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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2016 (UNAUDITED)

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF Al 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 30 September 2016, comprising the interim condensed consolidated statement of financial position as at 30 September 2016 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, statement of changes in equity and statement of cash flows for the six-month period then ended and related 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 4 to the interim condensed consolidated financial statements, an amount of AED 326,789,701 (31 March 2016: 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 is still 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 that 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.

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

Basis for Disclaimer of Conclusion (continued)

b) Advance against the purchase of property

As disclosed in Note 6 to the interim condensed consolidated financial statements, an amount of AED 289,939,984 (31 March 2016: 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 2016: 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 review report on the interim condensed financial statements for the period ended 30 September 2015 and our audit report on the annual consolidated financial statements for the year ended 31 March 2016 were disclaimed with regard to the above two 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 4,582,292 for the six-month period ended 30 September 2016 (30 September 2015: AED 6,537,152) and has accumulated losses of AED 8,122,125 as at 30 September 2016 (31 March 2016: AED 3,539,833). Notwithstanding this fact, the interim condensed consolidated 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.

Ernst & Young

Signed by
Thodla Hari G.opal
Partner
Registration No. : 689
11 November 2016

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period ended 30 September 2016 (Unaudited)

		Three months ended 30 September		*Six months ended 30 September*	
	Note	***2016 AED***	*2015 AED*	***2016 AED***	*2015 AED*
Revenue		**833,884**	1,455,194	**1,709,120**	3,750,650
Direct costs		**(2,611,035)**	(3,796,050)	**(4,948,428)**	(5,419,250)
GROSS LOSS		**(1,777,151)**	(2,340,856)	**(3,239,308)**	(1,668,600)
Administrative expenses		**(675,479)**	(1,246,229)	**(1,342,984)**	(4,868,552)
LOSS FOR THE PERIOD		**(2,452,630)**	(3,587,085)	**(4,582,292)**	(6,537,152)
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(2,452,630)**	(3,587,085)	**(4,582,292)**	(6,537,152)
Basic and diluted loss per share	3	**(0.004)**	(0.006)	**(0.008)**	(0.011)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016 (Unaudited)

	Notes	***30 September 2016 AED (Unaudited)***	*31 March 2016 AED (Audited)*
ASSETS			
Non-current asset			
Property, plant and equipment		**17,821,024**	19,699,669
Current assets			
Inventories		**50,948**	49,508
Due from a related party	6	**295,722,144**	295,722,144
Receivable on sale of the investment portfolio	4	**326,789,701**	326,789,701
Accounts receivable and prepayments		**2,298,012**	1,019,099
Bank balances and cash	5	**391,374**	173,848
		625,252,179	623,754,300
TOTAL ASSETS		**643,073,203**	643,453,969
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		**(8,122,125)**	(3,539,833)
Total equity		**596,979,135**	601,561,427
Non-current liability			
Employees' end of service benefits		**313,667**	346,009
Current liabilities			
Accounts payable and accruals		**12,866,479**	15,260,506
Due to related parties	6	**32,913,922**	26,286,027
		45,780,401	41,546,533
Total liabilities		**46,094,068**	41,892,542
TOTAL EQUITY AND LIABILITIES		**643,073,203**	643,453,969

Shk. Khaled Bin Zayed Al Nahyan
Chairman
9 November 2016

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 September 2016 (Unaudited)

	Six months ended 30 September 2016 AED	*Six months ended 30 September 2015 AED*
OPERATING ACTIVITIES		
Loss for the period	**(4,582,292)**	(6,537,152)
Adjustments for:		
Depreciation	**2,213,182**	1,879,208
Provision for employees' end of service benefits	**-**	(31,418)
Allowance for doubtful debt	**-**	487,206
	(2,369,110)	(4,202,156)
Working capital changes:		
Inventory	**(1,440)**	31,522
Accounts receivable and prepayments	**(1,278,913)**	2,113,423
Accounts payable and accruals	**(2,394,027)**	(2,645,313)
Cash used in operating activities	**(6,043,490)**	(4,702,524)
Employees' end of service benefits paid	**(32,342)**	-
Net cash used in operating activities	**(6,075,832)**	(4,702,524)
INVESTING ACTIVITY		
Purchase of property, plant and equipment	**(334,537)**	(397,307)
Net cash used in investing activity	**(334,537)**	(397,307)
FINANCING ACTIVITY		
Due to related parties	**6,627,895**	4,683,020
Net cash from financing activity	**6,627,895**	4,683,020
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**217,526**	(416,811)
Cash and cash equivalents at beginning of the period	**173,848**	480,809
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**391,374**	63,998

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Period ended 30 September 2016 (Unaudited)

	Share capital AED	*Additional paid in capital AED*	*Statutory reserve AED*	*Accumulated losses AED*	*Total AED*
Balance at 1 April 2016	600,000,000	894,645	4,206,615	(3,539,833)	601,561,427
Total comprehensive loss for the period	-	-	-	(4,582,292)	(4,582,292)
Balance at 30 September 2016	**600,000,000**	**894,645**	**4,206,615**	**(8,122,125)**	**596,979,135**

	Share capital AED	*Additional paid in capital AED*	*Statutory reserve AED*	*Retained earnings AED*	*Total AED*
Balance at 1 April 2015	600,000,000	894,645	4,206,615	9,790,641	614,891,901
Total comprehensive loss for the period	-	-	-	(6,537,152)	(6,537,152)
Balance at 30 September 2015	600,000,000	894,645	4,206,615	3,253,489	608,354,749

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.

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 Hotels) 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 2015, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total revenue. On 3 February 2016, 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 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the six -month period ended 30 September 2016 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 2016.

In addition, the results for the six months period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2017.

The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No. 8 of 1984. The Group is currently assessing the impact of the new law and expects to be fully compliant on or before the end of the grace period on 1 July 2017.

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 2016. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2016 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 4,582,292 for six-month period ended 30 September 2016 (30 September 2015: AED 6,537,152) and has accumulated losses of AED 8,122,125 as at 30 September 2016 (31 March 2016: AED 3,539,833). Notwithstanding this fact, the interim condensed 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 Group is ultimately supported financially by a shareholder who has the intend to provide for the foreseeable future the financial support to the Group as is required to enable it to continue to meet its obligations as they fall due.

3 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period of AED 4,582,292 (30 September 2015: loss of AED 6,537,152) net of Directors' fees of AED Nil (30 September 2015: AED Nil) by the weighted average number of shares of 600,000,000 shares (30 September 2015: 600,000,000 shares) 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 that would have a dilutive impact on earnings per share when exercised.

4 RECEIVABLE ON SALE OF THE INVESTMENT PORTFOLIO

This represents the amount receivable from Islamic Arab Insurance Co. Labuan, Malaysia on sale, effective 2009 of the investment portfolio of the Group comprising Al Firdous Group Co. Ltd. for Hotels, 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 6).

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 interim condensed 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.

5 SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in foods restaurants. All the relevant information relating to this reporting/operating segment are disclosed in the statement of financial position, statement of profit or loss and other comprehensive income and notes to the financial statements.

IFRS also requires an entity to report its segment assets and revenues along geographical regions. All significant activities of the Group are in the UAE.

6 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent 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:

	30 September 2016 AED (Unaudited)	*31 March 2016 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
	295,722,144	295,722,144

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 2016, the Group has recorded AED Nil impairment of amounts owed by related parties (31 March 2016: AED Nil).

The amount receivable on sale of the investment portfolio (note 4) 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.

Bin Zayed Group has also undertaken to secure the amount of AED 295,722,144 (31 March 2016: 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:

	30 September 2016 AED (Unaudited)	*31 March 2016 AED (Audited)*
Other related parties	**32,913,922**	26,286,027
Directors fees payable	**600,000**	600,000

7 COMMITMENTS AND CONTINGENCIES

	30 September 2016 AED (Unaudited)	*31 March 2016 AED (Audited)*
Operating lease commitments		
Future minimum lease payments:		
Within one year	**2,362,571**	3,283,737
After one year but not more than five years	**3,492,456**	3,492,456
More than five years	**-**	-
Total operating lease expenditure contracted for at the statement of financial position date	**5,855,027**	6,776,193

The Group has no capital commitments or contingent liabilities as of 30 September 2016 (31 March 2016: Nil).