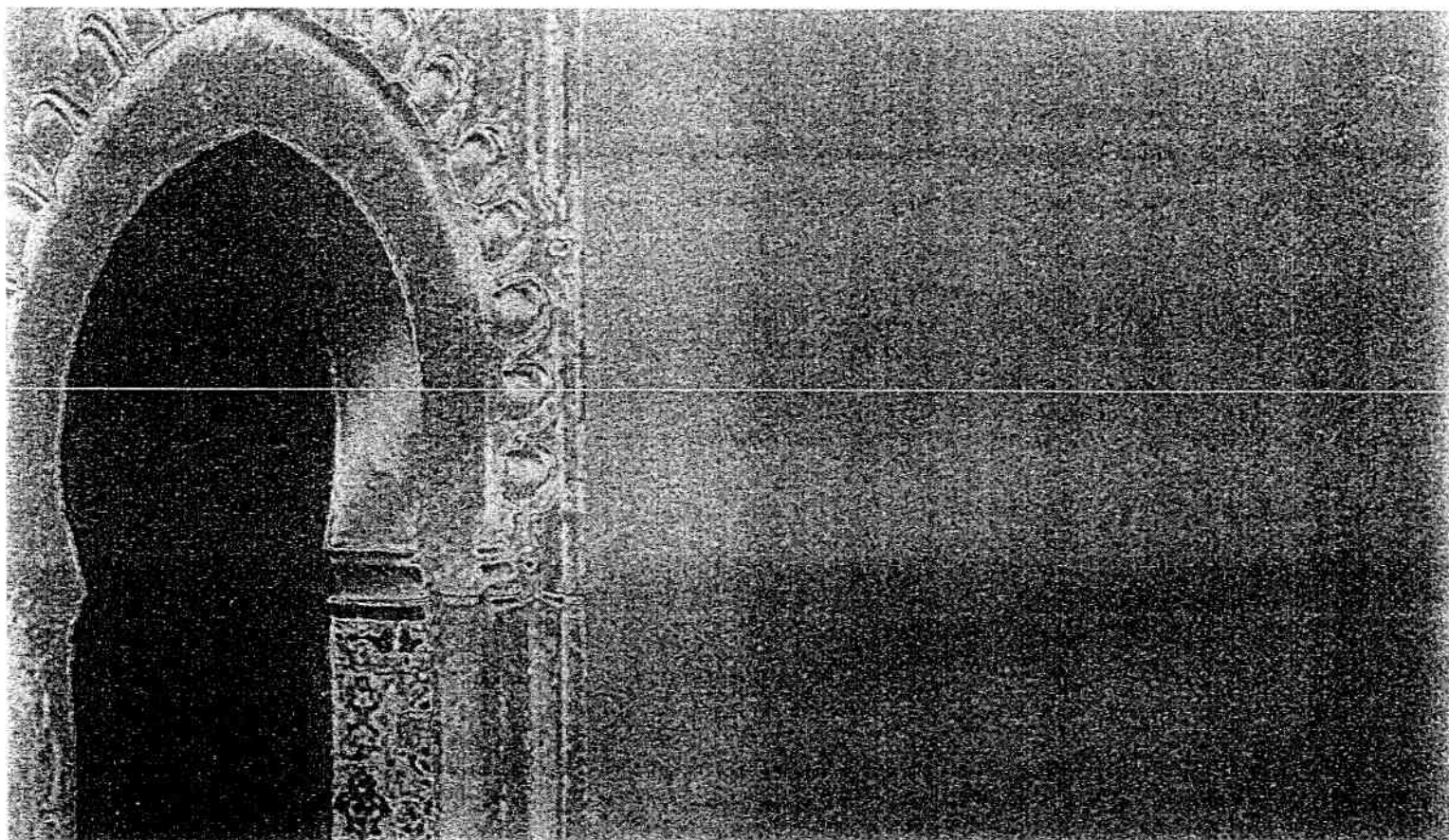


DUBAI DEVELOPMENT COMPANY (PSC)
DUBAI, UNITED ARAB EMIRATES
(A Public Shareholding Company with limited liability)

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2008**



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

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2008**

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DUBAI DEVELOPMENT COMPANY (PSC)
(A Public Shareholding Company with limited liability)
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 2008.

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.

RESULTS

There was no revenue from sale of plots during the year ended 31 December 2008, the Company has made a net profit amounting to AED 374,534 which has been included in the accumulated profit brought forward from the previous year. The Directors have decided not to pay any dividend for the year 2008.


CHAIRMAN
HE Humaid Bin Nasser Al Owais


DIRECTOR
Yousef M Almulla

Dubai, 2009

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

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 financial statements of Dubai Development Company (PSC) ("the Company") which comprise the balance sheet as at 31 December 2008 and the statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial performance and its cash flows for the year then ended in accordance with the accounting policies as mentioned in note 2 to the financial statements.

Report on other legal and regulatory requirements

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 2008.

15 February 2009


SAJJAD HAIDER & CO
CHARTERED ACCOUNTANTS

(Mohammad Nafees Reg. 165)



Office 8A
Dubai Creek Tower
Baniyas Street
PO Box 3251
Dubai, UAE
Tel: (9714) 2222126
Fax: (9714) 2238881
mail@sajjadhaider.com
www.sajjadhaider.com

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

BALANCE SHEET AS AT 31 DECEMBER 2008

		31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
	<u>Note</u>		
Assets Employed			
Fixed assets	3	-	-
Current Assets			
Prepayments and other receivables	4	46,386	33,912
Cash and bank balances	5	18,056,651	17,564,950
		<u>18,103,037</u>	<u>17,598,862</u>
Total assets		<u>18,103,037</u>	<u>17,598,862</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>1,144,413</u>	<u>769,879</u>
		<u>17,144,413</u>	<u>16,769,879</u>
Non-current liabilities			
Provision for staff gratuity		<u>240,000</u>	<u>240,000</u>
Current Liabilities			
Creditors and accrued charges	9	265,000	150,000
Due to affiliated companies	10	112,124	97,483
Unclaimed dividend		<u>341,500</u>	<u>341,500</u>
		<u>718,624</u>	<u>588,983</u>
Total equity and liabilities		<u>18,103,037</u>	<u>17,598,862</u>

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


CHAIRMAN
HE Humaid Bin Nasser Al Owais


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 2008

		31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
	<u>Note</u>		
REVENUE			
Interest earned on fixed deposits		621,996	932,167
Operating expenses	11	<u>(247,462)</u>	<u>(472,892)</u>
NET PROFIT FOR THE YEAR		374,534	459,275
Profit brought forward		769,879	310,604
PROFIT CARRIED FORWARD		<u>1,144,413</u>	<u>769,879</u>

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


CHAIRMAN
HE Humaid Bin Nasser Al Owais


DIRECTOR
Yousef M Almulla

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

	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 1 January 2007	10,000,000	5,000,000	1,000,000	310,604	16,310,604
Profit for year ended 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,275</u>	<u>459,275</u>
Balance as at 31 December 2007	10,000,000	5,000,000	1,000,000	769,879	16,769,879
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>374,534</u>	<u>374,534</u>
Balance as at 31 December 2008	<u>10,000,000</u>	<u>5,000,000</u>	<u>1,000,000</u>	<u>1,144,413</u>	<u>17,144,413</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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year	374,534	459,275
Adjustment for:		
Provision for staff gratuity	<u>-</u>	<u>(8,462)</u>
	374,534	450,813
Changes in working capital		
Prepayments and other receivables	(12,474)	22,572
Unclaimed dividends	-	3,100
Creditors and accrued charges	115,000	117,440
Amount due to affiliated companies	<u>14,641</u>	<u>16,883</u>
Increase in cash and cash equivalents during the year	491,701	610,808
Cash and bank balances at the beginning of the year	<u>17,564,950</u>	<u>16,954,142</u>
Cash and cash equivalents at the end of the year (note 12)	<u>18,056,651</u>	<u>17,564,950</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 DECEMBER 2008**

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 Rashidyah 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.

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 FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

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	Furniture and equipment <u>AED</u>	Office renovation <u>AED</u>	Total <u>AED</u>
COST			
At 1 January 2008	217,150	200,000	417,150
At 31 December 2008	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
DEPRECIATION			
At 1 January 2008	217,150	200,000	417,150
At 31 December 2008	<u>217,150</u>	<u>200,000</u>	<u>417,150</u>
NET BOOK VALUE			
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>

All assets have been fully depreciated.

There were no additions or disposals of fixed assets during the year.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

4 OTHER RECEIVABLES	31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
Accrued interest on fixed deposits	<u>46,386</u>	<u>33,912</u>
5 CASH AND BANK BALANCES		
Cash at bank		
- On fixed deposit accounts	17,995,023	17,485,501
- On current account	61,389	79,189
Cash in hand	<u>239</u>	<u>260</u>
	<u>18,056,651</u>	<u>17,564,950</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 2008 <u>AED</u>	31 December 2007 <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>

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)

9 CREDITORS AND ACCRUED CHARGES	31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
Other expenses	<u>265,000</u>	<u>150,000</u>
10 DUE TO AFFILIATED COMPANIES		
Almulla Construction (LLC), Dubai	10,882	10,883
Mohammed & Obaid Almulla, Dubai	<u>101,242</u>	<u>86,600</u>
	<u>112,124</u>	<u>97,483</u>
11 OPERATING EXPENSES	2008 <u>AED</u>	2007 <u>AED</u>
Staff salaries	120,000	141,697
Office rent	31,900	31,900
Trade license expenses	7,900	7,900
Telephone, telex and postage	507	4,740
Medical expenses	-	665
Audit fee	20,000	20,000
Provision for staff gratuity	-	2,256
Operating expenses	12,238	17,928
Leave salary	-	1,607
Entertainment expenses	3,500	-
Advertising expenses	6,720	44,100
Stock market and company registration expenses	-	105,000
Legal expenses	44,050	95,095
Miscellaneous expenses	<u>647</u>	<u>4</u>
	<u>247,462</u>	<u>472,892</u>

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

12 CASH AND CASH EQUIVALENTS	31 December 2008 <u>AED</u>	31 December 2007 <u>AED</u>
Cash in hand	239	260
Cash at bank		
- On current account	61,389	79,189
- On fixed deposit accounts	<u>17,995,023</u>	<u>17,485,501</u>
	<u>18,056,651</u>	<u>17,564,950</u>

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 2008 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.

14 STAFFING LEVELS	<u>2008</u>	<u>2007</u>
No of employees	<u>2</u>	<u>2</u>

DUBAI DEVELOPMENT COMPANY (PSC)
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DUBAI, UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15 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.

16 COMPARATIVE FIGURES

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