

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 DECEMBER 2014 (UNAUDITED)**

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

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Al Firdous Holdings (P.J.S.C.) and its subsidiary (the "Group") as at 31 December 2014, comprising the interim condensed consolidated statement of financial position as at 31 December 2014 and the related interim condensed consolidated statements of comprehensive income, cash flows, and changes in equity for the three month and nine month periods then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we are unable to express a review conclusion.

### ***Basis for Disclaimer of Conclusion***

#### **a) Receivable on sale of the investment portfolio**

As disclosed in note 5 to the interim condensed consolidated financial statements, an amount of AED 326,789,701 (2013: AED 326,789,701) is due from Islamic Arab Insurance Co, Labuan, Malaysia being the consideration for the sale of the Company's subsidiary, Al Firdous Group Co Ltd for Hotels, and the Company's Islamic investing and financing assets, together referred to as the "investment portfolio". This amount was to have been settled by 31 March 2011 but is still outstanding as of the date of these interim condensed consolidated financial statements. Based on negotiations being held with Islamic Arab Insurance Co, Labuan, no provision has been made against this receivable as the Board of Directors considers 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 audit report on the consolidated financial statements for the year ended 31 March 2014 was qualified in respect of this matter.

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

*Basis for Disclaimer of Conclusion (continued)*

b) Advance against the purchase of property

As disclosed in note 7 to the interim condensed consolidated financial statements, an amount of AED 289,939,984 (2013: 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 (2013: 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 audit report on the consolidated financial statements for the year ended 31 March 2014 was qualified in respect of this matter.

Furthermore, our review report on the interim condensed financial statements for the period ended 31 December 2013 and our audit report on the annual consolidated financial statements for the year ended 31 March 2014 were disclaimed with regard to the above matters.

*Disclaimer of Conclusion*

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

Ernst & Young



Signed by  
Ashraf Abu-Sharkh  
Partner  
Registration No: 690  
12 February 2015

Dubai, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 December 2014 (Unaudited)

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2014 AED	2013 AED	2014 AED	2013 AED
Revenue		6,848,559	4,637,992	14,375,808	11,423,201
Direct costs		(4,022,021)	(1,720,021)	(7,554,976)	(5,131,790)
Gross profit		2,826,538	2,917,971	6,820,832	6,291,411
Income on deposit		-	10,565	7,321	39,482
Other income		27,496	11,865	66,755	36,919
Administrative expenses		(8,183,494)	(668,905)	(14,117,836)	(1,907,468)
Share of revenue to property owner	3	(1,360,262)	(1,394,957)	(3,208,669)	(3,438,036)
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b>(6,689,722)</b>	876,539	<b>(10,431,597)</b>	1,022,308
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(6,689,722)</b>	876,539	<b>(10,431,597)</b>	1,022,308
<b>Basic and diluted (loss) /earnings per share</b>	4	<b>(0.01115)</b>	0.00146	<b>(0.01739)</b>	0.00170

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 At 31 December 2014 (Unaudited)

	<i>Notes</i>	<i>31 December 2014 AED</i>	<i>31 March 2014 AED (Audited)</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment		4,102,522	696,131
<b>Current assets</b>			
Inventories		264,652	71,221
Accounts receivable and prepayments	7	312,520,900	303,505,172
Receivable on sale of the investment portfolio	5	326,789,701	326,789,701
Bank balances and cash	6	1,547,945	7,307,193
		<u>641,123,198</u>	<u>637,673,287</u>
<b>TOTAL ASSETS</b>		<u>645,225,720</u>	<u>638,369,418</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		4,206,615	4,206,615
Retained earnings		15,163,817	25,595,414
<b>Total equity</b>		<u>620,265,077</u>	<u>630,696,674</u>
<b>Non-current liability</b>			
Employees' end of service benefits		293,619	208,751
<b>Current liability</b>			
Accounts payable and accruals	7	24,667,024	7,463,993
<b>Total liabilities</b>		<u>24,960,643</u>	<u>7,672,744</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>645,225,720</u>	<u>638,369,418</u>

Shk. Khaled Bin Zayed Al Nahyan  
 Chairman  
 12 February 2015

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

Al Firdous Holdings (P.J.S.C.) and its Subsidiary  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
 Period ended 31 December 2014 (Unaudited)

	<i>Note</i>	<i>Nine months ended 31 December</i>	
		<i>2014 AED</i>	<i>2013 AED</i>
<b>OPERATING ACTIVITIES</b>			
(Loss) / profit for the period		<b>(10,431,597)</b>	1,022,308
Non-cash adjustments to reconcile profit to net cash flows			
From operations:			
Depreciation		814,800	248,592
Income on deposit		(7,321)	(39,482)
Provision for employees' end of service benefits		84,868	63,972
		<b>(9,539,250)</b>	1,295,390
Working capital changes:			
Inventories		(193,431)	4,024
Accounts receivable and prepayments		(9,015,728)	(609,025)
Accounts payable and accruals		17,203,031	1,314,745
		<b>(1,545,378)</b>	2,005,134
Net cash (used in) / from operating activities			
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(4,221,191)	(79,190)
Income on deposit		7,321	39,482
		<b>(4,213,870)</b>	(39,708)
Net cash used in investing activities			
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,759,248)</b>	1,965,426
Cash and cash equivalents at beginning of period		7,307,193	8,921,101
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6	<b>1,547,945</b>	<b>10,886,527</b>

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

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

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Period ended 31 December 2014 (Unaudited)

2014:

	<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 2014	600,000,000	894,645	4,206,615	25,595,414	630,696,674
Total comprehensive income for the period	-	-	-	(10,431,597)	(10,431,597)
<b>Balance at 31 December 2014</b>	<b>600,000,000</b>	<b>894,645</b>	<b>4,206,615</b>	<b>15,163,817</b>	<b>620,265,077</b>

2013:

	<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 2013	600,000,000	894,645	4,034,023	24,422,083	629,350,751
Total comprehensive income for the period	-	-	-	1,022,308	1,022,308
<b>Balance at 31 December 2013</b>	<b>600,000,000</b>	<b>894,645</b>	<b>4,034,023</b>	<b>25,444,391</b>	<b>630,373,059</b>

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

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014 (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. 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 2013, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total revenue (Note 3).

On 31 December 2013, the Company incorporated a subsidiary, Yummy Chain Two L.L.C. The principle activity of the subsidiary is operating restaurants.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of preparation**

The interim condensed consolidated financial statements for the nine months period ended 31 December 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2014.

In addition, the results for the nine months period ended 31 December 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2015.

##### **New standards, interpretations and amendments thereof, adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2014, except for the adoption of the amended standard as at 1 January 2014, noted below:

##### *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting.

##### *Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36*

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period.



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014 (Unaudited)

#### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### New standards, interpretations and amendments thereof, adopted by the Group (Continued)

###### *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

These amendments have no impact on the Group.

The following new amendments and standards did not have an impact on the interim condensed consolidated financial statements of the Group:

- Investment Entities – Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements; and
- IFRIC 21 Levies.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### 3 SHARE OF REVENUE TO PROPERTY OWNER

This represents 30% (2013: 30% ) of total revenues of the Oasis Court Hotel Apartment payable to Gulf Oasis Reality.

#### 4 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated by dividing the loss for the period of AED 10,431,597 (31 December 2013: profit of AED 1,022,308 ) net of Directors' fees of AED Nil (31 December 2013:AED Nil) by the weighted average number of shares of 600,000,000 (31 December 2013: 600,000,000) of AED 1 each outstanding during the period.

The figures for basic and diluted (loss) /earnings per share are the same as the Group has not issued any instruments which would have a dilutive 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 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 instalments due every six months starting from 31 August 2010 and ending on 28 February 2012.

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

The receivable on sale of the investment portfolio is still outstanding as of the date of these interim condensed consolidated 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014 (Unaudited)

**6 CASH AND CASH EQUIVALENTS**

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

	<i>31 December 2014 AED</i>	<i>31 March 2014 AED</i>
Cash and bank balances	1,547,945	5,807,193
Short term deposits	-	1,500,000
	<u>1,547,945</u>	<u>7,307,193</u>

**7 RELATED PARTY BALANCES AND TRANSACTIONS**

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

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

	<i>31 December 2014 AED</i>	<i>31 March 2014 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>
Other related parties	<u>6,766,165</u>	<u>-</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 2014, the Company has not recorded any impairment of amounts owed by related parties (31 March 2014: 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 consolidated statement of financial position are as follows:

	<i>31 December 2014 AED</i>	<i>31 March 2014 AED</i>
Other related parties	<u>11,312,812</u>	<u>4,990,507</u>
Director fees payable	<u>380,000</u>	<u>380,000</u>

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 December 2014 (Unaudited)

**7 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

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

	<i>31 December 2014 AED</i>	<i>31 December 2013 AED</i>
Share of revenue to property owner	<u>3,208,669</u>	<u>3,438,036</u>

**8 COMMITMENTS**

The Company has no future obligations or commitments as of 31 December 2014 (31 March 2014: Nil).