

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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**31 DECEMBER 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 31 December 2011, comprising the interim statement of financial position as at 31 December 2011 and the related interim statement of comprehensive income for the three month and nine month periods then ended, and the statement of cash flows and statement of changes in equity for the nine 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 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 2011 was also 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)**

***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 & Young*

Ernst & Young  
Signed by  
Joe Murphy  
Partner  
Registration No. 492

9 February 2012

Dubai, United Arab Emirates

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

Period ended 31 December 2011 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
		<i>2011 AED</i>	<i>2010 AED</i>	<i>2011 AED</i>	<i>2010 AED</i>
Revenue		<b>3,260,893</b>	2,638,585	<b>8,358,143</b>	4,848,028
Direct costs		<b>(1,180,297)</b>	(1,127,506)	<b>(3,438,633)</b>	(2,080,560)
Gross profit		<b>2,080,596</b>	1,511,079	<b>4,919,510</b>	2,767,468
Income on deposit		<b>23,848</b>	21,063	<b>59,466</b>	41,648
Other income		<b>284,373</b>	24,480	<b>386,134</b>	43,752
Administrative expenses		<b>(728,857)</b>	(232,133)	<b>(2,316,296)</b>	(648,712)
Share of revenue to property owner	3	<b>(532,796)</b>	(222,716)	<b>(1,340,812)</b>	(410,759)
<b>PROFIT FOR THE PERIOD</b>		<b>1,127,164</b>	1,101,773	<b>1,708,002</b>	1,793,397
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,127,164</b>	1,101,773	<b>1,708,002</b>	1,793,397
Basic and diluted earnings per share	4	<b>0.00188</b>	0.00184	<b>0.00285</b>	0.00299


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 31 December 2011 (Unaudited)

		<b>31 December 2011 AED</b>	<b>31 March 2011 AED (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<u>524,707</u>	<u>217,038</u>
<b>Current assets</b>			
Accounts receivable and prepayments	7	296,730,255	296,817,810
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	8,834,264	5,376,505
		<u>632,354,220</u>	<u>628,984,016</u>
<b>TOTAL ASSETS</b>		<u><b>632,878,927</b></u>	<u><b>629,201,054</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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		23,732,341	22,024,339
<b>Total equity</b>		<u><b>628,329,037</b></u>	<u><b>626,621,035</b></u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		<u>68,753</u>	<u>29,710</u>
<b>Current liabilities</b>			
Accounts payable and accruals	7	<u>4,481,137</u>	<u>2,550,309</u>
<b>Total liabilities</b>		<u><b>4,549,890</b></u>	<u><b>2,580,019</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>632,878,927</b></u>	<u><b>629,201,054</b></u>

  
Shk. Khaled Bin Zyed Al Nahyan  
Chairman  
9 February 2012

  
Mr. Sherif El-Talawy  
Chief Financial Officer  
9 February 2012

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

INTERIM STATEMENT OF CASH FLOWS

Period ended 31 December 2011 (Unaudited)

	<i>Note</i>	<i>Nine months ended 31 December</i>	
		<i>2011 AED</i>	<i>2010 AED</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>1,708,002</b>	1,793,397
Non-cash adjustments to reconcile profit to net cash flows:			
Depreciation		<b>89,611</b>	16,439
Income on deposit		<b>(59,466)</b>	(41,648)
Provision for employees' end of service benefits		<b>39,043</b>	6,297
		<b>1,777,190</b>	1,774,485
Working capital changes:			
Accounts receivable and prepayments		<b>87,555</b>	(719,091)
Accounts payable and accruals		<b>1,930,828</b>	1,076,044
Net cash from operating activities		<b>3,795,573</b>	2,131,438
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(397,280)</b>	(171,511)
Income on deposit		<b>59,466</b>	41,648
Net cash used in investing activities		<b>(337,814)</b>	(129,863)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,457,759</b>	2,001,575
Cash and cash equivalents at beginning of period		<b>5,376,505</b>	1,912,033
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6</b>	<b>8,834,264</b>	<b>3,913,608</b>

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 31 December 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	-	-	-	1,708,002	1,708,002
<b>Balance at 31 December 2011</b>	<b>600,000,000</b>	<b>894,645</b>	<b>3,702,051</b>	<b>23,732,341</b>	<b>628,329,037</b>

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	-	-	-	1,793,397	1,793,397
<b>Balance at 31 December 2010</b>	<b>600,000,000</b>	<b>894,645</b>	<b>3,435,562</b>	<b>21,419,334</b>	<b>625,749,541</b>

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

**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 managing, operating and maintaining hotel apartments and organising Hajj and Umrah trips.

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 nine months period ended 31 December 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 1,708,002 (31 December 2010: AED 1,793,397) by the weighted average number of shares of 600,000,000 (31 December 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.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

At 31 December 2011 (Unaudited)

**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>31 December 2011 AED</i>	<i>31 December 2010 AED</i>
Cash and bank balances	1,284,264	413,608
Short term deposits	7,550,000	3,500,000
	<u>8,834,264</u>	<u>3,913,608</u>

Cash and bank balances of AED 8,803,303 (31 December 2010: AED 3,899,598) are placed with banks in the UAE.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

At 31 December 2011 (Unaudited)

**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 same amount.

**b) Accounts payable and accruals include:**

	<i>31 December 2011 AED</i>	<i>31 March 2011 AED</i>
Other related parties	<u>2,641,475</u>	<u>1,066,921</u>

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

	<i>31 December 2011 AED</i>	<i>31 December 2010 AED</i>
Share of revenue to property owner	<u>1,340,812</u>	<u>410,759</u>

**8 COMMITMENTS**

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