at fair value							
Bank overdrafts	--	(3,224,470)	(3,224,470)	--	--	(3,224,470)	(3,224,470)
Bank loans	--	(332,799,307)	(332,799,307)	--	--	(332,799,307)	(332,799,307)
Trade payables to third parties	--	(190,775,458)	(190,775,458)	--	--	--	--
Other payables to third parties	--	(10,356,191)	(10,356,191)	--	--	--	--
Trade payables to related parties	--	(108,740,109)	(108,740,109)	--	--	--	--
Total	**--**	**(689,389,052)**	**(689,389,052)**				

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

35 Financial risk management *(continued)*

Fair values *(continued)*

	Carrying amount			Fair value			
31 January 2016	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivative financial instruments	2,943,292	--	2,943,292	--	2,943,292	--	2,943,292
Financial assets not measured at fair value							
Trade receivables from third parties	72,929,331	--	72,929,331	--	--	--	--
Other receivables to third parties [1]	12,734,710	--	12,734,710	--	--	--	--
Receivables from related parties	1,730,377		1,730,377	--	--	--	--
Cash and cash equivalents	111,374,352	--	111,374,352	--	--	--	--
Total	**201,712,062**	**--**	**201,712,062**				

	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	--	(8,073,000)	(8,073,000)	--	--	(8,073,000)	(8,073,000)
Financial liabilities not measured at fair value							
Bank overdrafts	--	(569,497)	(569,497)	--	--	(569,497)	(569,497)
Bank loans	--	(188,826,327)	(188,826,327)	--	--	(188,826,327)	(188,826,327)
Trade payables to third parties	--	(165,703,189)	(165,703,189)	--	--	--	--
Other payables to third parties	--	(3,403,715)	(3,403,715)	--	--	--	--
Trade payables to related parties	--	(48,019,493)	(48,019,493)	--	--	--	--
Total	**--**	**(414,595,221)**	**(414,595,221)**				

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

35 Financial risk management *(continued)*

Fair values *(continued)*

	Carrying amount			Fair value			
31 January 2015	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivative financial instruments	334,309	--	334,309	--	334,309	--	334,309
Financial assets not measured at fair value							
Trade receivables from third parties	77,558,172	--	77,558,172	--	--	--	--
Other receivables to third parties (*)	13,488,277	--	13,488,277	--	--	--	--
Receivables from related parties	857,191		857,191	--	--	--	--
Cash and cash equivalents	92,175,560	--	92,175,560	--	--	--	--
Total	**184,413,509**	**--**	**184,413,509**				

	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	--	(6,849,250)	(6,849,250)	--	--	(6,849,250)	(6,849,250)
Financial liabilities not measured at fair value							
Bank overdrafts	--	(128,463)	(128,463)	--	--	(128,463)	(128,463)
Bank loans	--	(191,028,975)	(191,028,975)	--	--	(191,028,975)	(191,028,975)
Trade payables to third parties	--	(150,988,256)	(150,988,256)	--	--	--	--
Other payables to third parties	--	(4,384,913)	(4,384,913)	--	--	--	--
Trade payables to related parties	--	(48,989,178)	(48,989,178)	--	--	--	--
Total	**--**	**(402,369,035)**	**(402,369,035)**				

(*) Other receivables from third parties excludes deposits and guarantees given.

35 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**
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of net debt and EBITDA multiplier, the amount to be paid under each scenario and the probability of each scenario.	Risk adjusted discount rate: 1.94% Forecast EBITDA multiplier: 10 Forecast net debt: USD 16,445 for Mavi USA; USD 7,276 for Mavi Canada	The estimated fair value would increase (decrease) if: The EBITDA and EBITDA multiplier higher were higher; or (lower) The risk adjusted discount rate were (higher) or lower Net debt is (higher) or lower.
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.

36 Subsequent events

At the General Assembly meeting held on 22 March 2017, the Group's share capital was divided into two interest groups: Group A and Group B shares. The Group A shares correspond to 45% (22,345,659 shares) and the Group B shares correspond to the remaining 55% (27,311,350 shares). The Group A grants a number of privileges such as nominating candidates for the election of members of the board of directors, selecting among the candidates nominated by the shareholder of the board of directors, and failing to decide certain resolutions at the general shareholders' meeting without the affirmative vote of the shareholder.

On 29 March 2017, the non-controlling interest owners in Mavi Germany decided to exercise their put option rights. The related sale of the non-controlling interests to Mavi Giyim is planned to complete in April 2017. The exercise price of the put option will be EUR 2,500,000. As result of this transaction, the Group obtains 100% of shares in Mavi Germany.

37 Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations.

31 January 2017	**Eflatun Giyim**	**Mavi USA**	**Mavi Canada**	**Intra group eliminations**	**Total**
NCI effective percentages	49.00%	49.00%	61.75%		
Non-current assets	11,088,975	35,412,574	7,520,315	(11,088,975)	
Current assets	17,716	32,183,018	30,876,420	113,637	
Non-current liabilities	--	(11,089,400)	(13,068,053)		
Current liabilities	(74,336)	(75,054,904)	(22,189,973)		
Net assets	**11,032,355**	**(18,548,712)**	**3,138,709**	**(10,975,338)**	
Net assets attributable to NCI	5,405,854	(9,088,869)	1,938,153	(5,377,916)	(7,122,778)
Revenue	--	37,577,093	17,272,640		
Profit	21,469	3,180,643	291,790		
OCI	--	(4,449,136)	(1,103,051)		
Total comprehensive income	21,469	(1,268,493)	(811,261)		
Profit allocated to NCI	10,520	1,558,515	180,180		1,749,215
OCI allocated to NCI	--	(2,180,076)	(681,134)		(2,861,210)

38 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 years ended 31 January 2017, 2016 and 2015 are as follows:

	Note	**2016**	**2015**	**2014**
Profit		51,813,223	33,452,943	18,884,548
Income tax expense	*28*	16,647,273	12,606,612	9,869,391
Profit before tax		**68,460,496**	**46,059,555**	**28,753,939**
Adjustment for:				
-Net finance costs		55,219,568	44,726,461	45,442,678
-Depreciation and amortisation	*25*	46,529,444	40,226,757	29,042,680
EBITDA		**170,209,508**	**131,012,773**	**103,239,297**