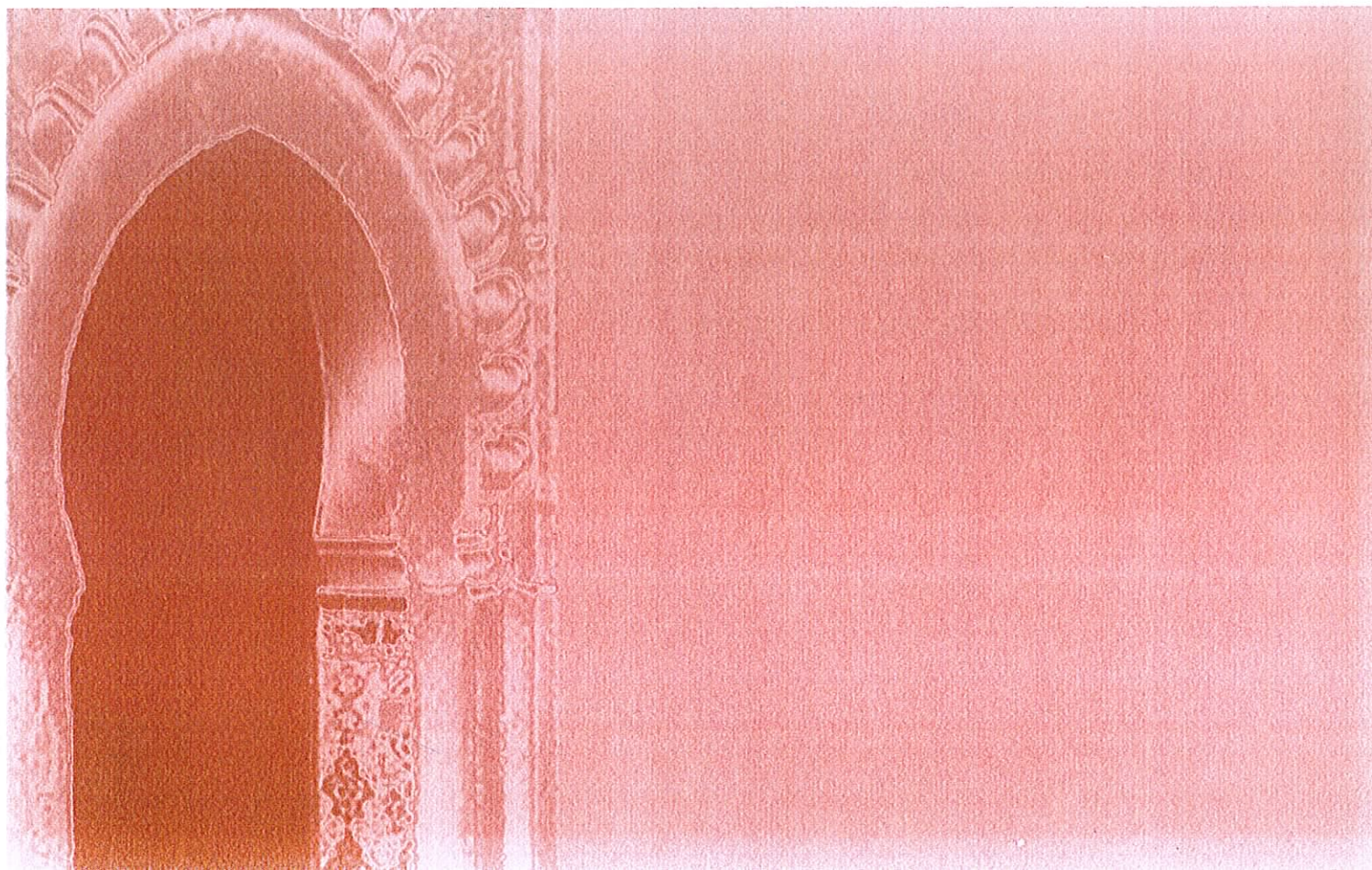


**DUBAI DEVELOPMENT COMPANY (PSC)**  
**DUBAI, UNITED ARAB EMIRATES**  
*(A Public Shareholding Company with limited liability)*

**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 DECEMBER 2011**





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

**FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2011**

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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 2011.

**ACTIVITIES**

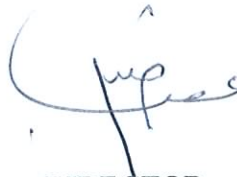
Due to current local property market conditions, the company has not started any commercial activities during the year 2011.

**RESULTS**

The Company has made a net profit amounting to AED 127,989 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 2011.



**CHAIRMAN**  
Yousef M Almula



**DIRECTOR**  
Khalil Essa Awad

Dubai, 9 February 2012

**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 2011 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 position of the Company as of 31 December 2011, 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 2011.

7 February 2012

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

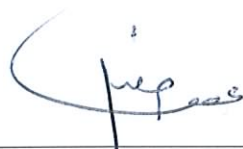
**DUBAI DEVELOPMENT COMPANY (PSC)**  
*(A Public Shareholding Company with Limited Liability)*  
**DUBAI, UNITED ARAB EMIRATES**

**BALANCE SHEET AS AT 31 DECEMBER 2011**

|                                     | Note | 31 December<br>2011<br>AED | 31 December<br>2010<br>AED |
|-------------------------------------|------|----------------------------|----------------------------|
| <b>Assets Employed</b>              |      |                            |                            |
| Fixed assets                        | 3    | -                          | -                          |
| <b>Current Assets</b>               |      |                            |                            |
| Prepayments and other receivables   | 4    | 48,084                     | 190,020                    |
| Cash and bank balances              | 5    | 19,624,548                 | 19,306,241                 |
|                                     |      | 19,672,632                 | 19,496,261                 |
| <b>Total assets</b>                 |      | 19,672,632                 | 19,496,261                 |
| <b>Capital and reserves</b>         |      |                            |                            |
| 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                  |      | 2,446,346                  | 2,318,357                  |
|                                     |      | 18,446,346                 | 18,318,357                 |
| <b>Non-current liabilities</b>      |      |                            |                            |
| Provision for staff gratuity        |      | 240,000                    | 240,000                    |
| <b>Current Liabilities</b>          |      |                            |                            |
| Creditors and accrued charges       | 9    | 605,048                    | 495,000                    |
| Due to affiliated companies         | 10   | 39,738                     | 101,404                    |
| Unclaimed dividend                  |      | 341,500                    | 341,500                    |
|                                     |      | 986,286                    | 937,904                    |
| <b>Total equity and liabilities</b> |      | 19,672,632                 | 19,496,261                 |

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

  
**CHAIRMAN**  
Yousef M Almulla

  
**DIRECTOR**  
Khalil Essa Awad



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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

|                                      |             | 31 December<br>2011<br><u>AED</u> | 31 December<br>2010<br><u>AED</u> |
|--------------------------------------|-------------|-----------------------------------|-----------------------------------|
|                                      | <u>Note</u> |                                   |                                   |
| <b>REVENUE</b>                       |             |                                   |                                   |
| Interest earned on fixed deposits    |             | 368,792                           | 814,055                           |
| Operating expenses                   | 11          | <u>(240,803)</u>                  | <u>(235,779)</u>                  |
| NET PROFIT FOR THE YEAR              |             | <u>127,989</u>                    | <u>578,276</u>                    |
| Basic and diluted earnings per share |             | <u>0.0128</u>                     | <u>0.0578</u>                     |

*LM* ✓

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

  
**CHAIRMAN**  
Yousef M Almulla

  
**DIRECTOR**  
Khalil Essa Awad

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2011**

|                                               | Share<br>capital<br><u>AED</u> | Legal<br>reserve<br><u>AED</u> | General<br>reserve<br><u>AED</u> | Accumulated<br>profit<br><u>AED</u> | Total<br><u>AED</u> |
|-----------------------------------------------|--------------------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------|
| Balance as at 1 January<br>2010               | 10,000,000                     | 5,000,000                      | 1,000,000                        | 1,740,081                           | 17,740,081          |
| Profit for the year ended<br>31 December 2010 | -                              | -                              | -                                | 578,276                             | 578,276             |
| Balance as at 31<br>December 2010             | 10,000,000                     | 5,000,000                      | 1,000,000                        | 2,318,357                           | 18,318,357          |
| Profit for the year ended<br>31 December 2011 | -                              | -                              | -                                | 127,989                             | 127,989             |
| Balance as at 31<br>December 2011             | <u>10,000,000</u>              | <u>5,000,000</u>               | <u>1,000,000</u>                 | <u>2,446,346</u>                    | <u>18,446,346</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 2011**

|                                                            | 31 December<br>2011<br><u>AED</u> | 31 December<br>2010<br><u>AED</u> |
|------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                                   |                                   |
| Net profit for the year                                    | 127,989                           | 578,276                           |
| <b>Changes in working capital</b>                          |                                   |                                   |
| Increase/(decrease) in prepayments and other receivables   | 141,936                           | (142,724)                         |
| Increase in creditors and accrued charges                  | 110,048                           | 120,000                           |
| (Decrease)/increase in amount due to affiliated companies  | <u>(61,666)</u>                   | <u>54,358</u>                     |
| Increase in cash and cash equivalents during the year      | 318,307                           | 609,910                           |
| Cash and cash equivalents at the beginning of the year     | <u>19,306,241</u>                 | <u>18,696,331</u>                 |
| Cash and cash equivalents at the end of the year (note 12) | <u>19,624,548</u>                 | <u>19,306,241</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 2011**

**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).

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.

**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**  
**FOR THE YEAR ENDED 31 DECEMBER 2011 (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.

| <b>3</b> | <b>FIXED ASSETS</b>   | Furniture and<br>equipment<br><u>AED</u> | Office<br>renovation<br><u>AED</u> | Total<br><u>AED</u> |
|----------|-----------------------|------------------------------------------|------------------------------------|---------------------|
|          | <b>COST</b>           |                                          |                                    |                     |
|          | At 1 January 2011     | <u>217,150</u>                           | <u>200,000</u>                     | <u>417,150</u>      |
|          | At 31 December 2011   | <u>217,150</u>                           | <u>200,000</u>                     | <u>417,150</u>      |
|          | <b>DEPRECIATION</b>   |                                          |                                    |                     |
|          | At 1 January 2011     | <u>217,150</u>                           | <u>200,000</u>                     | <u>417,150</u>      |
|          | At 31 December 2011   | <u>217,150</u>                           | <u>200,000</u>                     | <u>417,150</u>      |
|          | <b>NET BOOK VALUE</b> |                                          |                                    |                     |
|          | At 31 December 2011   | <u>-</u>                                 | <u>-</u>                           | <u>-</u>            |
|          | At 31 December 2010   | <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**  
**FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)**

| <b>4</b>     | <b>PREPAYMENTS AND OTHER RECEIVABLES</b> | 31 December<br>2011<br><u>AED</u> | 31 December<br>2010<br><u>AED</u> |
|--------------|------------------------------------------|-----------------------------------|-----------------------------------|
|              | Accrued interest on fixed deposits       | 9,424                             | 176,372                           |
|              | Prepaid expenses                         | <u>38,660</u>                     | <u>13,648</u>                     |
|              |                                          | <u>48,084</u>                     | <u>190,020</u>                    |
| <br><b>5</b> | <br><b>CASH AND BANK BALANCES</b>        |                                   |                                   |
|              | Cash at bank                             |                                   |                                   |
|              | - On fixed deposit accounts              | 19,557,020                        | 19,241,281                        |
|              | - On current account                     | 67,528                            | 64,938                            |
|              | Cash in hand                             | <u>-</u>                          | <u>22</u>                         |
|              |                                          | <u>19,624,548</u>                 | <u>19,306,241</u>                 |
| <br><b>6</b> | <br><b>SHARE CAPITAL</b>                 |                                   |                                   |
|              | <b>Authorised, issued and fully paid</b> |                                   |                                   |
|              | 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.



**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 2011 (CONTINUED)**

|           |                                                |                                   |                                   |
|-----------|------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>8</b>  | <b>GENERAL RESERVE</b>                         | 31 December<br>2011<br><u>AED</u> | 31 December<br>2010<br><u>AED</u> |
|           | Balances brought forward                       | <u>1,000,000</u>                  | <u>1,000,000</u>                  |
|           | Balance carried forward                        | <u><u>1,000,000</u></u>           | <u><u>1,000,000</u></u>           |
| <b>9</b>  | <b>CREDITORS AND ACCRUED CHARGES</b>           |                                   |                                   |
|           | Other expenses                                 | <u>605,048</u>                    | <u>495,000</u>                    |
| <b>10</b> | <b>DUE TO AFFILIATED COMPANIES</b>             |                                   |                                   |
|           | Almulla Construction (LLC), Dubai              | 10,883                            | 10,883                            |
|           | Mohammed & Obaid Almulla, Dubai                | <u>28,855</u>                     | <u>90,521</u>                     |
|           |                                                | <u><u>39,738</u></u>              | <u><u>101,404</u></u>             |
| <b>11</b> | <b>OPERATING EXPENSES</b>                      | 31 December<br>2011<br><u>AED</u> | 31 December<br>2010<br><u>AED</u> |
|           | Staff salaries                                 | 120,000                           | 120,000                           |
|           | Office rent                                    | 19,260                            | 19,260                            |
|           | Trade license expenses                         | 8,543                             | 9,589                             |
|           | Audit fee                                      | 20,000                            | 20,000                            |
|           | Operating expenses                             | 51,322                            | 51,174                            |
|           | Entertainment expenses                         | 4,080                             | 3,185                             |
|           | Advertising expenses                           | 7,440                             | 7,440                             |
|           | Stock market and company registration expenses | 10,088                            | 5,000                             |
|           | Miscellaneous expenses                         | <u>70</u>                         | <u>131</u>                        |
|           |                                                | <u><u>240,803</u></u>             | <u><u>235,779</u></u>             |

**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 2011 (CONTINUED)**

| <b>12 CASH AND CASH EQUIVALENTS</b> | <b>31 December<br/>2011<br/><u>AED</u></b> | <b>31 December<br/>2010<br/><u>AED</u></b> |
|-------------------------------------|--------------------------------------------|--------------------------------------------|
| Cash in hand                        | -                                          | 22                                         |
| Cash at bank                        |                                            |                                            |
| - On current account                | 67,528                                     | 64,938                                     |
| - On fixed deposit accounts         | <u>19,557,020</u>                          | <u>19,241,281</u>                          |
|                                     | <u>19,624,548</u>                          | <u>19,306,241</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 2011, 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.

**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 2011 (CONTINUED)**

| <b>14 STAFFING LEVELS</b> | <u><b>2011</b></u> | <u><b>2010</b></u> |
|---------------------------|--------------------|--------------------|
| No. of employees          | <u>2</u>           | <u>2</u>           |

**15 CONTINGENT LIABILITES**

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.