MARKA PJSC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD FROM 23 JUNE 2014 TO 31 AUGUST 2014

Marka PJSC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the period from 23 June 2014 to 31 August 2014

Directors' report for the period from 23 June 2014 to 31 August 2014

Dear Shareholders,

The Board of Directors of Marka PJSC ("the company") have the pleasure in presenting their financial statements for the period from 23 June 2014 to 31 August 2014.

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 twenty 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

The results of the company for the period from 23 June 2014 to 31 August 2014 are set out on page 5 of the financial statements.

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 (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (8) of 1984, as amended, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the financial statements comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended and the Memorandum of Association of the company;

(iii) the company has maintained proper books of account;

(iv) the financial information included in the Director's report is consistent with the books of account of the company; and

(v) nothing has come to our attention which causes us to believe that the company has breached any of the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended, or of its Memorandum of Association which would materially affect its activities or its financial position as at 31 August 2014.

PricewaterhouseCoopers
8 September 2014

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

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PricewaterhouseCoopers

Marka PJSC

BALANCE SHEET

	Note	As at 31 August 2014 AED
ASSETS		
Non-current assets		
Property and equipment		49,526
		49,526
Current assets		
Prepayments and other receivables	4	2,258,513
Cash and bank balances	5	499,021,036
		501,279,549
Total assets		501,329,075
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6	500,000,000
Net initial public offering income	7	143,444
Accumulated loss		(1,282,446)
Total equity		498,860,998
LIABILITIES		
Current liabilities		
Other liabilities	8	2,468,077
Total liabilities		2,468,077
Total equity and liabilities		501,329,075

These 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 14 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the period from 23 June 2014 to 31 August 2014 AED
Other income	9	1,256,191
General and administrative expenses	10	(2,538,637)
Loss for the period		(1,282,446)
Other comprehensive loss		-
Total comprehensive loss for the period		(1,282,446)
Loss per share (expressed in dirham per share)		
Basic and diluted loss per share	12	0.0026

The notes on pages 8 to 14 form an integral part of these 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		-	-	(1,282,446)	(1,282,446)
As at 31 August 2014		500,000,000	143,444	(1,282,446)	498,860,998

The notes on pages 8 to 14 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Note	For the period from 23 June 2014 to 31 August 2014 AED
Operating activities		
Loss for the period		(1,282,446)
Adjustments for:		
Depreciation on property and equipment		939
Operating cash flows before changes in working capital		(1,281,507)
Changes in working capital:		
Prepayments and other receivables		(2,258,513)
Other liabilities		2,468,077
Net cash used in operating activities		(1,071,943)
Investing activity		
Purchase of property and equipment		(50,465)
Net used in investing activities		(50,465)
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		499,021,036

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 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 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where estimates are significant to the financial statements.

(a) *New and amended standards and interpretations issued but not effective for the periods beginning 23 June 2014 and not early adopted by the company:*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 23 June 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

- IAS 32 (amendment), 'Financial instruments: Presentation', (effective from 1 January 2014);
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective from 1 January 2014);
- Financial Instruments: Recognition and Measurement Amendment to IAS 39 'Novation of derivatives' (effective from 1 January 2014); and
- IFRS 9, 'Financial instruments', As part of the Limited Amendments to IFRS 9 project, the International Accounting Standards Board (IASB) tentatively decided at the July 2013 board meeting to defer the mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after 1 January 2015 but rather be left open pending the finalisation of the impairment and classification and measurement requirements. The company is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ('the functional currency'). The 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 FINANCIAL RISK MANAGEMENT (continued)

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 31 August 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 financial statements.

4 PREPAYMENTS AND OTHER RECEIVABLES

	2014 AED
Prepayment	266,532
Deposits	1,596,510
Advance to supplier	79,360
Interest receivable	316,111
	2,258,513

5 CASH AND BANK BALANCES

	2014 AED
Current account	9,021,036
Term deposit	490,000,000
	499,021,036

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

Other liabilities	2,468,077

9 OTHER INCOME

Interest income	1,256,191

10 GENERAL AND ADMINISTRATIVE EXPENSES

Staff cost	1,103,648
Travelling and accommodation	811,826
Professional and legal expenses	455,388
Depreciation	939
Others	166,836
	2,538,637

11 FINANCIAL INSTRUMENTS

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

	2014 AED
Loans and receivables	
Deposits and interest receivable	1,912,621
Cash and bank balances	499,021,036
	500,933,657
Other financial liabilities	
Other liabilities	2,468,077

12 LOSS PER SHARE

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

	2014
Loss attributable to equity holders of the Company (in AED)	1,282,446
Weighted average number of shares in issue	500,000,000

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 August 2014 the company did not have such dilutive ordinary shares. Therefore diluted earnings per share equals the basic earnings per share.

13 COMMITMENTS

The company has operating lease commitments amounting to AED 625,593 and falling due within a year of the reporting period end in respect of the rent agreement for its head office in Dubai.