

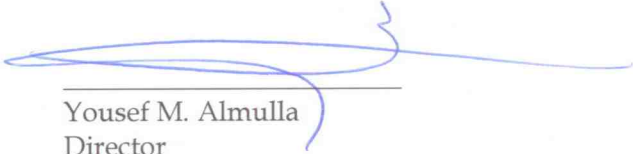


شركة دبي للتطوير (شركة مساهمة عامة)

DUBAI DEVELOPMENT CO. P.S.C.

DIRECTORS' REPORT

The Directors are extensively reviewing the Dubai market and are on the lookout for a strategic partner to enter the Real Estate Sector of Dubai in particular and other Emirates and Gulf countries in general. The strategic partner should be able to contribute the latest expertise and financial resources which would benefit the shareholders of the Company. As soon as any progress is made in this direction the shareholders will be informed.


Yousef M. Almulla
Director

31st July, 2007

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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

 **Sajjad Haider & Co**
Chartered Accountants

 **سجاد حيدر وشركاهم**
محاسبون قانونيون

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 SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)**

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**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 30 June 2007 and the related interim statements of income, cash flows and 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 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)
31 July 2007
Dubai, United Arab Emirates

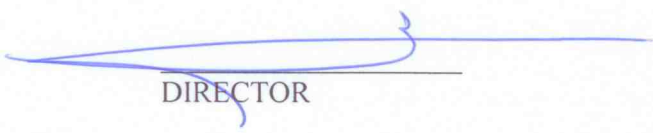


DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES

BALANCE SHEET AS AT 30 JUNE 2007 (UNAUDITED)

	<u>Note</u>	Unaudited 30 June 2007 <u>AED</u>	Audited 31 December 2006 <u>AED</u>
Assets Employed			
Fixed assets	3	-	-
Current Assets			
Prepayments and other receivables	4	59,230	56,484
Cash and bank balances	5	17,219,907	16,954,142
		<u>17,279,137</u>	<u>17,010,626</u>
Total assets		<u>17,279,137</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>515,035</u>	<u>310,604</u>
		16,515,035	16,310,604
Non-current liabilities			
Provision for staff gratuity		<u>250,389</u>	<u>248,462</u>
Current Liabilities			
Creditors and accrued charges	9	82,500	32,560
Due to affiliated companies	10	89,713	80,600
Unclaimed dividend		<u>341,500</u>	<u>338,400</u>
		<u>513,713</u>	<u>451,560</u>
Total equity and liabilities		<u>17,279,137</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 SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	<u>Note</u>	30 June 2007 <u>AED</u>	30 June 2006 <u>AED</u>
REVENUE			
Interest earned on fixed deposits		481,166	391,043
Miscellaneous income		-	8,100
		481,166	399,143
Operating expenses		(276,735)	(261,388)
Net profit for the period		<u>204,431</u>	<u>137,755</u>
Basic and diluted earnings per share (AED)		<u>0.0204</u>	<u>0.0138</u>

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



 DIRECTOR

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 2006	-	-	-	137,755	137,755
Balance as at 30 June 2006	10,000,000	5,000,000	1,000,000	20,633	16,020,633
Profit for the 6 months ended 31 December 2006	-	-	-	289,971	289,971
Balance as at 1 January 2007	10,000,000	5,000,000	1,000,000	310,604	16,310,604
Profit for the 6 months ended 30 June 2007	-	-	-	204,431	204,431
Balance as at 30 June 2007	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>515,035</u>	<u>16,515,035</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 SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED)

	30 June 2007 <u>AED</u>	30 June 2006 <u>AED</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	204,431	137,755
Adjustments for:		
Provision for staff gratuity	<u>1,927</u>	<u>(11,577)</u>
	206,358	126,178
Changes in working capital:		
Prepayments and other receivables	(2,746)	(22,038)
Unclaimed dividends	3,100	(136,500)
Creditors and accrued charges	49,940	29,112
Amount due to affiliated companies	<u>9,113</u>	<u>12,918</u>
Net cash provided from operating activities	<u>265,765</u>	<u>9,670</u>
Net increase in cash and cash equivalents during the period	265,765	9,670
Cash and cash equivalents 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>17,219,907</u>	<u>16,891,223</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 SIX MONTHS ENDED 30 JUNE 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)
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (CONTINUED)**

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	-	-	-
As at 30 June 2007	217,150	200,000	417,150
DEPRECIATION			
At 1 January 2007	217,150	200,000	417,150
Charge for the period	-	-	-
On disposals	-	-	-
As at 30 June 2007	217,150	200,000	417,150
NET BOOK VALUE			
At 30 June 2007			
At 31 December 2006			

DUBAI DEVELOPMENT COMPANY (PSC)
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED) (CONTINUED)**

4 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2007 <u>AED</u>	Audited 31 December 2006 <u>AED</u>
Prepaid office rent	15,950	-
Accrued interest on fixed deposits	<u>43,280</u>	<u>56,484</u>
	<u>59,230</u>	<u>56,484</u>

5 CASH AND BANK BALANCES

Cash at bank		
- On fixed deposit accounts	17,175,131	16,895,761
- On current account	44,516	58,219
Cash in hand	<u>260</u>	<u>162</u>
	<u>17,219,907</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>
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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.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007 (UNAUDITED) (CONTINUED)**

8 GENERAL RESERVE	30 June 2007 AED	31 December 2006 AED
Balances brought forward	1,000,000	1,000,000
Transfer from income statement	-	-
Balance carried forward	<u>1,000,000</u>	<u>1,000,000</u>
 9 CREDITORS AND ACCRUED CHARGES		
Provision for staff leave salary	2,500	1,260
Other expenses	<u>80,000</u>	<u>31,300</u>
	<u>82,500</u>	<u>32,560</u>
 10 DUE TO AFFILIATED COMPANIES		
Almulla Construction (LLC), Dubai	10,882	9,803
Mohammed & Obaid Almulla, Dubai	<u>78,831</u>	<u>70,797</u>
	<u>89,713</u>	<u>80,600</u>
 11 CASH AND CASH EQUIVALENTS		
Cash at bank		
- On fixed deposit accounts	17,175,131	16,895,761
- On current account	44,516	58,219
Cash in hand	<u>260</u>	<u>162</u>
	<u>17,219,907</u>	<u>16,954,142</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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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.