Mavi Giyim Sanayi ve Ticaret
Anonim Şirketi and
Its Subsidiaries

Condensed Consolidated Interim Financial Statements
As At and For The Six Months Period Ended
31 July 2018

This report contains 2 pages of independent auditors' report on review of interim financial information 40 pages of financial statement explanatory notes.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Independent Auditors' Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi as at 31 July 2018, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 July 2018 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş
A member of KPMG International Cooperative

İsmail Önder Ünal,
Partner,
11 September 2018
İzmir, Turkey

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 31 July 2018
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Notes	**Reviewed 31 July 2018**	**Audited 31 January 2018**
ASSETS			
Current assets			
Cash and cash equivalents	*5*	217,911	266,280
Trade receivables		136,034	112,996
- Due from third parties	*8*	*136,034*	*112,996*
Other receivables		13,486	24,187
- Due from third parties		*13,486*	*24,187*
Derivatives	*19*	647	848
Inventories		393,897	320,351
Prepayments		29,920	23,358
Current tax asset		708	183
Other current assets		22,065	13,176
Total current assets		**814,668**	**761,379**
Non-current assets			
Other receivables		2,152	2,981
- Due from third parties		*2,152*	*2,981*
Prepayments		65	106
Property and equipment		160,958	156,033
Intangible assets		54,248	47,900
Goodwill	*10*	127,116	99,699
Deferred tax assets		16,299	7,145
Total non-current assets		**360,838**	**313,864**
TOTAL ASSETS		**1,175,506**	**1,075,243**

The accompanying notes form 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 (continued)
As at 31 July 2018

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

	Notes	**Reviewed 31 July 2018**	**Audited 31 January 2018**
LIABILITIES			
Current liabilities			
Loans and borrowings	*6*	222,245	309,099
Trade payables		453,549	366,455
- Due to related parties	*7*	*131,832*	*122,672*
- Due to third parties	*8*	*321,717*	*243,783*
Payables to employees		20,230	18,081
Other payables		14,959	13,619
- Due to related parties	*7*	*9,568*	*7,420*
- Due to third parties	*8*	*5,391*	*6,199*
Derivatives	*19*	--	235
Current tax liabilities		12,905	4,476
Provisions		13,023	9,767
- Provisions for employee benefits	*11*	*3,127*	*2,359*
- Other provisions	*11*	*9,896*	*7,408*
Deferred revenue		16,665	14,566
Other current liabilities		4,468	5,879
Total current liabilities		**758,044**	**742,177**
Non-current liabilities			
Loans and borrowings	*6*	110,095	68,736
Provisions		5,313	4,741
- Provisions for employee benefits	*11*	*5,313*	*4,741*
Deferred revenue		210	641
Deferred tax liabilities		14,196	11,767
Total non-current liabilities		**129,814**	**85,885**
TOTAL LIABILITIES		**887,858**	**828,062**
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	49,657	49,657
Reserves		33,426	2,491
Retained earnings		207,727	197,588
Equity attributable to owners of the Company		**290,810**	**249,736**
Non-controlling interests		**(3,162)**	**(2,555)**
Total equity		**287,648**	**247,181**
TOTAL EQUITY AND LIABILITIES		**1,175,506**	**1,075,243**

The accompanying notes form 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 six months period ended 31 July 2018

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

	Notes	**Reviewed 1 February – 31 July 2018**	**Not reviewed 1 May – 31 July 2018**	**Reviewed 1 February – 31 July 2017**	**Not reviewed 1 May – 31 July 2017**
Revenue		1,062,476	526,638	828,792	400,634
Cost of sales		(505,517)	(237,009)	(409,400)	(189,451)
Gross profit		**556,959**	**289,629**	**419,392**	**211,183**
Administrative expenses		(64,105)	(34,261)	(45,965)	(22,340)
Selling, marketing and distribution expenses	*13*	(358,535)	(183,709)	(279,913)	(141,378)
Research and development expenses		(13,479)	(6,911)	(11,226)	(5,717)
Other income	*14*	884	646	1,237	196
Other expenses	*14*	(861)	(748)	(357)	(306)
Operating profit		**120,863**	**64,646**	**83,168**	**41,638**
Finance income	*15*	4,797	4,126	2,726	(2,603)
Finance costs	*16*	(57,801)	(33,547)	(39,129)	(15,100)
Net finance costs		**(53,004)**	**(29,421)**	**(36,403)**	**(17,703)**
Profit before tax		**67,859**	**35,225**	**46,765**	**23,935**
Income tax expense		**(15,077)**	**(7,502)**	**(11,068)**	**(5,733)**
- Tax expense		(25,078)	(11,924)	(13,463)	(4,205)
- Deferred tax income/(expenses)		10,001	4,422	2,395	(1,528)
Profit		**52,782**	**27,723**	**35,697**	**18,202**
Profit attributable to:					
Owners of the Company		51,158	27,829	34,095	17,082
Non-controlling interests		1,624	(106)	1,602	1,120
Other comprehensive income		--	--	--	--
Items that will not be reclassified to profit or loss		--	--	--	--
Remeasurements of defined benefit liability		62	42	(20)	64
- Related tax		(14)	(9)	4	(13)
Items that are or may be reclassified to profit or loss		--	--	--	--
Foreign operations - foreign currency translation differences		28,159	20,380	6,912	9,455
Cash flow hedging reserves		(391)	(1,344)	(3,060)	(3,060)
- Related tax		86	296	612	612
Other comprehensive income net of tax		**27,902**	**19,365**	**4,448**	**7,058**
Total comprehensive income attributable to:					
Owners of the Company		79,749	48,004	36,868	23,941
Non-controlling interests		935	(916)	3,277	1,319
Total comprehensive income		**80,684**	**47,088**	**40,145**	**25,260**
Earnings per share					
Basic earnings per share (full TL)	*18*	1.0300	0.5603	0.6866	0.3440
Diluted earnings per share (full TL)	*18*	1.0300	0.5603	0.6866	0.3440
Earnings before interest, tax, depreciation and amortization **(EBITDA)**	*25*	**155,763**	**83,421**	**111,781**	**56,194**

The accompanying notes form 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 six monthw period ended 31 July 2018

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

				Other comprehensive income/expense not to be reclassified to profit or loss		Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings				
	Share capital	Legal reserves	Purchase of share of entities under common control	Remeasurement of defined benefit liability	Other reserve	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit	Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
Balance as at 1 February 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,122**	**--**	**65,733**	**50,064**	**148,705**	**(8,235)**	**140,470**
Transfers	--	--	--	--		--	--	50,064	(50,064)	--	--	--
Acquisition of NCI (Note 13)	--	--	--	--	4,080	--	--	(4,080)	--	--	--	--
Total comprehensive income	--	--	--	(16)	--	5,237	(2,448)	--	34,095	36,868	3,277	40,145
Total balance as at 31 July 2017	**49,657**	**17,427**	**(35,757)**	**(4,477)**	**--**	**15,359**	**(2,448)**	**111,717**	**34,095**	**185,573**	**(4,958)**	**180,615**
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)	--	--	--
Divident payment	--	2,344	--	--	--	--	--	(28,269)	--	(25,925)	--	(25,925)
Acquisition of NCI (Note 13)	--	--	--	--	--	--	--	(12,965)	--	(12,965)	(1,542)	(14,507)
Amendments to IFRS 9	--	--	--	--	--	--	--	215	--	215	--	215
Total comprehensive income	--	--	--	48	--	28,848	(305)	--	51,158	79,749	935	80,684
Total balance as at 31 July 2018	**49,657**	**19,771**	**(35,757)**	**(5,097)**	**--**	**54,158**	**351**	**156,569**	**51,158**	**290,810**	**(3,162)**	**287,648**

The accompanying notes form 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 Cash Flows

As at and for the six months period ended 31 July 2018

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

Cash flow from operating activities	*Notes*	Reviewed 1 February – 31 July 2018	Reviewed 1 February – 31 July 2017
Net profit for the period		**52,782**	**35,697**
Depreciation and amortization expense	10	34,901	28,613
Finance income		(388)	(356)
Finance cost		43,870	33,621
Provision for unused vacation	12	1,181	537
Provision for employee severance indemnity		2,318	1,633
Fair value change of derivatives		(390)	4,455
Impairment loss on receivables		(210)	(400)
Expected credit losses corrections		220	--
Inventory obsolescence, reversals		7,165	(4,263)
Loss on disposal of property and equipment, net		578	135
Tax expense		15,077	11,068
Unrealized currency translation difference		404	6,923
		157,508	**117,663**
Changes in:			
Change in trade receivables		(20,416)	6,753
Change in inventory		(81,894)	(4,166)
Change in prepaid expenses		(6,521)	(1,470)
Change in receivables from related parties		--	4,055
Change in other receivables		11,529	(239)
Change in other current and non-current assets		(8,890)	(1,066)
Change in employee benefits liabilities		2,148	(36)
Change in trade payables		77,934	29,197
Change in payables to related parties		9,162	2,554
Change in payables to employees		--	(128)
Change in other payables		(808)	(25)
Change in deferred revenue		1,670	696
Change in short term and long term provisions		2,488	666
Change in other liabilities		(1,411)	(7,221)
Employee benefits paid		(2,396)	(1,382)
Income tax paid		(13,826)	(6,562)
Net cash from operating activities		**126,277**	**139,289**
Cash flows from investing activities			
Acquisition of tangible assets	10	(30,885)	(34,439)
Proceeds from sale of tangible assets		37	--
Acquisition of intangible assets	10	(2,718)	(1,640)
Acquisition of subsidiary, net of cash acquired		(14,507)	(39,821)
Interest received		388	356
Net cash flow used in investing activities		**(47,685)**	**(75,544)**
Proceeds from loans and borrowings		186,275	104,638
Repayment of loans and borrowings		(249,034)	(95,221)
Proceeds of settlement of derivatives		(35)	5,743
Other financial payments		(27,543)	(17,536)
Dividend paid		(25,925)	--
Interest paid		(15,555)	(16,085)
Net cash flow used in financing activities		**(131,817)**	**(18,461)**
Net increase in cash and cash equivalent		**(53,225)**	**45,284**
Cash and cash equivalents at the beginning of the year	6	**266,280**	**158,056**
Cash and cash equivalents at the end of the period	6	**213,055**	**203,340**

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

Notes to the condensed consolidated interim financial statements

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

1 Reporting entity

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

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

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

With the appropriate permission from İstanbul Stock Exchange Market Presidency, shares equal to TL 27,311 representing 55% of nominal shares of the Company's was offered to public on 15 June 2017. As a result of the offering, main shareholder from Company's partnership structure Blue International Holding B.V.'s shares decreased to 45% from 100%. The primary shareholder of the Company as at 31 July 2018 is Blue International Holding B.V. ("Blue International") with 27.41% ownership (31 January 2018: Blue International with 27.41% ownership).

The condensed consolidated interim financial statements as at 31 July 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 periods ended 31 July 2018 and 31 January 2018 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 July 2018	31 January 2018
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland	Netherland	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	63.25	38.25
Mavi Kazakhstan (2)	Kazakhstan	Retail sales of apparel	100.00	100.00

(1)Shares representing 25% of Mavi Canada's capital were purchased on 21 May 2018.

(2)As of 31 July 2018, Mavi Kazakhstan does no longer proceed any operations.

As of 31 July 2018, the Group's total number of employees is 3,812 (31 January 2018: 3,605).

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 11 September 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 2.1 (e).

(c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

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

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

2.1 Basis of accounting *(continued)*

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.

(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.

(e) 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

Short term trade and other receivables are measured at the original invoice amount since the promised amount of consideration for the effects of a significant financing component is not material and the period between the entity transfers a promised good or service to a customer and the customer pays for that good or service is less than one year. This fair value is determined at the initial recognition and the end of each reporting period for disclosure purposes.

(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.

(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.

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

2.1 Basis of accounting *(continued)*

Measurement of fair values *(continued)*

(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.

2.2 Standards issued but not yet effective and not early adopted

Standards issued but not yet effective and not early adopted as of 31 July 2018

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 that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

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.

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

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

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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9.

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.

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.

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

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

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

Annual Improvements to IFRSs 2015-2017 Cycle
Improvements to IFRSs

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 recognised 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 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 is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 19.

2.3 Significant accounting policies

Except as described below (IFRS 9 and IFRS 15), the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 January 2018.

The financial statements in the condensed consolidated financial statements for the six-months period ended on 31 July 2018 must be evaluated together with the financial statements in the consolidated financial statements for the year ended 31 January 2018.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments. The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance retained earnings:

	1 February 2018 - IFRS 9 Standard impact
Retained earnings	
IFRS 9 : Effect of fair value of trade receivables	1,004
IFRS 9 : Effect of expected credit loss	(729)
Tax effect	(60)
Opening balance due to IFRS 9 (1 February 2018)	**215**

The details of IFRS 9 accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

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

2.3 Significant accounting policies *(continued)*

IFRS 9 Financial Instruments

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI")– debt investment; FVOCI – equity investment; or Fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

- The following accounting policies apply to the subsequent measurement of financial assets.

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

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

2.3 Significant accounting policies *(continued)*

IFRS 9 Financial Instruments *(continued)*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 February 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 February 2018.

	Original classification under IAS 39	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	217,911	266,280
Trade receivables	Loans and receivables	Amortised cost	112,996	113,271
Other Receivables	Loans and receivables	Amortised cost	37,363	37,363

*ii.*Impairment of financial assets

New impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

- Financial assets measured at amortized cost;

The Group measures loss allowances at an amount equal to lifetime Expected credit or losses ("ECL"), except for the following, which are measured as 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

2.3 Significant accounting policies *(continued)*

IFRS 9 Financial Instruments *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

The Group uses a simplified approach for calculating expected credit losses as defined in IFRS 9 for trade receivables, other receivables, other assets and contract assets (IFRS 9 requires the use of expected life impairments for all trade receivables).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment

For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

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

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

2.3 Significant accounting policies *(continued)*

IFRS 9 Financial Instruments *(continued)*

<u>*Impact of the new impairment model*</u>

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. Since 1 February 2018, there is no effect on the provision for impairment of the new model in accordance with IFRS 9.

Transition

The Company has used the exception to the restatement of comparative information for prior periods in respect of classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities arising from the application of IFRS 9 were recognized in retained earnings as of 1 February 2018. Accordingly, information presented for the year 2017 is generally prepared in accordance with IAS 39, not IFRS 9.

2.4 Transactions with non-controlling interests

The difference between the total acquisition amount and the share of the net assets in the financial statements prepared in accordance with IFRS of Mavi Canada, amounting to TL 12,965, has been accounted under retained earnings under equity.

The composition of the share of the net assets in the financial statements prepared in accordance with IFRS and retained earnings as of 30 April 2018 are as follows:

30 April 2018	
Net assets	6,166
Percentage of shares acquired	25%
Company's share in net assets	1,542
Amount accounted in retained earnings	12,965
Purchase price	14,507

3 Seasonality of operations

The condensed consolidated interim financial statements of the Group also comprises the effects of seasonality. Therefore, the half year operating results for the period ended 31 July 2018 are not indicative of the results for the financial year.

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

4 Operating segments

	1 February- 31 July 2018			1 May - 31 July 2018			1 February- 31 July 2017			1 May - 31 July 2017		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**	**Turkey**	**International**	**Total**	**Turkey**	**International**	**Total**
Segment revenue [(1)]	**875,327**	**187,149**	**1,062,476**	**433,931**	**92,707**	**526,638**	**677,292**	**151,500**	**828,792**	**327,723**	**72,910**	**400,634**
-Retail	678,571	29,696	**708,267**	373,042	16,635	**389,677**	524,612	23,757	**548,369**	288,825	12,864	**301,689**
-Wholesale	181,724	146,695	**328,419**	53,118	70,913	**124,031**	143,024	121,750	**264,774**	34,350	57,314	**91,664**
-E-commerce	15,032	10,758	**25,790**	7,771	5,159	**12,930**	9,656	5,993	**15,649**	4,548	2,732	**7,280**
Segment profit before tax	**69,775**	**(1,916)**	**67,859**	**40,681**	**(5,456)**	**35,225**	**39,195**	**7,570**	**46,765**	**18,598**	**5,337**	**23,935**

	31 July 2018			31 January 2018		
	Reportable segment			Reportable segment		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**
Total segment assets	**970,851**	**204,655**	**1,175,506**	**969,900**	**105,343**	**1,075,243**
Total segment liabilities	**716,067**	**171,791**	**887,858**	**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.

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

5 Cash and cash equivalents

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

	31 July 2018	31 January 2018
Cash on hand	3,062	1,243
Cash at banks	92,065	153,898
Demand deposits	*32,837*	*37,972*
Time deposits	*59,228*	*115,926*
Other cash and cash equivalents	122,784	111,139
Cash and cash equivalents in the statement of consolidated financial statement	**217,911**	**266,280**
Bank overdrafts	(4,856)	(3,806)
Cash and cash equivalents in the statement of consolidated cash flows	**213,055**	**262,474**

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

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

	Maturity	Interest rate	31 July 2018
TL	1 August 2018	18.30%	12,435
USD	1 August 2018	1.80%	34,088
EUR	1 August 2018	0.75%	12,705
			59,228

	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 31 July 2018 and 31 January 2018, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency risk and sensitivity analyses are disclosed in Note 23.

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

6 Loans and borrowings

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

	31 July 2018	31 January 2018
Current liabilities		
Unsecured bank loans	76,517	176,465
Secured bank loans	35	35
Current portion of unsecured bank loans	140,837	128,793
Bank overdraft (Note 5)	4,856	3,806
	222,245	**309,099**
Non-current liabilities		
Unsecured bank loans	110,095	68,736
	110,095	**68,736**

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

	31 July 2018	31 January 2018
Bank loans	332,340	377,835
	332,340	**377,835**

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

	31 July 2018	31 January 2018
Less than one year	222,245	309,099
One to two years	93,640	61,396
Two to three years	15,793	7,000
Three to four years	662	340
	332,340	**377,835**

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

	31 July 2018				
	Currency	**Nominal interest rate**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	EUR	0.00%-3.50%	2018-2019	80,426	80,948
Unsecured bank loans	TL	0.00%-23.71%	2018-2021	161,489	162,548
Unsecured bank loans	USD	4.05%-5.35%	2018-2022	52,721	53,332
Unsecured bank loans	RUB	13.00%	2020	28,671	29,019
Unsecured bank loans	CAD	3.70%	2018	6,458	6,458
Secured bank loans	CAD	0.00%	2020	35	35
				329,800	**332,340**

	31 January 2018				
	Currency	**Nominal interest rate**	**Maturity**	**Face value**	**Carrying amount**
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 to foreign currency and sensitivity analyses for financial liabilities are disclosed in Note 23.

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

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 31 July 2018 (31 January 2018: Akarlılar Family 27.41%).

(a) Related party balances

As at 31 July 2018 and 31 January 2018, short term prepayments give to related parties comprised the following:

Prepayments given to related parties	31 July 2018	31 January 2018
Erak Giyim Sanayi Tic. A.Ş. ("Erak")[1]	16,038	14,908
	16,038	**14,908**

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

	31 July 2018	31 January 2018
Due to related parties		
Erak[1]	109,604	111,841
Akay Lelmalabis Elgazhizah LLC ("Akay") [2]	22,228	10,579
Kitsch Apparel Inc. ("Kitsch Apparel")	--	252
	131,832	**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.

	31 July 2018	31 January 2018
Other payables to related parties		
Eflatun Giyim shareholders[1]	9,568	7,420
Short term other payables to related parties	**9,568**	**7,420**

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

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

7 Related party *(continued)*

(b) Related party transactions

For the six months period ended 31 July 2018 and 2017, the services given to related parties of the Group comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Services given to related parties				
Mavi LLC	--	--	34	--
	--	--	**34**	--

For the six months period ended 31 July 2018 and 2017, purchases from related parties of the Group comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Purchase from related parties				
Erak	190,054	90,802	148,373	74,768
Akay	38,314	20,726	23,961	8,306
	228,368	**111,528**	**172,334**	**83,074**

For the six months period ended 31 July 2018 and 2017, the services from related parties of the Group comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Services from related parties				
Erak (1)	768	514	687	387
CM Objekt Heusenstamm GBR (2)	415	212	315	168
Mavi Jeans Holding Inc.(4)	296	156	265	131
Sylvia House Inc.(3)	323	171	253	123
Erma	--	--	3	--
	1,802	**1,053**	**1,523**	**809**

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

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

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

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

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

For the six month period ended 31 July 2018, short term benefits provided to senior management and board of directors amount to TL 23,423 (31 July 2017: TL 11,250).

For the six month period ended 31 July 2018 and 31 January 2018, the Group does not have any payables to any board of director or key management personnel of the Group.

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

8 Trade receivables and payables

Short term trade receivables

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

	31 July 2018	31 January 2018
Trade receivables from third parties	136,034	112,996
	136,034	**112,996**

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

	31 July 2018	31 January 2018
Trade receivables	127,813	102,414
Post-dated cheques	6,761	7,319
Endorsed cheques	1,580	3,263
Notes receivables	555	--
Doubtful receivables	15,382	12,762
Allowance for doubtful receivables (-)	(15,382)	(12,762)
Loan loss provision	(675)	--
	136,034	**112,996**

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

Short term trade payables

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

	31 July 2018	31 January 2018
Trade payables to third parties	321,717	243,783
Trade payables to related parties	131,832	122,672
	453,549	**366,455**

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

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

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

8 Trade receivables and payables *(continued)*

Short term trade payables *(continued)*

As at 31 July 2018 and 31 January 2018, short term trade payables due to others are as follows:

	31 July 2018	31 January 2018
Trade payables to third parties[(1)]	309,233	235,394
Expense accruals	12,484	8,389
	321,717	**243,783**

(1) Trade payables to third parties comprise factoring payables amounting TL 84,382 (31 January 2018: TL 77,708).

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

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

9 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the six months period ended 31 July 2018 is TL 33,603 (31 July 2017: TL 36,079).

Net book value of tangible and intangible assets sold during the six months period ended 31 July 2018 amounted to TL 614 (31 July 2017: TL 135).

The depreciation charge for the six months period ended 31 July 2018 is TL 34,901 (31 July 2017: TL 28,613)

10 Goodwill

As at 31 July 2018, and 31 January 2018, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 July 2018	31 January 2018
Mavi America	112,139	86,762
Mavi Canada	11,244	9,204
Other	3,733	3,733
	127,116	**99,699**

As of 31 July 2018, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

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

11 Provisions, contingent assets and liabilities

Short term provisions

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

	31 July 2018	31 January 2018
Provision for employee benefits	3,127	2,359
Other short term provisions	9,896	7,408
	13,023	**9,767**

Short term provision for employee benefits consists of provision for vacation pay liability. For the periods ended 31 July, 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	193	(38)
Payments	(606)	**--**
Current period provision	1,181	537
31 July balance	**3,127**	**2,658**

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 recognized for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

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

	31 July 2018	31 January 2018
Return provision	4,611	4,728
Legal provision(1)	1,587	1,585
Other provisions	3,698	1,095
	9,896	**7,408**

(1) Legal provision mainly comprised of labour lawsuits.

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

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

Short term provisions *(continued)*

For the periods ended 31 July 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	2	328	3,700	4,030
Effect of movements in exchange rates	--	625	(322)	303
Provisions used during year	--	(1,070)	(775)	(1,845)
31 July 2018 balance	**1,587**	**4,611**	**3,698**	**9,896**

	Legal provision	Return Provisions	Other provisions	Total
1 February 2017 balance	**1,892**	**4,817**	**1,762**	**8,471**
Current year provision	105	1,782	361	2,248
Effect of movements in exchange rates	(23)	(20)	(6)	(49)
Provisions used during year	--	(843)	(690)	(1,533)
31 July 2017 balance	**1,974**	**5,736**	**1,427**	**9,137**

Long term provisions

For the six months period ended 31 July 2018 long term provisions consist of severance pay liabilities in amount of TL 5,313 (31 January 2018: TL 4,741).

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

12 Capital, reserves and other capital reserves

Paid-in capital

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

	%	31 July 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 31 July 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. As of 31 July 2018, there is no other reserve recognized under equity (31 January 2018: None).

Hedging reserve

The hedging reserve consists of the effective portion of the cumulative net change in fair value of the hedged item until the hedging instrument is subsequently accounted for.

13 Selling, marketing and distribution expenses

For the six months periods ended 31 July 2018 and 2017, selling, marketing and distribution expenses comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Rent expenses	(135,623)	(70,034)	(104,416)	(54,381)
Personnel expenses	(119,208)	(62,640)	(95,195)	(49,383)
Depreciation and amortization expenses	(27,438)	(14,888)	(22,191)	(11,352)
Other	(76,266)	(36,147)	(58,111)	(26,262)
	(358,535)	**(183,709)**	**(279,913)**	**(141,378)**

14 Other income and expense

For the periods ended 31 July 2018 and 2017, other operating income comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Salary protocol income	267	133	222	89
Effects of amendments to IFRS 9	220	220	--	--
Damage compensation income (1)	125	37	282	71
Decoration income(2)	--	--	687	12
Other	272	256	46	24
	884	**646**	**1,237**	**196**

(1) Income from insurance claims.

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

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

14 Other income and expense *(continued)*

For the six months periods ended 31 July 2018 and 2017, other expenses comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Losses on sale of fixed assets	(577)	(544)	(157)	(157)
Other	(284)	(204)	(200)	(149)
	(861)	**(748)**	**(357)**	**(306)**

15 Finance income

For the six months periods ended 31 July 2018 and 2017, finance income comprised the following:

	1 February– 31 July 2018	1 May – 31 July 2018	1 February– 31 July 2017	1 May – 31 July 2017
Interest income on:				
Receivables and payables, net	4,019	4,019	1,154	1,154
Change in fair value of forward contracts	390	(68)	--	--
Time deposits	388	343	356	134
Foreign exchange gain	--	(168)	1,216	(3,891)
	4,797	**4,126**	**2,726**	**(2,603)**

16 Finance costs

For the six months periods ended 31 July 2018 and 2017, finance costs comprised the following:

	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Interest expenses on:				
Interest expenses on purchases	(20,892)	(12,796)	(11,465)	(4,994)
Receivables and payables, net	--	1,051	--	--
Financial liabilities measured at amortized cost	(16,328)	(9,109)	(16,085)	(8,055)
	(37,220)	**(20,854)**	**(27,550)**	**(13,049)**
Foreign exchange loss	(13,878)	(9,055)	(1,053)	145
Credit card commission expenses	(3,000)	(1,596)	(3,562)	(1,557)
Import financing expenses	(2,976)	(1,628)	(1,999)	(1,048)
Change in fair value of forward contracts	(52)	(52)	(4,455)	(187)
Other	(675)	(362)	(510)	596
	(57,801)	**(33,547)**	**(39,129)**	**(15,100)**

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

17 Income taxes

Corporate tax rate of Turkey is 22%. For the six month period ended 31 July 2018, Group's effective tax rate is 24% (31 July 2017: 24%). 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; and
- The effect of non-deductible expenses increases tax rate to 24%.

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 31 July 2018 and 2017 is as follows:

	1 February – 31 July 2018	**1 May – 31 July 2018**	**1 February – 31 July 2017**	**1 May – 31 July 2017**
Net profit for the year attributable to owners of the Company	51,158	27,829	34,095	17,082
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000	49,657,000
Earnings per ordinary share (full TL)	**1.0300**	**0.5603**	**0.6866**	**0.3440**

19 Derivatives

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

	31 July 2018	**31 January 2018**
Forward exchange contracts subject to hedge accounting	451	848
Assets from the forward exchange contracts	196	--
Liabilities from the forward exchange contracts	--	(235)
	647	**613**

As of 31 July 2018, the Group has open forward exchange contracts used for hedging in amount of USD 474 thousand in equivalent of TL 2,304.By applying hedge accounting, the fair value difference of TL 451, resulting from such forward transactions, is recognized in other comprehensive income. The Group has other open forward exchange contracts in amount of USD 1,534 thousand in equivalent of TL 7,451.

20 Operating leases

Leases as lessee

As at 31 July 2018 and 31 January 2018, total minimum lease payments pursuant to leases are as follows:

	31 July 2018	**31 January 2018**
Less than one year	255,582	215,964
1-5 year	764,877	516,049
More than 5 years	100,750	70,285
	1,121,209	**802,298**

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

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

21 Commitments

(a) Warranties, pledges and mortgages

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

	31 July 2018					
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**	**CAD**
A. On behalf of its own legal personality of the total amount of GPMs	**113,227**	**5,747**	**15,023**	**--**	**4,462**	**--**
Guarantee	113,227	5,747	15,023	--	4,462	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**2,878**	**--**	**261**	**17,465**	**--**	**9**
Guarantee	2,844	--	261	17,465	--	--
Pledge	-	--	--	--	--	--
Mortgage	35	--	--	--	--	9
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	**116,106**	**5,747**	**15,284**	**17,465**	**4,462**	**9**

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

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**

21 Commitments *(continued)*

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

As of 31 July 2018, ratio of other GPM given by the Group to equity was 0% (31 January 2018: 0%).

As of 31 July 2018, letter of guarantees given to third parties for the amount of TL 50,848 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 446,411 as of 31 July 2018 (31 January 2018: TL 313,697).

(b) Guarantees received

As of 31 July 2018, Group has received letter of guarantees for the amount of TL 8,328 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. In such way, Group protects itself from financial risks without using derivative instruments.

Interest rate risk

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

Capital Management

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

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

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:

	31 July 2018	31 January 2018
EUR / TL	5.7034	4.6824
USD / TL	4.8850	3.7795
RUB / TL	0.0774	0.0667
KZT / TL	0.0141	0.0119
CAD / TL	3.7355	3.0578

The foreign currency average exchange rates for the six month period ended 31 July 2018 and 2017 are as follows:

	31 July 2018	31 July 2017
EUR / TL	5.1249	3.9510
USD / TL	4.2763	3.6061
RUB / TL	0.0070	0.0593
CAD / TL	3.3064	2,7155

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

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

Market risk

Currency risk

As of 31 July 2018, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade receivables	6,667	1,047	-	1,552
2a. Monetary financial assets (including cash, banks)	49,866	7,277	2,423	498
2b. Non-monetary financial assets	--	--	--	--
3. Other	25,841	5,214	65	-
4. Current assets (1+2+3)	**82,373**	**13,538**	**2,488**	**2,050**
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)	**82,373**	**13,538**	**2,488**	**2,050**
10. Trade payables	(91,934)	(18,697)	(86)	(107)
11. Financial liabilities	(79,515)	(1,633)	(11,426)	(6,371)
12a. Monetary other liabilities	(9,487)	(1,942)	-	-
12b. Non-monetary other liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	**(180,936)**	**(22,272)**	**(11,512)**	**(6,478)**
14. Trade payables	--	--	--	--
15. Financial liabilities	(7,764)	(497)	(936)	-
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**(7,764)**	**(497)**	**(936)**	**-**
18. Total liabilities (13+17)	**(188,700)**	**(22,769)**	**(12,448)**	**(6,478)**
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	**9,811**	**2,008**	**-**	**-**
19a. Hedged total asset	9,811	2,008	-	-
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(96,516)**	**(7,223)**	**(9,960)**	**(4,427)**
21. Position of net foreign currency monetary assets/liabilities(IAS 7,B23)(1+2a+5+6a-10-11-12a-14-15-16a)	**(132,168)**	**(14,445)**	**(10,025)**	**(4,427)**

As at 31 July 2018, Mavi Turkey has trade receivables amounting to TRY 59,582 from consolidated subsidiaries which comprise; EUR 8,817 thousand, USD 52 thousand, CAD 62 thousand and RUB 113,715 thousand. Considering these receivables, the Group's net foreign currency liabilities position amounts to TL 36,934. The amounts have been eliminated in consolidation

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

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 denominated 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**

As at 31 January 2018, Mavi Turkey has trade receivables amounting to TRY 67,365 from consolidated subsidiaries which comprise; EUR 7,938 thousand, USD 415 thousand, CAD 214 thousand and RUB 419,981 thousand. Considering these receivables, the Group's net foreign currency assets position amounts to TL 38,279. The amounts have been eliminated in consolidation.

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

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				
31 July 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	(7,056)	7,056	(7,056)	7,056
2- Hedged portion of TL against USD risk(-)	749	(749)	1,132	(1,132)
3- Net effect of USD (1+2)	**(6,307)**	**6,307**	**(5,925)**	**5,925**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,681)	5,681	(5,681)	5,681
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5,681)**	**5,681**	**(5,681)**	**5,681**
10% change of other against TL				
7- Net other denominated asset/liability	(443)	443	(443)	443
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**(443)**	**443**	**(443)**	**443**
Total (3+6+9)	**(12,430)**	**12,430**	**(12,048)**	**12,048**

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

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**

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

23 Financial risk management

Fair values

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

	Carrying amount			Fair value			
31 July 2018	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivatives	647	--	647	--	647	--	647
Financial assets not measured at fair value							
Trade receivables from third parties	136,034	--	136,034	--	--	--	--
Other receivables from third parties[1]	13,515	--	13,515	--	--	--	--
Cash and cash equivalents	217,911	--	217,911	--	--	--	--
Total	**368,107**	--	**368,107**	--	**647**	--	**647**

	Loans and receivables	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value							
Derivatives							
Financial liabilities not measured at fair value							
Bank overdrafts	--	(4,856)	(4,856)	--	--	(4,856)	(4,856)
Bank loans	--	(327,484)	(327,484)	--	--	(327,484)	(327,484)
Trade payables to third parties	--	(321,717)	(321,717)	--	--	--	--
Other payables to related parties	--	(9,568)	(9,568)	--	--	--	--
Other payables to third parties	--	(5,391)	(5,391)	--	--	--	--
Trade payables to related parties	--	(131,832)	(131,832)	--	--	--	--
Total	--	**(800,848)**	**(800,848)**	--	--	**(332,340)**	**(332,340)**

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

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

23 Financial risk management *(continued)*

Fair values *(continued)*

	Carrying amount			Fair value			
31 January 2018	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
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	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
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.

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

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

Financial instruments measured at fair value

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

(1) Other financial liabilities include bank loans.

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

24 Subsequent events

The Turkish Lira has experienced a substantial depreciation against certain major foreign currencies between the dates of 31 July 2018 and 11 September 2018, the date of approval of the financial statements. The depreciation was 32% against the US Dollar and 31% against the Euro.

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

25 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. Reconciliation EBITDA for the six month period ended 31 July 2018 and 2017 are as follows:

	Note	1 February – 31 July 2018	1 May – 31 July 2018	1 February – 31 July 2017	1 May – 31 July 2017
Profit		52,782	27,723	35,697	18,202
Income tax expense		15,077	7,502	11,068	5,733
Profit before tax		**67,859**	**35,225**	**46,765**	**23,935**
Adjustment for:					
-Net finance costs		53,004	29,421	36,403	17,703
-Depreciation and amortization		34,901	18,774	28,613	14,556
EBITDA		**155,764**	**83,420**	**111,781**	**56,194**