

**Al Ramz Corporation Investment and
Development P.J.S.C.**

(Formerly Dubai Development Company PSC)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2016 (UNAUDITED)

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Ramz Corporation Investment and Development P.J.S.C. as at 30 September 2016, comprising of the interim statement of financial position as at 30 September 2016 and the related interim statement of comprehensive income for the three month and nine month periods then ended, and the related interim 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 these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed 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. Consequently, it 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The financial statements of the Company for the period ended 30 September 2015 were reviewed by another auditor who expressed an unmodified conclusion on those financial statements on 14 October 2015.

The financial statements of the Company for the year ended 31 December 2015 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 8 February 2016.



Signed by
Andre Kasparian
Partner
Ernst & Young
Registration No. 365

30 October 2016
Abu Dhabi

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2016 (Unaudited)

		<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>Notes</i>	<i>2016</i> <i>AED</i>	<i>2015</i> <i>AED</i>	<i>2016</i> <i>AED</i>	<i>2015</i> <i>AED</i>
General and administrative expenses	3	(285,815)	(52,055)	(941,316)	(147,237)
Loss on investment carried at fair value through profit or loss	4	-	-	(202,400)	-
Interest income		252,361	30,832	458,137	89,875
Finance costs	9	(880,051)	-	(1,355,627)	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(913,505)	(21,223)	(2,041,206)	(57,362)
Basic and diluted loss per share	10	<u>(0.0914)</u>	<u>(0.0021)</u>	<u>(0.2041)</u>	<u>(0.0057)</u>

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2016 (Unaudited)

		30 September 2016 AED	(Audited) 31 December 2015 AED
	Notes		
ASSETS			
Non current asset			
Furniture and equipment		<u>2,550</u>	<u>-</u>
Current assets			
Prepayments and other receivables		495,720	96,731
Investment carried at fair value through profit or loss	4	50,600,000	-
Bank balances and cash	5	<u>44,510,261</u>	<u>19,556,886</u>
		<u>95,605,981</u>	<u>19,653,617</u>
TOTAL ASSETS		<u>95,608,531</u>	<u>19,653,617</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	10,000,000	10,000,000
Statutory reserve	7	5,000,000	5,000,000
General reserve		1,000,000	1,000,000
Retained earnings		<u>1,105,674</u>	<u>3,146,880</u>
Total equity		<u>17,105,674</u>	<u>19,146,880</u>
Current liabilities			
Other liabilities and accruals		291,956	29,763
Amount due to a related party	9	1,881,977	135,474
Short term borrowings	8	75,987,424	-
Unclaimed dividend		<u>341,500</u>	<u>341,500</u>
		<u>78,502,857</u>	<u>506,737</u>
TOTAL EQUITY AND LIABILITIES		<u>95,608,531</u>	<u>19,653,617</u>


Khalifa Mohamed Al Kindi
Chairman



The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

INTERIM STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2016 (Unaudited)

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>General reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
At 1 January 2015 (audited)	10,000,000	5,000,000	1,000,000	3,279,309	19,279,309
Total comprehensive loss for the period	-	-	-	(57,362)	(57,362)
At 30 September 2015 (unaudited)	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>3,221,947</u>	<u>19,221,947</u>
At 1 January 2016 (audited)	10,000,000	5,000,000	1,000,000	3,146,880	19,146,880
Total comprehensive loss for the period	-	-	-	(2,041,206)	(2,041,206)
At 30 September 2016 (unaudited)	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>1,105,674</u>	<u>17,105,674</u>

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

INTERIM STATEMENT OF CASH FLOWS

Period ended 30 September 2016 (Unaudited)

	<i>Notes</i>	<i>Nine month period ended 30 September 2016 AED</i>	<i>Nine month period ended 30 September 2015 AED</i>
OPERATING ACTIVITIES			
Loss for the period		(2,041,206)	(57,362)
Adjustments for the period:			
Depreciation		450	-
Loss on investment carried at fair value through profit or loss		202,400	-
Interest income		(458,137)	-
Finance charges		<u>1,355,627</u>	<u>-</u>
		(940,866)	(57,362)
Working capital adjustments:			
Prepayments and other receivables		(45,844)	23,473
Other liabilities and accruals		262,193	(20,000)
Amount due to a related party		<u>1,417,736</u>	<u>5,367</u>
Cash from (used in) operations		693,219	(48,522)
Employees' end of service benefits paid		-	(240,000)
Interest received		104,992	-
Finance charges paid		<u>(1,026,860)</u>	<u>-</u>
Net cash used in operating activities		<u>(228,649)</u>	<u>(288,522)</u>
INVESTING ACTIVITIES			
Investment carried at fair value through profit or loss		(50,802,400)	-
Purchase of furniture and equipment		(3,000)	-
Deposits maturing in over three months	5	<u>(25,000,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(75,805,400)</u>	<u>-</u>
FINANCING ACTIVITY			
Short term borrowings	8	<u>25,998,839</u>	<u>-</u>
Net cash from financing activity		<u>25,998,839</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(50,035,210)	(288,522)
Cash and cash equivalents at 1 January		<u>19,556,886</u>	<u>19,815,444</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	<u>(30,478,324)</u>	<u>19,526,922</u>

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 30 September 2016 (Unaudited)

1 CORPORATE INFORMATION

Al Ramz Corporation Investment and Development P.J.S.C. (the "Company") is a limited liability company incorporated in the United Arab Emirates ("UAE") on 21 June 1975 by an Emiri Decree and it became a Public Shareholding Company in 1997.

The objective of the company is to invest and manage commercial, industrial and agricultural enterprises.

The registered office of the Company is at PO Box 121200, Dubai, United Arab Emirates.

These interim financial statements include the results of operations and financial position of the Company

The interim financial statements were authorised for issue by the management on 30 October 2016.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the year ended 31 December 2015.

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 Company's annual financial statements as at 31 December 2015. In addition, results for the nine months ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

The accounting policies used 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 December 2015, except as follows:

Investment carried at fair value through profit or loss

Investment carried at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Investment carried at fair value through profit or loss is carried in the statement of financial position at fair value with net changes in fair value recorded in the statement of profit or loss.

Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Interest on borrowings is charged as an expense as it accrues, with any unpaid amounts included in "other liabilities and accruals".

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 September 2016 (Unaudited)

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

New and amended standards and interpretations

The amendments to IFRS, which are effective as of 1 January 2016 and are listed below, have no impact on the Company.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Annual Improvements 2012-2014 Cycle
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
 - IFRS 7 Financial Instruments: Disclosures
 - IAS 19 Employee Benefits
 - IAS 34 Interim Financial Reporting

These amendments have no impact on the interim condensed financial statements of the Company.

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

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

3 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Staff costs	33,983	20,469	99,983	52,057
Office rent	52,916	5,537	84,166	16,611
Trade license expenses	13,292	2,398	31,020	7,128
Audit and consultancy fees	2,167	5,000	142,000	15,000
Advertising expenses	-	3,600	41,793	11,040
Stock market and company registration expenses	-	11,000	150,430	31,000
Legal fees	159,501	-	227,531	-
Other	23,956	4,051	164,393	14,401
	<u>285,815</u>	<u>52,055</u>	<u>941,316</u>	<u>147,237</u>

4 INVESTMENT CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

This represents investment in local listed shares. During the period, the fair value loss on investment carried at fair value through profit or loss amounted to AED 202,400. Investment carried at fair value through profit or loss falls under Level 1 of fair value measurement hierarchy. During the period ended 30 September 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Investment carried at fair value through profit or loss is pledged as security against short term borrowings (note 8).

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalent for the purpose of cash flow statement comprise of the following:

	<i>30 September 2016 AED</i>	<i>(Audited) 31 December 2015 AED</i>
Bank balances and cash	44,510,261	19,556,886
Less: Deposits maturing after three months	(25,000,000)	-
Less: Bank overdraft (note 8)	(49,988,585)	-
	<u>(30,478,324)</u>	<u>19,556,886</u>

Bank balances are located within the UAE. Bank deposits carry interest at market rate.

	<i>30 September 2016 AED</i>	<i>(Audited) 31 December 2015 AED</i>
Bank deposits accounts	44,500,000	19,217,421
Bank current account	<u>10,261</u>	<u>339,465</u>
	<u>44,510,261</u>	<u>19,556,886</u>

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

6 SHARE CAPITAL

	<i>30 September</i> 2016 <i>AED</i>	<i>(Audited)</i> <i>31 December</i> 2015 <i>AED</i>
<i>Issued and fully paid</i>		
10,000,000 shares of AED 1 each	<u>10,000,000</u>	<u>10,000,000</u>

Authorised share capital of the Company is 20,000,000 shares of AED 1 each (31 December 2015: 10,000,000 shares AED 1 each).

7 STATUTORY RESERVE

As required by the UAE Federal Law No. (2) of 2015 and the Company's articles of association, 10% of the profit for the year is required to be transferred to the statutory reserve. The Company has resolved to discontinue such annual transfers since statutory reserve equals 50% of the paid up share capital. This reserve is not available for distribution.

8 SHORT TERM BORROWINGS

	<i>30 September</i> 2016 <i>AED</i>	<i>(Audited)</i> <i>31 December</i> 2015 <i>AED</i>
Short term borrowing	25,998,839	-
Bank overdraft (note 5)	<u>49,988,585</u>	<u>-</u>
	<u>75,987,424</u>	<u>-</u>

Short term borrowing

This represents short term facility obtained from a local bank to finance the purchase of shares (investment carried at fair value through profit or loss). This carries interest at 5.10% per annum and is repayable in bullet payment in April 2017. This facility is secured against investments carried at fair value through profit or loss (note 4).

Bank overdraft

This carries interest at prevailing market rates and is secured against the bank deposit in the respective bank.

Al Ramz Corporation Investment and Development P.J.S.C. (Formerly Dubai Development Company PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders 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.

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

	<i>Unaudited Nine months ended 30 September 2016 AED</i>	<i>Unaudited Nine months ended 30 September 2015 AED</i>
Entity under common control		
Interest expense	<u>328,767</u>	<u>-</u>

Balances with related parties reflected in the interim condensed statement of financial position are as follows:

	<i>30 September 2016 AED</i>	<i>(Audited) 31 December 2015 AED</i>
<i>Amount due to a related party</i>		
Entity under common control		
Al Ramz Capital LLC	<u>1,881,977</u>	<u>135,474</u>

Outstanding balance at the period end is interest free and arise in the normal course of business.

During the period ended 30 September 2016, the Company obtained a loan of AED 25,000,000. This loan was settled before 30 September 2016. An interest expense of AED 328,767 has been booked in this respect.

10 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share are calculated by dividing the loss for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of any financial instruments with dilutive effects.

	<i>Three months ended 30 September 2016</i>	<i>2015</i>	<i>Nine months ended 30 September 2016</i>	<i>2015</i>
Loss for the period (AED)	(913,505)	(21,223)	(2,041,206)	(57,362)
Weighted average number of shares	10,000,000	10,000,000	10,000,000	10,000,000
Basic and diluted earnings per share (AED)	(0.0914)	(0.0021)	(0.2041)	(0.0057)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2016 (Unaudited)

11 SEASONALITY OF RESULTS

The nature of Company's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

12 SUBSEQUENT EVENT

Subsequent to period ended 30 September 2016, the Company entered into an agreement with the shareholders of the Al Ramz Capital, a limited liability company incorporated in Abu Dhabi, and ARC Real Estate LLC, a limited liability company incorporated in Dubai, whereby 99% of the share capital of the Al Ramz Capital is transferred to the Company and 1% to ARC Real Estate LLC.

During the period ended 30 September 2016, the board of directors of the Company passed a resolution to increase share capital of the Company to AED 549.9 million, out of which AED 445 million will be issued to shareholders of Al Ramz Capital LLC for transfer of 99% of the shares of Al Ramz Capital LLC to the Company and AED 94.9 million will be issued in cash through public offering. As of date of signing of these financial statements, the Company was in process of completing legal formalities in this respect.