




Annual Report
FY2014

Depa Limited

Business Highlights

A POWERFUL TURNAROUND

Vedder has successfully integrated the FY2013 Loher Raumexklusiv acquisition, and is now running a financially sound and promising business with a record-breaking revenue of AED 310 million.

A FOOTHOLD IN AFRICA

The Group continues to penetrate the African continent further with Depa Industrial Group securing hospitality contracts in Mozambique and Kenya. Deco Emirates signed with long-term client Dolce & Gabbana for a retail store in South Africa.

A RECORD-BREAKING YEAR

Design Studio Group achieved an 83% increase in year-on-year profits with the best quarterly performance in Q4-2014 ever since its IPO in 2003. The OUE Downtown 1, one of the largest contracts ever signed by the company, was reflective of the many significant achievements witnessed in FY2014.

SECURING THE BASE

Deco Emirates' business model continues to withstand the challenging market conditions securing its position as one of the UAE's leading niche interior contractors and manufacturers. Deco delivered excellent top and bottom line results for the Group in 2014, focusing on retail and commercial clients.

THE CORNERSTONE OF THE INDUSTRY

Carrara Middle East, the region's leading stone manufacturer, increased profitability by 50% leading to a net profit of AED 9 m in FY2014 despite a slight decrease in revenue.

Image references | Title page

1) Depa Limited HQ, Dubai © Pia Torelli
2) L'hôpital Cheikh Khalifa Ben Zaïd, Casablanca
3) Rodeo Grill, Abu Dhabi © Beach Rotana
4) Bobbi Brown Store, Riyadh
5) Hyatt Regency Creek Heights, Dubai
6) Spa Fairmont, Baku © Fairmont Baku

Starting operations in 1996, Depa specialises in the full-scope turnkey fit-out and furnishing of five star hotels and resorts, high-end retail stores and malls, luxurious offices, large-scale social infrastructure projects such as museums, airports and metro stations, apartments, villas and palaces, private jets and yachts around the world.

Depa's superior portfolio of projects, successfully completed in more than 35 countries, illustrates our skills in combining aesthetic and operational requirements to create the harmonious and complete results our clients expect.

We proudly set the standards of excellence in interior implementation.

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Chairman's Statement

Mohamed Al Fahim
Chairman

FY2014 has been another year of transition for Depa Limited ["Depa" / "the Company" / "the Group"]. There have been a number of changes to the Board of Directors. Hasan Ismaik, our former Chairman, and Fahad Al Nabet, an Independent Non-Executive Director, stepped down during the year while El Sayed Zakaria and Mohamed Idriss were nominated as Independent Non-Executive Directors. The Board was further boosted by the appointment of Roderick Maciver as Vice Chairman.

Recently, the Board confirmed Nadim Akhras as Group Chief Executive Officer. Being Interim Group CEO since October 2013, his expertise, knowledge-base and proven leadership skills have made him the ideal candidate for this position, not to forget that he has been a valuable member of the Depa family since 1998.

Over the past twelve months, construction and its associated industries have seen challenging conditions, in our region. Competition is fierce and new entrants are willing to pressure the supply chain costs resulting in low or even negative margins. Nonetheless, we have kept faith in our price point, justified by the superior quality we deliver, and selectively chosen projects that meet our long-term margin benchmark. Consequently, Revenue and Backlog are both lower on a year-on-year basis, yet our determination to collect our receivables and to focus on the bottom line has been a significant reason towards posting our first Net Profit since 2012, AED 44 million after Non-Controlling Interest ["NCI"]. Nonetheless, the Board of Directors has decided not to distribute a dividend.

Depa's geographical diversification and operational consolidation strategy has remained unchanged over the course of FY2014. The Company has continued to expand far beyond its core Middle East base and the decision has been corroborated by the success we have experienced in Europe and Asia.

We have balanced each regional construction cycle to deliver consistent results and ensure the Company's long-term future has not been affected by any market-specific downturn. The Company has also made progress in augmenting our emerging market presence, pursuing projects in South Asia, Africa and GCC countries such as Oman and Kuwait.

As we look ahead, we are engaged in further streamlining and consolidating our headquarters. Our objective is to reduce uncertainty and costs whilst securing new global contracts that meet our requirements. I believe under the leadership of Nadim and his team, the Company is in the right shape to capitalise on the future growth and investment opportunities that will arise as markets improve.

I would also like to thank our shareholders and staff for their continued support and wish everyone well for FY2015.

CEO's Review

FY2014 has been a year of operational re-focus and continued geographical diversification for Depa. Our strategy to mitigate risks, balance out construction cycles and deliver the highest standards within the industry has proven effective in returning the business to profitability and in strengthening our financial position.

Mhd. Nadim Akhras
Group CEO

Mirroring our emphasis on the bottom line, Revenue for the year was AED 1,940 million, down from AED 2,318 million in FY2013. Our Net Profit after NCI, however, stood at AED 44 million [FY2013: AED 131 million Net Loss after NCI] and our Backlog at the end of the fiscal year was AED 2,083 million, down by AED 451 million from FY2013. The Company has been successful at collecting receivables, pushing our Net Cash position to its highest level in five years at AED 138 million.

I am particularly proud that we have achieved this in a challenging regional landscape in 2014, where we have seen an emergent trend for firms to bid for contracts at any price, driving down margins for the industry and creating potential issues on both the quality and timely delivery of some projects.

We have deliberately kept our focus on being extremely selective in what we bid for and how projects are priced. Our aim is to protect the interest of our clients and our shareholders and we therefore only pursue contracts with low risk profiles and healthy margins. Maintaining our reputation as a leading global interior contracting Company has been of paramount importance to us during this period.

Global strategy and integration

Performance highlights across our core markets included the highest-ever revenue and a remarkable profit for our German subsidiary, Vedder. This was testament to the successful integration of super yacht and private jet outfitting specialist, Loher Raumexklusiv ["Loher"], into the business. We have also developed a healthy backlog of business for FY2015 and I am confident we will continue to grow our presence in the region and sector.

In Asia, Design Studio Group ["Design Studio"], Singapore's leading premier furniture manufacturer and interior fit-out specialist, also made a significant contribution to our bottom line, almost doubling their net profit. This came in on almost identical revenues to FY2013, again demonstrating the efficiency improvements we have made across the business in all our markets.

In the United Arab Emirates and GCC markets, Depa's reputation for delivering a superior quality has been evident in several projects across the region including the Presidential Palace in Abu Dhabi, the front of house areas of the Hyatt Regency Dubai Creek Heights as well as the Dubai WTC Novotel and the National Bank of Abu Dhabi retail branches refurbishment.

CEO's Review

Revenue
[AED]
1,940 million
FY2013: 2,318 million

Net Profit / [Loss] After NCI
[AED]
44 million
FY2013: [131 million]

Total Assets
[AED]
2,981 million
FY2013: 3,209 million

Working Capital
[AED]
674 million
FY2013: 604 million

Total Equity
[AED]
1,490 million
FY2013: 1,457 million

Backlog
[AED]
2,083 million
FY2013: 2,534 million

Completed Projects
338
FY2013: 385

Diversification

Further evidence that we have the right strategy came from our manufacturing units, Deco Emirates ["Deco"] and Carrara Middle East ["Carrara"]. Operating in the high-end retail and office space, Deco delivered excellent top and bottom line results. Carrara, one of the region's first and the market's leading importer and installer of high-quality marble and natural stone achieved an encouraging net margin leading to a solid net profit. Again, both these companies are examples of our successful vertical integration of businesses into the Depa Group over the last few years.

To overcome the current challenges established contractors are facing in the UAE, we have pursued projects and opportunities in other markets including South Asia, Africa, CIS as well as new GCC markets, such as Oman and Kuwait, where governments and private entities are investing in new infrastructure and hospitality projects and competition is less fierce.

Outlook

Our outlook for FY2015 remains cautious. Despite some positive sentiment, the global economy remains volatile and there is continued uncertainty in commodity prices, impacting both public and private sector spending. However, the 5% year-on-year increase in Gross Margin is indicative that the right strategic approach has been implemented. Focusing on quality, keeping our business lean and diversifying our proposition, we believe we can continue to deliver healthy margins and value to our stakeholders in FY2015 and beyond.

Financial Highlights

FY2014 saw Depa return to profitability after posting significant losses in the last two years. This turnaround was attributable to conscious efforts of the Executive Management to geographically diversify and consolidate the business on the operational side, whereby the Company capitalised on its expansion beyond its traditional Middle Eastern markets and achieved great success in Asia and Europe.

Throughout the year, the Company remained selective in signing new contracts and focused on low risk and profitable work only. Significant efforts were exerted on the collection of receivables and optimizing working capital. As a result, Depa saw a decrease in overall Group Revenue as compared to FY2013. Still, FY2014 came to a close with higher margins and Net Profit as compared to previous year and a much healthier liquidity position.

The three best performing business units during FY2014 were:

Design Studio Group

- Backlog amounted to AED 653 million as at 31 December 2014
- Revenue generation of AED 549 million
- Gross profit margin of 22% and net profit margin of 12%

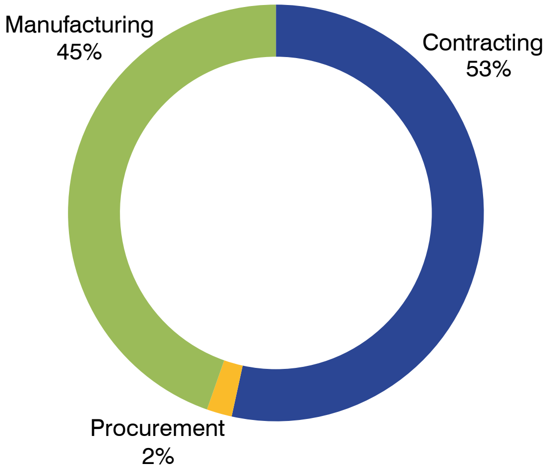
Vedder

- Backlog amounted to AED 345 million as at 31 December 2014
- Revenue generation of AED 310 million
- Gross profit margin of 11% and net profit margin of 6%

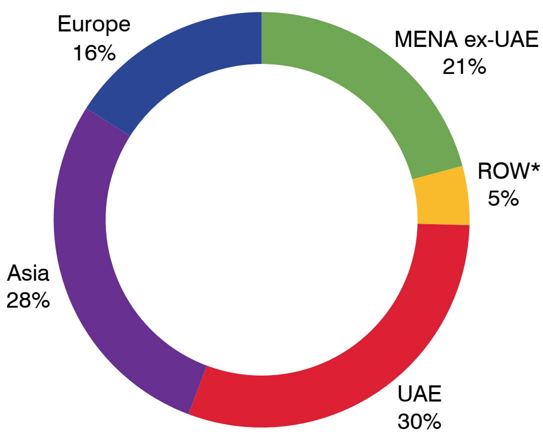
Depa Abu Dhabi

- Backlog amounted to AED 335 million as at 31 December 2014
- Revenue generation of AED 290 million
- Gross profit margin of 10% and net profit margin of 7%

Revenue by Activity
[FY2014]



Revenue by Geography
[FY2014]



*Rest of the World

Financial Highlights

Group Revenue in FY2014 was AED 1,940 million, 16% less than the FY2013 Revenue of AED 2,318 million. A major decrease was seen in the MENA region [ex-UAE], where the Company has been working on two key projects in KSA and Morocco in FY2013. Both projects are now in the completion phase with significantly less revenue generated in FY2014. Moreover, the projects being undertaken in Angola have entered the closing stage and hence have not contributed much to the FY2014 top line.

For Design Studio, FY2014 was another year of robust performance with the subsidiary building on its track record of consistent profitability, posting its ninth year of positive earnings. The company was able to maintain its revenue base at an almost similar level as last year but improved its gross margin from 17% to 22% and net margin from 7% to 12% mainly due to the cost efficiencies achieved by its production facility in China. As a result, the net profit of Design Studio increased by 83% to AED 64 million in FY2014 [FY2013: AED 35 million].

It was also a successful year for Vedder, the Company's wholly owned subsidiary in Germany, where the Group was able to witness strong growth in revenue and profitability after the successful integration of the newly acquired subsidiary in Munich [formerly Loher] in the middle of FY2013.

Owing to Depa's selective approach to signing new projects and building on the cost efficiencies brought in by the restructuring exercise being carried out successively since FY2010, the Company was able to improve its Gross Margin from 8% in FY2013 to 13% in FY2014. As a result, Depa increased its Gross Profit by 39% to AED 259 million in FY2014 compared to AED 187 million in previous year.

This is despite the fact that the Margin this year was adversely impacted by AED 26 million adjustment made on the finalization of accounts for a legacy project in Bahrain. However, this was offset by reversal of provision for doubtful debts made on the same project for AED 27 million as the whole outstanding amount has now been received. The impact can be seen in Other Income of AED 43 million in FY2014, which also includes income from Sukuks and refund linked to Saudisation subsidies.

Effective 1 January 2014, Depa signed a memorandum of understanding with its Joint Venture partner Lindner AG, based on which both parties now share all interests in the JV companies [Lindner Depa Interiors and Lindner Middle East] in proportion to their respective ownership. This triggered loss of control on part of Depa as previously these entities were consolidated in the Company's books. Consequently, the Company adopted a proportionate consolidation method in accordance with IFRS 11 – 'Joint Arrangements'. The net impact in FY2014 was a reduction in revenue by AED 55 million, gross profit by AED 10 million and net profit before NCI by AED 5 million.

The Company has also recorded impairment losses of AED 9 million in FY2014. Out of this, AED 5 million relates to impairment of goodwill, AED 3 million impairment on investment in associate and AED 1 million on available for sale investment.

This has resulted in an overall Net Profit after NCI of AED 44 million as compared to Net Loss after NCI of AED 131 million in the previous year. The loss in FY2013 was due to significant impairment charges and provisions for bad debts.

During the fiscal year, special emphasis was put on the collection of receivables and this has resulted in cash generation from operations of AED 147 million in FY2014 [FY2013: AED 58 million]. Furthermore, the Company was able to settle bank loans according to the repayment plans and Net Cash stood at AED 138 million as at 31 December 2014, which represents the highest level in the last five years.

Year in Review

Global Industry Overview

The global construction and property sector had a great start to 2014. Latest figures and statistics prove that despite facing economic and geopolitical headwinds in H2, owing partially to a rapid fall in oil prices, a stronger dollar and various country-specific problems, the sector has sustained its momentum and is well placed to carry this through in 2015, eventually lifting the interior industry at the end of the construction cycle.

Emerging markets were once again the principal drivers, outpacing the more developed world. The global construction industry witnessed an increase of projects by 72% in 2014, according to research data. GCC-based governments led the sector as they continued on their spending plans, despite a readjustment in oil prices.

From an Asian perspective, the market had an excellent year. However, certain countries were faced with challenges as governments and banks imposed new measures and policies to reduce overheating and oversupply. Similar to 2013, certain European countries and North America experienced modest signs of improvement; whilst the Sub-Continent were spurred on by new leaders taking the helm and boosting investor confidence in the region.

GCC and Middle East

2014 was a strong year for the region as local governments carried on with their expansionary budgets in lieu of continuing their investment mandate to diversify away from oil. The construction sector's focus during the year was on social infrastructure such as housing, education and healthcare projects. The UAE and Qatar markets continued to be driven by both World Expo 2020 and the 2022 World Cup; whilst the Kingdom of Saudi Arabia [KSA], Kuwait and Oman continued on their more targeted approach – tourism for Oman and social infrastructure for Kuwait. The sector was awarded USD 85 billion of new contracts in 2014, according to a recent outlook report issued by Ventures Middle East, which took in the residential, commercial and hospitality segments. So far, the price of oil has had minimal effect on the GCC construction cycle. There have been some localised challenges but the biggest impact will be felt at the end of the cycle, as buyers hold back due to market volatility and economic risks such as currency fluctuations that are affecting end-user purchasing power.

With a certain time lag, the interior contracting and fit-out sector is mirroring the trends in the regional construction market. The result has been detrimental to well-established players, as new contractors enter the market to seek further growth and despite an increase in demand, competition has depressed margins and squeezed profits.

Africa

Deloitte estimated that in 2014 over USD 222 billion was invested in 332 African projects; with as much as 56% of these being government owned, 39% by private sector and 4% being public-private partnerships. Deloitte points out that development remains strongly concentrated in Southern and East Africa. In terms of the number of projects underway, Southern Africa leads with 38% of projects, followed relatively closely by East Africa with 29%. West Africa has 21% of the total number of projects while North Africa and Central Africa lag at 7% and 5% respectively.

However, there are key challenges that currently need to be addressed in light of increased political risks and the impact of pandemic diseases across certain parts of Africa as well as the low price of oil. There, funding from traditional sources will most probably become harder, spending power from the middle class will recede and demand is expected to taper off.

South Asia

Spurred on by the election of a new president, the Indian construction and property sector had an excellent second half of 2014 as the strengthening rupee and a pull-back in inflation left the sector in good shape to continue its recovery in 2015. A recent report by the Ministry of Statistics Program and Implementation and PwC Analysis predict a growth of 8% to 9% into 2015, as improved market sentiment and government efforts to reduce loopholes and bottlenecks in transactions will bring in increased foreign direct investment and 'spur demand for construction' in the next eighteen months. A projected USD 1 trillion is being spent on infrastructure projects over the next few years. India's hospitality sector is another growth sector, with the Indian government having identified a shortage of 150,000 hotel rooms.

Looking beyond India and at the larger Indian sub-continent, Sri Lanka's economy will continue to power ahead, pulled along by a newly elected president and on the back of sustained strong performance in the industrial and services sectors. GDP growth forecast for 2014 and 2015 is expected to be over 7% as a result of a new government and changes to certain laws and infrastructure investment. Hospitality and service sectors are to push FDI further in 2015.

Asia / Far East

Consistent with other emerging markets, Asia has experienced a booming construction and real estate sector fuelled by strong fundamentals and the effects of a growing population with a higher spending power. Aecom's Asia Construction Outlook report, issued in 2014, suggested a general slow-down within the construction sector in some parts of Asia will be offset by spending growth in Indonesia and China, and the long-term potential of Myanmar and Philippines. However, some experts argue that the credit-fuelled property construction of the past decade has created a situation characterised by overcapacity, negative demographic shifts and potential for local debt crises.

Singapore is expected to continue its strong spend in construction, led by a sustained pipeline of public sector projects, according to the city's Building and Construction Authority. Still, the private sector is expected to slow down moderately as developers remain cautious amid global economic uncertainty.

Summary and Outlook

Looking back, 2014 can best be described as a tale of two halves: the first half was characterised by genuine global economic growth; while the second half saw regional specific turmoil owning to political and economic factors. Market volatility and geopolitical headwinds may affect future growth prospects but, equally, 2015 offers the global real estate market upside potential on the back of a robust recovery in the US economy, lower oil prices, quantitative easing in the Eurozone, a resurgence of India and 6% to 7% economic growth in China. Interestingly, according to JLL's Global Market Perspective Q1-2015, the 'major global real estate markets are in better shape than at any time since the global financial crisis, with the continued momentum in capital markets now supported by improving corporate demand across all the main global regions and property sectors'. Depa is prepared and willing to tap into this potential, keeping a cautious eye on country and project risks.

Operations

As announced in last year's Annual Report, learning from Depa's past experiences in emerging and frontier markets in India, the CIS and Africa, the Company has started to consolidate and centralise the core operations in the Middle East Hub in Dubai. This enabled the Company to have utmost control over the processes such as estimation, engineering and design, procurement and manufacturing, while the administrative and operational tasks on the ground are reduced to a minimum. This allows for a lean work flow and very flexible project management, catering to challenging economic conditions. This model has made the Management confident to source tenders in new markets, including Sri Lanka and Bangladesh, given that clients and projects comply with the Company's standards for quality and execution.

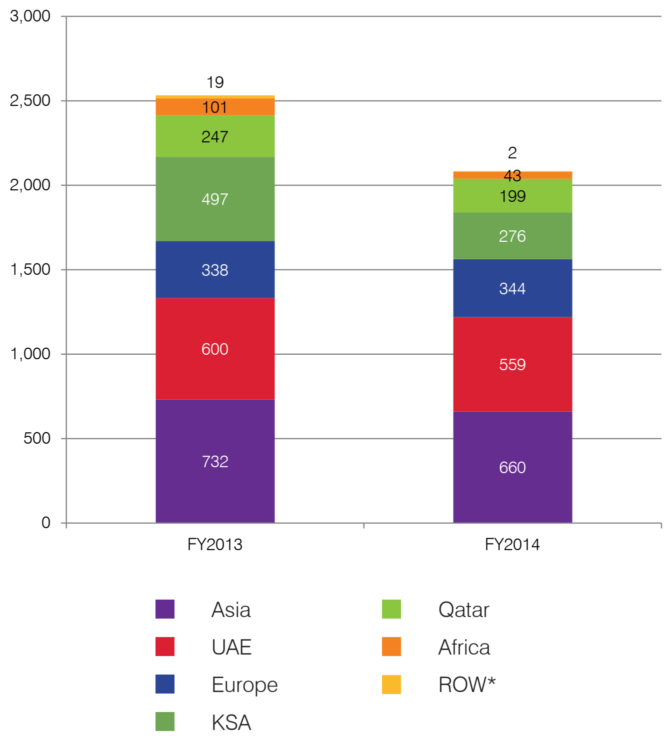
Backlog and Regional Presence

Geographical Distribution

As indicated, Asia [32% vs. 29% in FY2013] and Europe [17% vs. 13% in FY2013] have strengthened their position in the FY2014 Backlog. The UAE, despite losing in absolute numbers – down by AED 41 million to AED 559 million – remained at a solid second spot, increasing the relative share from 24% in the previous year to 27% in FY2014. This is mainly attributed to the progress in KSA, Qatari and African projects that have not been replaced by new contracts yet attributable to the current project life cycle and economic factors.

Backlog: Geographical Segmentation

[AED million]



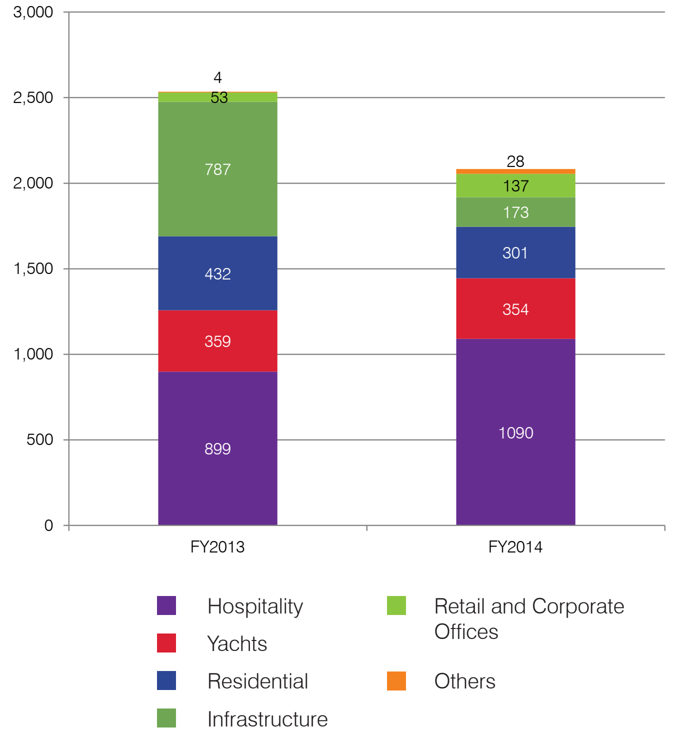
Sector Distribution

Hospitality has been the undisputed key driver of the Backlog once again, increasing its share by 17%, contributing 52% of the projects, with a nominal value of more than AED 1 billion. In relative terms, the residential sector has lost slightly [down by 3% to 14%] while the yacht business has increased its share from 14% in FY2013 to 17% in FY2014 as Vedder successfully signed four new contracts worth AED 219 million in total. The progress on mega-projects such as the Presidential Palace and King Abdullah Petroleum Studies and Research Centre [KAPSARC] has driven down the contribution of the infrastructure segment to only 8% [FY2013: 31.1%]. The impressive performance of Deco, described in detail below, and additional commercial spaces signed by the lead contracting subsidiaries reflected in a jump of 4% to 7% in the Backlog.

*Rest of the World

Year in Review

Backlog: Sector Segmentation
[AED million]



Main Contracting Units

Due to the overall market conditions and the current stage of the construction project life cycle, FY2014 has been a rather slow year for the Middle Eastern core markets. Depa's contracting arms, most prominently Depa Interiors and Depa Abu Dhabi, as well as Depa Qatar and Depa Saudi Arabia ["Depa KSA"] mainly executed or completed on-going projects and engaged only with selected new clients.

In Dubai, the Emerald Palace Kempinski Hotel, Palm Jumeirah, worth AED 108 million, as well as the renovation of the guest rooms and lift lobbies of the DWTC Novotel were signed. The latter, completed in early FY2015, has had a challenging set-up of on-going operations on other floors, which has been met with logistic solutions and noise-reduction procedures implemented by the project management to ensure that the least possible inconvenience for hotel guests, management and staff is caused. Abu Dhabi added a similar project to the Backlog, the renovation and fit-out works for 25 branches of the National Bank of Abu Dhabi [NBAD], also remaining partially operational. In KSA, the Depa team continued with its challenging projects in Riyadh, KAPSARC and KSU, detailed further below, while Depa Qatar signed an interior decorating contract worth AED 86 million for a government building and successfully bid for the Qatar Abu Dhabi Investment Company [QADIC] office space, completing most of the project by year end.

The list of major projects concluded in FY2014 features the Accommodation Three Towers [ATT], a project of a total worth of AED 93 million. Located in the heart of the Angolan capital and overlooking the Baia de Luanda, fit-out work was undertaken on 148 apartments, offices and common facilities over 20 floors. Depa Interiors also finalised the spa package of the Fairmont Baku at the Flame Towers, which concluded all works executed at the iconic structure. Both projects in Luanda and Baku were heavily supported by the marble and stone manufacturer and Depa Group member Carrara. Another smaller project of the contracting subsidiary, finished in April, was the Queen Rania Foundation office in Amman, Jordan. L'hôpital Cheikh Khalifa Ben Zaïd in Casablanca, Morocco, is in its final stages of hand-over. In India, Depa completed the second wall cladding and ceiling package at the Terminal 2, Chatrapati Shivaji International Airport in Mumbai, worth AED 96 million, and commenced working on the third and final package, which will last until mid FY2015.

Depa Abu Dhabi closed two smaller projects, one being the new HQ of the Abu Dhabi Investment Council, featuring designs by Kristina Zanic, the other being the VIP Lounges of the Hazza Bin Zayed Stadium in Al Ain. In Qatar, the Company finished the renovation of the West Wing building of the Radisson Blu Hotel, formerly known as Ramada Plaza.

Without a doubt, the new Presidential Palace Ras Al-Akhdar, Abu Dhabi, an unparalleled structure in magnitude and static challenges, is still one of the key projects of Depa, which shall be coming to an end in the first half of FY2015. So does KAPSARC, which has been a highlight in the Depa KSA backlog since 2011. Works at the Fairmont Abu Dhabi are in full swing, so is the progress at the other important sites in KSA – Jabal Omar [Hyatt Regency and Conrad hotels], the Main Senate Hall project at the King Abdulaziz University as well as the Hilton Hotel and Residences at the King Saud University Endowment development.

Furthermore, Depa has put in great efforts to sourcing new projects in its home and emerging markets. The Company has progressed in South Asia, namely in Sri Lanka, and is in promising talk with a high-profile hotel operator and investors in Bangladesh. The Management also expects a break-through in the CIS in FY2015. Georgia offers lush landscapes and the urban architectural heritage of a fifteen century old capital, has a few interesting hotel refurbishments and retrofits in the pipeline. To cater to the specific needs, Depa has teamed up with the Turkish MEP contractor Anel. Across the Caspian Sea, Astana in Kazakhstan is another target of Depa's business development efforts.

Top Projects Backlog List

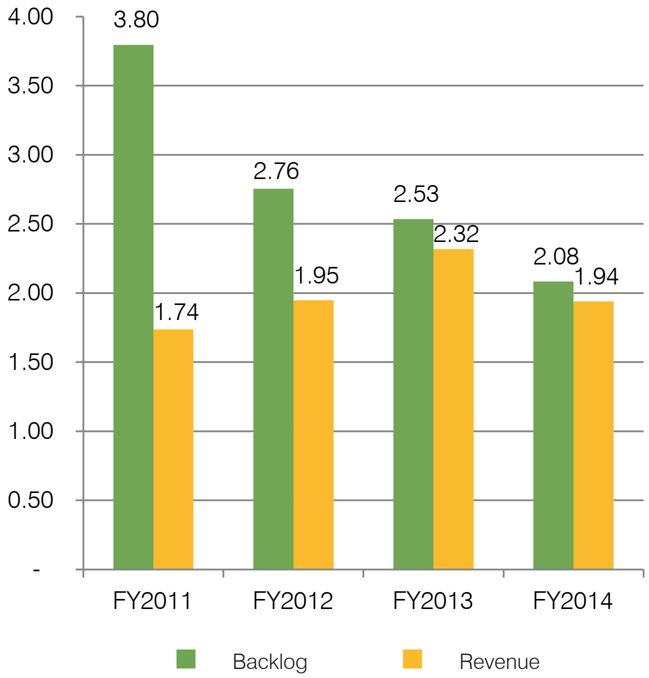
S.N	Project Name*	Country	Backlog [AED million]
1	Singapore projects above AED 10 million [14 projects]	Singapore	454
2	Private Yacht projects above AED 10 million [5 projects]	Germany	236
3	King Saud University	KSA	169
4	Fairmont Abu Dhabi Hotel & Serviced Apartments	UAE	165
5	Presidential Palace	UAE	106
6	Emerald Palace Kempinski Hotel Palm Jumeirah	UAE	106
7	Malaysia projects above AED 10 million [4 projects]	Malaysia	102
8	Private Yacht	Netherlands	79
9	Golden Tower	Qatar	78
10	Twin Tower	Qatar	58
11	KAPSARC	KSA	35
12	Doha City Centre - Phase III	Qatar	34
13	Crystal Tower	UAE	29
14	Hyatt Regency and Conrad hotels in Jabal Omar	KSA	27
15	Renovation of Branches National Bank of Abu Dhabi [NBAD]	UAE	26
16	Private Yacht	Netherlands	24
17	Grand Hyatt Emirates Pearl [formerly Regency]	UAE	22
18	Falcon Tower	Qatar	22
19	ACC - Jabal Omar Development	KSA	18
20	InterContinental Hotel	Angola	18
21	Allen & Overy Office	UAE	15
22	Hilton, Al Forsan International Sports Resorts	UAE	14
23	The Horizon Residence and Office Tower – Maputo	Mozambique	14
24	Hotel 1 [City Walk]	UAE	13
25	Makkah Holy Haram Shamiyah Expansion	KSA	13
26	Private Yacht	Japan	10
			1,887

*Only projects, where over AED 10 million of work is remaining, are listed.

Year in Review

In the GCC, infrastructure projects in Qatar and KSA, mainly transportation-related, are still in focus. Besides, the Company is in process of due diligence and signing joint ventures with local partners in Kuwait and the Sultanate of Oman.

Backlog and Revenue
[AED billion]



Manufacturing, Procurement and other Subsidiaries

Deco Emirates

For Deco, FY2014 has been an outstanding year. Though the revenue was slightly down [AED 105 million vs. AED 117 million in FY2013], the net profit has increased by 14% to AED 16 million. This positive result was partially fuelled by Deco's ability to adapt to the market. The company fruitfully diversified its projects portfolio – 38% of the revenue was generated from high-end commercial office fit-outs compared to 22% in FY2013. Completed projects in FY2014 include the offices of Apple, Autodesk, Dubai International Financial Centre [DIFC] and Richemont. Moving forward, the company has signed a contract to fit-out the premises of the international law practice firm Allen & Overy in the DIFC and will focus on expanding its backlog within this segment of the industry.

Based on very strong relationships with luxury fashion clients, Deco keeps on faring extraordinarily well in the associated retail segment. The company signed four contracts worth AED 18 million with Dolce & Gabbana alone – three in KSA and one in South Africa. In its endeavour to expand overseas, Deco successfully managed to secure the first supply only millwork contract for Dolce & Gabbana Sao Paulo. In addition, Deco completed Victoria's Secret and Pottery Barn & Pottery Barn Kids stores in Yas Mall and the Chanel store at Dubai Duty Free. Another prestigious project in the retail segment is the Valentino Concept Store in Mall of the Emirates, the first of its kind in the region, where works are due for completion in Q12015.

The outlook for FY2015 remains very positive, as KSA, Qatar and the UAE have a strong demand for new retail spaces and concepts.

Carrara Middle East

In FY2014, Carrara successfully increased its profitability by 50%, leading to a net profit of AED 9 million, despite a slight fall in revenues. One of the key projects in FY2014 was the Four Seasons Resort Dubai at Jumeirah Beach, where the company was in charge of the supply and installation of marble works in the public areas. As aforementioned, Carrara also contributed a major part to the completion of the ATT in Luanda, Angola, where the scope of work included marble floors and walls, counter tops and vanities as well as the floorings, cladding and columns of public areas and lift lobbies. Presently, similar works are still on-going at the InterContinental Blue Diamond Hotel at the neighbouring site. In addition, Carrara is currently undertaking cladding and flooring works at Jafza Convention Centre in Jebel Ali, Dubai.

Other projects delivered in FY2014 include the new complex of the Iranian Hospital as well as some remedial works at the Armani Hotel, both in Dubai; the supply and installation of marble flooring and wall cladding works for the Bright Point Hospital Abu Dhabi; and stone works at the Babylon Warwick Hotel in Baghdad, Iraq. In addition, Carrara was instrumental in the fit-out of the spa package at the Fairmont Baku Hotel and also finalised the works at Hyatt Regency Makkah.

Depa Industrial Group / Eldiar

In terms of new project wins, FY2014 was a good year for Depa's woodworks manufacturing units, Depa Industrial Group ["DIG"] and Eldiar. Just before the year end, DIG secured a handsome contract with Dubai-owned developer Meraas for the FF&E packages of Hotel 1 City Walk, worth roughly AED 13 million. Earlier in the year, the company had already signed The Horizon, a Radisson Blu-managed property in Maputo, Mozambique for approximately AED 15 million. Together with two mock-up rooms in Tunis, Tunisia and Narok County, Kenya, DIG demonstrated that the highly skilled team is capable of executing projects beyond the boundaries of the Middle East.

Nonetheless, the UAE and Dubai in particular remain the homebase of the manufacturer, featuring FY2014 projects such as the refurbishment of the Rodeo Grill at the Beach Rotana Abu Dhabi and Damac's Upper Crest as well as the complete joinery works for Palazzo Versace, worth around AED 10 million. Previously stalled works restarted at the Main Senate Hall of the King Abdulaziz University, under the supervision of Depa KSA.

In FY2014, Eldiar completed different packages at the Kempinski Al Othman Hotel Al Khobar and supported various main contractors such as Al Habtoor & Leighton Group, Commodore and Al Fara'a General Contracting on several projects. The Musaffah-based company also added major projects to its backlog, including the Abu Dhabi Trade Centre extension, the Al Wagan Hospital expansion and renovation, located in the Eastern Region, as well as the Sheikh Khalifa Bin Zayed Al Nahyan Masjed in Al Ain.

Lindner Middle East

Lindner Middle East ["ME"] had another solid year driven by a strong demand for German products for commercial and social infrastructure / transportation projects across the region with a focus on KSA, Qatar and the UAE. Additionally, India is emerging as another interesting market. Lindner products have been supplied for new significant projects such as National Museum of Qatar, Qatar Petroleum District, Haramain High Speed Railway Madinah Station and different corporate clients such as Etisalat Misr and Vodafone. A prestigious project that has generated significant revenue for the last two years is the Shamiyah Expansion project at the Holy Haram in Makkah, where the company has been successively supplying packages of a custom-made metal ceiling.

Over the past two years, Lindner ME has witnessed a certain trend in the Middle Eastern healthcare sector, including orders from Rashid Hospital Dubai and Hamad Medical Corporation. Recently, a promising opportunity to sign a contract with a hospital in Jordan has been shaping up. Moreover, the company is confident to secure another package in Makkah any time soon. The outlook for FY2015 is very encouraging with a strong backlog.

The Parker Company

The client base of The Parker Company ["TPC"], a leading global FF&E and OS&E procurement service provider, remains highly diversified geographically, as the company continues to supply mainly for residential, hospitality and social infrastructure projects. In FY2014, the management was able to secure various contracts in the UAE, including a high-profile government project, in Qatar as well as in Africa and the CIS. Amongst others, the company completed projects for the Anantara Residences on the Palm Jumeirah, the Sofitel Downtown Dubai and Southern Sun in Abu Dhabi.

Vedder

The restructuring and integration of the Loher site – now Vedder Munich – has proven to be effective and the company managed a turnaround that has positively impacted the top and the bottom line. The FY2014 revenue accumulated to AED 310 million. Since the takeover, the company hired 35 additional employees, of which 23 alone were newly employed at the HQ in Lüdinghausen – a strong indicator for the growth of the company and the positive outlook for the years to come.

The participation of Vedder at the Monaco Yacht Show 2014 with a simple yet innovative stand was well received by the industry and the management is expecting many new contracts mid and long-term as the Northern European shipyards such as Luerssen, Oceanco and Amels have rebounded after the 2008/2009 economic crisis; and order books are full.

At the same time, the strong demand for mega yachts will also improve the margin structure of the individual contractors; hence Vedder will most likely fare even better over the course of the next 12 months.

Looking at previously completed projects, the refit business is quite attractive in terms of margins, but not as much in terms of volumes. Usually, refits are seasonal and ad-hoc, but there might be an impact of the devaluation of the Rouble as Russian clients tend to postpone renovations till a later date until their economic outlook stabilises again.

Design Studio Group

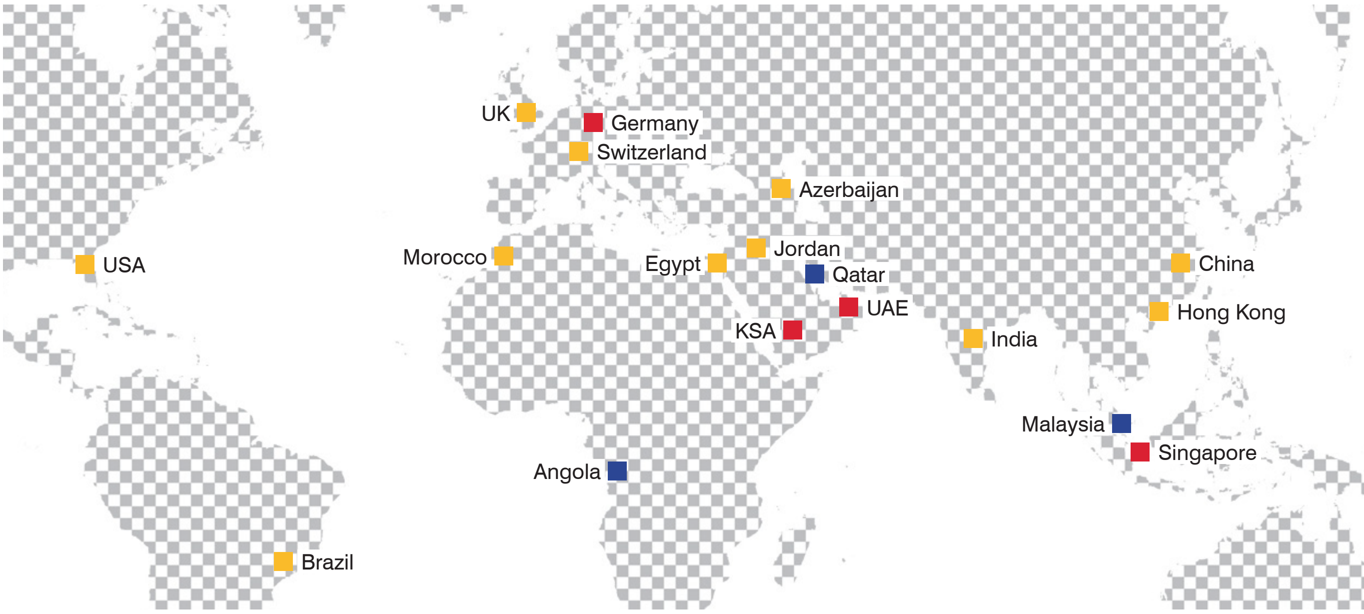
FY2014 was a year of outstanding performance for Singapore-based Design Studio Group ["Design Studio"]. There was a strong focus on the bottom line, which resulted in an 83% higher profit after tax. Revenues increased slightly to AED 549 million [FY2013: AED 523 million]; net profit increased from AED 35 million in the previous year to AED 64 million in FY2014.

In terms of backlog, Design studio successfully bid for different residential projects, supplying and installing doors and joinery products and in-house brands for clients such as CapitaLand, City Developments and UOL Group Limited in Singapore and Mah Sing Group in Malaysia. The contracting arm, DDS, confirmed orders for the Park Hotel at Alexandra Road, Carlton Hotel and M Social Hotel, just to name a few. One of the largest contracts in the company's history of a value of AED 217 million was signed with OUE Limited to retrofit the low and mid zones of the existing office tower OUE Downtown 1 into serviced apartments.

Year in Review

Geographical Origin of Revenue

[AED]



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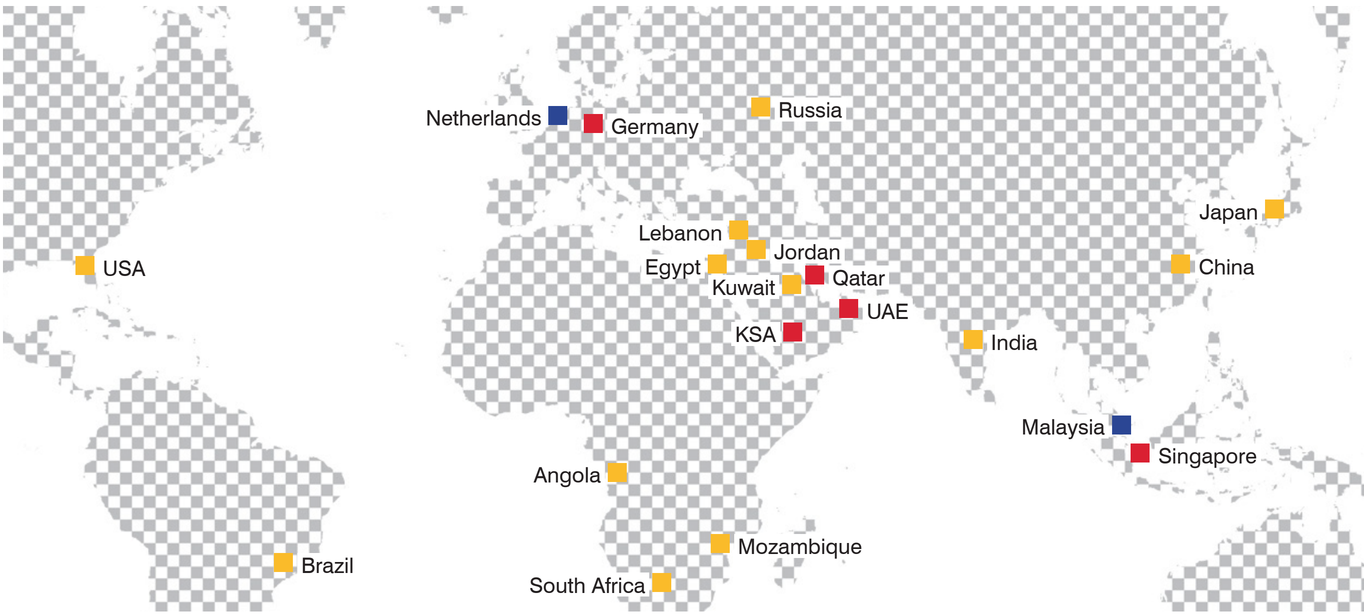
Geographical Origin of Backlog

[AED]



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Beyond Quality Assurance and Quality Control

For many years, Depa has been committed to providing its clients with services and products of the highest industry standards, while ensuring that its employees and stakeholders operate under the safest conditions, impacting the environment as little as possible. In order to remain a leader in matters concerning QA/QC, the Company has promoted the function to Group level, ensuring all processes are unified, systematically implemented and controlled across all operations and subsidiaries.

Management Systems

Depa's Management Systems comprise different areas such as quality; occupational health, safety and environment; HR and administration; accounting; commercial; marketing and business development; IT; governance and compliance; internal audit; and the delegation of authority, which details the procedures as well as the associated responsibility and accountability structure. Oracle has been implemented throughout the Group to allow for seamless integration of the various operation processes and to ensure that the enterprise resource planning is effective and efficient, combining defined KPIs with dashboard applications.

'Quality Matters' and 'Depa Standards'

The technical side is a reflection of a '*Quality Matters*' culture that promotes a '*Think Quality*' attitude across the separate units as well as at all management and staff levels. Quality is a Value that guides and determines not only Depa's corporate activities, but the actions of every individual who is associated with the Company. The '*Depa Standards*', including Depa's Quality Management System ["QMS"], build the foundation for the Group's proposition to deliver excellence and ensure Customer Satisfaction. These standards offer a practical guideline for employees at all levels. Additionally, in order to continuously improve the quality Depa staff delivers, appropriate trainings are conducted on a regular basis and employees are encouraged or mandated to obtain certain qualifications and skills.

For instance, this dual – corporate and individual – approach has led to memberships with Dubai Quality Group and the US Green Building Council as well as ISO 9001 certifications for all operational business units. At the same time, selected members of the Depa Group are sent for LEED courses and exams to guarantee that every subsidiary has at least one accredited professional in their team by the end of FY2015. In this manner, the Company prepares its employees to master and lead new industry trends based on sustainability and caters to the Green Building needs of its clients at projects such as Al Forsan and KAPSARC.

Tailor-Made Solutions

However, Depa is not only relying on industry norms, standards and processes to uphold its superiority in questions of quality, safety, occupational health and environment. In collaboration with the IT department, the QA/QC management has developed DOQS [Depa Online Quality System], an in-house software, which is a platform to collect and process information and eventually evolve into a knowledge management system, closely linked to an extensive E-filing-system to add another level of document and data control.

In line with generating and maximizing value for the customer, the Company is aiming for Integration of and Partnerships with suppliers and sub-contractors beyond boundaries. At the operational level, since FY2011, Depa has been successively introducing a quality control system that spans the entire supply chain. To avoid additional logistics, raw materials and basic products are already checked at the suppliers' or manufacturers' premises before they are shipped to the construction site. This allows for adherence to tight timelines and saves essential resources to deliver projects on time and to the clients' expectations.

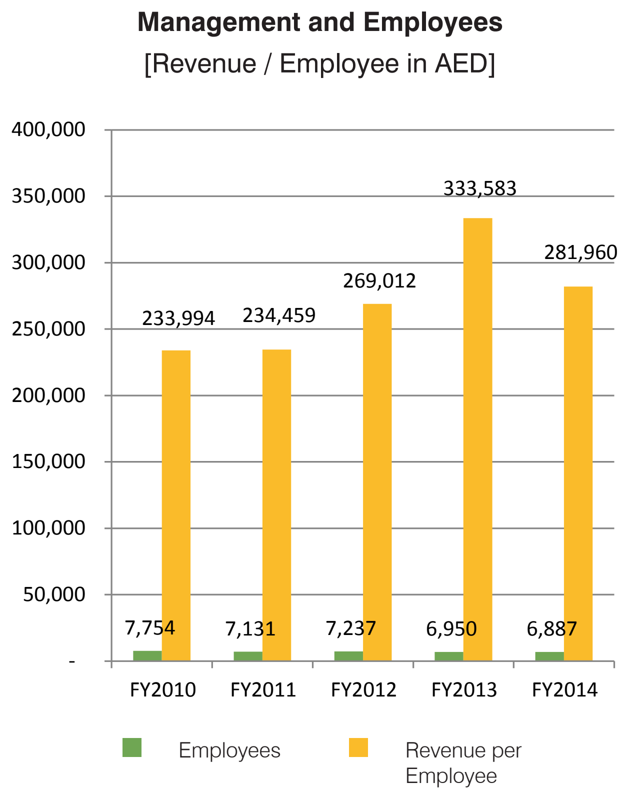
As a brand, Depa implies an aspiration for the exceptional that simply cannot be compromised.

Management and Employees

Depa's long-term success depends on retaining the Company's valuable staff through relevant career development actions, succession processes, collaboration, commitment and competitive reward structures. This will put Depa on the path of being an employer of choice in the market. Around the world, approximately 7,000 employees contribute to the Group's success each day.

Continuous improvement in the way Depa works and its organization structure will be a continuous theme going forward. This will ensure that Depa stays a dynamic and flexible Company that can cater to global market demands and requirements.

The Company recently appointed Ryno Greeff as the Group Human Resources Director who has more than 25 years of relevant HR experience. He is responsible for the enhancement and promotion of the HR function in Depa with particular reference to talent management, retention, compensation and benefits, recruitment, performance management, succession planning, compliance with local labour laws, etc. across all the areas of the business. These enhancements will be done in a practical and cost effective manner with support from an efficiently run HR department that is able to meet the needs of the Company.



Financial Summary

In FY2014, Group Revenue came in at AED 1,940 million as compared to AED 2,318 million in FY2013. However, due to careful project selection and cost efficiencies, Gross Margin increased to 13% [FY2013: 8%]. Moreover, very minimal amount of impairment losses and provision for doubtful debts were recorded as compared to the previous year. This resulted in a turnaround from Net Loss after NCI of AED 131 million in FY2013 to Net Profit after NCI of AED 44 million in FY2014.

The current year results were also impacted due to change in accounting treatment for both Lindner subsidiaries. As explained earlier, in FY2014 the Company adopted a proportionate consolidation method in accordance with IFRS 11. The net impact was a reduction in revenue by AED 55 million, gross profit by AED 10 million and net profit before NCI by AED 5 million.

General and Administration Expenses

G&A expenses, excluding any provisions, in FY2014 amounted to AED 194 million [FY2013: AED 195 million]. The Company has ensured to keep a tight control on costs and was able to maintain expenses at a similar level as last year despite the increase due to the acquisition of Loher in July 2013.

Provision for Doubtful Debts

The Company recorded provisions of AED 13 million in FY2014 against doubtful debts compared to AED 94 million in FY2013. The figure was significantly higher last year as the Company decided to close operations in a few territories as part of the restructuring exercise.

Amortization and Impairment of Intangible Assets

Amortization of intangible assets in FY2014 amounted to AED 18 million compared to AED 20 million in FY2013. Apart from routine amortization, in FY2013, intangible assets of AED 15 million were also impaired, which related to subsidiaries that were either winding down or merging their operations with other subsidiaries.

Impairment of Available for Sale Investment

Depa has investments in Saraya Holdings Limited and Al-Futtaim Mena Real Estate Shari'a Development Fund. During the year the Company recorded impairment loss of AED 0.6 million on its investment in Saraya Holdings to ensure the carrying value approximates fair value of the investment. This is in addition to an impairment loss of AED 7 million recorded on the same investment last year.

Impairment of Goodwill

The Group recognised an impairment loss of AED 5 million on goodwill relating to its subsidiary Dragoni International as Depa doesn't intend to execute further projects under this brand name.

Investment in Associates

The profit from investment in associates in the current and previous years derives mainly from Decolight, a UAE-based supplier of lighting fixtures. During FY2013, the Group sold its investment in Thailand Carpet Manufacturing Public Company Limited ["TCMC"] resulting in a gain on sale of investment of AED 7 million. In FY2014 no divestment was made.

The Company also recorded impairment charges of AED 3 million on its investment in Decolight in FY2014. Last year, impairment of AED 14 million was recorded on Depa's investment in Jordan Wood Industries Company ["JWICO"], a Jordanian joinery manufacturing company listed on Amman Stock Exchange.

Other Income

In FY2014 the Group recorded other income amounting to AED 43 million [FY2013: AED 32 million]. This primarily relates to reversal of provisions, profit on sale of assets, income from Sukuks and labour supply and a refund linked to Saudisation subsidies.

Finance Cost / Income, net

Net finance cost was AED 6 million in FY2014 [FY2013: AED 8 million].

The finance cost was AED 9 million in FY2014 compared to AED 10 million in FY2013. Finance cost continued to remain on a reducing trend, due to timely repayment of high interest bearing loans that Depa took in previous years, which led to a reduction in overall borrowing levels and better price negotiations with banks on new facilities. The average interest rate on long-term loans in FY2013 was 4.60% which was brought down to 4.09% in FY2014.

It should be noted that in addition to the above, finance cost amounting to AED 13 million was allocated to direct cost in FY2014, similar to the FY2013 figure.

The finance income in FY2014 was AED 3 million compared to AED 2 million in FY2013.

Financial Summary

Taxation

Tax charge in FY2014 was AED 14 million [FY2013: AED 22 million]. The variance is mainly associated with Depa Egypt, where additional tax charge of AED 9 million was recorded last year, pertaining to the tax exposure from previous years.

Net Profit / Loss after Non-Controlling Interest

The Group ended the year with Net Profit after NCI of AED 44 million compared to Net Loss after NCI of AED 131 million last year. As explained above, this is the result of geographical diversification and operational restructuring carried out by the Company. In addition, last year's provisions for doubtful debts and impairment charges were the significant contributor to the previous Net Loss.

Balance Sheet

Total Assets as at 31 December 2014 amounted to AED 2,981 million [FY2013: AED 3,209 million]. Total Liabilities decreased to AED 1,492 million from AED 1,753 million as at 31 December 2013.

Total Equity as at 31 December 2014 was AED 1,490 million [FY2013: AED 1,457 million].

Cash Position

Cash at bank as at 31 December 2014 stood at AED 441 million compared to AED 399 million at the end of FY2013. This milestone has been accomplished as a result of efforts on all fronts – aggressive collection of receivables, agreeing favourable payment terms with suppliers and improved liquidity management.

Net Cash position at the end of FY2014 [calculated as cash at bank less total bank borrowing] was AED 138 million [FY2013: AED 7 million] – its highest level in the last five years.

Working Capital

Depa's working capital increased from AED 604 million as at 31 December 2013 to AED 674 million as at 31 December 2014. The current ratio improved to 1.51 compared to 1.39 last year while the Company's debt to equity ratio decreased to 0.20 compared to 0.27 last year due to regular repayment of bank loans.

Accounts receivable days decreased slightly to 189 days in FY2014 [98 days excluding unbilled revenue] compared to 192 days [89 days excluding unbilled revenue] in FY2013.

Cash Flow and Bank Facilities

Cash generated from operating activities was AED 147 million in FY2014 [FY2013: AED 58 million]. Cash used in investing activities amounted to AED 17 million in FY2014 [FY2013: AED 11 million]. Cash used towards financing activities was AED 94 million in FY2014 compared to AED 73 million generated in FY2013. This includes proceeds from a long-term loan of AED 50 million obtained during the year to maintain cash buffers at Group level. Total borrowings as at 31 December 2014 were AED 303 million [31 December 2013: AED 392 million].

The total combined bank facility lines remain above AED 2 billion in FY2014, which reflects the confidence banks have in the Company. However, due to the breach of few covenants in previous years, the Group's banking limits remained under watch especially by international banks, which resulted in the restructuring of a few facilities from general to project specific, but overall no significant change has been made. During the year, the Management has successfully renegotiated few important covenants with banks. Due to the good performance in FY2014, the Company is now in compliance with most of the agreed covenants.

Capital Expenditure

The Company's capital expenditure in FY2014 amounted to AED 21 million [FY2013: AED 26 million].

The Board

The basic responsibility of the Board is to exercise its reasonable business judgment on behalf of the shareholders by taking decisions, which include but are not limited to, approving the corporate strategy, performance objectives, budgets, major capital expenditure, capital management and acquisitions and divestments.

To discharge its obligation, the Board has delegated a number of responsibilities to the Management which include, but are not limited to, translating the strategic plan into tangible results, managing the Company's resources effectively and efficiently to increase shareholder value. The Board may also delegate oversight of key areas of responsibility to various Board Committees who report to the Board with their analyses and recommendations.

Following the resignation of Hasan Ismaik as Chairman on 25 June 2014, the Company took the opportunity to restructure its Board and Committees, in line with the Corporate Governance best practice standards.

On 8 September 2014, the Board of Directors unanimously approved the appointment of Mohamed Ali Al Fahim as Chairman of the Company. At the same meeting, the Board of Directors appointed Roderick Maciver as Vice Chairman and confirmed El Sayed Zakaria's position as an Independent non-Executive Director.

On 12 October 2014, the Board of Directors accepted the resignation of Fahad Al Nabet and approved the appointment of Mohamed Idriss as Independent Non-Executive Director, increasing the number of Independent Non-Executive Directors from two to three.

Current Composition of the Board of Directors

- Mohamed Al Fahim
  Chairman and Non-Executive Director
- Roderick Maciver
  Vice Chairman and Independent
  Non-Executive Director
- Abdullah Al Mazrui
  Non-Executive Director
- Khaldoun Tabari
  Non-Executive Director
- Wassel Al Fakhoury
  Non-Executive Director
- Iyad AbdalRahim
  Non-Executive Director
- Marwan Shehadeh
  Non-Executive Director
- El Sayed Zakaria
  Independent Non-Executive Director
- Mohamed Idriss
  Independent Non-Executive Director

As there were several changes to the Board, including the appointment of a new Chairman, and the restructuring of numerous Committees, it was decided to postpone the performance evaluation process to FY2015.

Board Members and the Chief Executive

Mohamed Al Fahim
Chairman and
Non-Executive Director

Mohamed Ali Al Fahim joined the Board of Depa in 2013, and was appointed as Depa's Chairman in September 2014. Since 2008, Mr Al Fahim has been head of finance at the finance and accounts department of International Petroleum Investment Company ["IPIC"]. Mr Al Fahim represents IPIC as a board member on a number of boards of investee companies, including: EDP General and Supervisory Board, Aabar, Arabtec Holding PJSC ["Arabtec"], First Energy Bank, Unicredit Spa, Al Izz Islamic Bank, RHB Group and Oasis Capital. Mr Al Fahim commenced his professional career at Abu Dhabi National Oil Company [ADNOC], where he worked until 2008. During that time, Mr Al Fahim also served as a corporate finance consultant for KPMG Dubai and for HSBC at the project and export finance division - London.

Mr Al Fahim has a degree in finance from the University of Suffolk, Boston, USA.

Abdullah Al Mazrui
Non-Executive Director

Abdullah Al Mazrui, previously Chairman of the Board of Directors for Depa, stepped down in May 2013, becoming a Non-Executive Director. He is the chairman of a number of companies and institutions including Emirates Insurance Company, Mazrui Holdings LLC, International School of Chouieifat, Aramex, Jashanmal National Company, Chemanol, Modecor and The National Investor. Mr Al Mazrui also sits on the board of directors for the following organizations and institutions: National Investment Corporates, Investcorp, Abu Dhabi Education Council, Abu Dhabi Economic Council, Dun & Bradstreet and Emirates Specialties Company. He is a member of the advisory board of INSEAD Business School, Abu Dhabi and EDHEC Business School, France.

Mr Al Mazrui holds a degree from Chapman University of California, USA.

Roderick Maciver
Vice Chairman
and Independent
Non-Executive Director

Roderick Maciver was appointed to the Board of Depa in late 2013; on 8 September 2014 he was nominated Vice Chairman. Mr Maciver has over 36 years of experience in the construction industry in the Middle East, including periods as a managing director for Wimpey International and managing director operations for both Tarmac International and more recently Carillion International. Since retiring from full time employment in 2006, Mr Maciver has worked as an advisor to various companies, for the past six years, majorly to Consolidated Contractors Company [CCC]. In addition, he is a non-executive director for Al-Futtaim Group Real Estate.

Mr Maciver is a member of the Chartered Institute of Building [MCIOB] and holds an HNC in building [structural engineering].

Khaldoon Tabari
Non-Executive Director

Khaldoun Tabari joined the Board of Depa in 2013. He is the vice chairman and CEO of Drake & Scull International PJSC ["DSI"] and has led the development of the company from a local MEP contractor to a regional leader offering integrated engineering disciplines across MENA, Europe and South Asia. Mr Tabari also serves as chairman of EFS Facilities Services, executive chairman of Vision Investments, as well as director of The Grooming Company, Oriental Petrochemicals Company SAE and Carbon Holdings Limited.

Mr Tabari graduated in business management from the University of Colorado, USA in 1972.

Board Members and the Chief Executive

Wassel Al Fakhoury
Non-Executive Director

Wassel Issa Al Fakhoury has been a Member of the Depa Board since 2013. He is the group general counsel and chief compliance officer of Arabtec and brings to this role more than 15 years of corporate counsel experience, managing M&A, corporate restructuring and privatization deals exceeding US$ 50bn in total value. Previously, Mr Al Fakhoury served as MENA general counsel for Aabar Investments PJS ["Aabar"], the Abu Dhabi-based diversified investment conglomerate. Mr Al Fakhoury is a member of different boards, including Arabtec and JWICO [as Chairman], the latter being one of Depa's associates and publicly listed in Jordan.

Mr Al Fakhoury holds a bachelor of law from Yarmouk University in Jordan, and a master of law from the World Intellectual Property Organization in Geneva, Switzerland in cooperation with the University of Jordan.

Marwan Shehadeh
Non-Executive Director

Marwan Shehadeh was reappointed as a Board Member during the Depa AGM held in May 2013. For more than a decade, Mr Shehadeh has been working with Al-Futtaim, covering various positions: He is the group director for corporate development of Al-Futtaim Group, the senior executive officer of Al-Futtaim Investment Management Ltd and since 2007 the managing director of Al-Futtaim Capital. He joined Al-Futtaim in 2003 as director of finance of Dubai Festival City LLC. Mr Shehadeh started his career in corporate finance at Chase Manhattan Bank, New York.

Mr Shehadeh holds a master's degree in international business from the Institute D'Etudes des Relations Internationales, Paris and has completed a general management executive programme at Harvard Business School.

Iyad AbdalRahim
Non-Executive Director

Iyad AbdalRahim was appointed to the Board of Depa in 2013. He is currently the CFO of Arabtec. Mr AbdalRahim has 22 years of experience principally in the contracting, construction, real estate development, investment and banking sectors. He has a strong track record identifying and managing risk, restructuring organizations, building solid financial departments, formulating and implementing best practices based policies and procedures, financing on both local and international money market level, topped by restructuring and value creation of groups. He has served on numerous boards of directors worldwide.

Mr AbdalRahim is a chartered portfolio manager and a certified master financial professional from the American Academy of Financial Management. In addition, he holds an MBA from the University of Wollongong in Dubai and a bachelor of science degree from Yarmouk University in Jordan.

El Sayed Zakaria
Independent
Non-Executive Director

El Sayed Zakaria joined the Board of Depa in September 2014. He is the managing partner at Architecture & Planning Group - APG in the Gulf Region and the Middle East, vice president of the APG Cairo branch office, chairman of Al Zaytoun Egyptian Property Investment Company LLC, Egypt and Amman Siwa Agricultural Development Company LLC, Egypt. He is a strategic business leader with over 44 years of professional experience in the field of construction and real estate with specialty in architectural assessment, organization management and business development. Mr Zakaria has served as a principal-in-charge on a wide range of international and local businesses.

Mr Zakaria studied architecture at Alexandria University. He is a member of the Egyptian Society of Engineers, the UAE Society of Engineers and founder of the Egyptian Businessmen Board in Abu Dhabi.

Board Members and the Chief Executive

Mohamed Idriss
Independent
Non-Executive Director

Mohamed Idriss was appointed to the Board of Directors in October 2014. He has over 17 years of capital markets, structured solutions, distribution and Islamic finance experience. Mr Idriss established Axis Strategic Partners Ltd in 2014, a DFSA-regulated investment advisory boutique. He previously held the position of head of global markets for Middle East and Africa at Nomura, based in Dubai. Prior to joining Nomura, Mr Idriss spent 15 years in London and Paris, with Lehman Brothers, Barclays Capital and Credit Lyonnais, with similar success in building top tier franchises.

Mr Idriss holds a master's degree in applied mathematics and a post graduate degree in banking and finance from Université Paris 1 Panthéon-Sorbonne in France.

Mhd. Nadim Akhras
Group CEO
Depa United Group

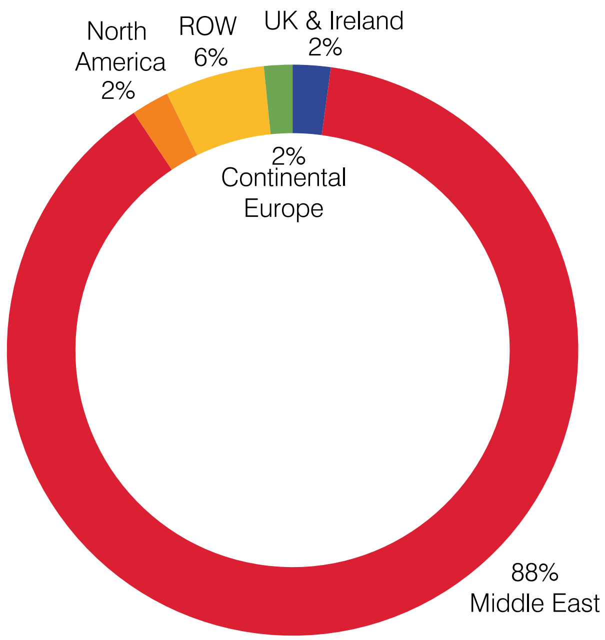
Nadim Akhras was appointed Group Chief Executive Officer on 1 April 2015, after serving as Interim Group CEO since October 2013. Previously, he had been CEO of the Dubai Regional Office since 2011. Mr Akhras has over 23 years of experience in the engineering and construction field and has successfully overseen and executed high-end and large scale projects in the Middle East, Africa, India and CIS countries. Mr Akhras joined Depa in 1998 and has held senior roles at Depa Interiors and Depa Hotels Interiors in Egypt during this time. Between 1994 and 1998, Mr Akhras held numerous posts as a civil engineer with Khatib & Alami UAE, a multidisciplinary architectural and engineering consulting company.

Mr Akhras obtained a bachelor of science degree in civil engineering from Damascus University and is an LBS alumnus, as he completed the Accelerated Development Program [ADP] of London Business School in 2006.

Shareholders' Information

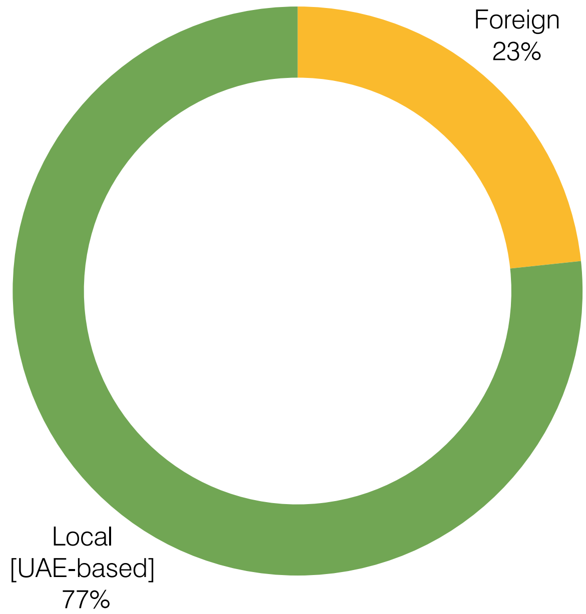
Shareholder Structure

Geography
[as at 31 December 2014]



Shareholder Structure

Local vs. Foreign Investors
[as at 31 December 2014]



Shareholders' Information

Connected Persons / ESOP

The following individuals are defined as connected persons as established by the Market Rule 4.3.2[1]a for being a Director or Senior Manager of Depa. The table below shows each individual's identity and his holdings of the Company's shares in his personal portfolio and / or in the Company's Employee Stock Ownership Plan ["ESOP"] as at 31 December 2014:

Name	Position	Number of Shares		% of Total Shares Outstanding
		ESOP*	Personal Portfolio	
Board Directors				
Khaldoun Tabari	Director	0	47,432,445	7.72%
Marwan Shehadeh	Director	0	1,621,098	0.26%
Mohamed Al Fahim	Director	0	0	0.00%
Roderick Maciver	Director	0	0	0.00%
Abdullah Al Mazrui	Director	0	0	0.00%
Wassel Al Fakhouri	Director	0	0	0.00%
Iyad AbdalRahim	Director	0	0	0.00%
El Sayed Zakaria	Director	0	0	0.00%
Mohamed Idriss	Director	0	0	0.00%
Senior Managers				
Walid Zakaria	Regional CEO Abu Dhabi	420,000	800,000	0.20%
Nadim Akhras	Group CEO and Regional CEO Dubai	480,000	500,000	0.16%
Ayman Khaireddin	Managing Director, Commercial	280,000	436,649	0.12%
Umar Saleem	Chief Financial Officer	262,500	0	0.04%
Ahmad Khayyat	Chief Manufacturing Officer	80,000	0	0.01%
Bernard Lim	Regional CEO Asia	0	0	0.00%

* Depa launched an ESOP in August 2013 in which 2,075,00 shares were allocated to five senior Managers: Mr Akhras, Mr Zakaria, Mr Khaireddin, Mr Saleem and Dr Khayyat.

Shareholders' Information

The following shareholders are connected persons as established under Rule 4.3.2[1]b of the DFSA Markets Rules for owning voting securities carrying more than 5% of the voting rights as at 31 December 2014:

Name of Shareholder	Number of Shares	% of Total Shares Outstanding
Arabtec Holding PJSC*	149,555,275	24.33%
Al-Futtaim Capital LLC **	85,582,285	13.92%
Mazrui Investments LLC***	54,766,513	8.91%
Clarity Fund SPC Ltd****	47,432,445	7.72%

* Mr Al Fahim is a board member and acting CEO of Arabtec. Mr Al Fakhoury is group general counsel and chief compliance officer as well as a board member of Arabtec. Mr AbdalRahim is CFO of Arabtec.

** Mr Shehadeh is managing director of Al-Futtaim Capital LLC.

*** Mr Al Mazrui is a partner and chairman of Mazrui Investments LLC.

**** On 22 December 2014, Mr Tabari transferred his entire shareholding of 6.11% [37,567,493 shares] in the Company into a family trust, of which he currently is the the sole beneficiary – Clarity Fund SPC Ltd ["Clarity"]. Clarity had formerly held 9,864,952 shares representing an ownership of 1.60% in the Company.

Corporate Governance and Risk Management

The Board of Directors is accountable to all stakeholders for the implementation of corporate governance best practice, and is also committed to maintaining high standards of ethics, integrity and professionalism. The Board believes that prudent corporate governance is the pillar for safeguarding the interests of stakeholders and delivering sustainable value to the Company's shareholders.

The Board of Directors is also responsible to ensure that the shareholders' rights are properly safeguarded - the Board uses the AGM to communicate with shareholders on important aspects of the Company's affairs. Shareholders are encouraged to ask questions of the Board and are able to propose resolutions in advance by providing the Board with a prior notice of the same [this ensures fairness and equality by having all shareholders duly informed of any new resolution well before the shareholders' meeting].

This year, the Board directed the Management to augment the current corporate governance framework to bolster best practice. The revised compliance and governance policies have been approved by the Audit & Compliance Committee and will be ratified by the Board subsequent to the year end. Implementation will follow soon thereafter.

The Company implements a robust internal control assurance system which is implemented through the Head of Internal Audit and Company Compliance Manager. The Corporate Governance & Compliance framework is regularly and rigorously tested by the A&C Committee.

Committees

Following the appointment of the new Chairman, the Board of Directors took the opportunity to restructure various Board Committees. As a result, changes were made to the Audit & Compliance ["A&C"] and the Nomination & Remuneration ["N&R"] Committees. In addition, both the Investment and Legal Committees were disbanded.

The current composition and a description of each Committee are detailed below:

1. The Audit and Compliance Committee

The A&C Committee monitors and ensures the integrity of financial statements, compliance with applicable laws and regulatory requirements, effectiveness of internal controls, adequacy of risk management processes, independence and qualifications of the Company's external auditors, performance of internal auditors and adequacy of the compliance function.

The current composition of the A&C Committee is as follows:

- Edward Quinlan [Chairman]
- Iyad AbdalRahim
- Mohamed Idriss

2. The Nomination and Remuneration Committee

The N&R Committee's role is to assess the skills, knowledge and experience of the governing body and accordingly prepare a description of the role and capabilities required for a particular appointment. The Committee assists Depa's Board of Directors in

Corporate Governance and Risk Management

discharging its responsibilities relating to the composition of the Board of Directors, induction and performance of Directors and Senior Management, appointment of Committee Members and succession planning.

The Committee also advises the Board of Directors in determining remuneration, benefits, incentives and salaries of Board Members and Senior Executives in line with Company performance. The Board of Directors is assisted by the Committee in formulating, supervising and regularly reviewing the Company's HR and training policy and compensation trends.

The current composition of the N&R Committee is as follows:

- El Sayed Zakaria [Chairman]
- Khaldoun Tabari
- Roderick Mciver

Remuneration

Granting remuneration, benefits, incentives or salaries to the Board Members and Senior Managers is based on a culture of reward versus delivery and financial performance. Decisions in this regard ultimately lie with the N&R Committee [as delegated by the Board].

The Board remuneration for FY2014 was AED 240,000 per Member based on an attendance [either physically or through electronic communication] of four Board meetings. The remuneration is capped at this value but aggregated down for any Member attending fewer than four meetings in the financial year.

The Company may pay additional amounts for expenses as well as fees to the extent determined by the N&R Committee for any Board Member.

The Chief Executive Officer's remuneration for FY2014 was AED 1.69 million. Senior Management bonuses have, as yet, not been finalised.

Corporate Governance Best Practice Standards

Appendix 4 of the DFSA Markets Rules includes a set of Corporate Governance Best Practice Standards ["the Standards"] which may be adopted by a reporting entity. Throughout the year ended 31 December 2014, the Company adopted the provisions set out in the DFSA Markets Rule, however the following standard was only partially adopted:

Standard 30

This requires the Board to include a balance of executive and non-executive directors and at least one third of the Board should comprise non-executive directors, of which two should be independent. The nine members of the Board of Directors are all non-executive directors, three of whom are independent. Depa believes the current composition of the Board serves the Group's interests best by providing a healthy mix of local and international expertise.

The overall corporate governance framework has been effective in promoting prudent and sound management of the Company through FY2014 and should continue to do so going forward.

Board and Committees Meetings

Attendance by Board and Committees per Member in 2014 was recorded as follows:

Board Meetings

Board Members	Meetings attended
Mohamed Al Fahim	4/4
Roderick Maciver	4/4
Abdullah Al Mazrui	3/4
Wassel Al Fakhoury	3/4
Iyad AbdalRahim	3/4
Khaldoun Tabari	3/4
Marwan Shehadeh	4/4
El Sayed Zakaria*	1/4
Mohamed Idriss**	1/4
Hasan Ismaik***	1/4
Fahad Al Nabet****	1/4

* Mr Zakaria was appointed in September 2014.
** Mr Idriss was appointed in October 2014.
*** Mr Ismaik resigned in June 2014.
**** Mr Al Nabet resigned in October 2014.

A&C Committee Meetings

Committee Members	Meetings attended
Edward Quinlan	4/4
Iyad AbdalRahim	4/4
Mohamed Idriss*	1/4
Mohamed Al Fahim**	1/4

* Mr Idriss joined the Committee in November 2014.
** Mr Al Fahim ceased to be Chairman / Committee Member in September 2014.

N&R Committee Meetings

Committee Members	Meetings attended
Khaldoun Tabari	2/2
Mohamed Al Fahim*	2/2
Dr Tareq Abu Shreehah**	2/2

* Mr Al Fahim ceased to be Chairman / Committee Member in September 2014.

** Dr Tareq Abu Shreehah ceased to be a Committee Member in September 2014.

Investment Committee*

Committee Members	Meetings attended
Shohidul Ahad Choudhury	1/1
Gillray Cadet	1/1
Khalid Alsawalhi	1/1

* The Investment Committee was dissolved in September 2014.

Legal Committee*

Committee Members	Meetings attended
Wassel Al Fakhoury	1/1
David Holiday	1/1
Mohammad Momani	1/1

* The Legal Committee was dissolved in September 2014.

External Auditors

At the FY2013 AGM held on 26 June 2014, Ernst & Young ["EY"] were appointed as independent external auditors of the Company. EY replaced Deloitte & Touche, who had been auditing Depa since 2005. The Board had suggested the change of auditors as part of the implementation of best practices, as Deloitte & Touche had been holding the position for many years.

Audited Financials

Selected Income Statement Data [AED million]	**FY2014**	**% of Revenue**	**FY2013**	**% of Revenue**
Revenue	1,940		2,318	
Direct cost	[1,681]	[87%]	[2,131]	[92%]
Gross profit	**259**	**13%**	**187**	**8%**
General and administration expenses	[194]	[10%]	[195]	[8%]
Provision for doubtful debts	[13]	[1%]	[94]	[4%]
Amortisation and impairment of intangible assets	[18]	[1%]	[35]	[2%]
Impairment loss on investment in associate	[3]	[0%]	[14]	[1%]
Impairment loss on land	0	0%	[14]	[1%]
Impairment loss on available for sale investment	[1]	[0%]	[7]	[0%]
Impairment loss on goodwill	[5]	[0%]	0	0%
Other income / [expense]	43	2%	32	1%
Gain on acquisition of assets	0	0%	17	1%
Finance income / [cost] net	[6]	[0%]	[8]	[0%]
Share of profit / [loss] from associates	1	0%	2	0%
Gain on sale of investment in associate	0	0%	7	0%
Net profit / [loss] for the year before tax	**63**	**3%**	**[122]**	**[5%]**
Income tax	[14]	[1%]	[22]	[1%]
Net profit / [loss] for the year after tax	**49**	**3%**	**[144]**	**[6%]**
Attributable to:				
Equity holders of parent	44	2%	[131]	[6%]
Non-controlling interests	5	0%	[13]	[1%]

EBIT / EBITDA

[AED million]	FY2014	% of Revenue	FY2013	% of Revenue
Net profit /[loss] for the year after tax	49	3%	[144]	[6%]
Income tax	14	1%	22	1%
Finance cost	9	0%	10	0%
Finance cost recognised in cost of sales	13	1%	13	1%
Interest income	[3]	[0%]	[2]	[0%]
EBIT	**82**	**4%**	**[101]**	**[4%]**
Depreciation	41	2%	42	2%
Amortization and impairment of intangible assets	18	1%	35	2%
EBITDA	**141**	**7%**	**[24]**	**[1%]**
Adjusted for:				
Impairment loss on investment in associate	3	0%	14	1%
Impairment loss on land	0	0%	14	1%
Impairment loss on available for sale investment	1	0%	7	0%
Impairment loss on goodwill	5	0%	0	0%
Other [income] /expense	[43]	[2%]	[32]	[1%]
Gain on acquisition of assets	0	0%	[17]	[1%]
Share of [profit] /loss from associates	[1]	[0%]	[2]	[0%]
Gain on sale of investment in associate	0	0%	[7]	[0%]
Adjusted EBIT	**47**	**2%**	**[124]**	**[5%]**
Adjusted EBITDA	**106**	**5%**	**[47]**	**[2%]**

Sign-Off by Directors

We, Mohamed Al Fahim and Roderick Maciver, being two of the Directors of Depa Limited, do hereby state, in the opinion of the Directors, the accompanying Balance Sheet, Consolidated Income Statement, and Consolidated Cash Flow Statement together with the Notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2014. Taking into account the financial information and the Backlog of the Company as at the end of FY2014, the Directors believe that the Company has adequate resources to continue as a going concern.

Mohamed Al Fahim
Chairman

Roderick Maciver
Vice Chairman

depa

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