



**FIRST
DUBAI**

THE POWER OF DEVELOPMENT

رأس المال المصرح به والمدموع 100,000,000 د.ك. سجل تجاري 94032 تاريخ التأسيس 2003

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المرجع: FDC-CS-02-2017-0011

المحترمين

السادة / بورصة الكويت

تحية طيبة و بعد ،،،

الموضوع: البيانات المالية المجمعة للسنة المالية المنتهية
في 2016/12/31 لشركة دبي الأولى للتطوير العقاري

**Subject: Annual Consolidated Financial Statements for the Year
Ended at 31/12/2016 For First Dubai Real Estate Development Co.**

بالإشارة الى الموضوع أعلاه، تجدون مرفق طيه الآتي:

- افصاحات البيانات المالية المجمعة حسب نموذج بورصة الكويت.
- بيان المركز المالي المجمع.
- بيان الدخل المجمع.
- تقرير مراقبي الحسابات حول البيانات المالية المجمعة للسنة المالية المنتهية في 2016/12/31.

In reference to the above subject, kindly find attached as follow:

- Annual Consolidated Financial Statements disclosures according to Boursa Kuwait templates.
- Consolidated statement of financial position.
- Consolidated statement of income.
- Independent Auditors' Report on the Annual Consolidated Financial Statements for the year ended at 31/12/2016.

شاكرين لكم حسن تعاونكم،،،
وتفضلوا بقبول فائق الاحترام ،،،

شلاش هيف الحجرف
رئيس مجلس الإدارة



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للح

Annual Financial Statements for the Year Ended 31/12/2016 Form in KD			نموذج نتائج البيانات المالية السنوية المنتهية في 2016 /12/31 (د.ك.)
شركة دبي الاولى للتطوير العقاري			اسم الشركة
First Dubai Real Estate Development Company			Company's Name
05/02/2017			تاريخ اجتماع مجلس الإدارة
			The Date of Board of Directors Meeting
نسبة التغير Change Percentage	السنة المقارنة Comparative Year 31/12/2015	السنة الحالية Current Year 31/12/2016	البيان Statement
(24%)	2,029,504	1,536,583	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
(24%)	2.03 فلس	1.54 فلس	ربحية / (خسارة) السهم الأساسية والمخفضة - فلس Diluted Earnings per share - Fils
(68%)	50,931,607	16,258,006	الموجودات المتداولة Current Assets
(5%)	99,272,125	94,335,512	إجمالي الموجودات Total Assets
(50%)	11,161,415	5,627,238	المطلوبات المتداولة Current Liabilities
(25%)	30,802,298	23,212,976	إجمالي المطلوبات Total Liabilities
4%	64,626,109	67,057,737	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
25%	8,785,553	10,976,071	إجمالي الإيرادات التشغيلية Total Operating Revenue
5%	2,997,149	3,143,807	صافي الربح / (الخسارة) التشغيلي Net Operating Profit (Loss)
(24%)	2.03%	1.54%	صافي الربح (الخسارة) / رأس المال المدفوع Net Profit (Loss)/ Paid-up Share Capital



• يعود سبب الانخفاض في صافي الربح بشكل رئيسي إلى:
 • انخفاض قيمة العقارات المحتفظ بها للمتاجرة بقيمة 1,294,565 د.ك في عام 2016 مقارنة بزيادة قيمة العقارات المحتفظ بها للمتاجرة بقيمة 375,038 د.ك في عام 2015 ، في المقابل حققت الشركة في عام 2016 زيادة في اجمالي الربح التشغيلي بقيمة 146,658 د.ك وزيادة في حصة نتائج الشركة الزميلة بقيمة 485,445 د.ك مقارنة بالعام 2015.

- **The increase in the net profit is mainly due to the following:**
 • Impairment on the properties held for trading by KD 1,294,565 in 2016 compared to reversal of impairment on the properties held for trading by KD 375,038 in 2015. Also, the gross profit had increased by KD 146,658 and the share of result from an associate had increased by KD 485,445 as compared to year 2015.

- بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة مبلغ 209,352 دينار كويتي.
- **Total revenues realized from dealing with related parties amounting to KD. 209,352**
- بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة مبلغ 433,400 دينار كويتي.
- **Total expenditures incurred from dealing with related parties amounting to KD. 433,400**

النسبة	البيان	Dividend	توزيعات الارباح
N/A	N/A	cash dividend	توزيعات نقدية
N/A	N/A	stock dividend	أسهم متحة
N/A	N/A	Other dividend	توزيعات اخري
لا يوجد	لا يوجد توزيع ارباح	No dividend	عدم توزيع أرباح

		N/A	Capital Increase	زيادة رأس المال
N/A	مبلغ العلاوة:			
		N/A	Capital Decrease	تخفيض رأس المال

ختم الشركة	التوقيع	المسمى الوظيفي	الاسم
		رئيس مجلس الادارة	السيد / شلاش هيف الحجرف

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First Dubai Real Estate Development Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 KD	2015 KD
ASSETS			
Non-current assets			
Investment in an associate	9	11,042,551	-
Investment properties	10	49,434,304	33,922,891
Financial assets available-for-sale	11	10,100,835	10,193,670
Advances to purchase properties		7,499,816	4,223,957
		78,077,506	48,340,518
Current assets			
Properties held for trading	12	6,015,600	14,549,605
Accounts receivable and other debit balances	13	473,424	467,822
Due from related parties	14	8,603,943	34,707,663
Cash and bank balances	15	1,165,039	1,206,517
		16,258,006	50,931,607
TOTAL ASSETS		94,335,512	99,272,125
EQUITY AND LIABILITIES			
Equity			
Share capital	16	100,000,000	100,000,000
Share premium	16	2,760	2,760
Statutory reserve	17	1,206,469	1,206,469
Voluntary reserve	17	1,206,469	1,206,469
Fair value reserve		739,466	603,242
Employees' share option reserve		66,140	66,140
Other reserves		(320,567)	(320,567)
Treasury share reserve		1,319	1,319
Treasury shares	18	(664,834)	(664,834)
Group's share in associate's reserve		24,666	-
Foreign currency translation reserve		4,528,356	3,794,201
Accumulated losses		(39,732,507)	(41,269,090)
Equity attributable to equity holders of the Parent Company		67,057,737	64,626,109
Non-controlling interests		4,064,799	3,843,718
Total equity		71,122,536	68,469,827
Liabilities			
Non-current liabilities			
Tawarruq payable	19	-	1,039,408
Ijara payable	20	17,585,738	18,601,475
		17,585,738	19,640,883
Current liabilities			
Tawarruq payable	19	1,039,204	875,000
Ijara payable	20	1,168,208	993,180
Accounts payable and other credit balances	21	2,582,443	1,989,346
Advances from customers		837,383	7,303,889
		5,627,238	11,161,415
Total liabilities		23,212,976	30,802,298
TOTAL EQUITY AND LIABILITIES		94,335,512	99,272,125

Shlash Al Hajraf
Chairman

The attached notes 1 to 28 form part of these consolidated financial statements.

First Dubai Real Estate Development Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2016

	<i>Notes</i>	2016 KD	2015 KD
REVENUE			
Revenue from sale of properties held for trading		7,972,059	6,528,092
Rental income		2,946,459	2,257,461
Net management fees and commission income		57,553	-
		<u>10,976,071</u>	<u>8,785,553</u>
COST OF REVENUE			
Cost of sale of properties held for trading	12	(7,330,097)	(5,446,013)
Cost of rental		(502,167)	(342,391)
		<u>(7,832,264)</u>	<u>(5,788,404)</u>
GROSS PROFIT		3,143,807	2,997,149
General and administrative expenses		(679,293)	(538,845)
Loss on disposal of investment property		(198,515)	-
Share of results from an associate	9	485,445	-
Net investment income		116,722	129,529
Other income	22	1,315,844	55,237
Change in fair value of investment properties	10	(159,813)	14,781
(Impairment) write back of impairment on properties held for trading	12	(1,294,565)	375,038
Finance costs		(881,764)	(961,476)
PROFIT FOR THE YEAR BEFORE BOARD OF DIRECTOR'S REMUNERATION, CONTRIBUTION TO NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT		1,847,868	2,071,413
Board of Director's remuneration	16	(30,000)	-
NLST		(39,452)	(52,578)
Zakat		(4,142)	(21,031)
PROFIT FOR THE YEAR		1,774,274	1,997,804
Attributable to:			
Equity holders of the Parent Company		1,536,583	2,029,504
Non-controlling interests		237,691	(31,700)
PROFIT FOR THE YEAR		1,774,274	1,997,804
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
	8	1.54 fils	2.03 fils

The attached notes 1 to 28 form part of these consolidated financial statements.



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P

Report on the Audit of Consolidated financial Statements

Opinion

We have audited the consolidated financial statements of the First Dubai Real Estate Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with the *IESBA Code*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated financial Statements (continued)

Key Audit Matters (continued)

We identified the following key audit matters:

a) Valuation and impairment of investment securities

Investment securities primarily consist of available for sale investments. These instruments are measured at fair value with the corresponding fair value change recognised in other comprehensive income. The valuation is performed by the Group using a fair value hierarchy.

a) Valuation and impairment of investment securities (continued)

The valuation of investment securities is inherently subjective, most predominantly for the instruments classified under level 3 as these are valued using inputs other than quoted prices in an active market. Key inputs used in the valuation of individual level 3 investments are expected cash flows, risk free rates and credit spreads. In addition, the Group determines whether objective evidence of impairment exists for individual investments, whether it represents a significant or prolonged decline. In these cases, the difference between carrying value and fair value is transferred from other comprehensive income to the consolidated statement of income. Given the inherent subjectivity in the valuation of the investment securities classified under level 3, we determined this to be a key audit matter.

Our audit procedures comprised, amongst others, assessment of the methodology and the appropriateness of the valuation models and inputs used for valuation of financial assets available for sale. As part of these audit procedures we assessed the accuracy of key inputs used in the valuation such as the expected cash flows, risk free rates and credit spreads by benchmarking them with external data. We also evaluated the Group's assessment whether objective evidence of impairment exists for individual investments, whether it represents significant or prolonged decline. Finally, we assessed the appropriateness of disclosures relating to investment securities, as shown in Note 11 of the consolidated financial statements.

b) Valuation of investment properties

Investment properties of the Group represent a significant part of the total assets and is carried at fair value as at 31 December 2016.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated financial Statements (continued)

Key Audit Matters (continued)

b) *Valuation of investment properties (continued)*

The management is determining the fair value of its investment properties and uses external appraisers to support the valuation. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions. Further, the disclosures relating to the assumptions are relevant, given the estimation uncertainty and sensitivity of the valuations. Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we considered this as a key audit matter.

We have evaluated the assumptions and estimates made by the management and the external appraisers in the valuation to assess the appropriateness of the data supporting the fair value. Our real estate specialists were part of our audit team for evaluating the external valuation, including the assumptions and estimates used. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers. Furthermore, we assessed the appropriateness of the disclosures relating to the sensitivity of the assumptions as shown in Note 10 of the consolidated financial statements.

c) *Properties held for trading*

Properties held for trading represent a significant part of total assets and is carried at the lower of cost or net realisable value, which requires management's judgement in determining the appropriate costing basis and provision of properties held for trading since they are based on forecast of estimated selling price less costs to sell and assessing whether the provision is adequate. Given the size and complexity of the valuation of properties held for trading, we addressed this as a key audit matter.

We have tested a sample of properties held for trading to assess the cost basis and challenged the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are based on the existing contracts and whether these are in line with historical revenues to date. Further, we have assessed the determination of the net realisable value by verifying recent sales transactions and the related costs necessary to make the sale. Further, we compared the properties held for trading provision to the Group's policy and evaluated management's judgement on the adequacy of this by performing a review of the overall level of provisions on an aggregate as well as understanding the levels of demand for properties. Finally, we assessed the appropriateness of disclosures relating to properties held for trading, as shown in Note 12 of the consolidated financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated financial Statements (continued)

Other information included in the Group's 2016 Annual report

Management is responsible for the other information. Other information consists of the information included in the Group's 2016 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information we obtained prior to the date of the auditors report, we conclude that there is a material misstatement of other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
FIRST DUBAI REAL ESTATE DEVELOPMENT COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No.1 of 2016, and its executive regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its executive regulations nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2016 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
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AL AIBAN, AL OSAIMI & PARTNERS

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