

DUBAI DEVELOPMENT COMPANY (PSC)
DUBAI, UNITED ARAB EMIRATES
(A Public Shareholding Company with limited liability)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2007(UNAUDITED)



Sajjad Haider & Co
Chartered Accountants

سجاد حیدر و شرکاہم
محاسبین قانونیون



SC INTERNATIONAL
The global business network



DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with limited liability)
DUBAI, UNITED ARAB EMIRATES

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2007 (UNAUDITED)**

CONTENTS	PAGES
AUDITORS' REPORT	1
BALANCE SHEET	2
INCOME STATEMENT	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 – 9

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUBAI DEVELOPMENT COMPANY (PSC)

Introduction

We have reviewed the accompanying interim balance sheet of Dubai Development Company (PSC) (the "Company") as at 31 March 2007 and the related interim statements of income, cash flows and changes in equity for the three-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 IAS 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.

Conclusion

Based on our review, 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.


SAJJAD HAIDER & CO.
CHARTERED ACCOUNTANTS
(Mohammed Nafees Reg. 165)



10 May 2007

DUBAI, UNITED ARAB EMIRATES

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

BALANCE SHEET AS AT 31 MARCH 2007 (Unaudited)

		31 March 2007 <u>AED</u>	Audited 31 December 2006 <u>AED</u>
Assets Employed	Note		
Fixed assets	3	-	-
Current Assets			
Prepayments and other receivables	4	73,700	56,484
Cash and bank balances	5	17,114,941	16,954,142
		<u>17,188,641</u>	<u>17,010,626</u>
Total assets		<u>17,188,641</u>	<u>17,010,626</u>
Capital and reserves			
Share capital	6	10,000,000	10,000,000
Legal reserve	7	5,000,000	5,000,000
General reserve	8	1,000,000	1,000,000
Accumulated profit		<u>458,844</u>	<u>310,604</u>
		16,458,844	16,310,604
Non-current liabilities			
Provision for staff gratuity		<u>248,906</u>	<u>248,462</u>
Current Liabilities			
Creditors and accrued charges	9	58,255	32,560
Due to affiliated companies	10	84,236	80,600
Unclaimed dividend		<u>338,400</u>	<u>338,400</u>
		<u>480,891</u>	<u>451,560</u>
Total equity and liabilities		<u>17,188,641</u>	<u>17,010,626</u>

The accompanying notes form an integral part of these financial statements.


 DIRECTOR

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

INTERIM INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)

	31 March 2007 <u>AED</u>	31 March 2006 <u>AED</u>
REVENUE		
Interest earned on fixed deposits	242,173	179,344
Profit on sale of fixed assets	-	4,000
Miscellaneous income	-	4,000
	<u>242,173</u>	<u>187,444</u>
Operating expenses	<u>(93,933)</u>	<u>(113,938)</u>
NET PROFIT FOR THE PERIOD	<u>148,240</u>	<u>73,506</u>
Basic and diluted earnings per share (AED)	<u>0.0148</u>	<u>0.0074</u>

The accompanying notes form an integral part of these financial statements.



 DIRECTOR

DUBAI DEVELOPMENT COMPANY (PSC)*(A Public Shareholding Company with Limited Liability)***DUBAI, UNITED ARAB EMIRATES****INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)**

	Share capital <u>AED</u>	Legal reserve <u>AED</u>	General reserve <u>AED</u>	Accumulated profits/(losses) <u>AED</u>	Total <u>AED</u>
Balance as at 1 January 2006	10,000,000	5,000,000	1,000,000	(117,122)	15,882,878
Profit for the quarter ended 31 March 2006	-	-	-	73,506	73,506
Balance as at 31 March 2006	10,000,000	5,000,000	1,000,000	(43,616)	15,956,384
Profit for the 9 months ended 31 December 2006	-	-	-	354,220	354,220
Balance as at 1 January 2007	10,000,000	5,000,000	1,000,000	310,604	16,310,604
Profit for the 3 months ended 31 March 2007	-	-	-	148,240	148,240
Balance as at 31 March 2007	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>458,844</u>	<u>16,458,844</u>

The accompanying notes form an integral part of these financial statements.

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)

	31 March 2007 <u>AED</u>	31 March 2006 <u>AED</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	148,240	73,506
Adjustments to reconcile net profit to net cash provided by operating activities:		
Provision for staff gratuity	<u>444</u>	<u>(12,027)</u>
	148,684	61,479
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Prepayments and other receivables	(17,216)	(19,391)
Unclaimed dividend	-	(42,000)
Creditors and accrued charges	25,695	(1,663)
Amount due to affiliated companies	<u>3,636</u>	<u>4,565</u>
Net cash provided by operating activities	<u>160,799</u>	<u>2,990</u>
Net increase in cash and bank balances during the period	160,799	2,990
Cash and cash equivalent at 1 January	<u>16,954,142</u>	<u>16,881,553</u>
Cash and cash equivalents at the end of the period (note 11)	<u>17,114,941</u>	<u>16,884,543</u>

The accompanying notes form an integral part of these financial statements.

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2007**

1 LEGAL STATUS AND BUSINESS ACTIVITY

Dubai Development Company (PSC) is a limited liability company which was originally incorporated in Dubai on 21 June 1975 by an Emiri Decree and it became a public shareholding company in 1997, in accordance with the UAE Federal Law No. (8) Of 1984 (as amended).

A plot of land in Rashidiah Mirdif was acquired by the company for the purpose of development of a new township and sale of plots for construction of private houses. The development work has been completed and the plots developed for residential and commercial purposes have been sold or utilised for development of common areas and other facilities except some plots which are reserved for schools. However, no value was assigned to these plots. During the year 2004, these plots have been taken over by the Ruler's office.

The duration of the Company was for a period of 30 years which has been completed on 20 June 2005. The shareholders have decided to extend the duration of the Company by 50 more years due to opportunities available in the Dubai Real Estate market.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are as follows:

a. Accounting convention

The financial statements are prepared under the historical cost convention.

b. Fixed assets

These assets are stated at cost. The cost of fixed assets is depreciated by equal annual instalments over the estimated useful lives of the assets as follows:

Motor vehicles	3 years
Furniture and equipment	5 years
Office renovation	5 years

All fixed assets have been fully depreciated.

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)

c. Land for sale and development

All land available for sale has been sold and no land is now available for sale.

d. Staff gratuity

Provision for staff gratuity is made on the basis of UAE Federal Labour Law of 1980.

e. Interim condensed statements

The interim condensed financial statements do not contain all information and disclosures required for all financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the 3 months ended 31 March 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 FIXED ASSETS	Furniture and equipment <u>AED</u>	Office renovation <u>AED</u>	Total <u>AED</u>
COST			
At 1 January 2007	217,150	200,000	417,150
Additions	-	-	-
Disposals	-	-	-
At 31 March 2007	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
DEPRECIATION			
At 1 January 2007	217,150	200,000	417,150
Charge for the period	-	-	-
On disposals	-	-	-
At 31 March 2007	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
NET BOOK VALUE			
At 31 March 2007	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)

4 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2006 <u>AED</u>	Audited 31 December 2006 <u>AED</u>
Prepaid office rent	23,925	-
Accrued interest on fixed deposits	49,775	56,484
	<u>73,700</u>	<u>56,484</u>

5 CASH AND BANK BALANCES

Cash at bank		
- On fixed deposit accounts	17,079,643	16,895,761
- On current account	34,879	58,219
Cash in hand	419	162
	<u>17,114,941</u>	<u>16,954,142</u>

6 SHARE CAPITAL

Authorised, issued and fully paid

100,000 shares of AED 100 each	<u>10,000,000</u>	<u>10,000,000</u>
--------------------------------	-------------------	-------------------

7 LEGAL RESERVE

In accordance with the Memorandum of Association of the Company, 10 percent of the profit for the year has to be transferred to a legal reserve upto a maximum of 50 percent of the capital. The legal reserve is not distributable.

8 GENERAL RESERVE

	31 March 2007 <u>AED</u>	31 December 2006 <u>AED</u>
Balances brought forward	1,000,000	1,000,000
Transfer to income statement	-	-
Balance carried forward	<u>1,000,000</u>	<u>1,000,000</u>

DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE QUARTER ENDED 31 MARCH 2007 (Unaudited)

9 CREDITORS AND ACCRUED CHARGES

	31 March 2007 <u>AED</u>	Audited 31 December 2006 <u>AED</u>
Provision for staff leave salary	1,755	1,260
Other expenses	<u>56,500</u>	<u>31,300</u>
	<u>58,255</u>	<u>32,560</u>

10 DUE TO AFFILIATED COMPANIES

Almulla Construction (LLC), Dubai	10,339	9,803
Mohammed & Obaid Almulla, Dubai	<u>73,897</u>	<u>70,797</u>
	<u>84,236</u>	<u>80,600</u>

11 CASH AND CASH EQUIVALENTS

	31 March 2007 <u>AED</u>	31 March 2006 <u>AED</u>
Cash at bank		
- On fixed deposit accounts	17,079,643	16,654,673
- On current account	34,879	229,718
Cash in hand	<u>419</u>	<u>152</u>
	<u>17,114,941</u>	<u>16,884,543</u>

12 CONTINGENT LIABILITIES

Two plot holders have filed legal cases against the company against demarcation of their plots of land. One case has been dismissed by the Dubai Court of First Instance and the second case is still pending in the Court. It is difficult to evaluate the consequence of these cases at this early stage.