Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2018

With Independent Auditor's Report on
Consolidated Financial Statements Thereon

14 March 2018

This report includes 2 pages of independent auditor's report and 76 pages of consolidated financial statements together with their explanatory notes.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Independent Auditors' Report

To the Shareholders of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi

Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 January 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 January 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to the Note 2.3, (i) for the relevant accounting policy and disclosures.

The key audit matter	How the matter was addressed in our audit
The Group's revenue is primarily generated from retail sales. In addition to retail sales, the Group generates revenue from wholesale and export sales. There is an inherent control risk with respect to accuracy of revenue recognised from retail sales in the consolidated financial statements due to the large volume of data processed in billing process. Due to the complexity of sales contracts with customers for wholesale and export sales, the timing of revenue recognition involves significant management judgment which gives rise to an inherent control risk. Revenue recognition from retail sales revenue has been identified as one of the key audit matters, as the accuracy of revenue recorded by information technology ("IT") billing systems involves an inherent control risk due to complexity of these systems and the volume of data processed by these systems.	We have performed the following audit procedures to be responsive to this area: - Assessing the appropriateness of the revenue recognition policy of the Group; - Assessing, with the assistance of our internal IT specialists, the design, implementation and operating effectiveness of the below controls; • key internal controls over the general IT environment in which the business systems operate, including access to program controls, program change controls, program development controls and computer operation controls, • key internal IT controls over the completeness and accuracy of rating and bill generation and the end-to-end reconciliation controls from the rating and billing systems to the accounting system, • Testing the integration between IT infrastructure of cash register transaction system and accounting system. - Assessing the timing of revenue recognition and in compliance with accounting policies by examining the transfer of risk and rewards through the sales documents obtained for the sales transactions tested on a sample basis.

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Key Audit Matters (continued)

Revenue recognition (continued)

The key audit matter (continued)	How the matter was addressed in our audit (continued)
In addition, the recognition of revenue in the period when the sales is realized is attributable to the assessment whether the product is related with the sales contract. Since sales contracts' structures might be complex, significant judgements must be made while choosing the accounting policy for each condition. Since the timing of revenue recognition requires significant judgements due to the complexity of sales contracts, accounting of wholesale and export sales has been identified as one of the key audit matters.	- By examining the incoterms on the sales documents; assessing the timing of revenue recognition due to variety of shipping arrangements, - Obtaining confirmation letters for trade receivables on a sample basis and checking whether confirmed amount is in line with financial statements, - Performing analytical procedures for the amount of revenue to determine the existence of unusual and one-off transactions, - Testing subsequent period sales returns on a sample basis in order to determine whether the revenue has been appropriately and accurately recognized in the correct reporting period.

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Key Audit Matters (continued)

Inventory impairment provision

Refer to the Note 2.3, (d) and Note 9 for the relevant accounting policy and disclosures.

The key audit matter	How the matter was addressed in our audit (continued)
The Group's inventories carry a risk of impairment due to changes in consumer demands and fashion trends. The computation of inventory impairment provision involves management judgments and estimates. These judgments and estimates include evaluation of the slow moving inventories due to various reasons such as changes in customer demands and fashion trends. The provision for the impairment of inventories has been identified as one of the key audit matters since the inventory balance is significant in the consolidated financial statements and computation of inventory impairment provision involves management judgments and estimates.	We have performed the following audit procedures to be responsive to this area: - Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance, - Inquiry with the Group management about the risk of impairment as a result of changes in customer demands and fashion trends, - Analytical procedures on inventory turnover rates compared to prior periods, - Evaluation of adequacy of the provision for impairment on inventories through comparing with prior periods, - Evaluation and testing accuracy and completeness of inventory reports, - Testing on a sample basis, the net selling prices used in calculation net realizable value of inventories, - Observation of obsolete and damaged inventories during the inventory counts.

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Key Audit Matters (continued)

Impairment of goodwill

Refer to the Note 2.3, (c) for the relevant accounting policy and disclosures

Key audit matters	How the matter was addressed in our audit
As at 31 January 2018 the goodwill recognized in the consolidated financial statements amounted to TL 99,699 thousand. Goodwill amounting to TL 86.762 thousand is allocated to Mavi United States, goodwill amounting to TL 9.204 thousand is allocated to Mavi Canada and the remaining amount of goodwill is allocated to other subsidiaries. Goodwill which has indefinite useful life should be tested for impairment annually. In performing impairment assessments, management compared the carrying value of each of the separately identifiable cash generating units ("CGUs") to which goodwill had been allocated with their respective value in use based on discounted cash flow forecasts to determine if any impairment loss should be recognized.	We have performed the following audit procedures to be responsive to this area: - Evaluating management forecasts and future plans based on macroeconomic information, - Evaluating the reasonableness of forecasted cash flows for each CGU by comparing with its historical financial performance, - Involving valuation specialist to assist in evaluating the appropriateness of discount rates applied, which included comparing the WACC with sector averages for the relevant markets in which the CGU's operate; - Checking the arithmetical accuracy of the underlying calculations and the modeling of the discounted cash flow analysis, - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities,

Key Audit Matters (continued)

Impairment of goodwill (continued)

Key audit matters *(continued)*	
The recoverable amount of CGUs, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales volumes, and prices, operating costs, terminal value growth rates and the weighted-average cost of capital ("WACC"). These estimates and assumptions are highly sensitive to the expected future market conditions. We identified this issue as a key audit matter because the carrying amount of goodwill is material to the consolidated financial statements and also because of the significant judgment required in determining the assumptions to be used by the management to estimate the recoverable amount.	

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

İsmail Ünal

İsmail Önder Ünal
Partner
14 March 2018
İstanbul, Turkey

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

	Notes	**Audited 31 January 2018**	**Audited Restated [1] 31 January 2017**
ASSETS			
Current assets			
Cash and cash equivalents	*4*	266,280	158,056
Trade receivables	*7*	112,996	109,381
- Due from related parties	*6*	--	*4,059*
- Due from third parties		*112,996*	*105,322*
Other receivables	*8*	24,187	21,491
- Due from third parties		*24,187*	*21,491*
Derivatives	*29*	848	7,336
Inventories	*9*	320,351	287,844
Prepayments	*10*	23,358	20,388
Current tax asset	*27*	183	5,287
Other current assets	*17*	13,176	15,597
Total current assets		**761,379**	**625,380**
Non-current assets			
Other receivables	*8*	2,981	2,014
- Due from third parties		*2,981*	*2,014*
Prepayments	*10*	106	68
Property and equipment	*11*	156,033	136,579
Intangible assets	*12*	47,900	55,551
Goodwill	*13*	99,699	100,472
Deferred tax assets	*27*	7,145	6,746
Total non-current assets		**313,864**	**301,430**
TOTAL ASSETS		**1,075,243**	**926,810**

[1] See Note 2.3

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position (continued)
As at 31 January 2018
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

	Notes	**Audited 31 January 2018**	**Audited Restated [1] 31 January 2017**
LIABILITIES			
Current liabilities			
Loans and borrowings	*5*	309,099	230,814
Trade payables	*7*	366,455	299,515
- Due to related parties	*6*	*122,672*	*108,740*
- Due to third parties	*7*	*243,783*	*190,775*
Payables to employees	*16*	18,081	14,849
Other payables	*8*	13,619	86,721
- Due to related parties	*6*	*7,420*	*76,365*
- Due to third parties		*6,199*	*10,356*
Derivatives		235	--
Current tax liabilities	27	4,476	203
Provisions	*14*	9,767	10,630
- Provisions for employee benefits		*2,359*	*2,159*
- Other provisions		*7,408*	*8,471*
Deferred revenue	10	14,566	11,985
Other current liabilities	*17*	5,879	9,746
Total current liabilities		**742,177**	**664,463**
Non-current liabilities			
Loans and borrowings	*5*	68,736	105,209
Provisions	*14*	4,741	3,151
- Provisions for employee benefits		*4,741*	*3,151*
Deferred revenue	*10*	641	119
Deferred tax liabilities	*27*	11,767	13,398
Total non-current liabilities		**85,885**	**121,877**
TOTAL LIABILITIES		**828,062**	**786,340**
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	49,657	49,657
Reserves		2,491	(16,749)
Retained earnings		197,588	115,797
Equity attributable to owners of the Company		**249,736**	**148,705**
Non-controlling interests		**(2,555)**	**(8,235)**
Total equity		**247,181**	**140,470**
TOTAL EQUITY AND LIABILITIES		**1,075,243**	**926,810**

[1]See Note 2.3

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 January 2018

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

	Notes	**Audited 1 February 2017 – 31 January 2018**	**Restated [1] 1 February 2016 – 31 January 2017**
Revenue	*19*	1,781,656	1,307,934
Cost of sales	*20*	(875,313)	(640,915)
Gross profit		**906,343**	**667,019**
Administrative expenses	*21*	(100,317)	(76,670)
Selling and marketing expenses	*21*	(594,042)	(448,336)
Research and development expenses	*22*	(23,058)	(18,657)
Other income	*23*	2,544	1,924
Other expenses	*23*	(1,279)	(1,601)
Operating profit		**190,191**	**123,680**
Finance income	*25*	4,092	15,311
Finance cost	*26*	(82,042)	(70,531)
Net finance costs		**(77,950)**	**(55,220)**
Profit before tax		**112,241**	**68,461**
Income tax expense		**(22,239)**	**(16,647)**
- Tax expense	*27*	(23,936)	(15,524)
- Deferred tax income/(expenses)	*27*	1,697	(1,123)
Profit		**90,002**	**51,813**
Profit attributable to:			
Owners of the Company		85,871	50,064
Non-controlling interests		4,131	1,749
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability	*15*	(877)	(313)
- Related tax		193	63
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		16,737	436
Cash flow hedging reserves		841	--
- Related tax		(185)	--
Other comprehensive income net of tax		**16,709**	**186**
Total comprehensive income attributable to:			
Owners of the Company		101,031	53,111
Non-controlling interests		5,680	(1,112)
Total comprehensive income		**106,711**	**51,999**
Earnings per share	*28*		
Basic earnings per share	*28*	1.7293	1.0082
Diluted earnings per share	*28*	1.7293	1.0082

Earnings before interest, tax, depreciation and amortization **(EBITDA)**	*36*	**252,084**	**170,209**

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Changes In Equity

For the year ended 31 January 2018

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

				Other comprehensive income not to be reclassified to profit or loss		Other comprehensive income to be reclassified to profit or loss		Retained earnings				
	Share capital	Legal reserves	Purchase of share of entities under common control	Remeasurements of defined benefit liability	Other reserves	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit	Total	NCI	Total equity
Balance as at 1 February 2016	**49,657**	**14,819**	**(35,757)**	**(4,211)**	**(4,080)**	**6,855**	**--**	**34,889**	**33,453**	**95,625**	**--**	**95,625**
Transfers	--	2,608	--	--	--	--	--	30,845	(33,453)	--	--	--
Acquisition of subsidiary with NCI	--	--	--	--	--	--	--	(1)	--	(1)	(7,123)	(7,124)
Total comprehensive income	--	--	--	(250)	--	3,297	--	--	50,064	53,111	(1,112)	51,999
Total balance as at 31 January 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,152**	**--**	**65,733**	**50,064**	**148,735**	**(8,235)**	**140,500**
Balance as at 1 February 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,152**	**--**	**65,733**	**50,064**	**148,735**	**(8,235)**	**140,500**
Impact of correction of errors [(1)]						(30)				(30)		(30)
Restated balance as at 1 February 2017	**49,657**	**17,427**	**(35,757)**	**(4,461)**	**(4,080)**	**10,122**	**--**	**65,733**	**50,064**	**148,705**	**(8,235)**	**140,470**
Profit									85,871	85,871	4,131	90,002
Other comprehensive income				(684)		15,188	656			15,160	1,549	16,709
Total comprehensive income	**-**	**-**	**-**	**(684)**	**-**	**15,188**	**656**	**-**	**85,871**	**101,031**	**5,680**	**106,711**
Acquisition of subsidiary with NCI (Note 4)					4,080			(4,080)				
Transfers								50,064	(50,064)			
Total balance as at 31 January 2018	**49,657**	**17,427**	**(35,757)**	**(5,145)**	**--**	**25,310**	**656**	**111,717**	**85,871**	**249,736**	**(2,555)**	**247,181**

(1)See Note 2.3

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

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

		Audited	**Restated(1)**
Cash flow from operating activities	*Notes*	**31 January 2018**	**31 January 2017**
Net profit for the year		**90,002**	**51,813**
Depreciation and amortization expense	24	61,893	46,529
Finance income		(1,024)	(707)
Finance cost		68,981	49,583
Provision for unused vacation	14	865	874
Provision for employee severance indemnity	15	3,611	2,409
Fair value change of derivatives		7,329	(7,336)
Impairment loss on receivables		(292)	832
Inventory obsolescence, reversals	9	(4,018)	(5,772)
Impairment loss on goodwill	13	--	19
Loss on disposal of property and equipment, net		871	149
Tax expense		22,239	16,647
Unrealized currency translation difference		8,639	16,481
		259,096	**171,521**
Changes in:			
Change in trade receivables		(7,491)	(17,239)
Change in inventory		(29,117)	(79,695)
Change in prepaid expenses		(3,008)	(3,847)
Change in receivables from related parties		4,059	(2,329)
Change in other receivables		(3,663)	(9,049)
Change in other current and non-current assets		2,421	(810)
Change in employee benefits liabilities		3,232	(376)
Change in trade payables		53,008	13,006
Change in payables to related parties		13,941	62,664
Change in deferred revenue		3,103	1,365
Change in other payables		(32)	6,952
Change in short term and long term provisions		(1,063)	664
Change in other liabilities		(3,866)	4,366
		290,620	**147,193**
Employee benefits paid	14-15	(3,661)	(3,180)
Income tax paid	28	(19,009)	(16,109)
Net cash from operating activities		**267,950**	**127,904**
Cash flows from investing activities			
Acquisition of tangible assets	12	(69,250)	(54,739)
Proceeds from sale of tangible assets		--	289
Acquisition of intangible assets	13,14	(3,517)	(7,831)
Acquisition of subsidiary, net of cash acquired	6	(58,366)	(16,229)
Proceeds from sale of intangible assets		--	7
Interest received	25	1,024	710
Net cash flow used in investing activities		**(130,109)**	**(77,793)**
Proceeds from loans and borrowings		92,227	407,587
Proceeds of settlement of derivatives		235	2,943
Repayment of loans and borrowings		(53,267)	(367,545))
Other financial payments	26	(37,951)	(30,480)
Interest paid		(31,443)	(18,589)
Net cash flow used in financing activities		**(30,199)**	**(6,084)**
Net increase in cash and cash equivalent		**107,642**	**44,027**
Cash and cash equivalents at the beginning of the year	4	**154,832**	**110,805**
Cash and cash equivalents at the end of the year	4	**262,474**	**154,832**

(1)See Note 2.3

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

Notes to the consolidated 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, Almere, Moscow, New York, New Jersey, Los Angeles, Atlanta, Dallas, Vancouver, Toronto and Montreal.

With the appropriate permission from Borsa İstanbul A.Ş.("BIST"), shares equal to TL 27,311 representing 55% of nominal shares of the Company's TL 49,657 was offered to public on 15 June 2017. As a result of the offering, main shareholder from Company's partnership structure Blue International Holding B.V.'s shares decreased to 45% from 100%. The primary shareholder of the Company as at 31 January 2018 is Blue International Holding B.V. ("Blue International") with 27.41% ownership (31 January 2017 Blue International with 100% ownership).

The consolidated financial statements as at 31 January 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 31 January 2018 and 2017 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 January 2018	31 January 2017
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	87.50
Mavi Nederland	Netherland	Wholesale sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Mavi Kazakhstan (2)	Kazakhstan	Retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi Canada(1)	Canada	Wholesale and retail sales of apparel	38.25	38.25
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00

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

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

As of 31 January 2018, Group's total number of employees is 3,605 (31 January 2017: 3,340).

2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 14 March 2018. General Assembly has the authority to modify the consolidated financial statements.

(b) Basis of measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and contingent payment for the acquisition of Eflatun shares which are measured at fair value. The methods used to measure fair values are discussed further in Note 2.2 (t).

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

(c) Functional and presentation currency

The Company maintains its books of account and prepares its statutory financial statements in Turkish 43 Lira ("TL") which is the Company's functional currency. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

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

The table below summarises functional currencies of the Group entities.

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

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

2.1 Basis of presentation *(continued)*

(d) Use of judgements and estimates

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

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

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

- Note 9 Inventory: Allowance for inventory impairment.
- Note 10 Deferred revenue: Estimation of loyalty credits that can be redeemed in the next years.
- Note 11 and 12 Property and equipment and intangibles: Useful lives.
- Note 12 and 13 Impairment of intangible assets including goodwill: Key assumptions, underlying recoverable amounts.
- Note 15 Provision for employee termination benefits: Key actuarial assumptions.
- Note 14 Provisions for sales returns: Estimation of return, provision for upcoming months using the historical data.
- Note 33 Trade receivables: Allowance for doubtful receivables.

2.2 Summary of significant accounting policies

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

(a) Basis of consolidation

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

Subsidiaries are consolidated based on the following methods:

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

- Eflatun Giyim, Mavi Canada and Mavi USA are fully consolidated. Non-controlling interest has been accounted for Eflatun.

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

2.2 Summary of significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

i) Business combinations

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

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

ii) Subsidiaries

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

iii) Non-controlling interests

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

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

iv) Transactions eliminated on consolidation

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

v) Acquisitions from entities under common control

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

(b) Foreign currency

i) Foreign currency transactions

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

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

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

2.2 Summary of significant accounting policies *(continued)*

(b) Foreign currency (continued)

i) Foreign currency transactions *(continued)*

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

ii) Foreign operations

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

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

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

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

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

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

	31 January 2018	31 January 2017
TL / EUR	4.6824	4.0983
TL / USD	3.7795	3.8324
TL / RUB	0.0667	0.0635
TL / KZT	0.0119	0.0106
TL / CAD	3.0578	2.9111

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

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

2.2 Summary of significant accounting policies *(continued)*

(b) Foreign currency *(continued)*

ii) Foreign operations *(continued)*

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

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
TL / EUR	4.5884	3.9591
TL / USD	3.7680	3.7348
TL / RUB	0.0661	0.0629
TL / KZT	0.0112	0.0089
TL / CAD	3.0228	2.8192

(c) Financial instruments

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

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

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

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

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

ii) Non-derivative financial assets - measurement

Loans and receivables

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

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

Cash and cash equivalents

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

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

2.2 Summary of significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

iii) Non-derivative financial liabilities - measurement

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

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

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

iv) Derivative financial instruments

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

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

(d) Share capital

i) Ordinary shares

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

ii) Recognition and measurement

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

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

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

iii) Subsequent expenditure

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

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

2.2 Summary of significant accounting policies *(continued)*

(e) Property and equipment

iv) Depreciation

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

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

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

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

• Vehicles (5) years

• Furniture and fixtures (3 – 15) years

• Leasehold improvements shorter of (1 – 10) years or lease term

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

(f) Intangible assets and goodwill

i) Recognition and measurement

Goodwill

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

Intangible assets recognised in a business combination

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

Other intangible assets

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

ii) Subsequent expenditures

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

iii) Amortisation

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

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

• Trademark (15) years

• Licenses (3–5) years

• Customer relationships (9-15) years

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

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

2.2 Summary of significant accounting policies *(continued)*

(g) Inventories

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

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

(h) Impairment

i) Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

(h) Impairment *(continued)*

i) Non-derivative financial assets (continued)

Financial assets measured at amortised cost (continued)

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

ii) Non-financial assets

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

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

2.2 Summary of significant accounting policies *(continued)*

ii) Non-financial assets *(continued)*

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

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

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

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

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

(i) Employee benefits

i) Long term employee benefits

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. Such payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 5,002 at 31 January 2018 (31 January 2017: TL 4,426) per year of employment at the rate of pay applicable at the date of retirement or termination. Employee benefits represent the present value of the estimated future probable obligation of the Company arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. Severance payment provisions are not subject to legal funding.

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

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

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

2.2 Summary of significant accounting policies *(continued)*

IAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation under defined benefit plans. Consequently, in the accompanying consolidated financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees, as of 31 January 2018, and 2017 basic assumptions are presented as follows:

	31 January 2018	**31 January 2017**
	%	**%**
Discount rate	3.74	5.19
Inflation rate	7.00	6.00

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

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

ii) Short term employee benefits

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

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

(j) Provisions; contingent liabilities and contingent assets

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

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

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

(k) Related parties

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

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

i. has control or joint control of the reporting entity;
ii. has significant influence over the reporting entity; or

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

2.2 Summary of significant accounting policies *(continued)*

(k) Related parties (continued)

iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

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

(l) Revenue

i) Sale of goods

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

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

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

The Group also generates revenue in the form of royalty fees.

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

2.2 Summary of significant accounting policies *(continued)*

(l) Revenue

i) Sale of goods (continued)

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

Loyalty programme

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

(m) Earnings per share

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

(n) Leasing transactions

i) Leased assets

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

ii) Operating leases

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

iii) Lease payments

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

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

(o) Research and development

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

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

2.2 Summary of significant accounting policies *(continued)*

(p) Finance income and finance cost

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

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

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

(r) Tax

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

i) Current tax

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

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

ii) Deferred tax

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

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

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

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

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

2.2 Summary of significant accounting policies *(continued)*

(r) Tax (continued)

ii) Deferred tax *(continued)*

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

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

iii) Tax risk

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

iv) Transfer pricing

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

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

(s) Government grants

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

(t) Measurement of fair values

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

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

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

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

2.2 Summary of significant accounting policies *(continued)*

(t) Measurement of fair values (continued)

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

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

(u) Determination of fair values

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) Other non-derivative financial liabilities

Forward exchange contracts

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

iii) Property, plant and equipment

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

iv) Intangible assets

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

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

2.2 Summary of significant accounting policies *(continued)*

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

New standards, interpretations and amendments to existing standards are not effective at reporting date but earlier application is permitted; however the Group consolidated 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 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with customers

The new standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating performance obligations for goods and services in a contract and recognition of revenue over time. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 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 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 in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

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

2.2 Summary of significant accounting policies *(continued)*

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

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

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

IAS 40 – Transfers of Investment Property

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

IFRS 17 –Insurance Contracts

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

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

2.2 Summary of significant accounting policies *(continued)*

(v) 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.

Improvements to IFRSs

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

IFRS 1 "First Time Adoption of International Financial Reporting Standards"

IFRS 1 is amended to the outdated short-term exemptions for first-time adopters are removed within the context of 'Annual Improvements to IFRSs 2012-2014 Cycle' related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

IAS 28 "Investments in Associates and Joint Ventures"

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

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRS

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle. 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.

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.

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

2.2 Summary of significant accounting policies *(continued)*

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

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 these amendments will have significant impact on the consolidated financial position or performance of the Group.

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 these amendments will have significant impact on the consolidated financial position or performance of the Group.

2.3 Restatements

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

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

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

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

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

2.2 Summary of significant accounting policies *(continued)*

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

Reassessment performed in accordance with this accounting policy, goodwill and other payables to related parties are increased by TL 32,841 and TL 32,872, respectively and foreign currency translation reserves decreased by TL 30 in the consolidated financial statements as at 31 January 2017.

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

3 Operating segments

	1 February 2017- 31 January 2018			1 February 2016- 31 January 2017		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Segment revenue [1]	**1,453,145**	**328,511**	**1,781,656**	**1,121,183**	**186,751**	**1,307,934**
-Retail	1,132,652	49,820	1,182,472	856,737	33,733	890,470
-Wholesale	297,855	262,809	560,664	248,676	146,939	395,615
-E-commerce	22,638	15,882	38,520	15,770	6,079	21,849
Segment profit before tax	**101,796**	**10,445**	**112,241**	**63,017**	**5,444**	**68,461**

	31 January 2018			31 January 2017		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	**969,900**	**105,343**	**1,075,243**	**699,875**	**226,935**	**926,810**
Total segment liabilities	**711,002**	**117,060**	**828,062**	**572,556**	**213,784**	**786,340**

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.)

4 Cash and cash equivalents

As at 31 January 2018 and 2017 cash and cash equivalents comprises the following:

	31 January 2018	31 January 2017
Cash on hand	1,243	1,403
Cash at banks	153,898	61,529
Demand deposits	*37,972*	*18,265*
Time deposits	*115,926*	*43,264*
Other cash and cash equivalents	111,139	95,124
Cash and cash equivalents in the statement of consolidated financial statement	**266,280**	**158,056**
Bank overdrafts	(3,806)	(3,224)
Cash and cash equivalents in the statement of consolidated cash flows	**262,474**	**154,832**

As at 31 January 2018 and 2017, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2018 and 2017, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	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

	Maturity	Interest rate	31 January 2017
TL	1 February 2017	6.75%	8,000
USD	1 February 2017	1.90%	22,744
EUR	1 February 2017	1.05%	12,520
			43,264

As at 31 January 2018 and 2017, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 33.

5 Loans and borrowings

As at 31 January 2018 and 2017, financial borrowings comprise the following:

	31 January 2018	31 January 2017
Current liabilities		
Unsecured bank loans	176,465	148,416
Secured bank loans	35	47
Current portion of unsecured bank loans	128,793	79,127
Bank overdraft (Note 4)	3,806	3,224
	309,099	**230,814**
Non-current liabilities		
Unsecured bank loans	68,736	105,209
	68,736	**105,209**

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

5 Loans and borrowings (continued)

As at 31 January 2018 and 2017 loan and borrowings comprised the following:

	31 January 2018	31 January 2017
Bank loans	377,835	336,023
	377,835	**336,023**

As at 31 January 2018 and 2017 the repayments of loan agreements according to the original maturities comprised the following:

	31 January 2018	31 January 2017
Less than one year	309,099	230,814
One to two years	61,396	76,743
Two to three years	7,000	27,781
Three to four years	340	355
Four to five years	--	330
	377,835	**336,023**

As of 31 January 2018 and 2017 maturities and conditions of outstanding loans comprised the following:

	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 liquidity, foreign currency and interest rate risk as well as related sensitivity analyses for financial liabilities are disclosed in Note 33.

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

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

6 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 January 2018 (31 January 2017: Turkish Private Equity Fund II: 54%).

(a) Related party balances

As at 31 January 2018 and 2017 short term receivables and payables from related parties comprised the following:

Due from related parties	**31 January 2018**	**31 January 2017**
Mavi LLC[1]	--	4,048
Erak Giyim Sanayi Ticaret A.Ş. ("Erak")	--	11
	--	**4,059**

[1] Due from Mavi LLC (registered in USA) is comprised of loan given which is interest rate is 4%. As at 31 January 2018, the loan was paid.

Prepayments given to related parties	**31 January 2018**	**31 January 2017**
Erak[1]	14,908	11,983
	14,908	**11,983**

[1] Advances given to Erak is related to fabric purchases and are tracked in prepayments. (Note 10)

	31 January 2018	**31 January 2017**
Due to related parties		
Erak[1]	111,841	93,186
Akay Lelmalabis Elgazhizah LLC ("Akay") [2]	10,579	14,978
Kitsch Apparel Inc. ("Kitsch Apparel") [3]	252	447
Erma Tekstil Dış Ticaret Kollektif Şirketi ("Erma")	--	129
	122,672	**108,740**

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

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

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

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

6 Related party *(continued)*

(a) Related party balances *(continued)*

As at 31 January 2018 and 31 January 2017, other short term payables to related parties comprised the following:

	31 January 2018	31 January 2017
Other payables to related parties		
Eflatun Giyim shareholders[(1)]	7,420	66,119
Put option liability[(2)]	--	10,246
Total other payables to related parties	**7,420**	**76,365**
Short term other payables to related parties	**7,420**	**76,365**

[(1)]Payables to Eflatun Giyim shareholders mainly comprised of contingent payables due to the acquisition of Eflatun Giyim.

[(2)] The minority shareholders had a contingent consideration right of 12.5% for Mavi Germany shares discussed in Note 18.

(b) Related party transactions

For the years ended 31 January 2018 and 2017, the sales to related parties of the Group comprised the following:

	31 January 2018	31 January 2017
Sales to related parties		
Mavi USA [(1)]	--	425
Mavi Canada [(1)]	--	401
	--	**826**

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

For the years ended 31 January 2018 and 2017, the services given to related parties of the Group comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Services given to related parties		
Mavi LLC	34	112
Mavi ABD [(1) (2)]	--	735
Eflatun Giyim	--	6
Mavi Kanada[(1) (2)]	--	787
	34	**1,640**

[(1)] Service given to related parties mainly comprise of design and sourcing charges.
[(2)] The Group acquired 51% of the shares and voting interests in Eflatun Giyim. As a result, the Group obtained the control of the Mavi USA and Mavi Canada. These transactions are related to the periods before acquisition.

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

6 Related party *(continued)*

(b) Related party transactions *(continued)*

For the years ended 31 January 2018 and 2017, purchases from related parties of the Group comprised the following:

	31 January 2018	31 January 2017
Purchase from related parties		
Erak	319,149	269,778
Akay	48,679	4,292
	367,828	**274,070**

For the years ended 31 January 2018 and 2017, the services from related parties of the Group comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Services from related parties		
Erak [(1)]	1,123	970
CM Objekt Heusenstamm GBR [(2)]	685	568
Mavi Jeans Holding Inc.[(4)]	553	244
Sylvia House Inc.[(3)]	537	174
Erma	3	40
	2,901	**1,996**

(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 years ended 31 January, short term benefits provided to senior management and board of directors amounted to TL 32,160 (31 January 2017: TL 22,237).

For the years ended 31 January 2018 and 2017, the Group does not have any payables to any board of director or key management personnel of the Group.

7 Trade receivables and payables

Short term trade receivables

As at 31 January 2018 and 31 January 2017, short term trade receivables are as follows:

	31 January 2018	31 January 2017
Trade receivables from third parties	112,996	105,322
Trade receivables from related parties	--	4,059
	112,996	**109,381**

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

7 Trade receivables and payables *(continued)*

Short term trade receivables *(continued)*

As at 31 January 2018 and 31 January 2017, short term trade receivables from others are as follows:

	31 January 2018	31 January 2017
Trade receivables	102,414	96,272
Post-dated cheques	7,319	7,581
Endorsed cheques	3,263	1,398
Notes receivables	--	71
Doubtful receivables	12,762	14,037
Allowance for doubtful receivables (-)	(12,762)	(14,037)
	112,996	**105,322**

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

Short term trade payables

As at 31 January 2018 and 31 January 2017, short term trade payables of the Group are as follows:

	31 January 2018	31 January 2017
Trade payables to third parties	243,783	190,775
Trade payables to related parties	122,672	108,740
	366,455	**299,515**

As at 31 January 2018 and 31 January 2017, short term trade payables from others are as follows:

	31 January 2018	31 January 2017
Trade payables to third parties(1)	235,394	186,112
Expense accruals	8,389	4,663
	243,783	**190,775**

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

(1) Trade payables to third parties comprise factoring payables amounting TL 77,708 (31 January 2017: TL 81,385).

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

8 Other receivables and payables

Other short term trade receivables

As at 31 January 2018 and 2017, short term other receivables of the Group are as follows:

	31 January 2018	31 January 2017
Other receivables from third parties	24,187	21,491
	24,187	**21,491**

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

8 Other receivables and payables *(continued)*

Other short term trade receivables *(continued)*

As at 31 January 2018 and 2017, short term other receivables from third parties of the Group are as follows:

	31 January 2018	31 January 2017
Receivables from public institutions [1]	23,287	20,966
Deposits and guarantees given	--	393
Other short term receivables	900	132
	24,187	**21,491**

[1] Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 4,969 (31 January 2017: TL 7,749) and value added tax receivables amounting to TL 17,064 (31 January 2017: TL 13,031).

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

The Group's exposure to credit and foreign currency risk for short term other receivables are disclosed in Note 33.

Long term other receivables

As at 31 January 2018 and 2017, long term other receivables of the Group are as follows:

	31 January 2018	31 January 2017
Other receivables from third parties	2,981	2,014
	2,981	**2,014**

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

Short term other receivables

As at 31 January 2018 and 2017, short term other payables of the Group are as follows:

	31 January 2018	31 January 2017
Other payables to related parties (Note 6)	7,420	76,365
Other payables to third parties	6,199	10,356
	13,619	**86,721**

As at 31 January 2018 and 2017, other payables to third parties of the Group are as follows:

	31 January 2018	31 January 2017
Taxes and duties payable	5,512	9,949
Other payables	687	407
	6,199	**10,356**

The Group's exposure to foreign currency and liquidity risk for other short term payables is disclosed in Note 33.

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

9 Inventories

As at 31 January 2018 and 2017, inventories are as follows:

	31 January 2018	31 January 2017
Trade goods	319,373	292,268
Consignment trade goods	11,746	8,169
Goods in transit	4,688	6,252
Provision for impairment on inventory (-)	(15,456)	(18,845)
	320,351	**287,844**

As at 31 January 2018 there is no pledge on inventories (31 January 2017: nil).

As at 31 January 2018 and 2017, the provision for impairment on inventory is as follows:

	31 January 2018	31 January 2017
Opening balance	18,845	18,737
Acquisitions through business combinations	--	3,807
Provision for the year	10,553	4,040
Write-off	(14,571)	(9,812)
Effect of movements in exchange rates	629	2,073
Closing balance	**15,456**	**18,845**

As of the year ending on 31 January 2018, inventories of TL 10,553 (31 January 2017: TL 4,040) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the year and included in "cost of sales". In addition, during the year ended on 31 January 2018, inventories of TL 14,571 (31 January 2017; TL 9,812) were disposed and written off.

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

10 Prepayments and deferred revenues

Prepayments

As at 31 January 2018 and 2017, the remaining balance of prepayments under current and non-current assets is as follows:

	31 January 2018	31 January 2017
Advances given[(1)]	16,807	13,455
Prepaid rent expenses	2,134	2,171
Prepaid advertising and marketing expenses	1,752	2,348
Prepaid insurance expenses	727	887
Prepaid stamp tax and duties expenses	568	329
Other prepaid expenses	1,476	1,266
Total prepaid expenses	**23,464**	**20,456**
Long term prepaid expenses	**106**	**68**
Short term prepaid expenses	**23,358**	**20,388**

[(1)]Advances given mainly comprise of advances given to producers and service providers including fabric advances given to Erak (Note 6).

Deferred revenue

As at 31 January 2018 and 2017, deferred revenue of the Group are as follows:

	31 January 2018	31 January 2017
Customer loyalty claims[(1)]	12,625	9,328
Salary protocol	1,568	1,422
Corporate sales [(2)]	889	1,219
Rent income[(3)]	125	135
Total deferred revenue	**15,207**	**12,104**
Short term deferred revenue	**14,566**	**11,985**
Long term deferred revenue	**641**	**119**

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

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

11 Property and equipment

The movement of property and equipment for the year ended 31 January 2018 and 31 January 2017 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<u>**Cost**</u>					
1 February 2016 opening balance	**190**	**127,670**	**109,457**	**2,317**	**239,634**
Acquisitions through business combinations	139	955	1,022	--	2,116
Effect of movements in exchange rates	23	3,779	5,164	--	8,966
Additions	--	25,716	19,419	9,604	54,739
Disposals	(111)	(1,622)	(1,215)	--	(2,948)
Transfers[(1)]	--	6,783	4,346	(11,222)	(93)
31 January 2017 closing balance	**241**	**163,281**	**138,193**	**699**	**302,414**
1 February 2017 opening balance	**241**	**163,281**	**138,193**	**699**	**302,414**
Effect of movements in exchange rates	3	1,201	3,435	--	4,639
Additions	--	38,039	22,902	8,309	69,250
Disposals	--	(280)	(1,964)	--	(2,244)
Transfers[(1)]	--	5,610	3,348	(9,008)	(50)
31 January 2018 closing balance	**244**	**207,851**	**165,914**	**--**	**374,009**

[(1)] Transfers of TL 50 as at 31 January 2018, and TL 93 as at 31 January 2017 are related to transfers to intangible assets.

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

11 Property and equipment *(continued)*

The movement of property and equipment for the year ended 31 January 2018 and 2017 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2016 opening balance	**29**	**73,305**	**51,491**	**--**	**124,825**
Effect of movements in exchange rates	1	2,277	2,157	--	4,435
Depreciation for the year	63	20,542	18,479	--	39,084
Disposals	(22)	(1,615)	(872)	--	(2,509)
31 January 2017 closing balance	**71**	**94,509**	**71,255**	**--**	**165,835**
1 February 2017 opening balance	**71**	**94,509**	**71,255**	**--**	**165,835**
Effect of movements in exchange rates	--	917	1,842	--	2,759
Depreciation for the year	48	26,319	24,391	--	50,758
Disposals	--	(192)	(1,184)	--	(1,376)
31 January 2018 closing balance	**119**	**121,553**	**96,304**	**--**	**217,976**
31 January 2017 carrying amount	**170**	**68,772**	**66,938**	**699**	**136,579**
31 January 2018 carrying amount	**125**	**86,298**	**69,610**	**--**	**156,033**

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

11 Property and equipment *(continued)*

For the year ended 31 January 2018, TL 4,331 (and for the year ended 31 January 2017: TL 3,328) of depreciation expenses are included under administrative expenses, TL 45,958 (31 January 2017: TL 35,296) under selling and marketing expenses and TL 469 (31 January 2017: TL 460) under research and development expenses.

As of 31 January 2018, there is no pledge on property and equipment (31 January 2017: nil).

As at 31 January 2018 the amount of insurance on property and equipment is TL 270,937 (31 January 2017: TL 256,459).

12 Intangible assets

The movement of intangible assets as at 31 January 2018 and 2017 are as follows:

	Licenses	**Customer relationships**	**Brand**	**Total**
Cost				
1 February 2016 balance	**35,530**	**3,746**	**--**	**39,276**
Acquisitions through business combinations	301	32,319	--	32,620
Additions	6,714	--	923	7,637
Transfer from property and equipment	93	--	--	93
Effect of movements in exchange rates	739	8,007	--	8,746
Disposals	(12)	--	--	(12)
31 January 2017 balance	**43,365**	**44,072**	**923**	**88,360**
1 February 2017 balance	**43,365**	**44,072**	**923**	**88,360**
Additions	3,517	--	--	3,517
Transfer from property and equipment	--	--	--	--
Effect of movements in exchange rates	333	(1)	--	332
Transfers	50	--	--	50
Disposals	(7)	--	--	(7)
31 January 2018 balance	**47,258**	**44,071**	**923**	**92,252**

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

12 Intangible assets *(continued)*

The movement of intangible assets as at 31 January 2018 and 2017 is as follows:

	Licenses	Customer relationships	Brand	Total
Amortisation				
1 February 2016 balance	**21,837**	**2,908**	**--**	**24,745**
Current year amortisation	5,803	1,602	40	7,445
Effect of movements in exchange rates	339	285	--	624
Disposals	(5)	--	--	(5)
31 January 2017 balance	**27,974**	**4,795**	**40**	**32,809**
1 February 2017 balance	**27,974**	**4,795**	**40**	**32,809**
Current year amortisation	6,909	4,140	86	11,135
Effect of movements in exchange rates	215	197	--	412
Disposals	(4)	--	--	(4)
31 January 2018 balance	**35,094**	**9,132**	**126**	**44,352**
Carrying amount				
31 January 2017 balance	**15,391**	**39,277**	**883**	**55,551**
31 January 2018 balance	**12,164**	**34,939**	**797**	**47,900**

For the year ended 31 January 2018, TL 8,663 (31 January 2017: TL 5,492) of amortisation expenses are included under general administrative expenses and TL 2,472 (31 January 2017: TL 1,953) under selling and marketing expenses.

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

13 Goodwill

The movement of goodwill as at 31 January 2018 and 2017 is as follows:

Cost	**31 January 2018**	**31 January 2017**
As of 1 February	**101,769**	**4,837**
Additions	--	194
Effect of movements in exchange rates	(773)	14,591
Acquisitions through business combinations (Note:4)	--	82,147
As of 31 January	**100,996**	**101,769**
Impairment loss		
As of 1 February	**(1,297)**	**(1,278)**
Impairment losses on goodwill	--	(19)
Effect of movements in exchange rates	--	--
As of 31 January	**(1,297)**	**(1,297)**
Carrying amount		
As of 31 January	**99,699**	**100,472**

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

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2018 and 2017, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 January 2018	**31 January 2017**
Mavi America	86,762	87,976
Mavi Canada	9,204	8,763
Other	3,733	3,733
	99,699	**100,472**

13 Goodwill *(continued)*

Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi Europe, Mavi USA and Mavi Canada as three separate CGU's was performed by the Company management as of 31 January 2018 and 2017. The income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi Europe, Mavi USA and Mavi Canada.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 10.6%, 2.3%, 17.2% respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 10.1%, 2.0%, 9.6% respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Discount Rate

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital. Value in use is determined by applying post tax discount rate of 10.6%.

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital. Value in use is determined by applying post tax discount rate of 10.1%.

Terminal growth rate

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

Income approach

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

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

13 Goodwill *(continued)*

Mavi USA operations

In percent	31 January 2018	31 January 2017
Discount rate in USD	10.6%	9.6%
Terminal value growth rate	2.3%	2.3%
Budgeted EBITDA margin (at terminal value)	17.2%	15.6%

Mavi Canada operations

In percent	31 January 2018	31 January 2017
Discount rate in CAD	10.1%	9.5%
Terminal value growth rate	2.0%	2.0%
Budgeted EBITDA margin (at terminal value)	9.6%	6.1%

14 Provisions, contingent assets and liabilities

Short term provisions

As at 31 January 2018 and 2017, short term provisions are as follows:

	31 January 2018	31 January 2017
Provision for employee benefits	2,359	2,159
Other short term provisions	7,408	8,471
	9,767	**10,630**

Short term provision for employee benefits consists of provision for vacation pay liability. For the years ended 31 January 2018 and 31 January 2017, the movement of provision for vacation liability is as follows:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
1 February balance	2,159	862
Effect of movements in exchange rates	61	226
Paid benefits	(726)	197
Current period provision	865	874
31 January balance	**2,359**	**2,159**

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

Short term employee benefits

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

In accordance with the existing labour law in Group, 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.

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

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

For the years ended 31 January 2018 and 2017, the movement of other short term provisions is as follows:

	31 January 2018	31 January 2017
Return provision	4,728	4,817
Legal provision	1,585	1,892
Other provisions	1,095	1,762
	7,408	**8,471**

Short term provisions *(continued)*

For the years ended 31 January 2018 and 2017, the movement of short term provision is as follows:

	Legal provision[1]	Return provisions	Other provisions	Total
1 February 2016 balance	**1,210**	**4,059**	**750**	**6,019**
Acquisitions through business combinations (Note 4)	--	1,571	216	1,787
Current year provision	577	930	804	2,311
Effect of movements in exchangerates	105	662	(8)	759
Provisions used during year	--	(991)	--	(991)
Provision cancellations	--	(1,414)	--	(1,414)
31 January 2017 balance	**1,892**	**4,817**	**1,762**	**8,471**
1 February 2017 balance	**1,892**	**4,817**	**1,762**	**8,471**
Current year provision	268	253	1,095	1,616
Effect of movements in exchange rates	--	275	83	358
Provisions used during year	--	(109)	(895)	(1,004)
Provision cancellations	(575)	(508)	(950)	(2,033)
31 January 2018 balance	**1,585**	**4,728**	**1,095**	**7,408**

[1] Legal provisions mainly comprise of labour lawsuits.

Long term provisions

For the years ended 31 January 2018 and 2017, the movement of long term provisions is as follows:

	31 January 2018	31 January 2017
Long term provisions for employee benefits	4,741	3,151
	4,741	**3,151**

Long term employee benefits consist of severance pay liabilities. The details of severance pay liability are disclosed in Note 15.

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

15 Employee benefits

Provision for employment termination benefits

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

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

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 5,002 at 31 January 2018 (31 January 2017: TL 4,426) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

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

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore, discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, as at 31 January 2018 and 2017, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees Accordingly, the liability is calculated using the following actuarial assumptions.

	31 January 2018	31 January 2017
Discount rate (%)	3.74	5.19
Estimated inflation (%)	7.00	6.00

All actuarial losses are recognized in other comprehensive income.

For the years ended 31 January 2018 and 2017 the movement of provision for severance pay liability is as follows:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Opening balance	3,151	2,977
Interest cost	276	223
Service cost	3,335	2,186
Paid benefits	(2,935)	(3,180)
Effect of movements in exchange rates	37	632
Actuarial difference	877	313
Ending balance	**4,741**	**3,151**

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

16 Payables to employees

As at 31 January 2018 and 2017 payables to employees are as follows:

	31 January 2018	31 January 2017
Payables to personnel[1]	14,093	11,378
Social security premiums payable	3,988	3,471
	18,081	**14,849**

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

17 Other asset and liabilities

Other current assets

As at 31 January 2018 and 2017, other current assets are as follows:

	31 January 2018	31 January 2017
Transferred value added tax ("VAT")	13,176	15,597
	13,176	**15,597**

Other current liabilities

As at 31 January 2018 and 2017, other current liabilities are as follows:

	31 January 2018	31 January 2017
Advances received[1]	5,320	9,238
VAT payable	559	508
	5,879	**9,746**

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

18 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2018 and 2017, paid capital is as follows:

	%	31 January 2018	%	31 January 2017
Blue International	27.41	13,608	100.00	49,657
Publicly held	72.59	36,049	--	--
	100.00	**49,657**	**100.00**	**49,657**

As of 31 January 2018 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2017: 49,657,000 shares).

The Company comprises of A and B group shares.

-As long as Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), half of the members of the Company's Board of Directors shall be elected from among the persons to be nominated by Class A shareholders. The Board of Directors members to be elected from among the nominees of the Class A shareholders shall be members other than the independent members stipulated under the Corporate Governance Principles of the Capital Markets Board.

-Provided that the quorums stipulated under the Capital Markets Law and the Turkish Commercial Code are reserved, in order for the Company's General Assembly to pass a resolution on the matters listed below and on amendments to these Articles of Association on any of such matters ("Matters Requiring Increased General

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

Assembly Resolution Quorum"), the affirmative votes of all of the Class A Shareholders shall also be required:

- Changing the Company's field of operation, entering into new lines of business or abandoning existing lines of business.
- Capital increases of the Company other than those to be effected within the registered capital system, liquidation or dissolution of the Company, any capital decrease, change of legal form of the Company.
- Filings for bankruptcy, concordat, financial restructuring, adjournment of bankruptcy.
- Transfer of all or a substantial part of the Company's commercial enterprise.
- Changes to the privilige of Class A Shareholders to nominate Board Members, or to the structure of the Board of Directors.
- Changes to the meeting and resolution quorums of the Board of Directors and committees of the Company.
- Approval of the annual activity report, the profit and loss statement and the balance sheet, and release of the Board members from liability.

If, following the public offering, Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries do not hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), the increased quorum stated above for the Matters Requiring Increased General Assembly Resolution Quorum shall authomatically cease to be effective, without the possibility of being rejuvenated at a later date

Remeasurement loss on defined benefit plans

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

Translation reserve

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

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 January 2018, the Company's legal reserves are amounting to TL 17,427 (31 January 2017: TL 17,427).

Dividends

As of 31 January 2018, the Group hasn't distributed dividends (2017: nil) from distributable 2018 consolidated net income.

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

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

Purchase of share of entities under common control

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

Other reserves

The difference between exercise price of put option and the carrying amount of the minority interests that are derecognized under other reserves by the Group. Subsequent changes to fair value of put option obligations are also recognized in profit or loss. As of 31 January 2018, other reserves presented under shareholders equity is nil (31 January 2017: TL 4,080).

19 Revenue

For the years ended 31 January 2018 and 2017, revenue comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Sales of goods	1,779,071	1,306,653
Service revenue[1]	2,585	1,195
Other	--	86
	1,781,656	**1,307,934**

[1] Service revenue mainly comprised royalty.

20 Cost of sales

For the years ended 31 January 2018 and 2017, cost of sales comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Cost of goods sold	875,313	640,915
	875,313	**640,915**

21 Administrative expenses, selling and marketing expenses

For the years ended 31 January 2018 and 2017, administrative expenses comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Personnel expenses	58,871	44,049
Depreciation and amortization expenses (Note 11, 12)	12,994	8,820
Rent expenses	9,395	7,832
Office materials expenses	3,962	2,546
Consultancy expenses	3,827	3,159
Travel expenses	2,664	1,728
General office expenses	1,616	1,285
Other	6,988	7,251
	100,317	**76,670**

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

21 Administrative expenses, selling and marketing expenses

For the years ended 31 January 2018 and 2017, selling and marketing expenses comprised the following:

	1 February 2017 – 31 January 2018	**1 February 2016 – 31 January 2017**
Rent expenses	221,764	173,180
Personnel expenses	201,810	147,519
Depreciation and amortization expenses (Note 11, 12)	48,430	37,249
Advertising expenses	23,743	16,581
Outsourced logistics expenses	23,578	19,077
Freight-out expenses	14,435	9,150
Travel expenses	7,540	5,597
Other	52,742	39,983
	594,042	**448,336**

22 Research and development expenses

For the years ended 31 January 2018 and 2017, research and development expenses comprised the following:

	1 February 2017 – 31 January 2018	**1 February 2016 – 31 January 2017**
Personnel expenses	19,319	15,601
Travel expenses	1,152	844
Depreciation and amortization expenses (Note 11, 12)	469	460
Other	2,118	1,752
	23,058	**18,657**

23 Other income and expense

For the years ended 31 January 2018 and 2017, other operating income comprised the following:

	1 February 2017 – 31 January 2018	**1 February 2016 – 31 January 2017**
Turquality income (1)	1,127	100
Salary protocol income	533	423
Damage compensation income (2)	420	1,149
Gain on sale of tangible assets	39	104
Other	425	148
	2,544	**1,924**

(1) Consists of income from Turquality incentive program.

(2) Income from insurance claims.

For the years ended 31 January 2018 and 2017, other expenses comprised the following:

	1 February 2017 – 31 January 2018	**1 February 2016 – 31 January 2017**
Expense related to store closings	907	363
Kazakhstan restructuring expenses(1)	--	728
Impairment losses on goodwill	--	19
Other	372	491
	1,279	**1,601**

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

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

24 Expenses by nature

For the years ended 31 January 2018 and 2017, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Selling and marketing expenses (Note 21)	48,430	37,249
Administrative expenses (Note 21)	12,994	8,820
Research and development expenses (Note 22)	469	460
	61,893	**46,529**

For the years ended 31 January 2018, TL 50,758 (31 January 2017: TL 39,084) of the depreciation and amortization expenses are resulting from tangible assets TL 11,135 (31 Ocak 2017: 7,445) are from intangible assets.

Expenses related to personnel

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Selling and marketing expenses (Note 21)	201,810	147,519
Administrative expense (Note 21)	58,871	44,049
Research and development (Note 22)	19,319	15,601
	280,000	**207,169**

For the years ended 31 January 2018 and 2017, the details of expenses related to personnel are as follows:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Wages and salaries	165,342	124,893
Bonus expense	45,510	21,966
Social security premiums	29,379	29,662
Meal expenses	13,131	11,349
Overtime expenses	7,699	5,908
Employee termination benefit expenses (Note: 16)	5,386	2,409
Personnel travel expenses	4,637	4,156
Other	8,916	6,826
	280,000	**207,169**

25 Finance income

For the years ended 31 January 2018 and 2017, finance income comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Interest income on:		
Receivables and payables, net	2,039	691
Time deposits	1,024	707
	3,063	**1,398**
Foreign exchange gain	1,029	1,258
Changes in fair value of forward contracts	--	12,655
	4,092	**15,311**

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

26 Finance cost

For the years ended 31 January 2018 and 2017, finance costs comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Interest expense on:		
Interest expenses on purchases	25,733	18,351
Financial liabilities measured at amortised cost	31,030	18,872
	56,763	**37,223**
Change in fair value of forward contracts	7,329	--
Credit card commission expenses	6,489	7,670
Foreign exchange loss	5,733	20,949
Import financing expenses	4,617	3,287
Change in fair value of contingent consideration	--	229
Other	1,111	1,173
	82,042	**70,531**

27 Income taxes

Corporate tax

In Turkey, corporate tax rate is 20% as of 31 December 2017 (2016: 20%). However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22%, which would later be applied as 20% at the end of these periods. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22% to 20%.

The tax legislation provides for a temporary tax of 20% (2016: 20%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2017. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. With the amendment to the Law, corporate rate is set to 22% for the years 2018, 2019 and 2020.

According to the law numbered 6824, which is Restructuring of Certain Receivables and Changes in Certain Laws and Legislative Decrees" and law numbered 193 which is Income Tax Law repealed article 121 which was published in the Official Gazette dated on March 8, 2017, tax discount which was newly regulated on tax consonant taxpayers started to implement since 01.January.2018. The Group will benefit from the upper limit of the tax allowance of 1.000.000 TL for 2017 Corporate Tax Expenditure.

As of 31 January 2018 and 2017 tax rates used in deferred tax calculation according to the tax laws of the countries except Turkey is as follows:

Country	31 January 2018	31 January 2017
Russia	20%	20%
Germany	29.72%	29.72%
Netherlands	20%	20%
America	34%	34%
Canada	26.3%	26.3%

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

27 Income taxes *(continued)*

Corporate tax *(continued)*

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

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

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

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

Under the Turkish taxation system, 50% of profit gained from sale of property, plant and equipment and %75 of profit gain from sale of subsidiaries owned at least 2 years can be recognized as exempt income on condition that would be added to equity in following five years. The remaining 25% is subject to corporate tax.

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

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

USA

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

Russia

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

Germany

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

27 Income taxes *(continued)*

Corporate tax *(continued)*

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

Netherland

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

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

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

Canada

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

Withholding income tax

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

Transfer pricing

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

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

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

27 Income taxes *(continued)*

Tax Expense (continued)

For the years ended 31 January 2018 and 2017, tax expense recognized in profit loss comprised the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Current tax expense:		
Current year tax expense	(23,936)	(16,013)
Change in estimates related to prior years	--	489
	(23,936)	**(15,524)**
Deferred tax income		
Deferred tax (expense)/ income on temporary differences	1,697	(1,123)
Total tax expense	**(22,239)**	**(16,647)**

For the years ended 31 January 2018 and 2017, tax income recognized in other comprehensive income the following:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Tax income:		
Deferred taxes related to remeasurements of defined benefit liability	171	63
Tax expense:		
Foreign operations - foreign currency translation differences	(185)	--

For the years ended 31 January 2018 and 2017, the details of the current tax assets/liabilities is as follows:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Current year tax expense	23,926	15,524
Corporate taxes paid	(19,643)	(20,608)
Total prepaid taxes (taxes payable) on income, net	**4,293**	**(5,084)**
Current tax asset	(183)	(5,287)
Current tax liabilities	4,476	203

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

27 Income taxes *(continued)*

Tax Expense (continued)

Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 January 2018 and 2017 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	1 February 2017 – 31 January 2018	%	1 February 2016 – 31 January 2017
Profit for the year		**90,002**		**51,813**
Total income tax expense		(22,239)		(16,647)
Profit before tax		112,241		68,460
Income tax using domestic tax rate	(20)	(22,448)	(20)	(13,692)
Effect of tax rates in foreign jurisdictions	(1.6)	(1,749)	(2.2)	(1,483)
Non-deductible expenses[1]	(1.7)	(1,858)	(3.4)	(2,321)
Tax exempt income	0.1	74	0.3	189
Changes in estimates related to prior years	--	--	0.7	489
Use of put option liability	(1.7)	(1,892)	--	--
Mavi America tax adjustment	3.5	3,913	--	--
Tax incentive	0.9	1,000	--	--
Recognition of tax effect on previously unrecognised tax losses	--	--	(0.5)	(337)
Other	0.6	714	0.7	508
Current tax expense		**(22,239)**		**(16,647)**

[1]For the year ending 31 January 2018 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 1,201 (31 January 2017: Inventory counting differences: TL 1,027).

Unrecognized deferred tax asset

For the year ending 31 January 2018 the Group has not have tax losses for carried forward which no deferred tax asset was recognized (31 January 2017 46,059 TL expiry date 2017).

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

27 Income taxes *(continued)*

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities for the years ended 31 January 2018 and 2017 are attributable to the items detailed in the table below:

	31 January 2018		
	Assets	**Liabilities**	**Net amount**
Property and equipment	18.458	(21.817)	(3.359)
Intangible assets	2.416	(13.357)	(10.941)
Inventories	5.868	--	5.868
Trade and other receivables	636	(1.792)	(1.156)
Derivative Instruments	--	(185)	(185)
Trade and other payables	5.778	(1.620)	4.158
Provisions	60	--	60
Employee benefits	316	--	316
Loans and borrowings	21.384	(21.307)	77
Tax losses carried forward	688	--	688
Other temporary differences	--	(148)	(148)
Total	**55.604**	**(60.226)**	**(4.622)**
Set-off tax	**(48.459)**	**48.459**	
	7.145	**(11.767)**	

	31 January 2017		
	Assets	**Liabilities**	**Net amount**
Property and equipment	12,463	(15,523)	(3,060)
Intangible assets	1,877	(14,673)	(12,796)
Inventories	3,709	(214)	3,495
Due from related parties	--	(69)	(69)
Trade and other receivables	2,316	(3,226)	(910)
Trade and other payables	1,985	(1,152)	833
Provisions	793	(111)	682
Employee benefits	636	(117)	519
Loans and borrowings	1,064	(1,006)	58
Tax losses carried forward	2,945	--	2,945
Put option liability	1,916	--	1,916
Other temporary differences	--	(265)	(265)
Total	**29,704**	**(36,356)**	**(6,652)**
Set-off tax	**(22,958)**	**22,958**	
	6,746	**(13,398)**	

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

27 Income taxes *(continued)*

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

	1 February 2017	Recognised in profit or loss	Recognised in comprehensive income and expense	Acquisitions of subsidiaries	Effect of movements in exchange rates	31 January 2018
Property and equipment	(3.060)	(299)	--	-	--	(3.359)
Intangible assets	(12.796)	1.855	--	-	--	(10.941)
Inventories	3.495	2.373	--	-	--	5.868
Due from related parties	(69)	69	--	-	--	-
Trade and other receivables	(910)	(246)	--	-	--	(1.156)
Derivative Instruments	--	--	(185)	--	--	(185)
Trade and other payables	833	3.325	--	-	--	4.158
Provisions	682	(622)	--	-	--	60
Employee benefits	519	(203)	171	-	(171)	316
Loans and borrowings	58	19	--	-	-	77
Tax losses carried forward	2.945	(2.257)	--	-	-	688
Put option liability	1.916	(1.916)	--	-	-	-
Other temporary differences	(265)	(401)	--	-	518	(148)
	(6.652)	**1.697**	**(14)**	**-**	**347**	**(4.622)**

	1 February 2016	Recognised in profit or loss	Recognised in comprehensive income and expense	Acquisitions of subsidiaries	Effect of movements in exchange rates	31 January 2017
Property and equipment	8,396	(10,826)	--	1	(631)	(3,060)
Intangible assets	(11,049)	10,854	--	(12,615)	14	(12,796)
Inventories	2,191	(83)	--	1,233	154	3,495
Due from related parties	(54)	(15)	--	--	--	(69)
Trade and other receivables	479	(1,563)	--	--	174	(910)
Trade and other payables	1,731	(926)	--	--	28	833
Provisions	550	96	--	--	36	682
Employee benefits	431	4	63	--	21	519
Loans and borrowings	60	(2)	--	--	--	58
Tax losses carried forward	827	353	--	2,347	(582)	2,945
Put option liability	1,481	435	--	--	--	1,916
Other temporary differences	(62)	550	--	(513)	(240)	(265)
	4,981	**(1,123)**	**63**	**(9,547)**	**(1,026)**	**(6,652)**

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

28 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the years ended 31 January 2018 and 2017 is as follows:

	31 January 2018	31 January 2017
Net profit for the year attributable to owners of the Company	85,871	50,064
Weighted average number of ordinary shares (basic)	49,657	49,657
Earnings per ordinary share	**1.7293**	**1.0082**

29 Derivatives

As at 31 January 2018 and 2017, short term derivative assets are as follows:

	31 January 2018	31 January 2017
Forward exchange contracts subject to hedge accounting	848	7,336
Other forward exchange contracts	(235)	--
	613	**7,336**

As of 31 January 2018, the Group has open forward exchange contracts used for hedging in amount of USD 4,549 thousand in equivalent of TL 17,193. Ineffective portion of forward contracts amounting to TL 628 has been recognized in profit or loss whereas effective portion amounting to TL 841 recognized in other comprehensive income. The Group has other open forward exchange contracts in amount of USD 3,102 thousand in equivalent of TL 11,725.

30 Operating leases

Leases as lessee

For the years ended 31 January 2018 and 2017, total minimum lease payments pursuant to leases are as follows:

	31 January 2018	31 January 2017
Less than one year	215,964	189,940
1-5 year	516,049	498,515
More than 5 years	70,285	90,655
	802,298	**779,110**

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

Group has recognized expenses related to operating leases amounting to TL 231,159 (31 January 2017: TL 181,012) in the statement of profit or loss and other comprehensive income.

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

31 Commitments

(a) Warranties, pledges and mortgages

	31 January 2018					
	TL Equivalent	**TL**	**EUR**	**RUB**	**CAD**	**USD**
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**	**12**	**4,217**

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

31 Commitments *(continued)*

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

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

	31 January 2017					
	TL Equivalent	**TL**	**EUR**	**RUB**	**CAD**	**USD**
A. On behalf of its own legal personality of the total amount of GPMs	**103,193**	**4,070**	**20,456**	**--**	**--**	**3,989**
Guarantee	103,193	4,070	20,456	--	--	3,989
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**1,319**	**--**	**94**	**13,960**	**16**	**--**
Guarantee	1,319	--	94	13,960	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	16	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	**--**	**--**	**--**	**--**	**--**	**--**
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	**--**	**--**	**--**	**--**	**--**	**--**
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	**104,512**	**4,070**	**20,550**	**13,960**	**16**	**3,989**

31 Commitments *(continued)*

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

As of 31 January 2018, ratio of CPM given by the Group to equity was 0% (31 January 2017: 0%).

As of 31 January 2018, letter of guarantees given to third parties for the amount of TL 30,269 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2017: TL 61,019).

The Group has purchase commitments related to inventory amounting to TL 313,697 as of 31 January 2018 (31 January 2017: TL 219,915).

(b) Guarantees received

As of 31 January 2018, Group has received letter of guarantees for the amount of TL 7,588 as in the form of security (31 January 2017: TL 6,354).

32 Financial instruments

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management of framework

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

Credit risk

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

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

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

32 Financial instruments *(continued)*

Credit risk *(continued)*

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

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

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Turkey, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2018, the DDS limits of the Company is amounting TL 109,806 thousand (31 January 2017: 98,981 thousand). The Company also obtains guarantees from its customers as another means of securing its receivables.

Cash is placed in financial institutions, which are considered at time of deposits and POS receivables

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

Liquidity risk

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

32 Financial instruments *(continued)*

Market risk

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

Currency risk

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

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

Interest rate risk

The Group is not exposed to the risk of interest rate since the Group does not have any variable interest rate barrowings.

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.)

33 Nature and level of risks related to financial instruments

Credit risk

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

	Receivables					
	Trade receivables		Other receivables			
31 January 2018	Related party	Other	Related party	Other [1]	Cash and cash equivalents [2]	Derivatives
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**--**	**112,996**	**--**	**27,168**	**265,037**	**613**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	107,442	--	27,168	265,037	613
B. Net book value of financial assets which are overdue, but not impaired	--	5,554	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	5,145	7,617	--	--	--	--
- Impairment (-)	(5,145)	(7,617)	--	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--	--

31 January 2018	**Receivables**	
	Trade receivables	**Other receivables**
Past due between 1-30 days	2,286	--
Past due between 1-3 months	2,531	--
Past due between 3-12 months	737	--
Total past due	**5,554**	**--**

(1) Other receivables from third parties excludes deposits and guarantees given.
(2) Cash and cash equivalents excludes cash on hand.

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

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

Credit risk *(continued)*

	Receivables					
	Trade receivables		Other receivables			
31 January 2017	**Related party**	**Other**	**Related party**	**Other [1]**	**Cash and cash equivalents [2]**	**Derivatives**
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**4,059**	**105,322**	--	**21,098**	**156,653**	**7,336**
- Portion of maximum risk covered by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	4,059	85,746	--	21,098	156,653	7,336
B. Net book value of financial assets which are overdue, but not impaired	--	19,576	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross book value)	5,217	8,820	--	--	--	--
- Impairment (-)	(5,217)	(8,820)	--	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--	--

31 January 2017	**Receivables**	
	Trade receivables	**Other receivables**
Past due between 1-30 days	12,463	--
Past due between 1-3 months	6,870	--
Past due between 3-12 months	243	--
Total past due	**19,576**	--

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

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

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

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

Credit risk *(continued)*

Impairment

For the years ended 31 January 2018 and 2017, movement of the provision for doubtful receivables is as follows:

	1 February 2017 – 31 January 2018	1 February 2016 – 31 January 2017
Balance beginning	14,037	7,498
Acquisitions through business combinations	--	4,527
Current year provision	471	3,207
Allowances no longer required	(763)	(2,375)
Write-offs	(1,092)	--
Effect of movements in exchange rates	109	1,180
Balance ending	**12,762**	**14,037**

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

Liquidity risk

As at 31 January 2018 and 2017, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2018	Note	Carrying amount	Contractual cash	3 month or less	3-12 months	1-5 year
Non derivative financial liabilities						
Bank loans	5	377,835	399,782	199,262	119,966	80,554
Trade payables to third parties	7	243,783	240,644	211,037	29,607	--
Trade payables to related parties	6	122,672	123,095	41,568	81,527	--
Other payables to related parties	6	7,420	7,420	7,420	--	--
Payables to employees	16	18,081	18,081	18,081	--	--
Total		**769,791**	**789,022**	**477,368**	**231,100**	**80,554**

31 January 2017	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year
Non derivative financial liabilities						
Bank loans	5	336,023	371,413	73,821	157,821	139,771
Trade payables to third parties	7	190,775	193,562	146,608	46,954	--
Trade payables to related parties	6	108,740	108,515	91,277	17,238	--
Other payables to related parties	6	76,365	76,365	76,365	--	--
Payables to employees	16	14,849	14,849	14,849	--	--
Total		**726,752**	**764,704**	**402,920**	**222,013**	**139,771**

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

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

Market risk

Currency risk

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
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**

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

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

Market risk *(continued)*

Currency risk *(continued)*

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

	TL Equivalent	USD	Euro	Other
1. Trade receivables	5,730	1,124	--	1,426
2a. Monetary financial assets (including cash. banks)	36,219	6,090	3,143	--
2b. Non-monetary financial assets	--	--	--	--
3. Other	3,761	968	13	--
4. Current assets (1+2+3)	**45,710**	**8,182**	**3,156**	**1,426**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	111	16	12	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	**111**	**16**	**12**	**--**
9. Total assets (4+8)	**45,821**	**8,198**	**3,168**	**1,426**
10. Trade payables	80,290	20,977	(25)	--
11. Financial liabilities	47,187	65	11,453	--
12a. Monetary other liabilities	76,365	17,253	2,500	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	**203,842**	**38,295**	**13,928**	--
14. Trade payables	--	--	--	--
15. Financial liabilities	16,482	386	3,661	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	**16,482**	**386**	**3,661**	--
18. Total liabilities (13+17)	**220,324**	**38,681**	**17,589**	--
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	**7,336**	**1,914**	-	--
19a. Hedged total asset	**7,336**	**1,914**	-	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**(167,167)**	**(28,569)**	**(14,421)**	**1,426**
21. Position of net foreign currency monetary assets/liabilities(IAS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(178,264)**	**(31,451)**	**(14,434)**	**1,426**

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

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

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

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

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

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

Foreign Currency Sensitivity Analysis				
31 January 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.)

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

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2017				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	(11,683)	11,683	(11,683)	11,683
2- Hedged portion of TL against USD risk(-)	734	(734)	734	(734)
3- Net effect of USD (1+2)	**(10,949)**	**10,949**	**(10,949)**	**10,949**
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,910)	5,910	(5,910)	5,910
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5,910)**	**5,910**	**(5,910)**	**5,910**
10% change of other against TL				
7- Net other denominated asset/liability	143	(143)	143	(143)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	143	(143)	143	(143)
Total (3+6+9)	**(16,716)**	**16,716**	**(16,716)**	**16,716**

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

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

Market risk *(continued)*

Interest rate risk

Profile

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

	31 January 2018	31 January 2017
Fixed interest rate items		
Financial assets	115,926	43,264
Financial liabilities	(377,835)	(336,023)

The fair value of fixed rate instruments risk:

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

The fair value of variable rate instruments risk:

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

Capital risk management

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

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

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

As at 31 January 2018 and 2017, net debt / equity ratios are as follows:

	31 January 2018	31 January 2017
Loans and borrowings	377,835	336,023
Cash and cash equivalents	(266,280)	(158,056)
Net financial liabilities	**111,555**	**177,967**
Equity	247,181	140,470
Net financial liabilities / equities rate	**0.45**	**1.27**

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

34 Financial risk management

Fair values

	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							
Forward exchange contracts	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	--	--	--	--
Cash and cash equivalents	266,280	--	266,280	--	--	--	--
Total	**404,076**	**--**	**404,076**	**--**	**613**	**--**	**613**

	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value							
Other payables to related parties		(7,420)	(7,420)				
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 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.

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

34 Financial risk management *(continued)*

Fair values *(continued)*

	Carrying amount			Fair value			
31 January 2017	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Forward exchange contracts	7,336	--	7,336	--	7,336	--	7,336
Financial assets not measured at fair value							
Trade receivables from third parties	105,322	--	105,322	--	--	--	--
Other receivables to third parties[1]	21,098	--	21,098	--	--	--	--
Receivables from related parties	4,059	--	4,059	--	--	--	--
Cash and cash equivalents	158,056	--	158,056	--	--	--	--
Total	**295,871**	**--**	**295,871**				

	Loans and receivables	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value							
Other payables to related parties	--	(76,365)	(76,365)	--	--	(76,365)	(76,365)
Financial liabilities not measured at fair value							
Bank overdrafts	--	(3,224)	(3,224)	--	--	(3,224)	(3,224)
Bank loans	--	(332,799)	(332,799)	--	--	(379,689)	(379,689)
Trade payables to third parties	--	(190,775)	(190,775)	--	--	--	--
Other payables to third parties	--	(10,356)	(10,356)	--	--	--	--
Trade payables to related parties	--	(108,740)	(108,740)	--	--	--	--
Total	--	**(722,259)**	**(722,259)**	--		**(383,495)**	**(383,495)**

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

34 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.

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

35 Subsequent events

None.

36 Reconciliation of financial cash flows from financial activities

	31.Oca.18
Balance beginning	**336.023**
Net cash flow	39.542
Unrealised foreign curreng gain	2.682
Interest accrual	(413)
Balance ending	**377.834**

37 Ebitda reconciliation

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

EBITDA is not a defined performance measure under IFRS. Reconciliation of EBITDA for the years ended 31 January 2018 and 2017 are as follows:

	Note	31 January 2018	31 January 2017
Profit		90,002	51,813
Income tax expense	*27*	22,239	16,647
Profit before tax		**112,241**	**68,460**
Adjustment for:			
-Net finance costs		77,950	55,220
-Depreciation and amortisation	*24*	61,893	46,530
EBITDA		**252,083**	**170,210**