

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Firdous Holdings (P.J.S.C.) (the “Company”) and its Subsidiary (collectively the “Group”) as at 31 December 2015, comprising the interim condensed consolidated statements of financial position as at 31 December 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month and nine month periods then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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. Because of the matters described in the Basis for Disclaimer of Conclusion paragraphs, 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 consolidated financial statements, an amount of AED 326,789,701 (2014: 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 the Company’s Islamic investing and financing assets, together referred to as the “Investment Portfolio”. This amount was to have been settled by 31 March 2011 but remains outstanding as of the date of these interim condensed consolidated 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 consolidated financial statements for the year ended 31 March 2015 was qualified in respect of this matter.

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

Basis for Disclaimer of Conclusion (continued)

b) Advance against the purchase of property

As disclosed in Note 7 to the interim condensed consolidated financial statements, an amount of AED 289,939,984 (2014: 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 (2014: 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 consolidated financial statements for the year ended 31 March 2015 was qualified in respect of this matter.

Furthermore, our review report on the interim condensed financial statements for the period ended 31 December 2014 and our audit report on the annual consolidated financial statements for the year ended 31 March 2015 were disclaimed with regard to the above matters.

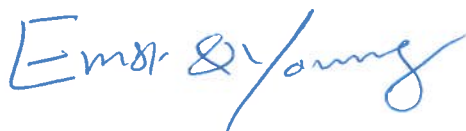
Disclaimer of Conclusion

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 consolidated financial statements of the Group.

Emphasis of matter

We draw attention to Note 2.2 to the interim condensed consolidated financial statements. As stated therein, The Group has incurred a loss of AED 10,262,405 for nine months period ended 31 December 2015 (31 December 2014: AED 10,431,597) and has accumulated losses of AED 471,764 as at 31 December 2015 (31 March 2015: Retained earnings of AED 9,790,641). Notwithstanding this fact, the financial statements of the Group have been prepared on a going concern basis as management believes that the future operations of the Group will be able to support its business and to meet its obligations as they fall due. The Board of Directors has resolved to convene a shareholders' general assembly within 6 months of the period ended in order to decide on the going concern of the Group.

Ernst & Young
Signed by
Ashraf Abu Sharkh
Partner
Registration No. : 690
11 February 2016



Dubai, United Arab Emirates

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 31 December 2015 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
		2015 AED	2014 AED	2015 AED	2014 AED
Revenue		1,663,986	6,848,559	5,414,636	14,375,808
Direct costs		(3,501,138)	(4,022,021)	(8,920,388)	(7,554,976)
Gross (loss) / profit		(1,837,152)	2,826,538	(3,505,752)	6,820,832
Income on deposit		-	-	-	7,321
Other income		-	27,496	-	66,755
Administrative expenses		(1,888,101)	(8,183,494)	(6,756,653)	(14,117,836)
Share of revenue to property owner	3	-	(1,360,262)	-	(3,208,669)
LOSS FOR THE PERIOD		(3,725,253)	(6,689,722)	(10,262,405)	(10,431,597)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,725,253)	(6,689,722)	(10,262,405)	(10,431,597)
Basic and diluted loss per share	4	(0.00621)	(0.01115)	(0.01710)	(0.01739)

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2015 (Unaudited)

	Notes	31 December 2015 AED (Unaudited)	31 March 2015 AED (Audited)
ASSETS			
Non-current asset			
Property, and equipment		20,659,021	19,487,380
Current assets			
Inventories		48,858	101,340
Accounts receivable and prepayments		297,260,979	302,718,235
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	130,418	480,809
		624,229,956	630,090,085
TOTAL ASSETS		644,888,977	649,577,465
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000,000	600,000,000
Additional paid in capital		894,645	894,645
Statutory reserve		4,206,615	4,206,615
(Accumulated losses) / retained earnings		(471,764)	9,790,641
Total equity		604,629,496	614,891,901
Non-current liability			
Employees' end of service benefits		124,010	205,434
Current liability			
Accounts payable and accruals		40,135,471	34,480,130
Total liabilities		40,259,481	34,685,564
TOTAL EQUITY AND LIABILITIES		644,888,977	649,577,465



Shk. Khaled Bin Zayed Al Nahyan
Chairman
11 February 2016

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 December 2015 (Unaudited)

	<i>Note</i>	<i>Nine months ended 31 December</i>	
		<i>2015 AED</i>	<i>2014 AED</i>
OPERATING ACTIVITIES		(10,262,405)	(10,431,597)
Loss for the period			
Adjustments for:			
Depreciation		2,818,813	814,800
Income on deposit		-	(7,321)
Provision for employees' end of service benefits		(81,424)	84,868
Allowance for doubtful debts		487,206	-
		<u>(7,037,810)</u>	<u>(9,539,250)</u>
Working capital changes:			
Inventories		52,482	(193,431)
Accounts receivable and prepayments		4,970,050	(9,015,728)
Accounts payable and accruals		(2,897,459)	10,880,726
		<u>(4,912,737)</u>	<u>(7,867,683)</u>
Net cash used in operating activities			
INVESTING ACTIVITIES		(3,990,454)	(4,221,191)
Purchase of property, plant and equipment		-	7,321
Income on deposit			
		<u>(3,990,454)</u>	<u>(4,213,870)</u>
Net cash used in investing activities			
FINANCING ACTIVITY		8,552,800	6,322,305
Due to related parties			
		<u>8,552,800</u>	<u>6,322,305</u>
Net cash generated from financing activity			
DECREASE IN CASH AND CASH EQUIVALENTS		(350,391)	(5,759,248)
Cash and cash equivalents at beginning of period		480,809	7,307,193
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	<u>130,418</u>	<u>1,547,945</u>

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Period ended 31 December 2015 (Unaudited)

	<i>Share capital AED</i>	<i>Additional paid in capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings/ (accumulated losses) AED</i>	<i>Total AED</i>
Balance at 1 April 2015	600,000,000	894,645	4,206,615	9,790,641	614,891,901
Total comprehensive income for the period	-	-	-	(10,262,405)	(10,262,405)
Balance at 31 December 2015	600,000,000	894,645	4,206,615	(471,764)	604,629,496

	<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 2014	600,000,000	894,645	4,206,615	25,595,414	630,696,674
Total comprehensive income for the period	-	-	-	(10,431,597)	(10,431,597)
Balance at 31 December 2014	600,000,000	894,645	4,206,615	15,163,817	620,265,077

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015 (Unaudited)

1 ACTIVITIES

Al Firdous Holdings (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.)."

Upto 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 (2014: 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 2014, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total revenue (Note 3). On 3 February 2015, the Company ceased to manage, operate, and maintain the Oasis Court Hotel Apartment.

On 31 December 2014, the Company incorporated a subsidiary, Yummy Chain Two L.L.C. The principle activity of the subsidiary is operating restaurants in the Emirates of Dubai.

2.1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 31 December 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2015.

In addition, the results for the nine months period ended 31 December 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2016.

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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2015 has had no effect on the interim financial statements of the Group.

2.2 FUNDAMENTAL ACCOUNTING CONCEPT

The Group has incurred a loss of AED 10,262,405 for nine months period ended 31 December 2015 (31 December 2014: AED 10,431,597) and has accumulated losses of AED 471,764 as at 31 December 2015 (31 March 2015: Retained earnings of AED 9,790,641). Notwithstanding this fact, the financial statements of the Group have been prepared on a going concern basis as management believes that the future operations of the Group will be able to support its business and to meet its obligations as they fall due. The Board of Directors has resolved to convene a shareholders' general assembly within 6 months of the period ended in order to decide on the going concern of the Group.

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015 (Unaudited)

3 SHARE OF REVENUE TO PROPERTY OWNER

The contract with Gulf Oasis Reality to manage, operate, and maintain the Oasis Court Hotel Apartments was terminated on 3 February 2015. Accordingly, no share of revenue to property owner were attributable during the period ended 31 December 2015 (31 December 2014: 30% of total revenues payable to the owner of Gulf Oasis Reality).

4 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period of AED 10,262,405 (31 December 2014: AED 10,431,597) net of Directors' fees of AED Nil (31 December 2014: AED Nil) by the weighted average number of shares of 600,000,000 (31 December 2014: 600,000,000) of AED 1 each outstanding during the period.

The figures for basic and diluted loss per share are the same as the Group 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") during the year ended 31 March 2009. This amount is guaranteed by a related party (Note 7).

On 29 June 2009, the Group 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 Group, 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 condensed consolidated statement of cash flows consist of the following amounts:

	31 December 2015 AED (Unaudited)	31 March 2015 AED (Audited)
Bank balances and cash	130,418	480,809

Al Firdous Holdings (P.J.S.C.) and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015 (Unaudited)

7 RELATED PARTY BALANCES AND TRANSACTIONS

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

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

	31 December 2015 AED (Unaudited)	31 March 2015 AED (Audited)
Due from Bin Zayed Group - Entity under common control	5,782,160	5,782,160
Advance against purchase of property - Entity under common control	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 31 December 2015, the Group has not recorded any impairment of amounts owed by related parties (31 March 2015: 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 Group 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.

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

	31 December 2015 AED	31 March 2015 AED
Other related parties - Entities under common control	23,528,422	14,975,622
Directors fees payable	<u>600,000</u>	<u>600,000</u>

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

	31 December 2015 AED	31 December 2014 AED
Share of revenue to property owner	-	3,208,669

8 CAPITAL COMMITMENTS

The Company has no future obligations or capital commitments as of 31 December 2015 (31 March 2015: Nil).