

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

INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2012 (UNAUDITED)

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

Introduction

We were engaged to review the accompanying interim condensed financial statements of Al Firdous Holdings (P.J.S.C.) as at 30 June 2012, comprising the interim statement of financial position as at 30 June 2012 and the related interim statement of comprehensive income, statement of cash flows and statement of changes in equity for the three-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

Scope of Review

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

Basis for Disclaimer of Conclusion

a) Receivable on sale of the investment portfolio

As disclosed in note 5 to the interim condensed financial statements, an amount of AED 326,789,701 is due from Islamic Arab Insurance Co, Labuan, Malaysia being the consideration for the sale of the Company's subsidiary, Al Firdous Group Co Ltd for Hotels, and its Islamic investing and financing assets, together referred to as the "investment portfolio". This amount was to have been settled by 31 March 2011 but is still outstanding as of the date of these interim condensed financial statements. Based on negotiations being held with Islamic Arab Insurance Co, Labuan, no provision has been made against this receivable as the Board of Directors considers the amount will be recovered in full on the eventual disposal of the assets by Islamic Arab Insurance Co, Labuan. However, we have not been provided with sufficient and appropriate audit evidence to support this conclusion. Accordingly, we were unable to determine the extent of provision, if any, that may be required against this receivable. Our report on the financial statements for the year ended 31 March 2012 was qualified in respect of this matter.

b) Advance against the purchase of property

As disclosed in note 7 to the interim condensed financial statements, an amount of AED 289,939,984 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 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 report on the financial statements for the year ended 31 March 2012 was qualified in respect of this matter.

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

Disclaimer of Conclusion

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

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

Ernst & Young
Signed by
Ashraf Abu-Sharkh
Partner
Registration No. 690
13 August 2012

Dubai, United Arab Emirates

Al Firdous Holdings (P.J.S.C.)**INTERIM STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2012 (Unaudited)

		<i>Three months ended 30 June 2012 AED</i>	<i>Three months ended 30 June 2011 AED</i>
	<i>Notes</i>		
Revenue		2,694,066	2,449,082
Direct costs		(1,122,915)	(1,030,535)
Gross profit		1,571,151	1,418,547
Income on deposit		23,967	17,618
Other income		10,292	26,093
Administrative expenses		(868,179)	(713,293)
Share of revenue to property owner	3	(662,169)	(388,257)
PROFIT FOR THE PERIOD		75,062	360,708
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		75,062	360,708
Basic and diluted earnings per share	4	0.00001	0.00060

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

Al Firdous Holdings (P.J.S.C.)**INTERIM STATEMENT OF FINANCIAL POSITION**

At 30 June 2012 (Unaudited)

	<i>Notes</i>	30 June 2012 AED (Unaudited)	31 March 2012 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		627,456	623,254
Current assets			
Accounts receivable and prepayments	7	297,010,860	297,048,269
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	7,664,115	9,843,173
		631,464,676	633,681,143
TOTAL ASSETS		632,092,132	634,304,397
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000,000	600,000,000
Additional paid in capital		894,645	894,645
Statutory reserve		3,955,357	3,955,357
Retained earnings		24,029,154	24,024,092
Total equity		628,879,156	628,874,094
Non-current liabilities			
Employees' end of service benefits		113,427	87,334
Current liabilities			
Accounts payable and accruals		3,099,549	5,342,969
Total liabilities		3,212,976	5,430,303
TOTAL EQUITY AND LIABILITIES		632,092,132	634,304,397



Chairman

13 August 2012

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

Al Firdous Holdings (P.J.S.C.)**INTERIM STATEMENT OF CASH FLOWS**

Period ended 30 June 2012 (Unaudited)

	<i>Note</i>	Three months ended 30 June 2012 AED	Three months ended 30 June 2011 AED
OPERATING ACTIVITIES			
Profit for the period		75,062	360,708
Adjustments for:			
Depreciation		64,234	19,723
Income on deposit		(23,967)	(17,618)
Provision for employees' end of service benefits		26,093	12,649
		<u>141,422</u>	<u>375,462</u>
Working capital changes:			
Accounts receivable and prepayments		37,409	153,948
Accounts payable and accruals		(2,313,420)	592,504
Net cash (used in) / from operating activities		<u>(2,134,589)</u>	<u>1,121,914</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(68,436)	(90,031)
Income on deposit		23,967	17,618
Net cash used in investing activities		<u>(44,469)</u>	<u>(72,413)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,179,058)	1,049,501
Cash and cash equivalents at beginning of the period		<u>9,843,173</u>	<u>5,376,505</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	<u>7,664,115</u>	<u>6,426,006</u>

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

Al Firdous Holdings (P.J.S.C.)**INTERIM STATEMENT OF CHANGES IN EQUITY**

Period ended 30 June 2011 (Unaudited)

	<i>Share capital AED</i>	<i>Additional paid in capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 1 April 2012	600,000,000	894,645	3,955,357	24,024,092	628,874,094
Total income and comprehensive income for the period	-	-	-	75,062	75,062
Directors' fees	-	-	-	(70,000)	(70,000)
Balance at 30 June 2012	600,000,000	894,645	3,955,357	24,029,154	628,879,156

	<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 2011	600,000,000	894,645	3,702,051	22,024,339	626,621,035
Total income and comprehensive income for the period	-	-	-	360,708	360,708
Balance at 30 June 2011	600,000,000	894,645	3,702,051	22,385,047	626,981,743

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2012 (Unaudited)

1 ACTIVITIES

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

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

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

With effect from 1 July 2010, the Company signed a memorandum of understanding with Gulf Oasis Reality, a related party, to manage, operate and maintain the Oasis Court Hotel Apartments located in Bur Dubai, Emirate of Dubai. According to the renewed memorandum of understanding dated 1 January 2012, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total room revenue (Note 3).

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2012.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the annual financial statements as at and for the year ended 31 March 2012. In addition, results for the three month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2013.

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

Standards, amendments and interpretations effective 2012 but not relevant to the Company's operations

The Company has not adopted the new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations are not likely to have any significant impact on the financial statements of the Company in the period of their initial application.

3 SHARE OF REVENUE TO PROPERTY OWNER

This represents 30% of total room revenues payable to Gulf Oasis Reality (2011: 20% of the total room revenues) (Note 1).

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period of AED 75,062 net of Directors' fees of AED 70,000 (30 June 2011: AED 360,708) by the weighted average number of shares of 600,000,000 (30 June 2011: 600,000,000) of AED 1 each outstanding during the period.

The figures for basic and diluted earnings per share are the same as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

5 RECEIVABLE ON SALE OF THE INVESTMENT PORTFOLIO

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

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

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

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

6 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2012 AED</i>	<i>30 June 2011 AED</i>
Cash and bank balances	2,364,115	426,006
Short term deposits	5,300,000	6,000,000
	<u>7,664,115</u>	<u>6,426,006</u>

The short term deposit is denominated in AED and carries an effective profit rate of 1.9 % p.a. (2011: 1.9% p.a.).

7 RELATED PARTY BALANCES AND TRANSACTIONS

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

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

	<i>30 June 2012 AED</i>	<i>31 March 2012 AED</i>
Due from Bin Zayed Group	5,782,160	5,782,160
Advance against purchase of property	289,939,984	289,939,984
	<u>295,722,144</u>	<u>295,722,144</u>

7 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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 June 2012, the Company has not recorded any impairment of amounts owed by related parties (31 March 2012: AED Nil).

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

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

	30 June 2012 AED	31 March 2012 AED
Other related parties	1,275,876	3,722,306

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

	30 June 2012 AED	30 June 2011 AED
Share of revenue to property owner	662,169	388,257

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

	30 June 2012 AED	30 June 2011 AED
Directors fees	70,000	-

8 COMMITMENTS

The Company has no future obligations or commitments as of 30 June 2012 (31 March 2012: Nil).