

**MARKA PJSC**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017**

# MARKA PJSC

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017

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## MARKA PJSC

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### Directors' report for the three-month period ended 31 March 2017

The Directors submit their report together with the interim condensed consolidated financial information of Marka PJSC (the "Company") and its subsidiaries (together, the "Group") for the three-month period ended 31 March 2017.

#### Principal activities

The principal activities of the Group are the operation of retail stores dealing in luxury apparel, accessories, sports merchandise, as well as restaurants and cafes of mid to high end dining options across global cuisines.

#### Results

The results of the Group for the three-month period ended 31 March 2017 are set out on page 4 of the interim condensed consolidated financial information.

#### Directors

The directors who served during the three-month period ended 31 March 2017 were:

H.E. Jamal Al Hai

Mr. Khaled Salem Almheiri

Mr. Jamal Shaafar

Mr. Abubaker Al Khoori

Mr. Hamad Al Shamsi

Mr. Mohammad AlQahtani

Mr. Ahmed Salem Abdulla Salem Al Hosani (resigned on 2 February 2017)

Mr. Ahmed Mohamed Munsoor (resigned on 8 January 2017)

Mr. Humaid Obaid Humaid AlMatrooshi (resigned on 8 January 2017)

Mr. Khalid Bin Kalban (appointed on 8 January 2017)

Mr. Adel Zarouni (appointed on 8 January 2017)

Mr. Abdulla Hamad Al Awani (appointed on 13 February 2017)

#### Auditors

PricewaterhouseCoopers have been appointed as external auditors of the Group for the year ending 31 December 2017.



.....  
Mr. Khalid Bin Kalban  
Chairman

10 May 2017



## **Review report on interim condensed consolidated financial information To the shareholders of Marka PJSC**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Marka PJSC (the "Company") and its subsidiaries (together the "Group") as at 31 March 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers  
10 May 2017

A handwritten signature in blue ink, appearing to read 'ElBorno', is written over a light blue horizontal line.

Mohamed ElBorno  
Registered Auditor Number 946  
Dubai, United Arab Emirates

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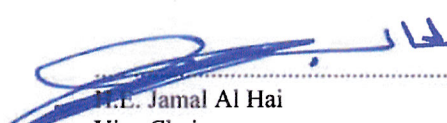
# MARKA PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2017 AED'000 Reviewed	As at 31 December 2016 AED'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	191,605	210,155
Intangible assets	6	304,297	434,205
Investment in a joint venture	7	13,489	13,526
Investment in associates	8	-	120
Available-for-sale financial assets	9	50,000	50,000
		559,391	708,006
<b>Current assets</b>			
Inventories	10	11,495	48,899
Trade and other receivables	11	84,344	124,228
Due from related parties	18	92,814	49,773
Cash and bank balances	12	76,738	86,606
		265,391	309,506
Assets classified as held for sale	13,27	235,297	28,122
		500,688	337,628
<b>Total assets</b>		1,060,079	1,045,634
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital	14	500,000	500,000
Share premium		143	143
Translation reserve		(2,398)	(2,475)
Accumulated losses		(235,285)	(207,428)
<b>Total equity</b>		262,460	290,240
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	591,064	589,708
Provision for employees' end of service benefits	16	1,670	3,360
		592,734	593,068
<b>Current liabilities</b>			
Trade and other payables	17	78,565	69,094
Due to related parties	18	-	948
Borrowings	15	111,385	92,284
		189,950	162,326
Liabilities directly associated with assets classified as held for sale	27	14,935	-
		204,885	162,326
<b>Total liabilities</b>		797,619	755,394
<b>Total equity and liabilities</b>		1,060,079	1,045,634

This interim condensed consolidated financial information were approved by the Board of Directors on 10 May 2017 and were signed on its behalf by:

  
 Mr. Khalid Bin Kalban  
 Chairman

  
 M.E. Jamal Al Hai  
 Vice Chairman

# MARKA PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three-month period ended	
		31 March 2017 AED'000 Reviewed	31 March 2016 AED'000 Restated
<b>Continuing operations</b>			
Revenue	19	33,259	43,247
Cost of sales	20	(20,045)	(18,703)
<b>Gross profit</b>		13,214	24,544
General and administrative expenses	21	(22,639)	(20,367)
Selling and distribution expenses	22	(22,952)	(14,180)
Other income	24	1,728	690
<b>Operating loss</b>		(30,649)	(9,313)
Finance income	25	365	830
Finance costs	25	(8,070)	(6,318)
Finance costs - net		(7,705)	(5,488)
Share of (loss)/profit of joint venture and associate accounted for using the equity method	7,8,13	(433)	506
Gain on sale of assets held for sale	13	16,155	-
<b>Loss from continuing operations</b>		(22,632)	(14,295)
Loss from discontinued operation	27	(5,225)	(3,555)
<b>Loss for the period</b>		(27,857)	(17,850)
Attributable to:			
The shareholders of the Company		(27,857)	(18,138)
Non-controlling interest		-	288
		(27,857)	(17,850)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Share of exchange difference on translation of foreign operations of joint venture	7	77	(77)
<b>Other comprehensive income for the period</b>		77	(77)
<b>Total comprehensive income for the period</b>		(27,780)	(17,927)
Attributable to:			
The shareholders of the Company		(27,780)	(18,215)
Non-controlling interest		-	288
<b>Total comprehensive income for the period</b>		(27,780)	(17,927)
<b>Earnings per share for profit from continuing operations attributable to the shareholders of the Company</b>			
Basic and diluted loss per share	29	(0.04526)	(0.02859)
<b>Earnings per share attributable to the shareholders of the Company</b>			
Basic and diluted loss per share	29	(0.05556)	(0.03643)

# MARKA PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to shareholders of the Company				Total AED'000	Non- controlling interest AED'000	Total AED'000
		Share capital AED'000	Share premium AED'000	Translation reserve AED'000	Accumulated losses AED'000			
As at 1 January 2017		500,000	143	(2,475)	(207,428)	290,240	-	290,240
<b>Comprehensive income</b>								
Loss for the period		-	-	-	(27,857)	(27,857)	-	(27,857)
<b>Other comprehensive income</b>								
Share of exchange difference on translation of foreign operations of joint venture	7	-	-	77	-	77	-	77
<b>Total comprehensive income</b>		-	-	77	(27,857)	(27,780)	-	(27,780)
<b>As at 31 March 2017 (Reviewed)</b>		500,000	143	(2,398)	(235,285)	262,460	-	262,460
As at 1 January 2016		500,000	143	(495)	(56,900)	442,748	10,256	453,004
<b>Comprehensive income</b>								
Loss for the period		-	-	-	(18,138)	(18,138)	288	(17,850)
<b>Other comprehensive income</b>								
Share of exchange difference on translation of foreign operations of joint venture	7	-	-	(77)	-	(77)	-	(77)
<b>Total comprehensive income</b>		-	-	(77)	(18,138)	(18,215)	288	(17,927)
<b>As at 31 March 2016 (Reviewed)</b>		500,000	143	(572)	(75,038)	424,533	10,544	435,077

# MARKA PJSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Three-month period ended	
		31 March 2017 AED'000 Reviewed	31 March 2016 AED'000 Restated
<b>Cash flows from operating activities</b>			
Loss for the period:			
Continuing operations		(22,632)	(14,295)
Discontinued operations		(5,225)	(3,555)
<b>Adjustments for:</b>			
Depreciation and amortisation	5,6	9,022	6,314
Share of loss/(profit) of joint venture and associate accounted for using the equity method	7,8,13	433	(506)
Gain on sale of assets held for sale	13	(16,155)	-
Gain on disposal of property and equipment		(3)	-
Finance costs	25	8,070	6,458
Finance income	25	(365)	(830)
Provision for end of service benefits of employees	16	496	69
<b>Operating cash flows before changes in working capital</b>		(26,359)	(6,345)
End of service benefits paid	16	(231)	(240)
<b>Changes in working capital:</b>			
Trade and other receivables – excluding interest receivable		7,423	38,453
Inventories		(2,458)	(21,887)
Due from related parties		(1,206)	-
Trade and other payables – excluding interest payable		21,742	(19,470)
Due to related parties		(948)	-
<b>Net cash generated from/(used in) operating activities</b>		(2,037)	(9,489)
<b>Cash flows from investing activities</b>			
Term deposits withdrawn	12	3,010	20,000
Dividends received	13	2,243	-
Purchase of property and equipment	5	(9,290)	(55,252)
Proceeds from disposal of property and equipment		4	-
Purchase of intangible assets	6	(370)	(434)
Interest received		190	15
<b>Net cash used in investing activities</b>		(4,213)	(35,671)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		13,151	28,653
Repayment of borrowings		(14,167)	-
Interest paid		(7,361)	(5,634)
<b>Net cash (used in)/generated from financing activities</b>		(8,377)	23,019
<b>Net decrease in cash and cash equivalents</b>		(14,627)	(22,141)
Cash and cash equivalents at the beginning of the period		(27,397)	21,816
<b>Cash and cash equivalents at the end of the period</b>	12	(42,024)	(325)



# MARKA PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017

### 1 GENERAL INFORMATION

Marka PJSC (the "Company") was incorporated on 23 June 2014 as a Public Joint Stock Company in accordance with the UAE Federal Law No. 8 of 1984, (as amended). The Company was listed for trading on the Dubai Financial Market on 25 September 2014 following the Company's Initial Public Offering ("IPO"). The registered address of the Company is at Building 9 Level 3 Dubai Design District, Dubai, United Arab Emirates.

UAE Federal Law No. 2 of 2015 ("Companies Law") which is applicable to the Group has come into effect on 1 July 2015. The Group has assessed and evaluated the provisions of the Companies Law and is in the process of ensuring compliance within the transitional period of this Law which has been extended till 30 June 2017.

The principal activities of the Company are operation of retail stores dealing in luxury apparel, accessories, sports merchandise, as well as restaurants and cafes of mid to high end dining options across global cuisines.

The Company holds investments in subsidiaries (referred together with the Company as "the Group"). The activities of the key subsidiaries are listed below:

Name of entity	Principal activity	2017 Legal ownership %	2017 Beneficial ownership %	2016 Legal ownership %	2016 Beneficial ownership %
<b>Subsidiaries incorporated in the United Arab Emirates</b>					
MARKA Sports Investment LLC	Intermediate holding company for companies that are engaged in retailing, promoting, marketing, trading of goods, and merchandising of signed sporting memorabilia.	99*	100	99*	100
MARKA Fashion Investment LLC	Intermediate holding company for companies that are engaged in the retail of fashion merchandise.	99*	100	99*	100
MARKA Luxury Investments LLC	Intermediate holding company for companies that are engaged in the retail of luxury merchandise.	99*	100	99*	100
MARKA Hospitality Investments LLC	Intermediate holding company for companies that are engaged in the operation of restaurant, food and beverage business, cafeteria, kids' amusement arcade, parties and entertainment services for kids.	99*	100	99*	100
Retailcorp UAE LLC	Retailing, promoting, marketing and trading of goods.	100	100	100	100
Reem Al Bawadi Restaurant & Café (L.L.C.)	Operation of restaurant, food and beverage business.	100	100	100	100

\* 1% ownership by Mr. Khaled Almheiri held for the beneficial interest of Marka PJSC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

This interim condensed consolidated financial information for the three-month period ended 31 March 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2016. The interim condensed consolidated financial information do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The interim condensed financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016.

The interim condensed consolidated financial information have been prepared under the historical cost convention.

The figures have been rounded to the nearest thousand except when otherwise stated.

#### 2.2 New standards, amendments and interpretations

##### (a) *New standards, amendments and interpretations adopted by the Group*

- IAS 7, 'Statement of cash flow' (amendment) (effective from 1 January 2017); and
- IAS 12, 'Income taxes' (amendment) (effective from 1 January 2017).

The above amendments did not have a material impact on the interim condensed consolidated financial information in the prior or current periods and are not likely to have a material impact on any future periods.

There are no other IFRSs or IFRIC interpretations that are effective and would be expected to have a material impact on the Group.

##### (b) *New and amended standards issued but not effective for the financial year beginning 1 January 2017 and not early adopted:*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial information are disclosed on the following page. Management is currently assessing the impact of those standards and amendments and intends to adopt these standards, if applicable, when they become effective.

- IFRS 9, 'Financial instruments' (effective from 1 January 2018);
- IFRS 10, 'consolidated financial statements' (amendment) and IAS 28, 'Investments in associates and joint ventures' (amendment).
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018); and
- IFRS 16, 'Leases' (effective from 1 January 2019).

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### 2.3 Restatement of comparative financial information

In 2017, the Group signed a binding offer letter from an external buyer in relation to the proposed acquisition of the entire issued share capital of a subsidiary ("Retailcorp"). The binding offer letter sets out the principal terms and conditions on and subject to which the buyer is willing to buy all the issued shares of Retailcorp from the Group subject to the agreement and signature by the parties of a detailed legally binding acquisition agreement.

As at 31 March 2017, the Group determined that Retailcorp met the definition of a discontinued operation as set out by IFRS 5 'Non-current assets held for sale and discontinued operations' and accordingly presented its results in this interim condensed consolidated financial information as a discontinued operation. The comparative information has been restated to distinguish the discontinued operations from the continuing operations.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Accounting policies

The accounting policies adopted are consistent with those of the consolidated financial statements as at and for the year ended 31 December 2016.

#### 2.5 Basis of consolidation

The interim condensed consolidated financial information comprise the financial information of the Group and its subsidiaries, associate and joint arrangement. A subsidiary is an entity controlled by the Company. The financial information of a subsidiary are included in the interim condensed consolidated financial information from the date that control commences until the date that control ceases.

#### 2.6 Functional and presentation currency

Items included in the interim condensed consolidated financial information of the Group are measured using the currency of primary economic environment in which the Group entities operate ('the functional currency'). The interim condensed consolidated financial information are presented in United Arab Emirates Dirham ("AED"), which is the Group's functional and the Group's presentation currency.

#### 2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that makes strategic decisions.

#### 2.8 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit/(loss) attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities may expose it to a variety of financial risks: market risk (including foreign exchange risk, price and cash flow and fair value interest rate risk), credit risk and liquidity risk. The management carries out risk assessment for managing each of these risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The interim condensed financial information do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. There have been no changes in the risk management department or in any risk management policies since the year end.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017** (continued)

**3 FINANCIAL RISK MANAGEMENT** (continued)

**3.1 Financial risk factors** (continued)

*Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest where applicable.

<b>31 March 2017</b>	<b>Within 1 year AED'000</b>	<b>2 to 5 years AED'000</b>	<b>Beyond 5 years AED'000</b>	<b>Total AED'000</b>
Trade and other payables	78,565	-	-	78,565
Borrowings	129,238	455,455	225,556	810,249
	<u>207,803</u>	<u>455,455</u>	<u>225,556</u>	<u>888,814</u>
<b>31 December 2016</b>	<b>Within 1 year AED'000</b>	<b>2 to 5 years AED'000</b>	<b>Beyond 5 years AED'000</b>	<b>Total AED'000</b>
Trade and other payables	69,094	-	-	69,094
Due to related parties	948	-	-	948
Borrowings	120,856	413,399	275,330	809,585
	<u>190,898</u>	<u>413,399</u>	<u>275,330</u>	<u>879,627</u>

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of this interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 5 PROPERTY AND EQUIPMENT

	Land AED'000	Building AED'000	Furniture and fixtures AED'000	Office and electrical equipment AED'000	Motor vehicles AED'000	Kitchen equipment AED'000	Capital work- in-progress AED'000	Total AED'000
<b>Cost</b>								
<b>At 1 January 2016</b>	-	-	95,866	15,428	1,211	9,255	2,940	124,700
Additions	2,267	21,756	81,594	12,215	211	5,908	24,154	148,105
Disposals	-	-	(6,480)	(988)	(209)	-	-	(7,677)
Effect of deconsolidation of a subsidiary	-	-	(12,461)	(2,337)	(475)	(419)	(7,588)	(23,280)
<b>At 31 December 2016 (audited)</b>	2,267	21,756	158,519	24,318	738	14,744	19,506	241,848
Additions	-	-	2,497	5,246	-	1,547	-	9,290
Transfers	-	-	5,333	-	-	-	(5,333)	-
Disposals	-	-	-	(11)	-	-	-	(11)
Assets included in a disposal group classified as held for sale and other disposals	-	-	(36,191)	(3,149)	-	-	(2)	(39,342)
<b>At 31 March 2017 (reviewed)</b>	2,267	21,756	130,158	26,404	738	16,291	14,171	211,785
<b>Accumulated depreciation</b>								
<b>At 1 January 2016</b>	-	-	10,002	1,414	30	731	-	12,177
Charge for the year	-	1,645	20,823	4,716	243	2,119	-	29,546
Disposals	-	-	(3,093)	(320)	(125)	-	-	(3,538)
Effect of deconsolidation of a subsidiary	-	-	(5,026)	(1,239)	(143)	(84)	-	(6,492)
<b>At 31 December 2016 (audited)</b>	-	1,645	22,706	4,571	5	2,766	-	31,693
Charge for the period	-	536	5,788	1,467	40	596	-	8,427
Disposal	-	-	-	(10)	-	-	-	(10)
Assets included in a disposal group classified as held for sale and other disposals	-	-	(18,614)	(1,316)	-	-	-	(19,930)
<b>At 31 March 2017 (reviewed)</b>	-	2,181	9,880	4,712	45	3,362	-	20,180
<b>Net book amount</b>								
<b>At 31 March 2017 (reviewed)</b>	2,267	19,575	120,278	21,692	693	12,929	14,171	191,605
<b>At 31 December 2016 (audited)</b>	2,267	20,111	135,813	19,747	733	11,978	19,506	210,155

Capital work-in-progress comprises of fit-outs work for the restaurants and outlets.

In 2016, the Group acquired land and building located at Al Jarf, Ajman for a consideration of AED 24 million to be utilised as an accommodation for the Group's employees. The land and building are mortgaged against a bank borrowing (Note 15).

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 6 INTANGIBLE ASSETS

	Goodwill AED'000	Brand name AED'000	Supplier agreements AED'000	Computer software AED'000	Franchise AED'000	Total AED'000
<b>Cost</b>						
<b>At 1 January 2016</b>	427,762	62,378	3,915	1,656	16,863	512,574
Additions	-	-	-	1,740	-	1,740
Effect of deconsolidation of a subsidiary	(15,246)	(4,205)	-	(376)	-	(19,827)
<b>At 31 December 2016 (audited)</b>	412,516	58,173	3,915	3,020	16,863	494,487
Additions	-	-	-	370	-	370
Assets included in a disposal group classified as held for sale and other disposals (Note 27)	(129,679)	-	(3,915)	(6)	-	(133,600)
<b>At 31 March 2017 (reviewed)</b>	282,837	58,173	-	3,384	16,863	361,257
<b>Accumulated amortisation and impairment</b>						
<b>At 1 January 2016</b>	-	187	979	207	224	1,597
Charge for the year	-	171	2,936	449	1,779	5,335
Impairment charge	53,812	-	-	-	-	53,812
Effect of deconsolidation of a subsidiary	-	(355)	-	(107)	-	(462)
<b>At 31 December 2016 (audited)</b>	53,812	3	3,915	549	2,003	60,282
Charge for the period	-	-	-	146	449	595
Assets included in a disposal group classified as held for sale and other disposals (Note 27)	-	-	(3,915)	(2)	-	(3,917)
<b>At 31 March 2017 (reviewed)</b>	53,812	3	-	693	2,452	56,960
<b>Net book amount</b>						
<b>At 31 March 2017 (reviewed)</b>	229,025	58,170	-	2,691	14,411	304,297
<b>At 31 December 2016 (audited)</b>	358,704	58,170	-	2,471	14,860	434,205

The intangible assets (other than goodwill) of the Group mainly consist of the following key assets:

- Reem Al Bawadi brand name with carrying amount of AED 58,170,000 (2016: AED 58,170,000). The brand name is considered to have an indefinite useful life as the brand name has been active in the market for a considerably long period of time and management has no intentions of discontinuing use of the brand.
- Franchise agreement from acquisition of Morelli's with carrying amount of AED 11,667,858 (2016: AED 13,334,695).

#### Goodwill

Goodwill represents the excess of purchase consideration paid over the fair value of the net assets and identifiable intangible assets acquired in 2015.

Goodwill is allocated to the Group's cash generating units ("CGU"s) identified on each business acquisition. A summary of the allocation of goodwill to CGUs is presented below:

	Reem Al Bawadi AED'000	Retailcorp AED'000	Morelli's Bahrain AED'000	Morelli's UAE AED'000	Total AED'000
At 31 March 2017	223,051	-	1,640	4,334	229,025
At 31 December 2016	223,051	129,679	1,640	4,334	358,704

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 7 INVESTMENT IN A JOINT VENTURE

On 31 May 2015, the Group acquired 65% effective ownership interest in Icons Shop Limited (“Icons”) for a consideration of AED 15 million. The shares acquired comprised of 2,632 ordinary shares of Great British Pound (GBP) 1 each. Total identifiable net assets acquired from this acquisition amounted to AED 13.9 million. Icons Shop Limited is a company incorporated under the laws of England and Wales (registered number 06791294), whose registered office is at 64 New Cavendish Street, London W1G 8TB. Its principal activity is merchandising of signed sporting memorabilia.

The shareholder’s agreement requires consent of both parties to the arrangement on a significant portion of the relevant activities of the business. As such the investment was deemed to be a joint venture.

The details of the investment are set out below:

	31 March 2017 AED’000 Reviewed	31 December 2016 AED’000 Audited
At the beginning of the period / year	13,526	15,759
Share of loss for the period/ year	(114)	(253)
Share of exchange difference on translation of foreign operations of joint venture for the period/year	77	(1,980)
At the end of the period/ year	13,489	13,526

#### 8 INVESTMENT IN ASSOCIATES

	31 March 2017 AED’000 Reviewed	31 December 2016 AED’000 Audited
At the beginning of the period/year	120	-
Invested during the year	-	120
Loss of control in subsidiary with retained significant influence (Note 13)	-	28,060
Share of (loss)/profit for the period/year	(285)	62
Reclassification to non-current assets classified as held for sale (Note 13)	-	(28,122)
At the end of the period/year	(165)	120

In 2016, the Group acquired 40% investment in Marka Fitout Group FZ-LLC (“Marka Fitout Group”) amounting to AED 120,000. Marka Fitout Group is a free zone limited liability company incorporated in Dubai, United Arab Emirates on 17 October 2016. Its principal activities include architectural design, consultancy, assembling, and importation of fit-outs.

The Group’s share of losses from the associate exceeded its original investment by AED 164,669 which has been applied against advances to the associate in the related party balances.

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Available-for-sale financial assets	50,000	50,000

Available-for-sale financial asset pertains to AED 50 million investment in Tier 1 Capital Certificates (“Sukuk”) issued at their par value. The Sukuk are unquoted perpetual instruments and carry non-cumulative interest at a rate of 7.5% per annum payable every six month at the discretion of the issuer.

In the absence of reliable fair value estimates, Management have accounted for the investment at cost using the exemption under IAS 39 when the probabilities of the various estimates cannot be reasonably assessed.

Investments with a carrying value of AED 50,000,000 are placed as a security against term financing facilities of AED 50,000,000 (Note 15).

#### 10 INVENTORIES

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Goods held for sale	11,265	48,670
Consumables	720	719
Provision for impairment	(490)	(490)
	11,495	48,899

The cost of inventories recognised as expense and included in costs of sales for the three-month period ended 31 March 2017 amounted to AED 15,484,200 (31 March 2016: AED 24,265,000).

#### 11 TRADE AND OTHER RECEIVABLES

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Trade receivables	1,866	24,475
Advances to suppliers	32,244	34,652
Security deposits	22,028	28,352
Prepayments	16,538	24,905
Franchise fee receivable	4,763	8,263
Interest receivable	225	50
Other receivables	6,680	3,531
	84,344	124,228



# MARKA PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

### 11 TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of performing trade receivables is as follows:

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Up to 1 month	157	214
1 to 3 months	322	238
3 to 6 months	194	23,287
Over 6 months	1,193	736
	<u>1,866</u>	<u>24,475</u>

The other classes within trade and other receivables do not contain impaired assets.

All trade receivables are denominated in United Arab Emirates Dirham (AED) or currencies pegged with AED.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group does not hold any collateral as security.

### 12 CASH AND BANK BALANCES

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Cash on hand	1,084	1,567
Cash at banks	8,292	14,667
Term deposits	67,362	70,372
Cash and bank balances	<u>76,738</u>	<u>86,606</u>

Bank balances are held with local banks and branches of international banks. Management views these banks as having a sound performance history and satisfactory credit ratings.

Term deposits are presented as cash equivalents only if they have a maturity of three-month period or less from the date of acquisition or readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

Cash and cash equivalents include the following for the purpose of the interim condensed consolidated statement of cash flows:

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Cash and bank balances	76,738	86,606
Cash and bank balances attributable to discontinued operation (Note 27)	13,704	-
Less: Term deposits with original maturity greater than three months	(67,362)	(70,372)
Less: Bank overdrafts (Note 15)	(65,104)	(43,631)
Cash and cash equivalents	<u>(42,024)</u>	<u>(27,397)</u>

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 13 ASSETS CLASSIFIED AS HELD FOR SALE

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
<i>Assets classified as held for sale (Investment in associate)</i>		
Balance at the beginning of the period/year	28,122	-
Reclassification to non-current assets classified as held for sale	-	28,122
Share in loss for the period	(34)	-
Dividend received	(2,243)	-
Disposal	(25,845)	-
Balance at the end of the period/year	-	28,122

In August 2016, the Directors of Marka PJSC approved the sale of the Group's ownership in Cheeky Monkeys Management Services LLC ("Cheeky Monkeys") on intervals.

On 25 September 2016, the Group entered into a sale and purchase agreement to sell 15% stake in Cheeky Monkeys to Evolve Knowledge Investments (an entity controlled by one of the Group's key management personnel) for a total consideration of AED 21 million. It was determined by the Group that it has lost its control over Cheeky Monkeys but retained significant influence over it. The loss of control resulted in the de-recognition of Cheeky Monkeys' net assets, including non-controlling interests, and the recognition of the remaining stake in Cheeky Monkeys at fair value. The fair value of the remaining stake was computed by an external valuation expert and is based on several assumptions including the terminal growth rate of the subsidiary and the discount rate.

On 29 December 2016, the Group entered into another sale and purchase agreement to sell another 15% stake in Cheeky Monkeys to Evolve Knowledge Investments for a total consideration of AED 21 million.

As at 31 December 2016, the retained 30% stake in Cheeky Monkeys was presented as assets classified as held for sale.

In January 2017, the Group received dividend from its investment in Cheeky Monkeys amounting to AED 2.2 million.

On 31 March 2017, the Group entered into another sale and purchase agreement to sell the remaining 30% stake in Cheeky Monkeys to Evolve Knowledge Investments for a total consideration of AED 42 million.

	31 March 2017 AED'000 Reviewed
Fair value of the consideration	42,000
Carrying value of non-current assets classified as held for sale	(25,845)
Gain on sale of assets held for sale	16,155

During its annual general meeting held on 30 April 2017, the Group obtained approval from the shareholders for the sale of ownership in Cheeky Monkeys to Evolve Knowledge Investments, a related party, in order to comply with the requirements of UAE Federal Law No. (2) of 2015 (the "Company Law") and the Securities and Commodities Authority ("SCA") in connection with transactions with a related party which exceeded 5% of its issued capital.

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 14 SHARE CAPITAL

	Number of ordinary shares	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Authorised and issued share capital:	500,000,000	500,000	500,000

As of 30 March 2014, the founders of the Company had fully paid for 225,000,000 shares of AED 1 each. Each shareholder also paid AED 0.03 per share by way of subscription fees. Gross proceeds from these collections amounted to AED 231,750,000. On 23 June 2014, Marka PJSC was incorporated and the founders of the Company subscribed to 225,000,000 ordinary shares of AED 1 each.

The Company went for an Initial Public Offering ("IPO") commencing on 13 April 2014. The Company was listed on the Dubai Financial Market on 25 September 2014. The IPO was priced at AED 1.00 per share with subscription fees of AED 0.03 per share. Gross proceeds amounted to AED 283,250,000.

#### 15 BORROWINGS

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Commodity Murabaha	284,801	284,801
Term finance	236,965	247,168
Mezzanine finance	22,885	22,885
Mudaraba	78,934	69,173
Corporate Ijara	13,760	14,334
Bank overdrafts	65,104	43,631
	702,449	681,992

The maturity profile of the Group's total borrowings is as follows:

Within one year	111,385	92,284
After one year but not more than five years	376,355	328,351
More than five years	214,709	261,357
	702,449	681,992

All borrowings are denominated in AED. Interest rates on the Group's borrowings ranged from 4.1% to 7.8% per annum.

In 2016, the Group obtained the following facilities:

- (a) Corporate Ijara facility amounting to AED 16.1 million from Emirates Islamic Bank to finance the purchase of land and building located at Al Jarf, Ajman. The facility has a term of 7 years and carries profit at relevant EIBOR + 3% per annum. Principal is repayable on quarterly basis starting from 28 May 2016. As a security for the facility, the Group issued a corporate guarantee of Marka Hospitality Investments LLC in favour of the bank and legal mortgage over the aforementioned land and building.
- (b) Mudaraba facility with total available amount of AED 80 million from Dubai Islamic Bank for the expansion of portfolio and set up of new outlets. The facility has a term of 6 years and carries profit at the relevant EIBOR + 3.5% per annum. In 2016, the Group had made ten drawdowns with total of AED 70.1 million. The principal from these drawdowns are repayable on a quarterly basis starting 2017. Profit is to be serviced on quarterly basis during the full tenor of the facility. As at 31 December 2016, total undrawn amount from this facility amounted to AED 0.9 million.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 15 BORROWINGS (continued)

In 2015, the Group obtained the following facilities:

- (a) Commodity murabaha facilities amounting to AED 22.7 million and AED 265 million from Dubai Islamic Bank. The facilities have terms of 7 years including a moratorium period of 2 years, and carries profit at the relevant EIBOR + 3% per annum. Principal is repayable on quarterly basis starting from the third year. Profit is to be serviced on quarterly basis during the full tenor of the facilities including moratorium period. Financial covenants related to the bank borrowings are applicable from the second year onward. As security for the facilities, the Group issued corporate guarantees of amounting to AED 25 million from Marka Sports Investments LLC and AED 291 million from Marka Hospitality Investments LLC.
- (b) DMCC Murabaha amounting to AED 160 million from Ajman Bank PJSC. The facility has a term of 8 years, including 3 years moratorium, and carries profit at 5% per annum on reducing basis. The principal is repayable starting 4<sup>th</sup> year by 10% annually (50% principal repayments between 4-8 years) and in the 7<sup>th</sup> and 8<sup>th</sup> year, at least 1.25% of remaining principal outstanding will be accumulated per month (30% principal repayments in 7<sup>th</sup> and 8<sup>th</sup> year). Remaining 20% remaining principal will be paid at the end of the term of the facility. Profit is to be serviced on quarterly basis during the full tenure of the facility including moratorium period.
- (c) DMCC Murabaha amounting to AED 50 million from Ajman Bank PJSC. The facility has a term of 5 years, including a 1 year moratorium, and carries profit at the relevant EIBOR + 3.25% per annum. 10% of the principal is repayable after year 1, 15% for years 2-4 annually and in the 5th year, the remaining 45% will be payable. Profit is to be serviced on a quarterly basis during the moratorium period and may be serviced either on a quarterly, semi-annually or annual basis during the remaining tenure of the facility. The facility is secured against the Sukuk investments to the value of AED 50 million (Note 7).
- (d) DMCC Murabaha amounting to AED 25 million from Ajman Bank PJSC. The facility has a term of 7 years, including a 1 year moratorium, and carries interest the relevant EIBOR at 3.25% per annum. The principal is repayable at 15.75% during years 2 to 6 annually and the remaining 21.25% on the final maturity date of the facility. Profit is to be serviced on a quarterly basis during the moratorium period and may be serviced either on a quarterly, semi-annually or annual basis during the remaining tenure of the facility.
- (e) Mezzanine Finance (One-off) facility amounting to AED 23 million from Finance House PJSC. The facility has a term of 8 years, including a moratorium period of 3 years, and carries interest at Finance House Base Rate + 2% per annum or 7% per annum, whichever is higher. The principal is repayable over 5 years in semi-annual instalments after the moratorium period of 3 years. Interest is to be serviced semi-annually during moratorium and thereafter semi-annually in arrears.

As at 31 March 2017, the Group had undrawn facilities to the value of AED 7,400,000 (31 December 2016: AED 11,484,000) which expires within one year and are subject to floating profit rate of EIBOR +2.5%.

# MARKA PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

### 16 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Balance at the beginning of the period/ year	3,360	2,657
Charge for the period/ year	496	1,622
Payments during the period/ year	(231)	(821)
Derecognised liabilities directly associated with assets classified as held for sale (Notes 13 and 27)	(1,955)	(98)
Balance at the end of the period/ year	1,670	3,360

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 March 2017, using the projected unit credit method, in respect of employees' end of service benefits payable under the applicable Local Labour Laws. Under this method an assessment has been made of the employees' expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (31 December 2016: 3%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 2.52% (31 December 2016: 2.52%).

### 17 TRADE AND OTHER PAYABLES

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Trade payables	51,327	28,909
Accruals	14,172	19,508
Accrued interest	6,026	5,317
Other payables	7,040	15,360
	78,565	69,094

### 18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, key management personnel, associated companies, joint venture, directors and businesses including affiliates controlled directly or indirectly by the shareholders and directors or over which they exercise significant management influence.

The details of transactions and balances with related parties are shown below:

Description of transaction and name of related party	Relationship	Three-month period ended 31 March 2017 AED'000 Reviewed	Three-month period ended 31 March 2016 AED'000 Audited
<i>Sale of ownership interest in a subsidiary</i> (Note 13)			
Evolvence Knowledge Investments	Entity controlled by one of the Group's key management personnel	42,000	-
<b>Key management compensation</b>			
Salaries and other short term employee benefits		1,581	1,581
Other benefits		486	378
		2,067	1,959

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with related parties are carried out at mutually agreed rates.

There were no fees paid to the Board of Directors during the period (2016: nil).

No loans have been provided to the Directors, their spouses, children and relatives of the second degree or any corporates which they own 20% or more.

Balances with related parties are as follows:

Name of related party	Relationship	31 March 2017 AED'000	31 December 2016 AED'000
<b>Due from related parties</b>			
Evolvece Knowledge Investments	Entity controlled by one of the Group's key management personnel	84,000	42,000
Ginza Restaurants LLC	Entity controlled by one of the Group's key management personnel	2,204	2,435
Marka Fitout Group	Associate	6,610	4,468
Cheeky Monkeys	Associate	-	870
		92,814	49,773
<b>Due to related parties</b>			
Evolvece Capital LLC	Entity controlled by one of the Group's key management personnel	-	93
Key management personnel	Key management personnel	-	855
		-	948

#### 19 REVENUE

	Three-month period ended	
	31 March 2017 AED'000 Reviewed	31 March 2016 AED'000 Restated
Food and beverage	30,719	33,263
Sale of merchandise	2,540	9,984
	33,259	43,247

#### 20 COST OF SALES

Costs of goods sold:		
Food and beverage	12,409	7,458
Merchandise	1,743	3,889
Staff costs (Note 23)	5,893	7,356
	20,045	18,703

# MARKA PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

### 21 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended	
	31 March 2017	31 March 2016
	AED'000	AED'000
	Reviewed	Restated
Staff costs (Note 23)	9,820	11,179
Repairs and maintenance	2,076	1,240
Rent	1,977	1,680
Depreciation and amortisation	1,422	1,520
Transportation	1,301	571
Professional and legal	1,224	1,234
Trade licenses and related fees	545	541
Royalty	462	357
Utilities	333	745
Credit card expenses	276	335
Printing and stationery	199	153
Travelling and accommodation	199	139
Office administration costs	142	139
Others	2,663	534
	22,639	20,367

There were no social contributions made during the three-month period ended 31 March 2017 (2016: nil).

### 22 SELLING AND DISTRIBUTION EXPENSES

Rent	12,579	6,572
Depreciation and amortisation	6,523	3,574
Utilities	2,363	880
Staff costs (Note 23)	773	1,316
Advertisement and business development	714	1,838
	22,952	14,180

### 23 STAFF COSTS

Salaries and wages	15,268	13,040
Other benefits	722	6,742
End of service benefits (Note 16)	496	69
	16,486	19,851

#### *Included under*

Cost of sales (Note 20)	5,893	7,356
General and administrative expenses (Note 21)	9,820	11,179
Selling and distribution expenses (Note 22)	773	1,316
	16,486	19,851

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 24 OTHER INCOME

	Three-month period ended	
	31 March 2017 AED'000 Reviewed	31 March 2016 AED'000 Restated
Franchise income	198	250
Royalty income	-	421
Others	1,530	19
	<u>1,728</u>	<u>690</u>

#### 25 FINANCE INCOME/(COSTS) - NET

Finance income	365	830
Finance costs	(8,070)	(6,318)
Finance costs - net	<u>(7,705)</u>	<u>(5,488)</u>

#### 26 FINANCIAL INSTRUMENTS

The accounting policies for the financial instruments have been applied to the line items below:

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
<b>Financial assets</b>		
Available-for-sale financial assets	50,000	50,000
<i>At amortised cost</i>		
Cash and bank balances (Note 12)	76,738	86,606
Due from related parties (Note 18)	92,814	49,773
Trade and other receivables (excluding prepayments and advances to suppliers) (Note 11)	35,562	64,671
	<u>255,114</u>	<u>251,050</u>
<b>Financial liabilities</b>		
<i>At amortised cost</i>		
Trade and other payables (Note 17)	78,565	69,094
Due to related parties (Note 18)	-	948
Borrowings (Note 15)	702,449	681,992
	<u>781,014</u>	<u>752,034</u>



## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 27 DISCONTINUED OPERATION

In 2017, the Group signed a binding offer letter from an external buyer in relation to the proposed acquisition of the entire issued share capital of a subsidiary ("Retailcorp"). The binding offer letter sets out the principal terms and conditions on and subject to which the buyer is willing to buy all the issued shares of Retailcorp from the Group subject to the agreement and signature by the parties of a detailed legally binding acquisition agreement.

As at 31 March 2017, the Group determined that Retailcorp met the definition of a discontinued operation as set out by IFRS 5 'Non-current assets held for sale and discontinued operations' and accordingly presented its results in this interim condensed consolidated financial information as a discontinued operations.

The financial performance and cash flow information for the three-month period ended 31 March 2017 and the 31 March 2016 are presented below:

	31 March 2017 AED'000	31 March 2016 AED'000
Revenue	23,838	32,483
Cost of sales	(13,741)	(20,376)
<b>Gross profit</b>	10,097	12,107
General and administrative expenses	(2,633)	(3,297)
Selling and distribution expenses	(12,512)	(12,243)
Other (expenses) / income - net	16	18
Finance costs - net	(193)	(140)
Profit from discontinued operation	(5,225)	(3,555)
Net cash generated from/(used in) operating activities	13,219	(12,299)
Net cash used in investing activities	(7)	(186)
Net cash generated from financing activities	-	12,485
Net cash generated from discontinued operation	13,212	-

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2017:

	31 March 2017 AED'000
Assets classified as held for sale	
Property and equipment	19,412
Intangible assets (including goodwill)	129,683
Inventories	39,862
Trade and other receivables	32,636
Cash and bank balances	13,704
	235,297
Liabilities directly associated with assets classified as held for sale	
Provision for employees' end of service benefits	1,955
Trade and other payables	12,980
	14,935

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 28 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Director that are used to make strategic decisions.

For management purposes, the Group is organised into business units based on their products and services and the following reportable segments:

- (1) Sports
- (2) Fashion
- (3) Hospitality
- (4) Other

There are no sales between segments during the period.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial information.

The Board of Directors is also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components (i.e. combination of all products and services) by distribution and by region. The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors rely mainly on the revenue and net profit information that contains lower level components. Hence, the segment information provided is primarily to the net profit level of the Group.

	<b>Sports UAE</b>	<b>Fashion UAE</b>	<b>Hospitality UAE</b>	<b>Others*</b>	<b>Inter-segment eliminations</b>	<b>Total UAE</b>
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue for the three-month period ended 31 March 2017	632	1,489	30,715	423	-	33,259
Share of loss of joint venture accounted for using the equity method for the three-month period ended 31 March 2017	-	-	-	(433)	-	(433)
Net income/(loss) from continuing operation for the three-month period ended 31 March 2017	8,505	(3,999)	(17,015)	(10,123)	-	(22,632)
Total assets as at 31 March 2017**	180,589	37,958	542,278	476,697	(413,407)	824,115
Total liabilities as at 31 March 2017***	477,612	63,525	587,527	66,476	(413,407)	781,733

## MARKA PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 28 SEGMENT INFORMATION (continued)

	Sports UAE	Fashion UAE	Hospitality UAE	Others*	Inter-segment eliminations	Total UAE
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue for the three-month period ended 31 March 2016 – restated	8,249	1,908	33,090	-	-	43,247
Share of profit of joint venture accounted for using the equity method for the three-month period ended 31 March 2016	-	-	-	506	-	506
Net (loss)/income from continuing operations for the three-month period ended 31 March 2016 – restated	(5,513)	(3,066)	2,924	(8,640)	-	(14,295)
Total assets as at 31 December 2016	403,518	37,633	562,855	472,657	(431,029)	1,045,634
Total liabilities as at 31 December 2016	483,537	59,200	591,089	52,597	(431,029)	755,394

\*“Others” includes the corporate function of the Group.

\*\* excludes assets classified as held for sale amounting to AED 235.3 million.

\*\*\* excludes liabilities directly associated with assets classified as held for sale amounting to AED 14.9 million.

There were no difference in the basis of segmentation or measurement of segment profit or loss in the interim condensed consolidated financial information as compared to the Group’s consolidated financial statements for the year ended 31 December 2016.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (continued)

#### 29 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

	For the three-month period ended	
	31 March 2017 AED'000 Reviewed	31 March 2016 AED'000 Reviewed
Total comprehensive loss from continuing operations attributable to equity holders of the Company (in AED'000)	(22,632)	(14,295)
Total comprehensive loss attributable to equity holders of the Company (in AED'000)	(27,780)	(18,215)
Weighted average number of shares in issue (in thousands)	500,000	500,000
Basic and diluted earnings per share from continuing operations (in AED per share)	(0.04526)	(0.02859)
Basic and diluted earnings per share (in AED per share)	(0.05556)	(0.03643)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. On 31 March 2017, the Company did not have such dilutive ordinary shares. Therefore, diluted earnings per share equal the basic earnings per share.

#### 30 CONTINGENCIES AND COMMITMENTS

##### *Operating lease commitments*

The Group has entered into non-cancellable operating leases in respect of the rent agreement for its head office, retail outlets and restaurants spaces in Dubai. Future minimum rentals payable under non-cancellable operating leases as at 31 March 2017 are as follows:

	31 March 2017 AED'000 Reviewed	31 December 2016 AED'000 Audited
Not later than 1 year	47,129	52,224
Later than 1 year and not later than 5 years	51,570	60,109
	98,699	112,333

#### 31 SUBSEQUENT EVENTS

##### *Sale of subsidiary*

On 12 April 2017, the Group entered into an agreement for the sale and purchase of the entire issued share capital of Retailcorp to GMG Holding Limited. Total agreed consideration for the sale is AED 200 million subject to completion and post-completion adjustments.

As disclosed in Note 27, the operating results of Retailcorp has been presented as discontinued operations as at 31 March 2017.

##### *Increase in authorised capital*

During its annual general assembly held on 30 April 2017, the shareholders approved the Board of Directors' recommendation by a special resolution to set up an authorised capital for the amount of AED 1 billion and to amend the Articles of Association of the Company after obtaining the approvals from the relevant authorities.