

Al Firdous Holdings (P.J.S.C.)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AI FIRDOUS HOLDINGS (P.J.S.C.)

Introduction

We were engaged to review the accompanying interim condensed financial statements of Al Firdous Holdings (P.J.S.C.) as at 30 September 2013, comprising the interim statement of financial position as at 30 September 2013 and the related interim statement of comprehensive income for the three month and six month periods then ended, statement of cash flows and statement of changes in equity for the six month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

Scope of Review

Our responsibility is to express a conclusion on these interim condensed financial statements based on our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Because of the matters described in the Basis for Disclaimer of Conclusion paragraphs below, we are unable to express a review conclusion.

Basis for Disclaimer of Conclusion

a) Receivable on sale of the investment portfolio

As disclosed in note 5 to the interim condensed financial statements, an amount of AED 326,789,701 (31 March 2013: AED 326,789,701) is due from Islamic Arab Insurance Co, Labuan, Malaysia being the consideration for the sale of the Company's subsidiary, Al Firdous Group Co Ltd for Hotels, and its Islamic investing and financing assets, together referred to as the "investment portfolio". This amount was to have been settled by 31 March 2011 but is still outstanding as of the date of these interim condensed financial statements. Based on negotiations being held with Islamic Arab Insurance Co, Labuan, no provision has been made against this receivable as the Board of Directors considers the amount will be recovered in full on the eventual disposal of the assets by Islamic Arab Insurance Co, Labuan. However, we have not been provided with sufficient and appropriate audit evidence to support this conclusion. Accordingly, we were unable to determine the extent of provision, if any, that may be required against this receivable. Our audit report on the financial statements for the year ended 31 March 2013 was qualified in respect of this matter.

b) Advance against the purchase of property

As disclosed in note 7 to the interim condensed financial statements, an amount of AED 289,939,984 (31 March 2013: AED 289,939,984) was advanced through a related party for the purchase of land in Dubai. The related party has undertaken to secure the amount of AED 289,939,984 (31 March 2013: AED 289,939,984) by the assignment of properties to the Company with a fair value not less than the same amount. However, to date, no assignment of properties has taken place and we have not been provided with sufficient and appropriate audit evidence to support the recoverability of this amount. Accordingly, we were unable to determine whether any provision may be required against the advance for purchase of property. Our audit report on the financial statements for the year ended 31 March 2013 was qualified in respect of this matter.

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AI FIRDOUS HOLDINGS (P.J.S.C.) (continued)

Furthermore, our review report on the interim condensed financial statements for the period ended 30 September 2012 and our audit report on the annual financial statements for the year ended 31 March 2013 were disclaimed with regard to the above matters.

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs above, we are unable to express a conclusion on the interim condensed financial statements of the Company.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

Signed by

Ashraf Abu-Sharkh

Partner

Registration No. 690

11 November 2013

A handwritten signature in blue ink, likely belonging to Ashraf Abu-Sharkh.

Dubai, United Arab Emirates

Al Firdous Holdings (P.J.S.C.)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2013 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Six months ended 30 September</i>	
		<i>2013 AED</i>	<i>2012 AED</i>	<i>2013 AED</i>	<i>2012 AED</i>
Revenue		3,209,069	2,330,162	6,785,209	5,024,228
Direct costs		(1,873,510)	(1,450,518)	(3,411,769)	(2,573,433)
Gross profit		1,335,559	879,644	3,373,440	2,450,795
Income on deposit		12,055	16,660	28,917	40,627
Other income		12,864	16,340	25,054	26,632
Administrative expenses		(658,454)	(947,272)	(1,238,563)	(1,815,451)
Share of revenue to property owner	3	(966,580)	(559,504)	(2,043,079)	(1,221,673)
(LOSS) / PROFIT FOR THE PERIOD		(264,556)	(594,132)	145,769	(519,070)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(264,556)	(594,132)	145,769	(519,070)
Basic and diluted (loss) / earnings per share	4	(0.00044)	(0.0011)	0.00024	(0.0010)

The attached notes 1 to 8 form part of these interim condensed financial statements.

Al Firdous Holdings (P.J.S.C.)

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2013 (Unaudited)

	Notes	30 September 2013 AED (Unaudited)	31 March 2013 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		496,376	613,657
Current assets			
Inventories		81,077	76,591
Accounts receivable and prepayments	7	297,186,353	297,234,882
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	10,978,276	8,921,101
		635,035,407	633,022,275
TOTAL ASSETS		635,531,783	633,635,932
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000,000	600,000,000
Additional paid in capital		894,645	894,645
Statutory reserve		4,034,023	4,034,023
Retained earnings		24,567,852	24,422,083
Total equity		629,496,520	629,350,751
Non-current liabilities			
Employees' end of service benefits		171,304	134,433
Current liabilities			
Accounts payable and accruals		5,863,959	4,150,748
Total liabilities		6,035,263	4,285,181
TOTAL EQUITY AND LIABILITIES		635,531,783	633,635,932


 Chairman
 11 November 2013

The attached notes 1 to 8 form part of these interim condensed financial statements.

Al Firdous Holdings (P.J.S.C.)

INTERIM STATEMENT OF CASH FLOWS

Period ended 30 September 2013 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 September 2013 AED</i>	<i>Six months ended 30 September 2012 AED</i>
OPERATING ACTIVITIES			
(Loss) / profit for the period		145,769	(519,070)
Adjustments for:			
Depreciation		162,489	133,747
Income on deposit		(28,917)	(40,627)
Provision for employees' end of service benefits		36,871	32,226
		<u>316,212</u>	<u>(393,724)</u>
Working capital changes:			
Inventory		(4,486)	-
Accounts receivable and prepayments		48,529	(741,999)
Accounts payable and accruals		1,713,211	(2,379,567)
		<u>2,073,466</u>	<u>(3,515,290)</u>
Net cash from / (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(45,208)	(192,851)
Income on deposit		28,917	40,627
		<u>(16,291)</u>	<u>(152,224)</u>
Net cash used in investing activities			
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,057,175	(3,667,514)
Cash and cash equivalents at beginning of the period		<u>8,921,101</u>	<u>9,843,173</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	<u><u>10,978,276</u></u>	<u><u>6,175,659</u></u>

The attached notes 1 to 8 form part of these interim condensed financial statements.

Al Firdous Holdings (P.J.S.C.)

INTERIM STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2013 (Unaudited)

2013:

	<i>Share capital AED</i>	<i>Additional paid in capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 1 April 2013	600,000,000	894,645	4,034,023	24,422,083	629,350,751
Total comprehensive income for the period	-	-	-	145,769	145,769
Balance at 30 September 2013	600,000,000	894,645	4,034,023	24,567,852	629,496,520

2012:

	<i>Share capital AED</i>	<i>Additional paid in capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 1 April 2012	600,000,000	894,645	3,955,357	24,024,092	628,874,094
Total comprehensive income for the period	-	-	-	(519,070)	(519,070)
Directors' fees	-	-	-	(70,000)	(70,000)
Balance at 30 September 2012	600,000,000	894,645	3,955,357	23,435,022	628,285,024

The attached notes 1 to 8 form part of these interim condensed financial statements.

Al Firdous Holdings (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

1 ACTIVITIES

Al Firdous Holdings (P.J.S.C.) [formerly Manasek (P.J.S.C.)] (the "Company") is a public joint stock company registered on 1 July 1998 in the Emirate of Dubai, United Arab Emirates, according to Ministerial Decree Number 106 for the year 1998, and commenced its operations on 22 October 1998. The address of the Company's registered office is P.O. Box 25233, Dubai, United Arab Emirates. On 13 September 2007, the Company secured approval from the Ministry of Economy to change its name from "Manasek (P.J.S.C.)" to "Al Firdous Holdings (P.J.S.C.)."

Up to 31 December 2008, the Company operated as a Group consisting of the Company (the "Parent Company") and Al Firdous Group Co Ltd for Hotels, a company established in the Kingdom of Saudi Arabia and involved in managing and operating hotels and restaurants in the Kingdom of Saudi Arabia and organising Hajj and Umra trips.

With effect from 1 January 2009, the Company sold its 100% owned subsidiary (Al Firdous Group Co Ltd for Hotel) and its Islamic financing and investing assets with Al Massa Co. for Urban Development Jeddah, Kingdom of Saudi Arabia (together referred as the "investment portfolio") for a consideration of AED 326,789,701 (Note 5).

With effect from 1 July 2010, the Company signed a memorandum of understanding with Gulf Oasis Reality, a related party, to manage, operate and maintain the Oasis Court Hotel Apartments located in Bur Dubai, Emirate of Dubai. According to the renewed memorandum of understanding dated 1 January 2013, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total revenue (Note 3).

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2013.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the annual financial statements as at and for the year ended 31 March 2013. In addition, results for the six month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2014.

The interim condensed financial statements have been presented in United Arab Emirates Dirham (AED), which is the reporting and the functional currency of the Company.

New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2013, except for the adoption of the amended standards as of 1 January 2013, noted below:

IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

The amendment to IFRS 7 is effective for annual periods beginning on or after 1 July 2012. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the users of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in the derecognised assets to enable the users to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

Other standards, interpretations or amendments did not have any impact on the accounting policies, financial position or performance of the Company.

The Company has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3 SHARE OF REVENUE TO PROPERTY OWNER

This represents 30% of total revenues payable to Gulf Oasis Reality (2012: 20% of the total room revenues) (Note 1).

4 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated by dividing the profit for the period of AED 145,769 (30 September 2012: loss of AED 519,070) net of Directors' fees of AED Nil (30 September 2012: AED 70,000) by the weighted average number of shares of 600,000,000 (30 September 2012: 600,000,000) of AED 1 each outstanding during the period.

The figures for basic and diluted earnings / (loss) per share are the same as the Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

5 RECEIVABLE ON SALE OF THE INVESTMENT PORTFOLIO

This represents the amount receivable from Islamic Arab Insurance Co. Labuan, Malaysia on sale of the investment portfolio of the Group comprising Al Firdous Group Co Ltd for Hotels, a wholly owned subsidiary, and Islamic investing and finance assets with Al Masaa Co for Urban Development (together, the investment portfolio). This amount is guaranteed by a related party (Note 7).

On 29 June 2009, the Company signed an agreement with Islamic Arab Insurance Co. Labuan, Malaysia in which the parties agreed to reschedule the outstanding receivable of AED 326,789,701 into installments due every six months starting from 31 August 2010 and ending on 28 February 2012.

On 24 June 2010, due to a proposed restructuring and investment plans by the Company, the rescheduling agreement was cancelled and both parties entered into another agreement to settle the amount receivable on the sale of the investment portfolio within 12 months from 31 March 2010.

The receivable on sale of the investment portfolio is still outstanding as of the date of these financial statements. Negotiations are being held with Islamic Arab Insurance Co. Labuan for an early resolution to this matter. The management considers that the amount will be recovered on the eventual disposal of the investment portfolio and, accordingly, has not made any provision against this receivable.

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the interim statement of cash flows consist of the following statement of financial position amounts:

	<i>30 September 2013 AED</i>	<i>30 September 2012 AED</i>
Cash and bank balances	5,678,276	875,659
Short term deposit	5,300,000	5,300,000
	<u>10,978,276</u>	<u>6,175,659</u>

The short term deposit is denominated in AED and carries an effective profit rate of 1.2% p.a. (2012: 1.9% p.a.).

Al Firdous Holdings (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2013 (Unaudited)

7 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Balances due from related parties included in the statement of financial position are as follows:

	<i>30 September 2013 AED</i>	<i>31 March 2013 AED</i>
Due from Bin Zayed Group	5,782,160	5,782,160
Advance against purchase of property	289,939,984	289,939,984
	<u>295,722,144</u>	<u>295,722,144</u>

Advance against the purchase of property represents the payment made through Bin Zayed Group for the purchase of land in Dubai.

For the period ended 30 September 2013, the Company has not recorded any impairment of amounts owed by related parties (31 March 2013: AED Nil).

The amount receivable on sale of the investment portfolio has been guaranteed by Bin Zayed Group. The security provided by Bin Zayed Group against the amount receivable on sale of the investment portfolio is a plot of land located in Dubai, United Arab Emirates and was appraised by an independent property consultant at AED 640,000,000 as of 31 October 2008. Bin Zayed Group has also undertaken to secure the amount of AED 295,722,144 by the assignment of properties to the Company with a fair value not less than the same amount.

b) Balances due to related parties included in the statement of financial position are as follows:

	<i>30 September 2013 AED</i>	<i>31 March 2013 AED</i>
Other related parties	4,042,495	2,222,042

c) Transactions with related parties included in the statement of comprehensive income are as follows:

	<i>30 September 2013 AED</i>	<i>30 September 2012 AED</i>
Share of revenue to property owner	2,043,079	1,221,673

d) Compensation of Directors and key management personnel is as follows:

	<i>30 September 2013 AED</i>	<i>30 September 2012 AED</i>
Directors fee	-	310,000

8 COMMITMENTS

The Company has no future obligations or commitments as of 30 September 2013 (31 March 2013: Nil).