

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

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2011 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Al Firdous Holdings (P.J.S.C.) as at 30 September 2011, comprising the interim statement of financial position as at 30 September 2011 and the related interim statement of comprehensive income for the three month and six month periods then ended, and the statement of cash flows and statement of changes in equity for the six month period then ended and explanatory notes. 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”). 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 and consequently 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.

Basis for qualified conclusion

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 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 Management 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 of management. Accordingly, we were unable to determine whether any provision may be required against this receivable. Our report on the financial statements for the year ended 31 March 2011 was also qualified in respect of this matter.

Qualified conclusion

Based on our review, except for the possible effects of the matter referred to above, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Y

Ernst & Young
Signed by
Ali Issa
Partner
Registration No. 488

3 November 2011

Dubai, United Arab Emirates

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME


Period ended 30 September 2011 (Unaudited)

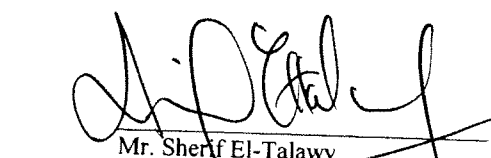
	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Six months ended 30 September</i>	
		<i>2011 AED</i>	<i>2010 AED</i>	<i>2011 AED</i>	<i>2010 AED</i>
Revenue		2,648,168	2,209,443	5,097,250	2,209,443
Direct costs		(1,227,801)	(953,054)	(2,258,336)	(953,054)
Gross profit		1,420,367	1,256,389	2,838,914	1,256,389
Income on deposit		18,000	10,289	35,618	20,585
Other income		75,668	19,272	101,761	19,272
Administrative expenses		(874,146)	(268,345)	(1,587,439)	(416,579)
Share of revenue to property owner	3	(419,759)	(188,043)	(808,016)	(188,043)
PROFIT FOR THE PERIOD		220,130	829,562	580,838	691,624
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD		220,130	829,562	580,838	691,624
Basic and diluted earnings per share	4	0.0004	0.0014	0.0010	0.0012

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 September 2011 (Unaudited)

	Note	30 September 2011 AED	31 March 2011 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		315,824	217,038
Current assets			
Accounts receivable and prepayments	7	297,082,439	296,817,810
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	7,129,085	5,376,505
		<u>631,001,225</u>	<u>628,984,016</u>
TOTAL ASSETS		<u>631,317,049</u>	<u>629,201,054</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000,000	600,000,000
Additional paid in capital		894,645	894,645
Statutory reserve		3,702,051	3,702,051
Retained earnings		22,605,177	22,024,339
Total equity		<u>627,201,873</u>	<u>626,621,035</u>
Non-current liabilities			
Employees' end of service benefits		52,728	29,710
Current liabilities			
Accounts payable and accruals	7	4,062,448	2,550,309
Total liabilities		<u>4,115,176</u>	<u>2,580,019</u>
TOTAL EQUITY AND LIABILITIES		<u>631,317,049</u>	<u>629,201,054</u>


 Shk. Khaled Bin Zyed Al Nahyan
 Chairman
 3 November 2011


 Mr. Sherif El-Talawy
 Chief Financial Officer
 3 November 2011

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 September 2011 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 September</i>	
		<i>2011 AED</i>	<i>2010 AED</i>
OPERATING ACTIVITIES			
Profit for the period		580,838	691,624
Adjustments for:			
Depreciation		50,477	7,099
Income on deposit		(35,618)	(20,585)
Provision for employees' end of service benefits		23,018	3,757
		<u>618,715</u>	<u>681,895</u>
Working capital changes:			
Inventories		-	(5,435)
Accounts receivable and prepayments		(264,629)	(229,199)
Accounts payable and accruals		1,512,139	722,033
Net cash from operating activities		<u>1,866,225</u>	<u>1,169,294</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(149,263)	(102,360)
Income on deposit		35,618	20,585
Net cash used in investing activities		<u>(113,645)</u>	<u>(81,775)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		1,752,580	1,087,519
Cash and cash equivalents at beginning of the period		<u>5,376,505</u>	<u>1,912,033</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6	<u><u>7,129,085</u></u>	<u><u>2,999,552</u></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 September 2011 (Unaudited)

2011:

	<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 comprehensive income for the period	-	-	-	580,838	580,838
Balance at 30 September 2011	600,000,000	894,645	3,702,051	22,605,177	627,201,873

2010:

	<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 2010	600,000,000	894,645	3,435,562	19,625,937	623,956,144
Total comprehensive income for the period	-	-	-	691,624	691,624
Balance at 30 September 2010	600,000,000	894,645	3,435,562	20,317,561	624,647,768

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 FINANCIAL STATEMENTS

At 30 September 2011 (Unaudited)

1 ACTIVITIES

Al Firdous Holdings (P.J.S.C.) (the "Company") is a public joint stock company registered on 1 July 1998 in the Emirate of Dubai, United Arab Emirates, according to Ministerial Decree Number 106 for the year 1998, and commenced its operations on 22 October 1998. The address of the Company's registered office is P.O. Box 25233, Dubai, United Arab Emirates. The Company is engaged principally in the business of organising Hajj and Umrah trips and in managing, operating and maintaining Hotel Apartments.

With effect from 1 July 2010, the Company has 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 2011, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 20% 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 2011.

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 2011. In addition, results for the six months period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2012.

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.

3 SHARE OF REVENUE TO PROPERTY OWNER

This represents 20% of total room revenues payable to Gulf Oasis Reality (2010: 10% of total room revenues).

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period of AED 580,838 (30 September 2010: AED 691,624) by the weighted average number of shares of 600,000,000 (30 September 2010: 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 the 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.

5 RECEIVABLE ON SALE OF THE INVESTMENT PORTFOLIO (continued)

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 September 2011 AED</i>	<i>30 September 2010 AED</i>
Cash and bank balances	629,085	1,499,552
Short term deposits	6,500,000	1,500,000
	<u>7,129,085</u>	<u>2,999,552</u>

The short term deposit is denominated in AED and carries an effective profit rate of 1.5% p.a. (2010: 4% 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.

Balances with related parties included in the statement of financial position are as follows:

	<i>30 September 2011 AED</i>	<i>31 March 2011 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>

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 2011, the Company has not recorded any impairment of amounts owed by related parties (31 March 2011: AED Nil).

7 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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 above amount.

b) Accounts payable and accruals include:

	<i>30 September 2011 AED</i>	<i>31 March 2011 AED</i>
Other related parties	<u>2,045,229</u>	<u>1,066,921</u>

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

	<i>30 September 2011 AED</i>	<i>30 September 2010 AED</i>
Share of revenue to property owner	<u>808,016</u>	<u>188,043</u>

8 COMMITMENTS

The Company has no future obligations or commitments as of 30 September 2011 (31 March 2011: Nil).