

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

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2006**

 **Sajjad Haider & Co**
Chartered Accountants

سجاد حیدر و شرکاہم
محاسبون قانونیون 

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

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2006**

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DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Accounts of the Company for the financial year ended 31 December 2006.

ACTIVITIES

The Company has sold all the residential and commercial plots available for sale. There is no more land available for sale.

The Company was incorporated for a period of 30 years which were 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. The Company is in process to register with the Securities and Commodities Authority, UAE and Dubai Financial Market.

RESULTS

There was no revenue from sale of plots during the year ended 31 December 2006, the Company has made a net profit amounting to AED 427,726 which has been adjusted against the accumulated loss brought forward from the previous year. The Directors have decided not to pay any dividend for the year 2006.

Sd
CHAIRMAN
HE Humaid Bin Nasser Al Owais

Sd
DIRECTOR
Yousef M Almulla

Dubai, 31 January 2007



Sajjad Haider & Co.
CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with Limited Liability)
DUBAI, UNITED ARAB EMIRATES**

We have audited the accompanying balance sheet of Dubai Development Company (PSC) ("the Company") for the year ended 31 December 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of Dubai Development Company (PSC) as of 31 December 2006 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles and accounting policies set out in note 2 to the financial statements.

As required by Federal Law No. 8 for (1984) including amendments, we have obtained all the information and explanations considered necessary for the purposes of our audit. The Company has maintained proper books of account and the financial information included in the Directors' report is consistent with the books of account of the Company. Nothing has come to our attention which causes us to believe that the Company has breached any of the provisions of the Federal Law No. 8 of 1984 (as amended), or its Articles of Association which could materially affect its activities or financial position at 31 December 2006.

31 January 2007



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

BALANCE SHEET AS AT 31 DECEMBER 2006

	<u>Note</u>	31 December 2006 <u>AED</u>	31 December 2005 <u>AED</u>
Assets			
Fixed assets	3	-	-
Current assets			
Other receivables	4	56,484	51,484
Cash and bank balances	5	16,954,142	16,881,553
		<u>17,010,626</u>	<u>16,933,037</u>
Total assets		<u>17,010,626</u>	<u>16,933,037</u>
Shareholders' Equity			
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/(loss)		<u>310,604</u>	<u>(117,122)</u>
		<u>16,310,604</u>	<u>15,882,878</u>
Non-current liabilities			
Provision for staff gratuity		<u>248,462</u>	<u>380,148</u>
		<u>248,462</u>	<u>380,148</u>
Current liabilities			
Creditors and accrued charges	9	32,560	126,558
Due to affiliated companies	10	80,600	68,553
Unclaimed dividend		<u>338,400</u>	<u>474,900</u>
		<u>451,560</u>	<u>670,011</u>
Total equity and liabilities		<u>17,010,626</u>	<u>16,933,037</u>

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

Sd
CHAIRMAN
HE Humaid Bin Nasser Al Owais

Sd
DIRECTOR
Yousef M Almulla

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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Note</u>	31 December 2006 <u>AED</u>	31 December 2005 <u>AED</u>
REVENUE			
Interest earned on fixed deposits		876,853	529,813
Demarcation fee		4,100	67,400
Profit on sale of fixed assets		<u>14,000</u>	<u>-</u>
		894,953	597,213
Operating expenses	11	<u>(467,227)</u>	<u>(719,849)</u>
NET PROFIT/(LOSS) FOR THE YEAR		427,726	(122,636)
(Loss)/Profit brought forward		(117,122)	5,514
PROFIT/ (LOSS) CARRIED FORWARD		<u><u>310,604</u></u>	<u><u>(117,122)</u></u>

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

CHAIRMAN

DIRECTOR

DUBAI DEVELOPMENT COMPANY (PSC)
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Share capital <u>AED</u>	Legal reserve <u>AED</u>	General reserve <u>AED</u>	Accumulated profits <u>AED</u>	Total <u>AED</u>
Balance as at 31 December 2004	10,000,000	5,000,000	1,000,000	5,514	16,005,514
Net (loss) for the year 2005	-	-	-	(122,636)	(122,636)
Balance as at 31 December 2005	10,000,000	5,000,000	1,000,000	(117,122)	15,882,878
Net Profit for the year 2006	-	-	-	427,726	427,726
Balance as at 31 December 2006	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>310,604</u>	<u>16,310,604</u>

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

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2006

	31 December 2006 <u>AED</u>	31 December 2005 <u>AED</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) for the year	427,726	(122,636)
Adjustments for:		
Provision for staff gratuity	(131,686)	5,340
Depreciation	-	30,849
	<u>296,040</u>	<u>(86,447)</u>
CHANGES IN WORKING CAPITAL		
Other receivables	(5,000)	(43,978)
Unclaimed dividend	(136,500)	29,400
Creditors and accrued charges	(93,998)	12,041
Amount due to affiliated companies	<u>12,047</u>	<u>63,323</u>
Net cash generated/ (utilised) by operating activities	72,589	(25,661)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(3,000,000)
Increase/(Decrease) in cash and bank balances during the year	72,589	(3,025,661)
Cash and bank balances at the beginning of the year	<u>16,881,553</u>	<u>19,907,214</u>
Cash and cash equivalents at the end of the year (note 12)	<u>16,954,142</u>	<u>16,881,553</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 FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2006**

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.

The Company was incorporated for a period of 30 years which were 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. The Company is in process to register with the Securities and Commodities Authority, UAE and Dubai Financial 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

DUBAI DEVELOPMENT COMPANY (PSC)*(A Public Shareholding Company with Limited Liability)***DUBAI, UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2006 (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.

3	FIXED ASSETS	Motor vehicles <u>AED</u>	Furniture and equipment <u>AED</u>	Office renovation <u>AED</u>	Total <u>AED</u>
	COST				
	At 1 January 2006	124,500	217,150	200,000	541,650
	(Disposals)	<u>(124,500)</u>	<u>-</u>	<u>-</u>	<u>(124,500)</u>
	At 31 December 2006	<u>-</u>	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
	DEPRECIATION				
	At 1 January 2006	124,500	217,150	200,000	541,650
	On (Disposals)	(124,500)	-	-	(124,500)
	Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	At 31 December 2006	<u>-</u>	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
	NET BOOK VALUE				
	At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

All the fixed assets have been fully depreciated.

DUBAI DEVELOPMENT COMPANY (PSC)*(A Public Shareholding Company with Limited Liability)***DUBAI, UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

4	OTHER RECEIVABLES	31 December 2006 <u>AED</u>	31 December 2005 <u>AED</u>
	Accrued interest on fixed deposits	<u>56,484</u>	<u>51,484</u>
5	CASH AND BANK BALANCES		
	Cash at bank		
	- On fixed deposit accounts	16,895,761	16,873,910
	- On current account	58,219	7,275
	Cash in hand	<u>162</u>	<u>368</u>
		<u>16,954,142</u>	<u>16,881,553</u>
6	SHARE CAPITAL		
	Authorised, issued and fully paid		
	10,000,000 shares of AED 1 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 up to a maximum of 50 percent of the capital. The legal reserve is not distributable.		
8	GENERAL RESERVE	31 December 2006 <u>AED</u>	31 December 2005 <u>AED</u>
	Balances brought forward	1,000,000	1,000,000
	Transfer to income statement	<u>-</u>	<u>-</u>
	Balance carried forward	<u>1,000,000</u>	<u>1,000,000</u>
9	CREDITORS AND ACCRUED CHARGES		
	Provision for staff leave salary	1,260	105,092
	Other expenses	<u>31,300</u>	<u>21,466</u>
		<u>32,560</u>	<u>126,558</u>

DUBAI DEVELOPMENT COMPANY (PSC)*(A Public Shareholding Company with Limited Liability)***DUBAI, UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

10 DUE TO AFFILIATED COMPANIES	31 December	31 December
	2006	2005
	<u>AED</u>	<u>AED</u>
Almulla Construction (LLC), Dubai	9,803	9,206
Mohammed & Obaid Almulla, Dubai	<u>70,797</u>	<u>59,347</u>
	<u><u>80,600</u></u>	<u><u>68,553</u></u>
 11 OPERATING EXPENSES	 2006	 2005
	<u>AED</u>	<u>AED</u>
Operating expenses include:		
Staff salaries and allowances	170,306	335,785
Depreciation on fixed assets	-	30,849
 12 CASH AND CASH EQUIVALENTS	 31 December	 31 December
	2006	2005
	<u>AED</u>	<u>AED</u>
Cash in hand	162	368
Cash at bank - Current account	58,219	7,275
- Fixed deposits	<u>16,895,761</u>	<u>16,873,910</u>
	<u><u>16,954,142</u></u>	<u><u>16,881,553</u></u>

DUBAI DEVELOPMENT COMPANY (PSC)*(A Public Shareholding Company with Limited Liability)***DUBAI, UNITED ARAB EMIRATES****NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006 (CONTINUED)****13 FINANCIAL INSTRUMENTS****Credit risk:**

Financial assets, which potentially subject the company to concentrations of credit risk, consist of cash, short-term deposits. The cash and short-term deposits are placed with high credit quality financial institutions. The company does not have significant exposure to any individual customer or counter-party that has not otherwise been mitigated.

Interest rate risk:

The company's short-term deposits are at a fixed interest rate and mature within three months.

Fair values:

At 31 December 2006 the carrying amounts of cash, short-term deposits, receivables and other liabilities approximated their fair values due to the short-term maturities of these assets and liabilities.

Foreign exchange:

The company does not have significant transactions or balances denominated in other currencies. Foreign exchange risk is therefore limited.

16 STAFFING LEVELS20062005

No of employees

25

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

17 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.

18 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.