

AL FIRDOUS HOLDINGS (P.J.S.C.)
AND IT'S SUBSIDIARY
DUBAI – UNITED ARAB EMIRATES

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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الفردوس القابضة ش.م.ع

Al Firdous
Al Firdous Holding P.J.S.C

المقر الرئيسي

DIRECTORS' REPORT

The Directors present their report and consolidated financial statements for the year ended 31 March 2018.

RESULTS

During the year ended 31 March 2018, Al Firdous Holding P.J.S.C and its subsidiary (the "Group") earned total revenues of AED 3,527,443 (2017: AED 4,155,157). The net loss for the year amounted to AED 8,798,949 (2017: AED 9,179,968).

GOING CONCERN

The Group has incurred a loss of AED 8,798,949 for year ended 31 March 2018 (31 March 2017 loss of: AED 9,179,968) and has accumulated losses of AED 21,518,750 as at 31 March 2018 (31 March 2017 loss of: AED 12,719,801). Notwithstanding this fact, the consolidated financial statements of the Group have been prepared on a going concern basis as the Board of Directors 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 year ended in order to decide on the going concern of the Group.

THE BOARD OF DIRECTORS



Dubai
United Arab Emirates

14 May 2018



AL FIRDOUS HOLDINGS (P.J.S.C.)
AND IT'S SUBSIDIARY
DUBAI – UNITED ARAB EMIRATES

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

**The Shareholders
Al Firdous Holdings (P.J.S.C.)
And its subsidiary
Dubai – United Arab Emirates**

Report on the consolidated financial statements.

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Al Firdous Holdings (P.J.S.C.) and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Because of the significance of the matters described in the basis for disclaimer of the opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion, accordingly, we do not express an opinion on the consolidated financial statements of the Group.

Basis for Disclaimer of opinion

a) Receivable on sale of the investment portfolio

As disclosed in note 6 to the consolidated financial statements, the amount of AED 326,789,701 (2017: AED 326,789,701) is due from Islamic Arab Insurance Co. Labuan, Malaysia, being the consideration for the sale of the Group's subsidiary, Al Firdous Group Co. Ltd. for Hotels, and its Islamic investing and financing assets, collectively referred to as the "Investment Portfolio". This amount was due for settlement by March 31, 2011 but is still outstanding as of the date of these consolidated financial statements. 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. The audit report by the previous auditor on the consolidated financial statements for the year ended March 31, 2017 was also disclaimed in respect of this matter.

b) Advance against the purchase of property

As disclosed in note 7 to the consolidated financial statements, an amount of AED 289,939,984 (2017: 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 (2017: 289,939,984) by the assignment of properties has taken 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. The audit report by the previous auditor on the consolidated financial statements for the year ended March 31, 2017 was also disclaimed in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Responsibilities of the Management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Group's Articles/Memorandum of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

We were engaged to conduct our audit in accordance with International Standards on Auditing ("ISAs"). However, because of the matters described in the basis for disclaimer of the opinion section above, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements of the Group. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

Emphasis of matter

We draw attention to Exhibit-C to the consolidated financial statements. As stated therein, the Group has incurred a loss of AED 8,798,949 for year ended March 31, 2018 (March 31, 2017 AED 9,179,968) and has accumulated losses of AED 21,518,750 as at March 31, 2018 (March 31, 2017 12,719,801). Notwithstanding this fact, the 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. Besides the major shareholder has continued the financial support during the period ended March 31, 2018 and have committed to do so in the foreseeable future.

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that, except for the matters referred to in the basis of disclaimer opinion paragraphs:

- 1) we have obtained all information we considered necessary for the purpose of our audit.
- 2) the financial statement have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Articles of Association of the Group.
- 3) the Group has maintained proper books of account.
- 4) the consolidated financial information included in the Directors' report is consistent with the books of account of the Group.
- 5) the Group has not purchased or invested in shares or stock during the year ended March 31, 2018.
- 6) note 7 reflects disclosures related to related party transactions and the terms under which they were conducted.
- 7) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended March 31, 2018 any of the applicable provisions of UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at March 31, 2018.
- 8) based on the information provided to us, no social contributions were made during the year.

Other Matters

The consolidated financial statements for the year ended March 31, 2017 were audited by another auditor, who disclaimed the audit opinions on May 14, 2017 respectively, with regard to the above matters.



Hikmat Mukhaimer FCCA
Registration No. 355
Rödl Middle East
Certified Public Accountants

May 14, 2018
Dubai – U.A.E.




AL FIRDOUS HOLDINGS (P.J.S.C.)
AND ITS SUBSIDIARY
DUBAI – UNITED ARAB EMIRATES

Exhibit-A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2018
"All amounts are in U.A.E. Dirham"

	Notes	March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Inventories		21,972	25,828
Accounts receivable		23,647	48,249
Other receivables	5	1,310,362	2,308,012
Receivable on sale of the investment portfolio	6	326,789,701	326,789,701
Due from related parties	7	295,879,508	295,840,240
Cash and cash equivalents	8	64,527	98,492
Total current assets		624,089,717	625,110,522
Non - Current assets			
Property, plant and equipment	9	12,254,543	15,903,236
Total non - current assets		12,254,543	15,903,236
Total assets		636,344,260	641,013,758
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable		7,578,317	8,903,973
Other payables and provisions	10	3,813,550	1,100,301
Due to related parties	7	41,001,296	38,342,931
Total current liabilities		52,393,163	48,347,205
Non - current liabilities			
Provision for indemnity		368,587	285,094
Total non – current liabilities		368,587	285,094
Shareholders' equity			
Share capital	11	600,000,000	600,000,000
Additional paid in capital		894,645	894,645
Statutory reserve	12	4,206,615	4,206,615
Accumulated (losses)		(21,518,750)	(12,719,801)
Total shareholders' equity		583,582,510	592,381,459
Total liabilities and shareholders' equity		636,344,260	641,013,758


Shk. Khaled Bin Zayed Al Nahyan
Chairman

The accompanying notes are an integral part of these consolidated financial statements.

**AL FIRDOUS HOLDINGS (P.J.S.C.)
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DUBAI – UNITED ARAB EMIRATES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2018
"All amounts are in U.A.E. Dirham"

	<u>Notes</u>	March 31, 2018	March 31, 2017
Revenues			
Sales		3,527,443	4,155,157
Cost of sales		(803,555)	(1,029,517)
Gross profit		2,723,888	3,125,640
Other operating expenses		(7,488,385)	(8,331,029)
Other income		14,903	-
Reversal provision for staff receivables		-	487,206
Operating (loss)		(4,749,594)	(4,718,183)
Expenses and other charges			
General, administrative and selling expenses	13	(4,049,355)	(4,461,785)
Total expenses and other charges		(4,049,355)	(4,461,785)
Net (loss) for the year		(8,798,949)	(9,179,968)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		(8,798,949)	(9,179,968)
(Loss) per share	14	(0.0146)	(0.0153)

The accompanying notes are an integral part of these consolidated financial statements.

**AL FIRDOUS HOLDINGS (P.J.S.C.)
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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR
ENDED MARCH 31, 2018**

"All amounts are in U.A.E. Dirham"

	Share capital	Additional paid in capital	Statutory reserve	Accumulated (loss)	Total
Balance at March 31, 2016	600,000,000	894,645	4,206,615	(3,539,833)	601,561,427
Total comprehensive (loss) for the year	-	-	-	(9,179,968)	(9,179,968)
Balance at March 31, 2017	600,000,000	894,645	4,206,615	(12,719,801)	592,381,459
Total comprehensive (loss) for the year	-	-	-	(8,798,949)	(8,798,949)
Balance at March 31, 2018	600,000,000	894,645	4,206,615	(21,518,750)	583,582,510

The accompanying notes are an integral part of these consolidated financial statements.

**AL FIRDOUS HOLDINGS (P.J.S.C.)
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018
"All amounts are in U.A.E. Dirham"

	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the year	(8,798,949)	(9,179,968)
Adjustment:		
Depreciation	3,659,526	3,748,646
Provision for indemnity	83,493	(60,915)
Reversal of staff receivables	-	(487,206)
Net changes in working capital items	2,413,701	(6,102,896)
Net cash (used in) operating activities	(2,642,229)	(12,082,339)
Cash flows from investing activities		
Property, plant and equipment	(10,833)	(1,065)
Disposal of property, plant and equipment	-	(48,854)
Net cash (used in) investing activities	(10,833)	(49,919)
Cash flows from financing activities		
Related parties	2,619,097	12,056,904
Net cash from financing activities	2,619,097	12,056,904
Net (decrease) in cash and cash equivalents	(33,965)	(75,354)
Cash and cash equivalents at the beginning of the year	98,492	173,848
Cash and cash equivalents at the end of year	64,527	98,492

The accompanying notes are an integral part of these consolidated financial statements.

(1)

**AL FIRDOUS HOLDINGS (P.J.S.C.)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

"All amounts are in U.A.E. Dirham unless otherwise stated"

1 COMPANY'S INFORMATION AND ACTIVITIES

Al Firdous Holdings (P.J.S.C.) (the "Company") is a public joint stock company registered on July 1, 1998 in Dubai, United Arab Emirates, according to Ministerial Decree Number 106 for the year 1998. The Company commenced its operation on October 22, 1998. The registered address of the Company is P.O. Box 25233, Dubai, United Arab Emirates.

Up to December 31, 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 (KSA) and involved in managing and operating hotels and restaurants in KSA and organizing Hajj and Umrah trips.

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

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

2.1 New amendments that are mandatorily effective for the current year:

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2017:

- **Amendments to IAS 7 "Disclosure Initiative"**

The amendments require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The amendments apply prospectively, entities are not required to present comparative information for earlier periods when they first apply the amendments.

- **Amendments to IFRS 12 included in the Annual Improvements Cycle**

The Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after January 1, 2017 is the amendment to IFRS 12.

IFRS 12 states that the entities need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's financial statements as none of the Company's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

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**AL FIRDOUS HOLDINGS (P.J.S.C.)
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2.2 New and revised IFRSs in issue but not yet effective:

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an investor and its Associate or joint venture
Amendments to IAS 40	Transfers of Investment Property

• **IFRS 9: "Financial Instruments"**

The IASB issued IFRS 9 'Financial Instruments' in its final form in July 2014 and is effective for annual periods beginning on or after January 1, 2018 with permission to early adoption. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. **Classification and measurement**

The adoption of this standard will have an effect on the classification and measurement of Company's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit or loss.

ii. **Impairment of financial assets**

The impairment requirements apply to financial assets measured at amortized cost, fair value through other comprehensive income, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, allowance is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets where 12-month ECL is recognized are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'.

The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL.

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**AL FIRDOUS HOLDINGS (P.J.S.C.)
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The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile.

The Company is in the process of evaluating the impact of IFRS 9, but does not expect any significant effect on adoption of this standard.

- **IFRS 15: Revenue from Contracts with customers**

IFRS 15 was issued by IASB on May 28, 2014, effective for annual periods beginning on or after January 1, 2018. IFRS 15 supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31 from the effective date. This new standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets.

The Company is in the process of evaluating the impact of IFRS 15 but does not expect any significant effect on adoption of this standard.

- **IFRS 16: Leases**

In January 2016, the IASB issued IFRS 16 'Leases' with an effective date of annual periods beginning on or after January 1, 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognize a 'right of use' asset and a corresponding financial liability on the balance sheet. The asset will be amortized over the length of the lease and the financial liability measured at amortized cost. Lessor accounting remains substantially the same as in IAS 17.

The Company is in the process of evaluating the impact of IFRS 16 on the Company's financial statements.

- **Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions**

The amendments clarify the following:

- 1) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

(4)

**AL FIRDOUS HOLDINGS (P.J.S.C.)
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- 2) A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) The original liability is derecognized;
 - (ii) The equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. Specific transition provisions apply.

The directors of the Company do not anticipate that the amendments in the future will have a significant impact on the Company's financial statements as the Company does not have any cash-settled share-based payment arrangements.

- **Amendments to IFRS 10 and IAS 28 sale or contribution of Assets between an investor and its associate or joint venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

- **Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should there be a change in use of any of its properties.

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3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

3-1 Basis of preparation

The Consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the International Accounting Standard Board (IASB) and U.A.E. Company Law.

3-2 Accounting convention

- These financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the following accounting policies and disclosures.
- The accounting policies have been consistently applied during the year and consistent with those applied during previous year, except for the adoption of new and revised standards and interpretation as explained in note 2.

3-3 Basis of consolidation

The consolidated financial statements comprise those of Al Firdous Holding (PSJC) (the "Parent Company") and its subsidiary (collectively the "Group"). The consolidated financial statements incorporate the financial statements of the company and its subsidiary for the year ended 31 March each year.

A subsidiary is an entity over which the Parent has all the following:

- Power over the investee – the Group has existing rights that give it the current ability to direct the activities that significantly affect the investee's returns.
- Exposure, or rights, to variable returns from its involvement with the subsidiary; and,
- The ability to use its power over the investee to affect the amount of the Group's returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and the non-controlling interests, even if this result in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

The consolidated financial statements includes the financial figures for the company and its subsidiary:

Subsidiary	Principal activity	Country of incorporation		Ownership
Yummy Chain Two L.L.C	Operating restaurants	United Emirates	Arab	100%

3-4 Financial instruments

Classification

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluate them every reporting date.

The Company has classified its financial instruments as follows:

Financial assets at fair value through statement of income

This category has two sub-categories financial assets held for trading and those designated at fair value through statement of income. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management.

Trade and other Receivables

These are non-derivative financial assets with fixed or determinable amounts to be collected that are not quoted in an active market. They arise when the Company provides goods and services directly to a debtor with no intention of trading the receivables.

Assets available for sale

These are non-derivative financial assets that are either designated in this category or not included in any of the above categories and are principally, those acquired to be held, for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Payables and accruals

These are non-derivative financial liabilities. Liabilities are recognized for amounts to be paid in the future for goods or services received/rendered, whether billed by the supplier or not.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

"All amounts are in U.A.E. Dirham unless otherwise stated"

Recognition and de-recognizing of financial instrument

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument. Financial asset (in whole or in part) is derecognized when the contractual rights to the cash flows from the financial asset expire or when the Company transfers substantially all the risks and rewards of ownership or when the Company has neither transferred nor retained substantially all the risks and rewards of ownership and when it no longer has control over the asset or a proportion of the assets. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Measurement

Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through statement of income. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the statement of income.

Subsequently, financial assets available for sale and at fair value through statement of income are carried at fair value and receivables and payables are carried at amortized cost using the effective yield method.

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through statement of income category are included in the statement of income for the period in which they arise. Changes in the fair value of financial assets classified as assets available for sale are recognized in equity, when available for sale financial assets are sold or impaired; the accumulated changes in fair value recognized in equity are included in the statement of income.

Fair values

The fair values of financial instruments traded in regular financial market are bases on last bid prices.

For other financial instruments that have no quoted market, the Company establishes a reasonable fair value estimates by reference to the current fair value of another instrument that is substantially the same, recent arm's length market transactions, using the expected discounted cash flow analysis, or other valuation methods. Assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Impairment of financial assets

The Company assesses at each financial position date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. In the case of equity securities classified as available for sale, a significant decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

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A specific provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts of receivable. The amount of the specific provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective rate of return. The amount of the provision is recognized in the statement of income.

3-5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation on the straight-line is provided at the following annual rates to write-off the cost of each asset over its expected useful life, as follows:

- Leasehold improvement	5 years
- equipment and other assets	6-8 years
- Furniture and fixture	5-8 years

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying value of the assets, and is recognized in Income Statement for the financial year.

There is no significant change in any of accounting estimates during the year regarding property, plant and equipment.

3-6 Trade and other receivables

Receivables are carried at invoice value on transaction date less any estimate for doubtful receivable, based on the review of all outstanding amounts at period-end.

Bad debts are written off as and when identified.

3-7 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is based on weighted average method.

3-8 Trade and other payables

Liabilities for payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods received, whether or not billed to the branch.

3-9 Provisions for leave pay and indemnity

Provisions for leave pay and indemnity are computed in accordance with U.A.E. Labour Law No. 8 of 1980 and its amendments and as per the terms of employment contracts, and these provisions are not funded.

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3-10 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event and the costs to settle the obligation are both probable and able to be reliably measured.

3-11 Revenues

Revenues are recognized to the extend, that it is probable that future economic benefits will flow to company and revenue can be measured reliably.

The basis of revenue recognition of the sales is as follows:

Sales: The revenue is recognized on invoiced value of goods sold less returns and trade discount

3-12 Foreign currencies

Transactions in foreign currencies are translated into U.A.E. Dhs. at rates of exchange prevailing on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated at exchange rates prevailing on that date. The exchange gains and losses, including foreign currency translation gains and losses are included in the Income Statement.

3-13 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management best knowledge, the actual results may differ from those estimates.

5 OTHER RECEIVABLES

	March 31, 2018	March 31, 2017
Prepaid expenses	824,466	1,439,212
Advances to suppliers	92,270	58,749
Refundable deposits	311,600	669,974
Others	82,026	140,077
	1,310,362	2,308,012
	=====	=====

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6 RECEIVABLE ON SALE OF THE INVESTMENT PORTFOLIO

This represents the amount receivable from Islamic Arab Insurance Co. Labuan, Malaysia on the sale of the 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).

With effect from January 1, 2009, the Company sold its 100% owner subsidiary (Al Firdous Group Co. Ltd for Hotels) and its Islamic financing and investing assets with Al Massa Co. for Urban Development Jeddah, KSA.

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, and 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 interim condensed consolidated financial statements. Negotiations are being held with Islamic Arab Insurance Co., Labuan for an early resolution to this matter. The Directors consider that the amount will be recovered on the eventual disposal of the investment Portfolio and, accordingly, the Group has not made any provision against this receivable.

7 RELATED PARTIES

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers, key management personnel and their close family members. The parent company approves the terms and conditions of related parties' transactions. The amount due from / to related parties does not attract interest although there are no defined repayment arrangements

The transactions between affiliates represent financial transaction.

a) The balances due from related parties at period end are as follows: -

	March 31, 2018	March 31, 2017
Advance against purchase of property – Entity under common control	289,939,984	289,939,984
Due from Bin Zayed Group – Entity under common control	5,782,160	5,782,160
Others	157,364	118,096
	295,879,508	295,840,240
	=====	=====

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Advance against the purchase of property represents the payment made for the purchase of land in the Emirate of Dubai.

For the year ended March 31, 2018, the Group has not recorded any impairment of amounts owed by related parties (31 March 2017: AED NIL).

The amount receivable on sale of the Investment Portfolio (Note 6) has been guaranteed by Bin Zayed Group, a related party. 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 which 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 balance due from related parties amounting to AED 295,879,508 (31 March 2017: AED 295,840,240) by the assignment of properties to the Group with fair value not less than an equivalent amount.

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

	March 31, 2018	March 31, 2017
Other related parties	41,001,296 =====	38,342,931 =====
Directors' fee payable	600,000 =====	600,000 =====

8 CASH AND CASH EQUIVALENTS

	March 31, 2018	March 31, 2017
Cash on hand	22,922	24,363
Cash at banks – current accounts	41,605	74,129
	64,527 =====	98,492 =====

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9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Equipment and other assets	Furniture and fixture	Total
Cost:				
Balance at March 31, 2017	12,828,779	10,086,663	2,766,269	25,681,711
Additions during the year	-	10,833	-	10,833
Balance at March 31, 2018	12,828,779	10,097,496	2,766,269	25,692,544
Depreciation:				
Balance at March 31, 2017	5,400,756	2,946,725	1,430,994	9,778,475
Depreciation for the year	1,752,125	1,526,604	380,797	3,659,526
Balance at March 31, 2018	7,152,881	4,473,329	1,811,791	13,438,001
Net book values:				
Balance at March 31, 2018	5,675,898	5,624,167	954,478	12,254,543
Balance at March 31, 2017	7,428,023	7,139,938	1,335,275	15,903,236

10 OTHER PAYABLES AND PROVISIONS

	March 31, 2018	March 31, 2017
Accrued expenses	968,859	220,704
Directors' fee payable	600,000	600,000
Others	2,244,691	279,597
	3,813,550	1,100,301

11 SHARE CAPITAL

The issued and fully paid up capital of the Company is AED 600,000,000 comprising of 600,000,000 No. of shares of AED 1 each.

12 STATUTORY RESERVE

As required by the company law of United Arab Emirates, 10% of the profit for the year is to be transferred to statutory reserve. The shareholders may resolve to discontinue such annual transfers as reserve equals one half of the share capital. The reserve is not available for distribution.

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13 GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

	March 31, 2018	March 31, 2017
Salaries and related benefits	1,658,622	1,843,658
Rent	1,618,566	2,187,614
Other	772,167	430,513
	4,049,355	4,461,785

14 (LOSS) PER SHARE

	March 31, 2018	March 31, 2017
(Loss) for the year	(8,798,949)	(9,179,968)
Weighted average number of ordinary shares for purposes of basic earnings	600,000,000	600,000,000
(Loss) per share	(0.0146)	(0.0153)

15 STAFF COST

	March 31, 2018	March 31, 2017
Number of staff at year end	64	94
Salaries and related cost (General)	967,485	1,008,351
Leave and gratuity	136,710	84,059
Other	554,427	751,248
	1,658,622	1,843,658

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16 FINANCIAL INSTRUMENTS

16.1 CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments represent financial assets & liabilities. Financial assets include cash and cash equivalent, accounts receivable and other debts balances, investments available for sale and investment in associate. The financial liabilities include due to banks and accounts payable other credit balances.

16.2 Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The company used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

17 FINANCIAL RISK MANAGEMENT

The company's use of financial instruments exposes it to financial risks such as credit risk, market risk, liquidity risk.

The company continuously reviews its risk exposures and takes the necessary procedures to limit these risks at acceptable levels.

The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk and investment of excess liquidity.

The significant risks that the company is exposed to are as follows:

17.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the company to credit risk, consist principally of accounts receivables. Credit risk with respect to receivables is limited due to dealing with governmental bodies and credible corporates.

The credit risk of trade receivables is limited due to large customers' size of company and no existence of relation between them.

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17.2 Liquidity risks

Liquidity risks is the risk that the company will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a yearly basis by method of future cash flow.

The maturity of liabilities stated below based on the year from the balance sheet date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time year in which the asset will be collected or disposed and the liability settled.

The following is maturity table for the financial liabilities as at March 31, 2018:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Liabilities					
Accounts payable	-	7,578,317	-	-	7,578,317
Other payables and provision	-	3,813,550	-	-	3,813,550
Due to related parties	-	41,001,296	-	-	41,001,296
Provision for indemnity	-	-	368,587	-	368,587
Total liabilities	-	52,393,163	368,587	-	52,761,750

The following is maturity table for the financial liabilities as at March 31, 2017:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Liabilities					
Accounts payable	-	8,903,973	-	-	8,903,973
Other payables and provision	-	1,100,301	-	-	1,100,301
Due to related parties	-	38,342,931	-	-	38,342,931
Provision for indemnity	-	-	285,094	-	285,094
Total liabilities	-	48,347,205	285,094	-	48,632,299

17.3 Market risks

Market risk, comprise of price risk, interest rate risk and currency risk. These risks arise due to change in market prices, interest rates and foreign currency rates.

• **Foreign currencies risks**

Foreign currencies risks arise from transactions with foreign currencies. The company manages these risks by setting limits on transaction with other foreign currencies and counterparty and limiting its transaction business in major currencies with reputable counterparties.

• **Cash flow and fair value interest rate risks**

As the company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially not affected by the changes in market interest rates.

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18 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are:

- To safeguard the company's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other beneficiaries, and,
- To maintain an optimal returns to owner by pricing its products and services commensurately with risk level

The company determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics related to assets. In order to maintain or adjust the capital structure, the company may adjust the amount of profits paid to partners or sell assets to reduce debt.

Consistently with other companies in the same field the company monitors capital on the basis of ratio debt to adjusted capital ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt calculated as total debts including borrowings, bank facilities and non operational debts less cash and cash equivalent. Total adjusted capital comprises all components of shareholders equity (share capital reserves) and subordinated loans.

No debts, so no gearing ratio.

19 GENERAL ASSEMBLY OF SHAREHOLDERS

The ordinary general assembly of shareholders was held on June 13, 2017 who approved the financial statements for the year ended March 31, 2017.

20 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on May 14, 2018.