

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 DECEMBER 2016 (UNAUDITED)**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AI 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.) (the “Company”) and its Subsidiary (collectively the “Group”) as at 31 December 2016, comprising the interim consolidated statements of financial position as at 31 December 2016 and the related interim consolidated statements of comprehensive income for the three and nine-month periods then ended, interim consolidated statements of cash flows and changes in equity for the nine-month period 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 4 to the interim condensed consolidated financial statements, an amount of AED 326,789,701 (2015: 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 remains 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 2016 was disclaimed in respect of this matter.

#### **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 (2015: 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 (2015: 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 2016 was disclaimed 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)***

Furthermore, our review reports on the interim condensed consolidated financial statements for the periods ended 31 December 2015 and 30 September 2016 were disclaimed with regard to the above matters.

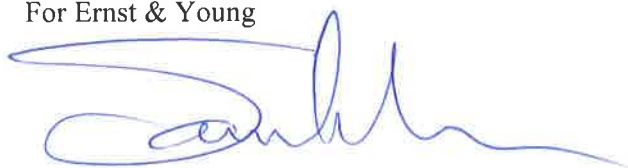
***Disclaimer of Conclusion***

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.

***Emphasis of matter***

We draw attention to Note 2.2 to the interim condensed consolidated financial statements. As stated therein, The Group has incurred a loss of AED 6,802,919 for nine-month period ended 31 December 2016 (31 December 2015: AED 10,262,405) and has accumulated losses of AED 10,342,752 as at 31 December 2016 (31 March 2016: accumulated losses of AED 3,539,833). Notwithstanding this fact, the interim condensed 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, and the shareholders have continued their financial support during the period ended 31 December 2016 and have committed to do so in the foreseeable future

For Ernst & Young



Ashraf Abu Sharkh  
Partner  
Registration No. : 690

12 February 2017

Dubai, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 December 2016 (Unaudited)

	<i>Note</i>	<i>Three months ended 31 December</i>		<i>Nine months ended 31 December</i>	
		<i>2016 AED</i>	<i>2015 AED</i>	<i>2016 AED</i>	<i>2015 AED</i>
Revenue		<b>1,198,188</b>	1,663,986	<b>2,907,308</b>	5,414,636
Direct costs		<b>(1,791,368)</b>	(3,501,138)	<b>(3,558,876)</b>	(8,920,388)
Gross loss		<b>(593,180)</b>	(1,837,152)	<b>(651,568)</b>	(3,505,752)
Reversal / (provision) for doubtful debts		<b>487,206</b>	-	<b>487,206</b>	(487,206)
Administrative expenses		<b>(2,114,976)</b>	(1,888,101)	<b>(6,638,557)</b>	(6,269,447)
<b>LOSS FOR THE PERIOD</b>		<b>(2,220,950)</b>	(3,725,253)	<b>(6,802,919)</b>	(10,262,405)
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(2,220,950)</b>	(3,725,253)	<b>(6,802,919)</b>	(10,262,405)
<b>Basic and diluted loss per share</b>	3	<b>(0.0037)</b>	(0.0062)	<b>(0.0113)</b>	(0.0171)

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

As at 31 December 2016 (Unaudited)

		<i>31 December</i>	<i>31 March</i>
		<i>2016</i>	<i>2016</i>
	<i>Notes</i>	<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, Plant and Equipment		16,881,920	19,699,669
<b>Current assets</b>			
Inventories		64,129	49,508
Receivable on sale of the investment portfolio	4	326,789,701	326,789,701
Accounts receivable and prepayments	5	297,725,631	296,741,243
Bank balances and cash	6	312,149	173,848
		<u>624,891,610</u>	<u>623,754,300</u>
<b>TOTAL ASSETS</b>		<u><b>641,773,530</b></u>	<u><b>643,453,969</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		4,206,615	4,206,615
Accumulated losses		(10,342,752)	(3,539,833)
<b>Total equity</b>		<u><b>594,758,508</b></u> ✓	<u><b>601,561,427</b></u>
<b>Non-current liability</b>			
Employees' end of service benefits		304,206	346,009
<b>Current liability</b>			
Accounts payable and accruals		46,710,816	41,546,533
<b>Total liabilities</b>		<u><b>47,015,022</b></u>	<u><b>41,892,542</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>641,773,530</b></u>	<u><b>643,453,969</b></u>



Shk. Khaled Bin Zayed Al Nahyan  
Chairman  
12 February 2016

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 2016 (Unaudited)

	<i>Note</i>	<i>Nine months ended 31 December</i>	
		<i>2016 AED</i>	<i>2015 AED</i>
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(6,802,919)	(10,262,405)
Adjustments for:			
Depreciation		2,817,749	2,818,813
Net provision for employees' end of service benefits (Allowance for) /reversal of doubtful debts		(41,803) (487,206)	(81,424) 487,206
		<u>(4,514,179)</u>	<u>(7,037,810)</u>
Working capital changes:			
Inventories		(14,621)	52,482
Accounts receivable and prepayments		(497,182)	4,970,050
Accounts payable and accruals		(5,419,725)	(2,897,459)
		<u>(10,445,707)</u>	<u>(4,912,737)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(3,990,454)
		<u>-</u>	<u>(3,990,454)</u>
<b>FINANCING ACTIVITY</b>			
Due to related parties		10,584,008	8,552,800
		<u>10,584,008</u>	<u>8,552,800</u>
Net cash from financing activity			
		<u>10,584,008</u>	<u>8,552,800</u>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>138,301</b>	<b>(350,391)</b>
Cash and cash equivalents at beginning of period		173,848	480,809
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6</b>	<b>312,149</b>	<b>130,418</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

For the Period ended 31 December 2016 (Unaudited)

	<i>Share capital AED</i>	<i>Additional paid in capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings/ (accumulated losses) AED</i>	<i>Total AED</i>
Balance at 1 April 2016	600,000,000	894,645	4,206,615	(3,539,833)	601,561,427
Total comprehensive income for the period	-	-	-	(6,802,919)	(6,802,919)
<b>Balance at 31 December 2016</b>	<b>600,000,000</b>	<b>894,645</b>	<b>4,206,615</b>	<b>(10,342,752)</b>	<b>594,758,508</b>
	<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 2015	600,000,000	894,645	4,206,615	9,790,641	614,891,901
Total comprehensive income for the period	-	-	-	(10,262,405)	(10,262,405)
<b>Balance at 31 December 2015</b>	<b>600,000,000</b>	<b>894,645</b>	<b>4,206,615</b>	<b>(471,764)</b>	<b>604,629,496</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

As at 31 December 2016 (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.)”.

Upto 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 (2015: AED 326,789,701) ( Note 4).

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 2015, the owner of Oasis Court Hotel Apartments is entitled to a share equivalent to 30% of the total revenue. On 3 February 2015, the Company ceased to manage, operate, and maintain the Oasis Court Hotel Apartment.

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

### 2.1 SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed consolidated financial statements for the nine months period ended 31 December 2016 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 2016.

In addition, the results for the nine months period ended 31 December 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 March 2016.

The Group operates in one single segment of food and restaurants in the United Arab Emirates.

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

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2016 has had no effect on the interim financial statements of the Group.

### 2.2 FUNDAMENTAL ACCOUNTING CONCEPT

The Group has incurred a loss of AED **6,802,919** for nine months period ended 31 December 2016 (31 December 2015: AED 10,262,405) and has accumulated losses of AED **10,342,752** as at 31 December 2016 (31 March 2016: accumulated loss of AED 3,539,833). Notwithstanding this fact, the 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 shareholders have continued their financial support during the period ended 31 December 2016 and have committed to do so in the foreseeable future.



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2016 (Unaudited)

#### 3 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period of AED 6,802,919 (31 December 2015: AED 10,262,405) net of Directors' fees of AED Nil (31 December 2015:AED Nil) by the weighted average number of shares of 600,000,000 (31 December 2015: 600,000,000) of AED 1 each outstanding during the period.

The figures for basic and diluted loss 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.

#### 4 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") during the year ended 31 March 2009. 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 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.

#### 5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>31 December 2016 AED (Unaudited)</i>	<i>31 March 2016 AED (Audited)</i>
Due from related parties (Note 7)	295,722,144	295,722,144
Accounts receivable	36,461	-
Prepayments	973,185	187,286
Deposits	644,224	679,974
Advances to suppliers	96,093	4,450
Advances to employees	253,524	60,640
Other receivables	-	86,749
	<u>297,725,631</u>	<u>296,741,243</u>

#### 6 CASH AND CASH EQUIVALENTS

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

	<i>31 December 2016 AED (Unaudited)</i>	<i>31 March 2016 AED (Audited)</i>
Bank balances and cash	<u>312,149</u>	<u>173,848</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2016 (Unaudited)

#### 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 directors.

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

	<i>31 December 2016 AED (Unaudited)</i>	<i>31 March 2016 AED (Audited)</i>
Due from Bin Zayed Group - Entity under common control	5,782,160	5,782,160
Advance against purchase of property - Entity under common control	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 2016, the Group has not recorded any impairment of amounts owed by related parties (31 March 2016: 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 Group with a fair value not less than the same amount.

For the period ended 31 December 2016, the Group has recorded no impairment on balances due from related parties.

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

	<i>31 December 2016 AED (Unaudited)</i>	<i>31 March 2016 AED (Audited)</i>
Other related parties - Entities under common control	38,292,434	26,286,027
Directors fees payable	<u>600,000</u>	<u>600,000</u>

#### 8 CAPITAL COMMITMENTS

	<i>31 December 2016 AED (Unaudited)</i>	<i>31 March 2016 AED (Audited)</i>
Operating lease commitments		
Future minimum lease payments:		
Within one year	2,545,589	3,283,737
After one year but not more than five years	6,339,352	3,492,456
More than five years	358,900	-
Total operating lease expenditure contracted for at the statement of financial position date	<u>9,243,841</u>	<u>6,776,193</u>