

MARKA PJSC

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

MARKA PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017

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Directors' report for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2017 are set out on page 4 of the interim condensed consolidated financial information.

Directors

The directors who served during the nine-month period ended 30 September 2017 were:

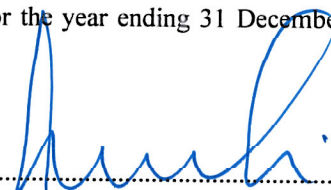
H.E. Jamal Al Hai
H.E. Khaled Mohammed Alkamda (appointed 30 April 2017)
Mr. Naser Al Nabulsi
Mr. Khaled Salem Almheiri
Mr. Mohammed Saif Darwish Ahmed Al Ketbi (appointed 30 April 2017)
Mr. Hamad Al Shamsi
Mr. Khalid Bin Kalban (appointed on 8 January 2017)
Mr. Adel Zarouni (appointed on 8 January 2017)
Mr. Abdulla Hamad Al Awani (appointed on 13 February 2017)
Mr. Jamal Shaafar (until 30 April 2017)
Mr. Abubaker Al Khoori (until 30 April 2017)
Mr. Mohammad AlQahtani (until 30 April 2017)
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)

Auditors

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



.....
Mr. Khalid Bin Kalban
Chairman



.....
Mr. Khaled Salem Almheiri
Director of the Board

13 November 2017

.....
Date



Review report on interim condensed consolidated financial information to the Directors 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 30 September 2017 and the related interim condensed consolidated statements of comprehensive income for the three-month period and nine-month period then ended and interim condensed consolidated statements of changes in equity and cash flows for the nine-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".

Material uncertainty relating to going concern

Without qualifying our conclusion, we draw attention to Note 2.1 to the interim condensed consolidated financial information, which indicates that the Group incurred a net loss of AED 199 million and had a negative operating cash flows of AED 45 million during the nine-month period ended 30 September 2017 and has accumulated losses of AED 406 million as at that date. These conditions, along with other matters as set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

PricewaterhouseCoopers
13 November 2017

Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

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MARKA PJSC

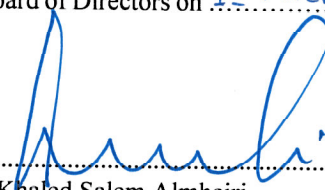
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2017 AED'000 (Reviewed)	As at 31 December 2016 AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	6	129,260	210,155
Intangible assets	7	307,341	434,205
Investment in a joint venture	8	14,123	13,526
Investment in an associate	9	200	120
Available-for-sale financial assets	10	50,000	50,000
		500,924	708,006
Current assets			
Inventories	11	12,227	48,899
Trade and other receivables	12	198,206	124,228
Due from related parties	19	95,486	49,773
Cash and bank balances	13	2,052	86,606
		307,971	309,506
Assets classified as held for sale	14	-	28,122
		307,971	337,628
Total assets		808,895	1,045,634
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	15	500,000	500,000
Share premium		143	143
Translation reserve		(2,028)	(2,475)
Accumulated losses		(406,306)	(207,428)
Net equity		91,809	290,240
LIABILITIES			
Non-current liabilities			
Borrowings	16	517,679	589,708
Provision for employees' end of service benefits	17	3,549	3,360
		521,228	593,068
Current liabilities			
Trade and other payables	18	137,739	69,094
Due to related parties	19	308	948
Borrowings	16	57,811	92,284
		195,858	162,326
Total liabilities		717,086	755,394
Total equity and liabilities		808,895	1,045,634

This interim condensed consolidated financial information were approved by the Board of Directors on 13 November 2017 and were signed on its behalf by:



.....
Mr. Khalid Bin Kalban
Chairman



.....
Mr. Khaled Salem Almheiri
Director of the Board

MARKA PJSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three-month period ended		For the nine-month period ended	
		30 September 2017	30 September 2016	30 September 2017	30 September 2016
		AED'000 (Reviewed)	AED'000 (Restated)	AED'000 (Reviewed)	AED'000 (Restated)
Revenue	20	23,140	37,518	78,558	118,424
Cost of sales	21	(11,562)	(21,238)	(51,239)	(58,774)
Gross profit		11,578	16,280	27,319	59,650
General and administrative expenses	22	(11,021)	(24,219)	(84,214)	(66,406)
Selling and distribution expenses	23	(16,569)	(16,450)	(56,201)	(49,087)
Impairment of property and equipment and intangible assets		-	-	(69,049)	-
Other income/(loss) - net	25	1,655	(570)	8,645	2,033
Operating loss		(14,357)	(24,959)	(173,500)	(53,810)
Finance income		507	234	3,120	3,430
Finance costs		(8,205)	(7,104)	(25,909)	(20,165)
Finance costs - net		(7,698)	(6,870)	(22,789)	(16,735)
Share of (loss)/profit of joint venture accounted for using the equity method		(228)	(1,576)	195	(543)
Gain on sale of assets held for sale	14	-	30,199	16,155	30,199
Loss for the period		(22,283)	(3,206)	(179,939)	(40,889)
Loss from discontinued operation	27	-	(8,173)	(18,939)	(6,272)
Loss for the period		(22,283)	(11,379)	(198,878)	(47,161)
Attributable to:					
The shareholders of the Company		(22,283)	(11,832)	(198,878)	(48,690)
Non-controlling interest		-	453	-	1,529
Loss for the period		(22,283)	(11,379)	(198,878)	(47,161)
Loss per share (expressed in AED per share)					
Basic and diluted loss per share		0.04457	0.02366	0.39776	0.09738
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Share of exchange difference on translation of foreign operations of joint venture		227	(604)	447	(1,429)
Other comprehensive income/(loss) for		227	(604)	447	(1,429)
Total comprehensive loss for the period		(22,056)	(11,983)	(198,431)	(48,590)
Attributable to:					
The shareholders of the Company		(22,056)	(12,436)	(198,431)	(50,119)
Non-controlling interest		-	453	-	1,529
Total comprehensive loss for the period		(22,056)	(11,983)	(198,431)	(48,590)
Loss per share (expressed in AED per share)					
Basic and diluted loss per share		0.04411	0.02487	0.39686	0.10024

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company							
	Note	Share capital	Share premium	Translation reserve	Accumulated losses	Total	Non-controlling interest	
		AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2016		500,000	143	(495)	(56,900)	442,748	10,256	453,004
Comprehensive income								
Loss for the period		-	-	-	(48,690)	(48,690)	1,529	(47,161)
Other comprehensive income								
Share of exchange difference on translation of foreign operations of joint venture	8	-	-	(1,429)	-	(1,429)	-	(1,429)
Total comprehensive loss								
Loss of control of a subsidiary		-	-	(1,429)	(48,690)	(50,119)	1,529	(48,590)
As at 30 September 2016 (Reviewed)		500,000	143	(1,924)	(105,590)	392,629	-	392,629
As at 1 January 2017		500,000	143	(2,475)	(207,428)	290,240	-	290,240
Comprehensive income								
Loss for the period		-	-	-	(198,878)	(198,878)	-	(198,878)
Other comprehensive income								
Share of exchange difference on translation of foreign operations of joint venture	8	-	-	447	-	447	-	447
Total comprehensive loss								
As at 30 September 2017 (Reviewed)		500,000	143	(2,028)	(406,306)	91,809	-	91,809

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the nine-month period ended	
		30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Cash flows from operating activities			
Loss for the period:			
Continuing operations		(179,939)	(40,889)
Discontinued operations		(18,939)	(6,272)
Adjustments for:			
Depreciation and amortisation	6,7	23,025	22,070
Impairment of property and equipment and intangible assets		69,049	-
Share of profit of joint venture and associate accounted for using the equity method	8,9,14	(230)	544
Provision for impairment of trade and other receivables		11,122	3,500
Provision for inventory obsolescence		4,853	-
Loss on disposal of intangible assets		632	-
Loss on disposal of property and equipment		1,828	1,793
Gain on sale of assets held for sale		(16,155)	-
Gain on sale of subsidiary		(9,650)	(30,199)
Finance costs		25,909	20,636
Finance income		(3,120)	(3,430)
Provision for end of service benefits of employees	17	1,424	1,339
Operating cash flows before changes in working capital		(90,191)	(30,908)
End of service benefits paid	17	(1,235)	(590)
Changes in working capital:			
Trade and other receivables – excluding interest receivable		62,364	(9,110)
Inventories		(5,037)	(10,311)
Due from related parties		(87,713)	(13,236)
Trade and other payables – excluding interest payable		77,187	(25,034)
Due to related parties		(640)	(1,634)
Net cash used in operating activities		(45,265)	(90,823)
Cash flows from investing activities			
Proceeds from sale of subsidiary		84,277	-
Proceeds from withdrawal of term deposits		-	105,130
Purchase of property and equipment	6	(28,806)	(82,646)
Proceeds from disposal of property and equipment		-	290
Effect of deconsolidation of investment in a subsidiary on cash and cash equivalents		-	(3,735)
Purchase of intangible assets	7	(7,349)	(1,362)
Interest received		-	4,652
Net cash generated from investing activities		48,122	22,329

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	For the nine-month period ended	
	30 September 2017	30 September 2016
	AED'000	AED'000
	(Reviewed)	(Restated)
Cash flows from financing activities		
Proceeds from borrowings	43,782	96,783
Repayment of borrowings	(34,912)	(20,791)
Interest paid	(25,909)	(19,686)
Net cash (used in) / generated from financing activities	(17,039)	56,306
Net decrease in cash and cash equivalents	(14,182)	(12,188)
Cash and cash equivalents at the beginning of the period	16,234	21,816
Cash and cash equivalents at the end of the period	13	2,052
	2,052	9,628

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

The Company has amended its Articles of Association in order to comply with UAE Federal Law No. 2 of 2015 ("Companies Law") which has come into effect on 1 July 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 %
Subsidiaries incorporated in the United Arab Emirates					
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
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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Going concern

The Group incurred a loss of AED 198 million and had a negative cash flows of AED 45 million during the nine-month period ended 30 September 2017. Accumulated losses amounted to AED 406 million as at that date (31 December 2016: accumulated losses of AED 207 million).

In accordance with article 302 of the UAE Federal Law No. 2 of 2015, as the losses of the Group exceed half of its issued capital, the Board of Directors called for a General Assembly Meeting on 11 October 2017 where shareholders have approved by a special resolution on the continuation of the Company's operations.

Furthermore, during the Annual General Assembly Meeting 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. The Company's current issued shared capital is AED 500 million divided into 500 million shares with a nominal value of AED 1 per share. In addition, management has prepared detailed cash flow projections covering a five year period that show that the Group will be able to cover the funding gap. Accordingly this interim condensed consolidated financial information has been prepared on a going concern basis

2.2 Basis of preparation

This interim condensed consolidated financial information for the nine-month period ended 30 September 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 consolidated 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.

2.3 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 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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, amendments and interpretations (continued)

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

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.

2.4 Restatement of comparative financial information

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

As at 30 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 in accordance with IFRS 5.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

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.

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.

30 Spsptember 2017	Within 1 year AED'000	2 to 5 years AED'000	Beyond 5 years AED'000	Total AED'000
Trade and other payables	137,739	-	-	137,739
Borrowings	74,269	344,943	176,473	595,685
	212,008	344,943	176,473	733,424

31 December 2016	Within 1 year AED'000	2 to 5 years AED'000	Beyond 5 years AED'000	Total AED'000
Trade and other payables	69,094	-	-	69,094
Due to related parties	948	-	-	948
Borrowings	120,856	413,399	275,330	809,585
	190,898	413,399	275,330	879,627

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

5 ADJUSTMENTS RELATING TO SIX-MONTH PERIOD ENDED 30 JUNE 2017

The Company's management has reassessed the provision taken during the period ended 30 June 2017 relating to its plan to close certain outlets and has obtained the Executive Committee's approval to increase the provision in the interim condensed financial information for the six-month period ended 30 June 2017. The initial provision relating to loss on property and equipment amounting to AED 56.5 million has been increased to AED 70.3 million, a provision relating to deposits made in relation to outlets that will not be operated by the group was booked amounting to AED 6.6 million and accruals for rent expenses amounting to AED 1.5 million. Had these entries been booked in the interim condensed financial information for the six-month period ended 30 June 2017, the total comprehensive income for the six-month period would have amounted to AED 176 million instead of AED 154 million.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

6 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
Cost								
At 1 January 2016	-	-	95,866	15,428	1,211	9,255	2,940	124,700
Additions	2,267	21,756	39,678	9,552	191	4,352	4,850	82,646
Disposals	-	-	(4,640)	(590)	(134)	-	-	(5,364)
Effect of deconsolidation of subsidiary	-	-	(12,461)	(2,337)	(475)	(419)	(7,588)	(23,280)
At 30 September 2016 (reviewed)	2,267	21,756	118,443	22,053	793	13,188	202	178,702
At 1 January 2017	2,267	21,756	158,519	24,318	738	14,744	19,506	241,848
Additions	-	-	11,438	4,349	118	1,687	11,214	28,806
Disposals	-	-	(1,448)	(328)	(245)	(167)	-	(2,188)
Assets included in a disposal group classified as held for sale and other disposals	-	-	(36,186)	(3,157)	-	-	(675)	(40,018)
At 30 September 2017 (reviewed)	2,267	21,756	132,323	25,182	611	16,264	30,045	228,448
Accumulated depreciation and impairment								
At 1 January 2016	-	-	10,002	1,414	30	731	-	12,177
Charge for the period	-	1,096	13,939	3,485	202	1,557	-	20,279
Disposals	-	-	(2,963)	(254)	(64)	-	-	(3,281)
Effect of deconsolidation of subsidiary	-	-	(5,026)	(1,239)	(143)	(84)	-	(6,492)
At 30 September 2016 (reviewed)	-	1,096	15,952	3,406	25	2,204	-	22,683
At 1 January 2017	-	1,645	22,706	4,571	5	2,766	-	31,693
Charge for the period	-	1,603	14,298	3,794	83	1,659	-	21,437
Disposal	-	-	(180)	(76)	(76)	(28)	-	(360)
Impairment charge	-	-	38,944	5,603	81	4,973	17,137	66,738
Assets included in a disposal group classified as held for sale	-	-	(18,940)	(1,380)	-	-	-	(20,320)
At 30 September 2017 (reviewed)	-	3,248	56,828	12,512	93	9,370	17,137	99,188
Net book amount								
At 30 September 2017 (reviewed)	2,267	18,508	75,495	12,670	518	6,894	12,908	129,260
At 30 September 2016 (reviewed)	2,267	20,660	102,491	18,647	768	10,984	202	156,019

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

6 PROPERTY AND EQUIPMENT (continued)

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 16).

Management has assessed the Group's outlet-wise profitability and accordingly submitted to the Executive Committee a plan to close certain loss making outlets. After obtaining the approval of the Executive Committee, management assessed the required provisions for the expected losses in inventories of AED 4.7 million (Note 11), disposal of property and equipment of AED 66.7 million, intangible assets of AED 2.3 million (Note 7) and lease penalties of AED 7.1 million (Note 22).

7 INTANGIBLE ASSETS

	Goodwill AED'000	Brand name AED'000	Supplier agreements AED'000	Computer software AED'000	Franchise AED'000	Total AED'000
Cost						
At 1 January 2016	441,765	62,378	3,915	1,656	3,528	513,242
Additions	-	-	-	1,362	-	1,362
Effect of deconsolidation of subsidiary	(15,246)	(4,205)	-	(376)	-	(19,827)
At 30 September 2016 (reviewed)	426,519	58,173	3,915	2,642	3,528	494,777
At 1 January 2017	412,516	58,173	3,915	3,020	16,863	494,487
Additions	2,177	-	-	92	5,080	7,349
Disposals	-	-	-	(632)	-	(632)
Assets included in a disposal group classified as held for sale and other disposals	(182,099)	-	-	(7)	-	(182,106)
At 30 September 2017 (reviewed)	232,594	58,173	3,915	2,473	21,943	319,098
Accumulated amortisation and impairment						
At 1 January 2016	-	187	979	207	224	1,597
Charge for the period	-	168	979	315	329	1,791
Effect of deconsolidation of subsidiary	-	(355)	-	(107)	-	(462)
At 30 September 2016 (reviewed)	-	-	1,958	415	553	2,926
At 1 January 2017	53,812	3	3,915	549	2,003	60,282
Charge for the period	-	-	-	340	1,248	1,588
Impairment charge	-	-	-	133	2,178	2,311
Assets included in a disposal group classified as held for sale and other disposals	(52,420)	-	-	(4)	-	(52,424)
At 30 September 2017 (reviewed)	1,392	3	3,915	1,018	5,429	11,757
Net book amount						
At 30 September 2017 (reviewed)	231,202	58,170	-	1,455	16,514	307,341
At 30 September 2016 (reviewed)	426,519	58,173	1,957	2,227	2,975	491,851

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

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

7 INTANGIBLE ASSETS (continued)

- 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 13,334,695 (2016: AED 3.9 million).

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	Morelli's KSA AED'000	Total AED'000
At 30 September 2017	223,051	-	1,640	4,334	2,177	231,202
At 31 December 2016	223,051	129,679	1,640	4,334	-	358,704

8 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:

	30 September AED'000 (Reviewed)	30 September 2016 AED'000 (Reviewed)
At the beginning of the year	13,526	15,759
Share of profit/(loss) for the period	150	(544)
Share of other comprehensive income for the period	-	(1,429)
Share of exchange gain on translation of foreign operations of joint venture for the period	447	-
At the end of the period	14,123	13,786

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

9 INVESTMENT IN ASSOCIATE

	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Reviewed)
At the beginning of the period/year	120	
Share of profit for the period/year	80	
At the end of the period/year	200	

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.

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 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 nine 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 million are placed as a security against term financing facilities of AED 50 million (Note 16).

11 INVENTORIES

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Goods held for sale	16,548	48,670
Consumables	1,013	719
Provision for impairment	(5,334)	(490)
	12,227	48,899

The cost of inventories recognised as expense and included in costs of sales for nine-month period ended 30 September 2017 amounted to AED 6,6 and 22.2 million (30 September 2016: AED 22.2 million and AED 32.8 million).

Provision for impairment of inventories of AED 4.7 million relates to management's plan to close certain loss making outlets. The cost of inventories held at these outlets was fully impaired as at 30 September 2017.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

12 TRADE AND OTHER RECEIVABLES

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Trade receivables	1,636	24,475
Receivables from the sale a subsidiary and associate	115,000	-
Security deposits	18,285	28,352
Advances to suppliers	16,963	34,652
Prepayments	48,253	24,905
Franchise fee receivable	690	8,263
Interest receivable	-	50
Other receivables	3,679	3,531
Provision for deposits and prepayments	(6,300)	-
	<u>198,206</u>	<u>124,228</u>

On 2 May 2017 the Group sold its subsidiary (“Retailcorp”) to GMG Holding Limited for the total consideration of AED 200 million. As at 30 September 2017 the outstanding balance of receivables amounted to AED 115 million (Note 27).

The ageing analysis of performing trade receivables is as follows:

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Up to 1 month	273	214
1 to 3 months	340	238
3 to 6 months	1,023	23,287
Over 6 months	-	736
	<u>2,076</u>	<u>24,475</u>

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.

13 CASH AND BANK BALANCES

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Cash on hand	650	1,567
Cash at banks	1,202	14,667
Term deposits	200	70,372
Cash and bank balances	<u>2,052</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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

13 CASH AND BANK BALANCES (continued)

Term deposits are presented as cash equivalents only if they have a maturity of nine-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:

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Cash and bank balances	2,052	86,606
Less: Term deposits with original maturity greater than three months	-	(70,372)
Less: Bank overdrafts (Note 16)	-	(43,631)
Cash and cash equivalents	2,052	(27,397)

14 ASSETS CLASSIFIED AS HELD FOR SALE

	30 September 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 dividends 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

14 ASSETS CLASSIFIED AS HELD FOR SALE (continued)

	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 Evolvence 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.

As at 30 September 2017, the total receivables of the Group from Evolvence Knowledge Investments related to the sale of Cheeky Monkeys amounted to AED 84 million. In accordance with addendum to the sale and purchase agreement, all receivables are overdue on 30 September 2017. However, management believes that the amount will be collected before 31 December 2017.

15 SHARE CAPITAL

	Number of ordinary shares	30 September 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. During the Annual General Assembly held on 30 April 2017, the shareholders approved the Board of Directors' recommendation by a special resolution to increase the authorised capital from AED 500 million to the amount of AED 1 billion and to amend the articles of association of the Company and issue the additional shares during the year.

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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

16 BORROWINGS

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Commodity Murabaha	284,801	284,801
Term finance	176,833	247,168
Mudaraba	78,238	69,173
Mezzanine finance	23,000	22,885
Corporate Ijara	12,618	14,334
Bank overdrafts	-	43,631
	<u>575,490</u>	<u>681,992</u>

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

Within one year	57,811	92,284
After one year but not more than five years	341,448	328,351
More than five years	176,231	261,357
	<u>575,490</u>	<u>681,992</u>

All borrowings are denominated in AED. Interest rates on the Group's borrowings ranged from 4.1% to 7.8% per annum (2016 3.8% 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 30 September 2017, total undrawn amount from this facility amounted to AED 0.9 million.

As at 30 September 2017, the Group had no undrawn facilities (31 December 2016: AED 11,484,000).

17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Audited)
Balance at the beginning of the period/ year	3,360	2,657
Charge for the period/ year	1,424	1,339
Payments during the period/ year	(1,235)	(590)
Derecognised liabilities directly associated with assets classified as held for sale	-	(98)
Balance at the end of the period/ year	<u>3,549</u>	<u>3,308</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 30 September 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%).

18 TRADE AND OTHER PAYABLES

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Trade payables	23,571	28,909
Accruals	22,328	19,508
Accrued interest	9,825	5,317
Other payables	82,015	15,360
	137,739	69,094

19 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:

	Nine-month period ended 30 September 2017 AED'000	Nine-month period ended 30 September 2016 AED'000
Sale of 15% interest in subsidiary to an entity controlled by a key management personnel (Note 13)	-	21,000
Key management compensation		
Salaries and other short term employee benefits	3,742	4,743
Bonus and termination benefits	7,245	-
Other benefits	1,347	1,416
	12,334	6,159

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

19 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	30 September 2017 AED'000	31 December 2016 AED'000
Due from related parties			
Evolve Knowledge Investments	Entity controlled by one of the Group's key management personnel	84,000	42,000
Marka Fitout Group	Associate	8,765	4,468
Ginza Restaurants LLC	Entity controlled by one of the Group's key management personnel	2,282	2,435
Repton School FZ LLC	Entity controlled by one of the Group's key management personnel	439	-
Cheeky Monkeys*	Associate	-	870
		95,486	49,773
Due to related parties			
Key management personnel	Accrual for key management personnel's bonus and termination benefits	308	855
Evolve Capital LLC	Entity controlled by one of the Group's key management personnel	-	93
		308	948

*Note that Cheeky Monkeys is no longer a related party as at 30 September 2017 (refer to Note 14).

20 REVENUE

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Sale of merchandise	969	9,958	5,047	31,284
Food and beverage	22,171	27,560	73,511	87,140
	23,140	37,518	78,558	118,424

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

21 COST OF SALES

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Costs of goods sold:				
Merchandise	467	1,824	3,153	10,194
Food and beverage	6,127	8,662	19,014	22,644
Staff costs (Note 23)	5,282	10,752	24,219	25,936
(Reversal)/ Provision for inventory obsolescence	(314)	-	4,853	-
	11,562	21,238	51,239	58,774

22 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Staff costs (Note 23)	6,181	10,913	31,172	32,421
Provision impairment of trade and other receivables	-	2,500	11,122	3,500
Lease penalty	-	-	7,145	-
Rent	376	2,003	6,771	5,240
Depreciation and amortisation	1,242	2,224	4,024	5,168
Professional and legal	984	1,182	3,328	3,568
Royalty	578	305	1,649	986
Trade licenses and related fees	549	615	1,569	1,792
Utilities	214	432	846	1,761
Credit card expenses	198	289	728	927
Office administration costs	111	158	577	604
Printing and stationery	46	160	401	550
Travelling and accommodation	49	125	348	532
Others	493	3,313	14,534	9,357
	11,021	24,219	84,214	66,406

There were no social contributions made during the nine-month period ended 30 September 2017 (2016: nil).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

23 SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Rent	8,299	7,938	27,779	23,106
Depreciation and amortisation	4,869	4,369	18,113	12,944
Staff costs (Note 23)	775	1,418	2,402	4,100
Advertisement and business development	408	1,201	1,876	5,163
Utilities	2,218	1,524	6,031	3,774
	16,569	16,450	56,201	49,087

24 STAFF COSTS

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Salaries and wages	6,591	13,667	30,675	35,776
Other benefits	5,154	9,230	25,694	25,489
End of service benefits (Note 16)	493	186	1,424	1,192
	12,238	23,083	57,793	62,457

Included under

Cost of sales (Note 21)	5,282	10,752	24,219	25,936
General and administrative expenses (Note 22)	6,181	10,913	31,172	32,421
Selling and distribution expenses (Note 23)	775	1,418	2,402	4,100
	12,238	23,083	57,793	62,457

25 OTHER INCOME – NET

	For the three-month period ended		For the nine-month period ended	
	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)	30 September 2017 AED'000 (Reviewed)	30 September 2016 AED'000 (Restated)
Gain on sale of a subsidiary (Note 28)	-	-	9,650	-
Franchise income	922	106	1,541	2,486
Loss on disposal of property and equipment	-	(747)	(3,027)	(1,725)
Royalty income	-	(16)	-	1,014
Others	733	87	481	258
	1,655	(570)	8,645	2,033

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

26 FINANCIAL INSTRUMENTS

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

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Financial assets		
Available-for-sale financial assets (Note 9)	50,000	50,000
<i>At amortised cost</i>		
Cash and bank balances (Note 13)	2,052	86,606
Due from related parties (Note 19)	95,486	49,773
Trade and other receivables (excluding prepayments and advances to suppliers) (Note 12)	132,990	64,671
	<u>230,528</u>	<u>201,050</u>
Financial liabilities		
<i>At amortised cost</i>		
Trade and other payables (Note 17)	137,739	69,094
Due to related parties (Note 18)	308	948
Borrowings (Note 15)	575,490	681,992
	<u>713,537</u>	<u>752,034</u>

27 DISCONTINUED OPERATION

Description

On 12 April 2017, the Group signed an agreement with GMG Holding Limited for the sale and purchase of the entire issued share capital of the subsidiary ("Retailcorp") which sets out the principal terms and conditions on and subject to which the buyer is willing to buy the subsidiary from the Group.

The subsidiary was sold on 2 May 2017 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information from 1 January 2017 to 2 May 2017 and the nine-month period ended 30 September 2016 are presented below:

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

27 DISCONTINUED OPERATION (continued)

	2 May 2017 AED'000	30 September 2016 AED'000
Revenue	13,446	112,679
Cost of sales	(12,684)	(70,116)
Gross profit	762	42,563
General and administrative expenses	(2,873)	(10,748)
Selling and distribution expenses	(16,612)	(37,572)
Other income/(expense) - net	22	(44)
Finance costs - net	(238)	(471)
(Loss)/profit from discontinued operation	(18,939)	(6,272)
Net cash generated from / (used in) operating activities	430	(22,353)
Net cash (used in) / generated from investing activities	(693)	251
Net cash used in financing activities	-	(558)
Net cash used in discontinued operation	(263)	(22,660)

Details of the sale of the subsidiary

	2 May 2017 AED'000 Reviewed
Consideration received or receivable:	
Cash	85,000
Fair value of consideration	115,000
Total disposal consideration	200,000
Less: Carrying amount of net assets sold	(190,350)
Gain on sale	9,650

In accordance with the terms of the agreement, the consideration of AED 115 million will be received after obtaining consent of two lessors to the relevant change of control and respective renewal of lease agreements within the period of 150 days from the acquisition date. The Group obtained the consent from one of lessors within the timeframe which covers AED 25 million of the total outstanding receivables. The consent from the last lessor is still being prepared which covers the remaining receivables of AED 90 million.

The carrying amounts of assets and liabilities as at 2 May 2017 were:

	2 May 2017 AED'000 (Reviewed)
Assets	
Property and equipment	19,700
Intangible assets	3
Inventories	36,856
Trade and other receivables	12,427
Cash and bank balances	229
	69,215
Liabilities	
Trade and other payables	8,544
Adjusted book value of net assets	60,671
Goodwill	129,679
Book value of net assets, including goodwill	190,350

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

28 SEGMENT INFORMATION (continued)

	Sports UAE AED'000	Fashion UAE AED'000	Hospitality UAE AED'000	Others* AED'000	Inter-segment Eliminations AED'000	Total UAE AED'000
Segment revenue for the three-month period ended 30 September 2017	192	574	22,171	203	-	23,140
Segment revenue for the nine-month period ended 30 September 2017	1,225	2,851	73,507	975	-	78,558
Share of profit of joint venture accounted for using the equity method for the three-month period ended 30 September 2017	(53)	-	-	(175)	-	(228)
Share of profit of joint venture accounted for using the equity method for the nine-month period ended 30 September 2017	115	-	-	80	-	195
Net loss for the three-month period ended 30 September 2017	(5,484)	(2,577)	(6,697)	(7,695)	-	(22,453)
Net loss for the nine-month period ended 30 September 2017	(10,067)	(34,072)	(96,628)	(39,172)	-	(179,939)
Total assets as at 30 September 2017	213,996	(38,633)	415,291	413,819	(195,578)	808,895
Total liabilities as at 30 September 2017	322,600	17,024	540,201	32,839	(195,578)	717,086
Segment revenue for the three-month period ended 30 September 2016	8,558	1,440	27,520	-	-	37,518
Segment revenue for the nine-month period ended 30 September 2016	26,510	5,091	86,823	-	-	118,424
Share of profit of joint venture accounted for using the equity method for the three-month period ended 30 September 2016	(1,576)	-	-	-	-	(1,576)
Share of profit of joint venture accounted for using the equity method for the nine-month period ended 30 September 2016	(543)	-	-	-	-	(543)
Net loss for the three-month period ended 30 September 2016	(7,176)	(3,460)	(13,119)	20,549	-	(3,206)
Net loss for the nine-month period ended 30 September 2016	(15,156)	(10,057)	(18,449)	2,773	-	(40,889)
Total assets as at 30 September 2016	446,815	29,694	449,818	460,177	(286,144)	1,100,360
Total liabilities as at 30 September 2016	481,640	46,457	461,131	4,647	(286,144)	707,731

*"Others" includes the corporate function of the Group.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017 (continued)

28 SEGMENT INFORMATION (continued)

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.

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		For the nine-month period ended	
	30 September	30 September	30 September	30 September
	2017	2016	2017	2016
	AED'000	AED'000	AED'000	AED'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Total comprehensive loss attributable to equity holders of the Company (in AED'000)	(22,226)	(12,436)	(198,430)	(50,119)
Weighted average number of shares in issue (in thousands)	500,000	500,000	500,000	500,000
Basic and diluted earnings per share (in AED per share)	0.04445	0.02487	0.39686	0.10024

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 30 September 2017, the Company did not have such dilutive ordinary shares. Therefore, diluted earnings per share equal the basic earnings per share.

30 BUSINESS COMBINATION

In 2017, the Group acquired the business and assets of Morelli's Gelato ("Morelli's") franchise in the Kingdom of Saudi Arabia. The business and assets were acquired through a business and asset transfer agreement for a total consideration of AED 7.6 million. Total identifiable net asset acquired from this acquisition amounted to AED 5.4 million.

Under the provisions of IFRS 3 "Business Combinations", the Group has accounted for the purchase of net assets of acquired entity on a provisional basis as the purchase price allocation ("PPA") exercises remain incomplete as at the date of the approval of these consolidated financial statements. The Group is still within the twelve month measurement period permissible for each of the acquisitions. The Group will retrospectively apply the fair values of these acquisitions upon finalisation of the respective PPAs for each of the transactions.

The following summarises the purchase consideration and fair value of net assets acquired and liabilities assumed at the acquisition date:

	Morelli's KSA AED'000
Cash consideration	7,600
Total consideration	7,600
Less: share of identifiable assets acquired and liabilities assumed	
Trade and other receivable	582
Inventories	13
Franchise agreement	5,079
Trade and other payable	(251)
Total identifiable net assets - acquired	5,423
Goodwill	2,177

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2017** (continued)**31 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 30 September 2017 are as follows:

	30 September 2017 AED'000 (Reviewed)	31 December 2016 AED'000 (Audited)
Not later than 1 year	23,254	52,224
Later than 1 year and not later than 5 years	28,252	60,109
	<u>51,506</u>	<u>112,333</u>