MARKA PJSC

DIRECTORS' REPORT AND SPECIAL PURPOSE FINANCIAL STATEMENTS AS AT 23 JUNE 2014

Marka PJSC

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As at 23 June 2014

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Marka PJSC

Directors' report on special purpose financial statements as at 23 June 2014

Dear Shareholders,

The Board of Directors of Marka PJSC ("the company") have the pleasure in presenting the special purpose financial statements as at 23 June 2014, giving the opening financial position of the company on the date of its incorporation.

Principal activities

The company obtained its trade license on 9 July 2014 and established its registered office at Park Place Tower, Suite 1803-1804, Sheikh Zayed Road in Dubai, UAE. The company has hired approximately four employees of all levels. Its principal activities will be investment in retail trade enterprises and management as well as the operation of retail stores dealing in luxury apparel, accessories, sports merchandise and airport concessions in addition to restaurants and cafes of mid to high end dining options across global cuisines. The company is currently active in (i) developing its own concepts, (ii) securing licenses and franchise and distribution rights of a variety of different brands/concepts, (iii) evaluating potential locations for operations as well as screening potential acquisitions.

Results

These special purpose financial statements show the financial position of the company as at its date of incorporation and the company has not yet started its operations.

Directors

The directors who served during the period were:
Mr. Jamal Al Hai
Mr. Khaled Almheiri
Mr. Jamal Shaafar
Mr. Abubaker Al Khoori
Mr. Hamad Al Shamsi
Mr. Mohammad AlQahtani

Auditors

PricewaterhouseCoopers have been appointed as external auditors of the company for the first financial period, which will end on 31 December 2015.

.....
Mr. Khaled Salem Almheiri
Vice Chairman

8 September 2014

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Independent auditor's report to the shareholders of Marka PJSC

Report on the special purpose financial statements

We have audited the accompanying financial statements of Marka PJSC ("the company") which comprise the opening balance sheet as at 23 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the period since inception to 23 June 2014, and a summary of significant accounting policies and other explanatory notes. The special purpose financial statements have been prepared by management of the company in accordance with the accounting policies described in note 2 of the special purpose financial statements, as required by the regulatory requirements of United Arab Emirates Securities and Commodities Authority ("SCA").

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the accounting policies given in note 2 of the special purpose financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial statements as at 23 June 2014 and for the period since inception to 23 June 2014 are prepared, in all material respects, in accordance with the accounting policies described in note 2 to the special purpose financial statements.

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Independent auditor's report to the shareholders of Marka PJSC (continued)

Basis of Accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to note 2 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist the company to comply with the regulatory requirements of SCA. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the company, its shareholders and SCA and should not be used by other parties.

PricewaterhouseCoopers
8 September 2014

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates



Marka PJSC
OPENING BALANCE SHEET

	Note	As at 23 June 2014 AED
Current assets		
Other receivables	4	524,781
Cash and bank balances	5	515,012,274
Total assets		515,537,055
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6	500,000,000
Net initial public offering income	7	143,444
Retained earnings		537,055
Total equity		500,680,499
LIABILITIES		
Current liabilities		
Other liabilities	8	14,856,556
Total liabilities		14,856,556
Total equity and liabilities		515,537,055

These special purpose financial statements were approved by the Board of Directors on 8 September 2014 and were signed on its behalf by:

H.E. Jamal Al Hai
Chairman

Mr. Khaled Salem Almheiri
Vice Chairman

The notes on pages 8 to 12 form an integral part of these special purpose financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the period since inception to 23 June 2014 AED
Other income	9	537,055
Profit for the period		537,055)
Other comprehensive income		-
Total comprehensive profit for the period		537,055
Earnings per share (expressed in dirham per share)		
Basic and diluted earnings per share	11	0.0011

The notes on pages 8 to 12 form an integral part of these special purpose financial statements.

Marka PJSC

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital AED	Share premium AED	Accumulated loss AED	Total AED
Proceeds from issuance of share capital	6	500,000,000	-	-	500,000,000
Net initial public offering income	7	-	143,444	-	143,444
Total comprehensive loss for the period		-	-	537,055	537,055
As at 23 June 2014		500,000,000	143,444	537,055	500,680,499

The notes on pages 8 to 12 form an integral part of these special purpose financial statements.

Marka PJSC

STATEMENT OF CASH FLOWS

	Note	For the period since inception to 23 June 2014 AED
Operating activities		
Profit for the period		537,055
Changes in working capital:		
Other receivables		(524,781)
Other liabilities		14,856,556
Net cash generated from operating activities		14,868,830
Financing activities		
Issue of share capital net of issue cost	6	500,000,000
Net initial public offering income		143,444
Net cash generated from financing activities		500,143,444
Net balance of cash and cash equivalents at the end of the period		515,012,274

The notes on pages 8 to 12 form an integral part of these special purpose financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITY

Marka PJSC ("the company") was incorporated on 23 June 2014, when the final approval from the Ministry of Economic was obtained, and is registered as a Public Joint Stock Company in accordance with the UAE Federal Law No. 8 of 1984, (as amended). The company went for an initial public offering ("IPO") commencing on 13 April 2014 and currently is in the process of getting listed on the Dubai Financial Market. License to start commercial operations was obtained on 9 July 2014. The registered address of the company is office no 1803-04, Level 18, Park Place Tower, Sheikh Zayed Road, P. O. Box 34771, Dubai, United Arab Emirates.

Initial approval to get the company incorporated and eventually go for the IPO was obtained from the Securities and Exchange Authority ("SCA") on 20 March 2013 and the IPO expenses given in note 7 were incurred during the period from 20 March 2013 to 23 June 2014 by the founding shareholder's committee on behalf of the company and were recharged to the company.

As at the opening balance sheet date the company had not started its operations but its principal activities will be operation of retail stores dealing in luxury apparel, accessories, sports merchandise and airport concessions, as well as restaurants and cafes of mid to high end dining options across global cuisines.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

2.1 Basis of preparation

The special purpose financial statements are prepared in accordance with the accounting policies set forth below and regulatory requirements of the United Arab Emirates Securities and Commodities Authority ("SCA"). The special-purpose financial statements have been prepared under the historical cost convention. The principal accounting policies applied in the preparation of these special purpose financial statements are set out below.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the special purpose financial statements of the company are measured using the currency of primary economic environment in which the company operates ('the functional currency'). The special purpose financial statements are presented in United Arab Emirates Dirham ("AED"), which is the company's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in foreign currencies are translated into AED at exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at exchange rates prevailing at the balance sheet date. All gains and losses from settlement and translation of foreign currency transactions are recognised in the statement of comprehensive income.

2.3 Financial assets

2.3.1 Classification

(a) Classification of financial assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the company transfers substantially all risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Financial assets (continued)

2.3.1 Classification (continued)

(a) Classification of financial assets (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise of 'interest receivable' and 'cash and bank balances' in the balance sheet (Note 4 and 5 respectively).

(a) *Recognition and measurement*

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The company assesses, at each reporting date, whether there is objective evidence that financial assets are impaired (refer Note 2.3.3 for a detailed note on impairment of financial assets).

2.3.2 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.3.3 Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.4 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances with an original maturity of less than three months.

2.5 Share capital

Ordinary shares are classified as equity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The company'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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

(a) *Market risk*

(i) Foreign exchange risk

The company is not exposed to a significant foreign exchange risk since majority of the transactions are denominated in AED.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The company has no exposure to price risk.

(iii) Cash flow and fair value interest rate risk

The company's cash at bank carries a rate of return but the period for which this was held as at reporting period end was not significant and any change in the related rate of return will not result a material impact on these financial statements.

(b) *Credit risk*

Credit risk mainly arises from 'cash and bank balances' (Note 5) and 'interest receivable' (Note 4). The company has policies in place to minimise its exposure to credit risk. The company's policy is to place its cash with reputable commercial banks. The maximum exposure to credit risk is represented by the carrying value of financial assets on the balance sheet date. Bank balances are held with the branch of a local bank.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities.

All of the company's financial liabilities, which are disclosed at their contractual undiscounted cash flows in the balance sheet, are due within one year from the balance sheet date. Balances due within 12 months equal their carrying balances as impact of discounting is not significant.

3.2 Capital risk management (continued)

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

As at 23 June 2014 the company did not have external debt, and it was ungeared.

3.3 Fair value estimation

The carrying amount of financial assets and financial liabilities approximate the fair values as reflected in these special purpose financial statements.

4 OTHER RECEIVABLES

	2014 AED
Interest receivable	524,781

5 CASH AND BANK BALANCES

	2014 AED
Cash at bank	515,012,274

Bank balances are held with the branch of a reputable bank operating in the United Arab Emirates. Management is of the opinion that this concentration of credit risk will not result in a loss to the company, in view of the fact that the bank has a sound performance history and satisfactory credit ratings.

6 SHARE CAPITAL

Share capital comprises 500,000,000 authorised, issued and fully paid up shares of AED 1 each.

7 NET INITIAL PUBLIC OFFERING INCOME

	2014 AED
Initial public offering income collected amounting to AED 0.03 for each share	15,000,000
Less: incorporation expense incurred	(14,856,556)
	143,444

8 OTHER LIABILITIES

	2014 AED
Other liabilities	14,856,556

9 OTHER INCOME

	2014 AED
Interest income	537,055

10 FINANCIAL INSTRUMENTS

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

	2014 AED
Loans and receivables	
Interest receivable	524,781
Cash and bank balances	515,012,274
	515,537,055
Other financial liabilities	
Other liabilities	14,856,556

11 EARNINGS PER SHARE

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

	2014
Profit attributable to equity holders of the Company (in AED)	537,055
Weighted average number of shares in issue	500,000,000

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. On 23 June 2014 the company did not have such dilutive ordinary shares. Therefore diluted earnings per share equals the basic earnings per share.