

**Mavi Giyim Sanayi ve Ticaret
Anonim Őirketi and
Its Subsidiaries**

Condensed Consolidated Interim Financial Statements
As At and For The Three Month Period Ended
30 April 2018

This report contains 36 pages of financial statement explanatory notes.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 April 2018

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

	<i>Notes</i>	Unaudited 30 April 2018	Audited 31 January 2018
ASSETS			
Current assets			
Cash and cash equivalents	5	203,913	266,280
Trade receivables		192,660	112,996
- <i>Due from third parties</i>	8	192,660	112,996
Other receivables		21,127	24,187
- <i>Due from third parties</i>		21,127	24,187
Derivatives	19	2,099	848
Inventories		338,509	320,351
Prepayments		26,441	23,358
Current tax asset		171	183
Other current assets		14,894	13,176
Total current assets		799,814	761,379
Non-current assets			
Other receivables		2,857	2,981
- <i>Due from third parties</i>		2,857	2,981
Prepayments		102	106
Property and equipment		159,538	156,033
Intangible assets		47,587	47,900
Goodwill	10	106,241	99,699
Deferred tax assets		11,704	7,145
Total non-current assets		328,029	313,864
TOTAL ASSETS		1,127,843	1,075,243

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 April 2018

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

	<i>Notes</i>	Unaudited 30 April 2018	Audited 31 January 2018
LIABILITIES			
Current liabilities			
Loans and borrowings	6	246,108	309,099
Trade payables		441,100	366,455
- Due to related parties	8	117,339	122,672
- Due to third parties	8	323,761	243,783
Payables to employees		18,205	18,081
Other payables		12,545	13,619
- Due to related parties	7	7,952	7,420
- Due to third parties	8	4,593	6,199
Derivatives	19	--	235
Current tax liabilities		14,575	4,476
Provisions		9,913	9,767
- Provisions for employee benefits	11	3,081	2,359
- Other provisions	11	6,832	7,408
Deferred revenue		16,074	14,566
Other current liabilities		4,364	5,879
Total current liabilities		762,884	742,177
Non-current liabilities			
Loans and borrowings	6	66,723	68,736
Provisions		4,970	4,741
- Provisions for employee benefits	11	4,970	4,741
Deferred revenue		330	641
Deferred tax liabilities		12,158	11,767
Total non-current liabilities		84,181	85,885
TOTAL LIABILITIES		847,065	828,062
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	49,657	49,657
Reserves		10,909	2,491
Retained earnings		220,916	197,588
Equity attributable to owners of the Company		281,482	249,736
Non-controlling interests		(704)	(2,555)
Total equity		280,778	247,181
TOTAL EQUITY AND LIABILITIES		1,127,843	1,075,243

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and Other
Comprehensive Income for the three month period ended 30 April 2018
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	<i>Notes</i>	Unaudited 1 February – 30 April 2018	Unaudited 1 February – 30 April 2017
Revenue		535,838	428,158
Cost of sales		(268,508)	(219,949)
Gross profit		267,330	208,209
Administrative expenses		(29,844)	(23,625)
Selling and marketing expenses	13	(174,826)	(138,535)
Research and development expenses		(6,568)	(5,508)
Other income	14	238	1,040
Other expenses	14	(114)	(50)
Operating profit		56,216	41,531
Finance income	15	671	5,329
Finance costs	16	(24,252)	(24,028)
Net finance costs		(23,581)	(18,699)
Profit before tax		32,635	22,832
Income tax expense		(7,575)	(5,335)
- Tax expense		(13,154)	(9,258)
- Deferred tax income/(expenses)		5,579	3,923
Profit		25,060	17,497
Profit attributable to:			
Owners of the Company		23,328	17,013
Non-controlling interests		1,732	484
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		19	(84)
- Related tax		(4)	17
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		7,779	(2,543)
Cash flow hedging reserves		953	--
-Related tax		(210)	--
Other comprehensive income net of tax		8,537	(2,610)
Total comprehensive income attributable to:			
Owners of the Company		31,746	12,927
Non-controlling interests		1,851	1,960
Total comprehensive income		33,597	14,887
Earnings per share	18		
Basic earnings per share	18	0.4698	0.3426
Diluted earnings per share	18	0.4698	0.3426
Earnings before interest, tax, depreciation and amortization (EBITDA)	25	72,343	55,588

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statements of Changes In Equity

As at and for the three month period ended 30 April 2018

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

	Share capital	Legal reserves	Purchase of share of entities under common control	Other comprehensive income/expense not to be reclassified to profit or loss		Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
				Remeasurement of defined benefit liability	Other reserve	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit			
Balance as at 1 February 2017	49,657	17,427	(35,757)	(4,461)	(4,080)	10,122	--	65,733	50,064	148,705	(8,235)	140,470
Transfers	--	--	--	--	--	--	--	50,064	(50,064)	--	--	--
Acquisition of NCI	--	--	--	--	4,080	--	--	(4,080)	--	--	--	--
Total comprehensive income	--	--	--	(67)	--	(4,019)	--	--	17,013	12,927	1,960	14,887
Total balance as at 30 April 2017	49,657	17,427	(35,757)	(4,528)	--	6,103	--	111,717	17,013	161,632	(6,275)	155,357
Balance as at 1 February 2018	49,657	17,427	(35,757)	(5,145)	--	25,310	656	111,717	85,871	249,736	(2,555)	247,181
Transfers	--	--	--	--	--	--	--	85,871	(85,871)	--	--	--
Total comprehensive income	--	--	--	15	--	7,660	743	--	23,328	31,746	1,851	33,597
Total balance as at 30 April 2018	49,657	17,427	(35,757)	(5,130)	--	32,970	1,399	197,588	23,328	281,482	(704)	280,778

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As at and for the three month period ended 30 April 2018
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

		Unaudited	Unaudited
	<i>Notes</i>	1 February –	1 February –
		30 April 2018	30 April 2017
Cash flow from operating activities			
Net profit for the period		25,060	17,497
Depreciation and amortization expense		16,127	14,057
Finance income		(45)	(222)
Finance cost		18,377	17,678
Provision for unused vacation	11	1,132	669
Provision for employee severance indemnity		1,132	638
Fair value change of derivatives	15,16	(458)	4,268
Impairment loss on receivables		230	13
Inventory obsolescence, reversals		3,794	1,415
Loss on disposal of property and equipment, net		33	48
Tax expense		7,575	5,335
Unrealized currency translation difference		(1,629)	7,249
		71,328	68,645
Changes in:			
Change in trade receivables		(80,368)	(75,820)
Change in inventory		(22,157)	(3,029)
Change in prepaid expenses		(3,079)	(7,640)
Change in receivables from related parties		--	308
Change in other receivables		3,184	(7,306)
Change in other current and non-current assets		(1,719)	(2,979)
Change in employee benefits liabilities		124	(17)
Change in trade payables		79,976	55,989
Change in payables to related parties		(5,331)	(12,162)
Change in deferred revenue		1,196	594
Change in other payables		(1,606)	(2,218)
Change in short term and long term provisions		(576)	296
Change in other liabilities		(1,514)	(1,366)
		39,458	13,295
Employee benefits paid		(1,262)	(597)
Income tax paid		(1,846)	--
Net cash from operating activities		36,350	12,698
Cash flows from investing activities			
Acquisition of tangible assets	9	(16,416)	(20,210)
Proceeds from sale of tangible assets		16	8
Acquisition of intangible assets	9	(371)	(1,274)
Proceeds from sale of intangible assets		--	2
Interest received		45	222
Put option paid		--	(1,616)
Net cash flow used in investing activities		(16,726)	(22,868)
Proceeds from loans and borrowings		82,490	88,937
Repayment of loans and borrowings		(149,339)	(65,647)
Proceeds of settlement of derivatives		(75)	5,994
Other financial payments		(11,159)	(9,647)
Interest paid		(7,400)	(8,031)
Net cash flow used in financing activities		(85,483)	11,606
Net increase in cash and cash equivalent		(65,859)	1,436
Cash and cash equivalents at the beginning of the year	5	262,474	154,832
Cash and cash equivalents at the end of the period	5	196,615	156,268

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the three month period ended 30 April 2018

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

Notes to the condensed consolidated interim financial statements

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Notes to the Condensed Consolidated Interim Financial Statements
As at and for the three month period ended 30 April 2018
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

1 Reporting entity

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

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

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

The Company is subject to regulations of the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BIST”) since 15 June 2017. The primary shareholder of the Company as at 30 April 2018 is Blue International Holding B.V. (“Blue International”) with 27.41% ownership (31 January 2018 Blue International with 27.41% ownership).

The consolidated financial statements as at 30 April 2018 include financial position and the results of Mavi Giyim, Mavi Europe AG (“Mavi Europe”), Mavi Nederland BV (“Mavi Nederland”) and Mavi LLC (“Mavi Russia”), Eflatun Giyim Yatırım Ticaret Anonim Şirketi (“Eflatun Giyim”), Mavi Jeans Incorporated (“Mavi Canada”), Mavi Jeans Incorporated (“Mavi United States of America (“USA”), Mavi Kazakhstan LLP and its subsidiaries are referred here as the “Group” and individually “the Group entity” in this report.

The ownership interest of and voting power held by the Company as at and for the years ended 30 April 2018 and 31 January 2018 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			30 April 2018	31 January 2018
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland	Netherlands	Wholesale sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
Mavi Canada ⁽¹⁾	Canada	Wholesale and retail sales of apparel	38.25	38.25
Mavi Kazakhstan ⁽²⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

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

⁽²⁾ As of 30 April 2018, Mavi Kazakhstan does no longer proceed any operations.

As of 30 April 2018, Group’s total number of employees is 3,817 (31 January 2018: 3,605).

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2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 January 2018 (‘last annual financial statements’). They do not include all of the information required to be a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of changes in the Group’s financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 30 May 2018. General Assembly has the authority to modify the condensed consolidated interim financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

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

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2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(d) Use of judgements and estimates

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

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

The significant judgements made by the management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 January 2018.

2.2 Significant accounting policies

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

Going concern assumption

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

Measurement of fair values

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

(i) Trade and other receivables

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

(ii) Derivative financial liabilities

Forward exchange contracts

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

(iii) Other non-derivative financial liabilities

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

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

2.2 Significant accounting policies *(continued)*

Measurement of fair values *(continued)*

(iv) Intangible assets

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

(v) Property, plant and equipment

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

2.3 Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted 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 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases 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. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

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2 Basis of presentation of financial statements (continued)

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

IFRIC 23 –Uncertainty over Income Tax Treatments

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

The revised Conceptual Framework

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

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

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

Annual Improvements to IFRSs 2015-2017 Cycle *(continued)*

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 28- Long-term Interests in Associates and Joint Ventures

On 12 October 2017, IASB has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

Amendments to IFRS 9 - Prepayment Features With Negative Compensation

On 12 October 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include ‘reasonable additional compensation’ for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

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2 Basis of presentation of financial statements (continued)

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

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

IFRS 17 –Insurance Contracts

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

3 Seasonality of operations

The condensed consolidated interim financial statements of the Group also comprises the effects of seasonality. Therefore, the three month period operating results for the period ended 30 April 2018 are not indicative of the results for the financial year.

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4 Operating segments

	1 February 2018- 30 April 2018			1 February 2017- 30 April 2017		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	441,393	94,445	535,838	349,568	78,590	428,158
-Retail	305,535	13,061	318,596	235,787	10,971	246,758
-Wholesale	128,597	75,785	204,382	108,672	64,437	173,109
-E-commerce	7,261	5,599	12,860	5,109	3,182	8,291
Segment profit before tax	29,095	3,540	32,635	20,260	2,572	22,832
	30 April 2018			31 January 2018		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	929,128	198,715	1,127,843	969,900	105,343	1,075,243
Total segment liabilities	644,468	202,597	847,065	711,002	117,060	828,062

The Group has 2 strategic operating segments based on the geographical areas where sales are generated. These divisions are managed separately because they require different trading and marketing strategies. Only Turkey operations are determined to be a reportable segment. International segment comprises Europe, USA, Canada, Russia and rest of the world.

⁽¹⁾ Segment revenue comprised of third party sales after elimination between consolidated entities.

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5 Cash and cash equivalents

As at 30 April 2018 and 31 January 2018, cash and cash equivalents comprises the following:

	30 April 2018	31 January 2018
Cash on hand	1,680	1,243
Cash at banks	64,945	153,898
<i>Demand deposits</i>	50,997	37,972
<i>Time deposits</i>	13,948	115,926
Other cash and cash equivalents	137,288	111,139
Cash and cash equivalents in the statement of consolidated financial statement	203,913	266,280
Bank overdrafts	(7,298)	(3,806)
Cash and cash equivalents in the statement of consolidated cash flows	196,615	262,474

As at 30 April 2018 and 31 January 2018, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 30 April 2018 and 31 January 2018, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	30 April 2018
USD	2 May 2018	1.80%	3,142
EUR	2 May 2018	0.75%	10,806
			13,948

	Maturity	Interest rate	31 January 2018
TL	1 February 2018	13.00%	61,203
USD	1 February 2018	1.00%-1.80%	30,112
EUR	1 February 2018	0.75%	24,611
			115,926

As at 30 April 2018 and 31 January 2018, there is no restriction or blockage on cash and cash equivalents. The Group’s exposure to foreign currency credit risk and related sensitivity analyses are disclosed in Note 22.

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6 Loans and borrowings

As at 30 April 2018 and 31 January 2018, financial borrowings comprise the following:

	30 April 2018	31 January 2018
<u>Current liabilities</u>		
Unsecured bank loans	113,989	176,465
Secured bank loans	33	35
Current portion of unsecured bank loans	124,788	128,793
Bank overdraft	7,298	3,806
	246,108	309,099
<u>Non-current liabilities</u>		
Unsecured bank loans	66,723	68,736
	66,723	68,736

As at 30 April 2018 and 31 January 2018, loan and borrowings comprised the following:

	30 April 2018	31 January 2018
Bank loans	312,831	377,835
	312,831	377,835

As at 30 April 2018 and 31 January 2018, the repayments of loan agreements according to the original maturities comprised the following:

	30 April 2018	31 January 2018
Less than one year	246,108	309,099
One to two years	62,582	61,396
Two to three years	3,499	7,000
Three to four years	642	340
	312,831	377,835

As at 30 April 2018 and 31 January 2018, maturities and conditions of outstanding loans comprised the following:

	30 April 2018				Carrying amount
	Currency	Nominal interest rate	Maturity	Face value	
Unsecured bank loans	EUR	0.00%-3.00%	2018-2019	91,079	91,291
Unsecured bank loans	TL	0.00%-18.80%	2018-2020	147,953	148,776
Unsecured bank loans	USD	4.05%-5.10%	2018-2021	54,801	55,209
Unsecured bank loans	RUB	12.95%	2020	17,375	17,522
Secured bank loans	CAD	0.00%	2020	33	33
				311,241	312,831
	31 January 2018				Carrying amount
	Currency	Nominal interest rate	Maturity	Face value	
Unsecured bank loans	EUR	0.00%-2.99%	2018-2019	36,247	36,541
Unsecured bank loans	TL	0.00%-18.13%	2018-2020	288,541	289,651
Unsecured bank loans	USD	4.05%-4.69%	2018-2021	50,763	51,126
Unsecured bank loans	CAD	3.45%	2018	482	482
Secured bank loans	CAD	0.00%	2020	35	35
				376,068	377,835

The Group's exposure foreign currency and as well as related sensitivity analyses for financial liabilities are disclosed in Note 22.

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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 Akarlılar Family and indirectly holds 27.41% as at 30 April 2018 (31 January 2018: Akarlılar Family 27.41%).

(a) Related party balances

As at 30 April 2018 and 31 January 2018, prepayments from related parties comprised the following:

Prepayments given to related parties	30 April 2018	31 January 2018
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) ⁽¹⁾	13,289	14,908
	13,289	14,908

(1) Advances given to Erak is related to fabric purchases and are tracked in prepayments.

As at 30 April 2018 and 31 January 2018, short term trade and other payables to related parties comprised the following:

	30 April 2018	31 January 2018
Due to related parties		
Erak ⁽¹⁾	99,426	111,841
Akay Lelmalabis Elgazhizah LLC (“Akay”) ⁽²⁾	17,614	10,579
Kitsch Apparel Inc. (“Kitsch Apparel”) ⁽³⁾	299	252
	117,339	122,672

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

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

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

	30 April 2018	31 January 2018
Other payables to related parties		
Eflatun Giyim shareholders ⁽¹⁾	7,952	7,420
Short term other payables to related parties	7,952	7,420

⁽¹⁾Payables to Eflatun Giyim shareholders mainly comprised of USD 1,942 thousand payables due to the acquisition of Eflatun Giyim.

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7 Related party (continued)

(b) Related party transactions

For the period ended 30 April 2018 and 2017, the services given to related parties of the Group comprised the following:

	1 February 2018 – 30 April 2018	1 February 2017 – 30 April 2017
Services given to related parties		
Mavi LLC	--	34
	--	34

For the period ended 30 April 2018 and 2017, purchases from related parties of the Group comprised the following:

	1 February 2018 – 30 April 2018	1 February 2017 – 30 April 2017
Purchase from related parties		
Erak	99,252	73,605
Akay	17,588	15,655
	116,840	89,260

For the period ended 30 April 2018 and 2017, the services from related parties of the Group comprised the following:

	1 February 2018 – 30 April 2018	1 February 2017- 30 April 2017
Services from related parties		
Erak ⁽¹⁾	253	300
CM Objekt Heusenstamm GBR ⁽²⁾	203	147
Sylvia House Inc. ⁽³⁾	140	130
Mavi Jeans Holding Inc. ⁽⁴⁾	152	134
Erma	--	3
	748	714

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

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

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

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

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

For the three month period ended 30 April 2018, short term benefits provided to senior management and board of directors amounted to TL 9,833 (30 April 2017: TL 5,841).

As at 30 April 2018 and 31 January 2018, the Group does not have any payables to any board of director or key management personnel of the Group.

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8 Trade receivables and payables

Short term trade receivables

As at 30 April 2018 and 31 January 2018, short term trade receivables are as follows:

	<u>30 April 2018</u>	<u>31 January 2018</u>
Trade receivables from third parties	192,660	112,996
	192,660	112,996

As at 30 April 2018 and 31 January 2018, short term trade receivables from others are as follows:

	<u>30 April 2018</u>	<u>31 January 2018</u>
Trade receivables	183,686	102,414
Post-dated cheques	6,503	7,319
Endorsed cheques	1,683	3,263
Notes receivables	788	--
Doubtful receivables	13,467	12,762
Allowance for doubtful receivables (-)	(13,467)	(12,762)
	192,660	112,996

Details related to Group’s exposure to foreign currency risk for short term trade receivables is disclosed in Note 22.

Short term trade payables

As at 30 April 2018 and 31 January 2018, short term trade payables of the Group are as follows:

	<u>30 April 2018</u>	<u>31 January 2018</u>
Trade payables to third parties	323,761	243,783
Trade payables to related parties	117,339	122,672
	441,100	366,455

As at 30 April 2018 and 31 January 2018, short term trade payables from others are as follows:

	<u>30 April 2018</u>	<u>31 January 2018</u>
Trade payables to third parties ⁽¹⁾	315,358	235,394
Expense accruals	8,403	8,389
	323,761	243,783

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

⁽¹⁾ Trade payables to third parties comprise factoring payables amounting TL 55,264 (31 January 2018: TL 77,708).

The Group’s exposure to foreign currency for short term trade payables are disclosed in Note 22.

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9 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the three month period ended 30 April 2018 is TL 16,787 (30 April 2017: TL 21,484).

Net book value of tangible and intangible assets sold during the three month period ended 30 April 2018 amounted to TL 49 (30 April 2017: TL 58).

10 Goodwill

As at 30 April 2018, and 31 January 2018, 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;

	30 April 2018	31 January 2018
Mavi America	93,052	86,762
Mavi Canada	9,456	9,204
Other	3,733	3,733
	106,241	99,699

11 Provisions, contingent assets and liabilities

Short term provisions

As at 30 April 2018 and 31 January 2018, short term provisions are as follows:

	30 April 2018	31 January 2018
Provision for employee benefits	3,081	2,359
Other short term provisions	6,832	7,408
	9,913	9,767

Short term provision for employee benefits consists of provision for vacation pay liability. For the periods ended 30 April, the movement of provision for vacation liability is as follows:

	2018	2017
1 February balance	2,359	2,159
Effect of movements in exchange rates	(5)	(56)
Payments	(405)	(49)
Current period provision	1,132	669
30 April balance	3,081	2,723

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

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11 Provisions, contingent assets and liabilities (continued)

Short term provisions (continued)

Short term employee benefits

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

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

For the period ended 30 April 2018 and 31 January 2018, details of other short term provisions are as follows:

	30 April 2018	31 January 2018
Return provision	5,088	4,728
Legal provision ⁽¹⁾	1,659	1,585
Other provisions	85	1,095
	6,832	7,408

⁽¹⁾Legal provisions mainly comprised of labor lawsuits.

For the periods ended 30 April 2018 and 2017, the movement of short term provision is as follows:

	Legal provision	Return provisions	Other provisions	Total
1 February 2018 balance	1,585	4,728	1,095	7,408
Current year provision	74	799	--	873
Effect of movements in exchange rates	--	137	36	173
Provisions used during year	--	(117)	(383)	(500)
Provisions cancelled during year	--	(459)	(663)	(1,122)
30 April 2018 balance	1,659	5,088	85	6,832

	Legal provision	Return Provisions	Other provisions	Total
1 February 2017 balance	1,891	4,817	1,763	8,471
Current year provision	72	1,539	135	1,746
Effect of movements in exchange rates	--	(151)	(83)	(234)
Provisions used during year	--	(176)	(1,040)	(1,216)
30 April 2017 balance	1,963	6,029	775	8,767

Long term provisions

For the three month period ended 30 April 2018 long term provisions consist of severance pay liabilities in amount of TL 4,970 (31 January 2018: TL 4,741).

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12 Capital, reserves and other capital reserves

Paid-in capital

As at 30 April 2018 and 31 January 2018, paid capital is as follows:

	%	30 April 2018	%	31 January 2018
Blue International	27.41	13,608	27.41	13,608
Publicly held	72.59	36,049	72.59	36,049
	100.00	49,657	100.00	49,657

As of 30 April 2018 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2018: 49,657,000 shares).

Other reserves

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

13 Selling and marketing expenses

For the periods ended 30 April 2018 and 2017, selling and marketing expenses comprised the following:

	2018	2017
Rent expenses	65,589	50,035
Personnel expenses	56,568	45,812
Depreciation and amortization expenses	12,551	10,839
Other	40,118	31,849
	174,826	138,535

14 Other income and expense

For the periods ended 30 April 2018 and 2017, other income comprised the following:

	2018	2017
Salary protocol income	133	133
Damage compensation income ⁽¹⁾	88	212
Decoration income ⁽²⁾	--	675
Other	17	20
	238	1,040

⁽¹⁾ Income from insurance claims

⁽²⁾ Consists of income from Turquality incentive program.

For the periods ended 30 April 2018 and 2017, other expenses comprised the following:

	2018	2017
Loss on sale of tangible asset	33	48
Other	81	2
	114	50

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15 Finance income

For the periods ended 30 April 2018 and 30 April 2017, finance income comprised the following:

	<u>2018</u>	<u>2017</u>
Interest income on:		
Change in fair value of forward contracts	458	--
Foreign exchange gain	168	5,107
Time deposits	45	222
	<u>671</u>	<u>5,329</u>

16 Finance costs

For the periods ended 30 April 2018 and 2017, finance costs comprised the following:

	<u>2018</u>	<u>2017</u>
Interest expenses on:		
Interest expenses on purchases	8,097	6,471
Financial liabilities measured at amortized cost	7,218	8,030
Receivables and payables, net	1,051	882
	<u>16,366</u>	<u>15,383</u>
Foreign exchange loss	4,824	1,198
Credit card commission expenses	1,404	2,005
Import financing expenses	1,349	951
Change in fair value of forward contracts	--	4,268
Other	309	223
	<u>24,252</u>	<u>24,028</u>

17 Income taxes

Corporate tax rate of Turkey is 22%, For the three month period ended 30 April 2018, Group’s effective tax rate is 23% (30 April 2017: 23%), The main reasons of difference between the corporate tax rate and the effective tax rate are listed below:

- Variety of tax rates of the Group’s subsidiaries operates outside of Turkey,
- The effect of non-deductible expenses

18 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the periods ended 30 April 2018 and 2017 is as follows:

	<u>30 April 2018</u>	<u>30 April 2017</u>
Net profit for the year attributable to owners of the Company	23,328	17,013
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000
Earnings per ordinary/ diluted share (full TL)	0.4698	0.3426

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19 Derivatives

As at 30 April 2018 and 31 January 2018, short term derivative assets are as follows:

	30 April 2018	31 January 2018
Forward exchange contracts subject to hedge accounting	1,794	848
Assets from the forward exchange contracts	305	--
Liabilities from the forward exchange contracts	--	(235)
	2,099	613

As of 30 April 2018, the Group has open forward exchange contracts used for hedging in amount of USD 8,686 thousand in equivalent of TL 35,209. Ineffective portion of forward contracts amounting to TL 0 has been recognized in profit or loss whereas effective portion amounting to TL 1,794 recognized in other comprehensive income. The Group has other open forward exchange contracts in amount of USD 3,102 thousand in equivalent of TL 12,574.

20 Operating leases

Leases as lessee

For the periods ended 30 April, total minimum lease payments pursuant to leases are as follows:

	30 April 2018	31 January 2018
Less than one year	224,221	215,964
1-5 year	542,962	516,049
More than 5 years	72,519	70,285
	839,702	802,298

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

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21 Commitments

(a) Warranties, pledges and mortgages

As of 30 April 2018 and 31 January 2018, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	30 April 2018					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	99,007	5,993	15,196	--	4,592	--
Guarantee	99,007	5,993	15,196	--	4,592	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	1,024	--	15	14,241	--	10
Guarantee	991	--	15	14,241	--	--
Pledge	--	--	--	--	--	--
Mortgage	33	--	--	--	--	10
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	100,031	5,993	15,211	14,241	4,592	10

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21 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

	31 January 2018					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A, On behalf of its own legal personality of the total amount of GPMs	79,391	5,082	12,446	--	4,217	--
Guarantee	79,391	5,082	12,446	--	4,217	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B, Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	1,059	--	15	14,241	--	12
Guarantee	1,024	--	15	14,241	--	--
Pledge	--	--	--	--	--	--
Mortgage	35	--	--	--	--	12
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	80,450	5,082	12,461	14,241	4,217	12

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21 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

As of 30 April 2018, ratio of CPM given by the Group to equity was 0% (31 January 2018: 0%).

As of 30 April 2018, letter of guarantees given to third parties for the amount of TL 46,034 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2018: TL 30,269).

The Group has purchase commitments related to inventory amounting to TL 464,172 as of 30 April 2018 (31 January 2018: TL 313,697).

(b) Guarantees received

As of 30 April 2018, Group has received letter of guarantees for the amount of TL 7,694 as in the form of security (31 January 2018: TL 7,588).

22 Nature and level of risks related to financial instruments

Market risk

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

Currency risk

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

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

Interest rates of the loans are determined on the currency of the loan. Currency of loans, are mainly used in TL, match the cash flow generated from operations of the Group.

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.

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

Currency risk

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

	<u>30 April</u> <u>2018</u>	<u>31 January</u> <u>2018</u>
EUR / TL	4.8961	4.6824
USD / TL	4.0535	3.7795
RUB / TL	0.0643	0.0667
KZT / TL	0.0123	0.0119
CAD / TL	3.1417	3.0578

The foreign average currency exchange rates for the three month period ended 30 April 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
EUR / TL	4.8265	3.9084
USD / TL	3.9180	3.6489
RUB / TL	0.0668	0.0643
CAD / TL	3.0674	2.7161

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

Market risk (continued)

Currency risk (continued)

As of 30 April 2018, 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 (TL Equivalent)
1. Trade receivables	6,664	1,223	--	1,707
2a. Monetary financial assets (including cash, banks)	15,698	956	2,330	415
2b. Non-monetary financial assets	--	--	--	--
3. Other	5,118	1,185	63	9
4. Current assets (1+2+3)	27,480	3,364	2,393	2,131
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)	27,480	3,364	2,393	2,131
10. Trade payables	56,627	13,826	108	55
11. Financial liabilities	93,223	3,155	16,421	33
12a. Monetary other liabilities	7,872	1,942	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	157,722	18,923	16,529	88
14. Trade payables	--	--	--	--
15. Financial liabilities	6,540	492	929	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	6,540	492	929	--
18. Total liabilities (13+17)	164,262	19,415	17,458	88
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	47,785	11,789	--	--
19a. Hedged total asset	47,785	11,789	--	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(88,997)	(4,262)	(15,065)	2,043
21. Position of net foreign currency monetary assets/liabilities(IAS 7,B23)(1+2a+5+6a-10-11-12a-14-15-16a)	(141,900)	(17,236)	(15,128)	2,035

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

Market risk (continued)

Currency risk (continued)

As of 31 January 2018, 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 (TL Equivalent)
1. Trade receivables	6,327	1,095	--	2,188
2a. Monetary financial assets (including cash, banks)	56,148	8,177	5,374	80
2b. Non-monetary financial assets	--	--	--	--
3. Other	6,921	1,722	87	8
4. Current assets (1+2+3)	69,396	10,994	5,461	2,276
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)	69,396	10,994	5,461	2,276
10. Trade payables	78,646	20,692	78	75
11. Financial liabilities	31,600	3,127	4,114	517
12a. Monetary other liabilities	7,340	1,942	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	117,586	25,761	4,192	592
14. Trade payables	--	--	--	--
15. Financial liabilities	9,813	295	1,858	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	9,813	295	1,858	--
18. Total liabilities (13+17)	127,399	26,056	6,050	592
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	28,917	7,651	--	--
19a. Hedged total asset	28,917	7,651	--	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(29,086)	(7,411)	(589)	1,684
21. Position of net foreign currency monetary assets/liabilities(IAS 7,B23)(1+2a+5+6a-10-11-12a-14-15-16a)	(64,924)	(16,784)	(676)	1,676

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22 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				
30 April 2018				
	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	(6,506)	6,506	(6,506)	6,506
2- Hedged portion of TL against USD risk(-)	1,258	(1,258)	4,778	(4,778)
3- Net effect of USD (1+2)	(5,248)	5,248	(1,728)	1,728
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(7,376)	7,376	(7,376)	7,376
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(7,376)	7,376	(7,376)	7,376
10% change of other against TL				
7- Net other denominated asset/liability	204	(204)	204	(204)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	204	(204)	204	(204)
Total (3+6+9)	(12,420)	12,420	(8,900)	8,900

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

Market risk (continued)

Currency risk (continued)

Foreign Currency Sensitivity Analysis				
31 January 2018				
	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	(5,693)	5,693	(5,693)	5,693
2- Hedged portion of TL against USD risk(-)	1,173	(1,173)	2,893	(2,893)
3- Net effect of USD (1+2)	(4,520)	4,520	(2,800)	2,800
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(276)	276	(276)	276
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(276)	276	(276)	276
10% change of other against TL				
7- Net other denominated asset/liability	168	(168)	168	(168)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	168	(168)	168	(168)
Total (3+6+9)	(4,628)	4,628	(2,908)	2,908

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23 Financial risk management (continued)

Fair values (continued)

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2018							
Financial assets measured at fair value							
Derivative financial instruments	613	--	613	--	613	--	613
Financial assets not measured at fair value							
Trade receivables from third parties	112,996	--	112,996	--	--	--	--
Other receivables to third parties ⁽¹⁾	24,187	--	24,187	--	--	--	--
Receivables from related parties	--	--	--	--	--	--	--
Cash and cash equivalents	266,280	--	266,280	--	--	--	--
Total	404,076	--	404,076	--	613	--	613
Financial liabilities measured at fair value							
Bank overdrafts	--	(3,806)	(3,806)	--	--	(3,806)	(3,806)
Bank loans	--	(374,029)	(374,029)	--	--	(379,689)	(379,689)
Trade payables to third parties	--	(243,783)	(243,783)	--	--	--	--
Other payables to related parties	--	(7,420)	(7,420)	--	--	--	--
Other payables to third parties	--	(6,199)	(6,199)	--	--	--	--
Trade payables to related parties	--	(122,672)	(122,672)	--	--	--	--
Total	--	(757,909)	(757,909)	--	--	(383,495)	(383,495)

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

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23 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 categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable	Intra-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: the fair value is determined using quoted forward Exchange rate and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Other financial liabilities ⁽¹⁾	Discounted cash flows: the valuation model considers the present value of expected payment, discounted using a risk-adjusted discounted rate.		
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⁽¹⁾ Other financial liabilities include bank loans.

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24 Subsequent events

Purchase of shares representing 25% of the capital of Mavi Jeans Inc. ("Mavi Canada"), a subsidiary of the Company, from the Company's related party, Kitsch Apparel Inc., was completed and the share transfer took place on 21 May 2018.

Following the share transfer, the Company directly controls 25% of the shares of Mavi Canada and together with the 38.25% indirect shareholding the Company's effective shareholding ratio in Mavi Canada increased to 63.25%.

The Board of Directors' dividend payment proposal on distribution of TL 22.390 net dividend to shareholders in cash starting from 29 May 2018 has been approved on 2 May 2018 in the Company's Ordinary General Assembly Meeting.

25 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. Reconciliation EBITDA for the years ended 30 April 2018 and 2017 are as follows:

	Note	2018	2017
Profit		25,060	17,497
Income tax expense		7,575	5,335
Profit before tax		32,635	22,832
Adjustment for:			
-Net finance costs		23,581	18,699
-Depreciation and amortisation		16,127	14,057
EBITDA		72,343	55,588