Annual Report 2013

GLOBAL INTERIOR SOLUTIONS

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INTRODUCTION & CONTENTS

Depa is the world's largest interior contractor, providing a complete range of high-end interior services and turnkey solutions.

CONTENTS

BUSINESS HIGHLIGHTS

SECURED THE PRESIDENTIAL PALACE PROJECT FOR AED 256 MILLION

AED 256 MILLION

New Appointments

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APPOINTMENT OF HASAN ABDULLAH ISMAIK AS CHAIRMAN AND SIGNIFICANT CHANGE IN THE COMPOSITION OF THE BOARD

New Acquisition

THE ACQUISITION OF LOHER, ONE OF EUROPE'S LEADING LUXURY YACHT AND PRIVATE AIRCRAFT INTERIOR CONTRACTORS

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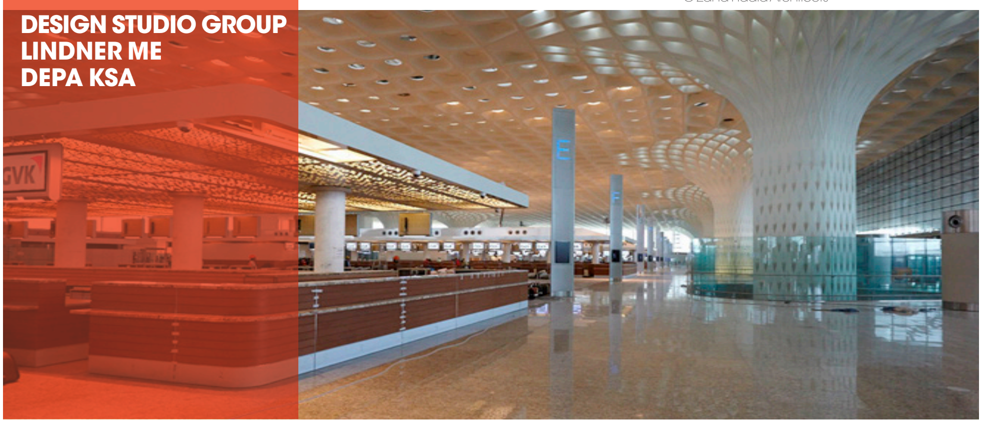
AED 250 MILLION

TWO NEW PROJECTS AND ONE CONTRACT VARIATION IN SAUDI ARABIA FOR A TOTAL VALUE OF OVER AED 250 MILLION

THE THREE BEST PERFORMING BUSINESS UNITS DURING FY2013 WERE:

DESIGN STUDIO GROUP
LINDNER ME
DEPA KSA



CHAIRMAN'S STATEMENT

Mr. Hasan Abdullah Ismaik
Chairman

Dear Shareholders,
In 2013, Depa Limited ("Depa" or the "Company") has made solid progress in its underlying business; we continued to build strong momentum, streamlining our operations further, centralising business units and improving the quality of our Backlog.

FY2013 was our third successive year of growing Revenue. The Board of Directors have succeeded in putting in place new management structure, which we hope will be of benefit to our shareholders, employees and stakeholders, as well as our operating results.

In May 2013, there was significant overhaul in the composition of the Board. Senior executives with deep understanding of the construction, legal and finance sector were voted to join the Board at the Annual General Meeting ("AGM"). These Directors have taken a more hands-on role, participating actively in guiding the Company's strategic direction and ensuring the CEO's departure in the last quarter did not affect our commitments or our long-term plans.

In this context, I report a Net Loss after Non-Controlling Interest for the year of AED 131 million despite delivering near record Revenue of AED 2.32 billion. The Company has had to set aside AED 118 million related to provisions for doubtful debts, impairment on investments and intangibles and additional tax provisions pertaining to previous years . Consequently, the Board has taken the decision not to distribute a dividend for the full year.

In the fourth quarter, upon the retirement of our chief executive, I commissioned Ernst & Young ("EY") Dubai to undertake a comprehensive review of our financial position and operations along with an assessment of its operating model and business environment. The review was successfully completed during the conclusion of this annual report and a more comprehensive explanation will be given to our shareholders and employees in due course. The Board as a result of recommendation from its committee opted to take these provisions. These have now been addressed and we expect not be recurring substantially to the Company in the future. Furthermore, a number of restructuring initiatives have also been identified and the Board is in full support of our plans to overhaul certain aspects of our operating model and believe that a successful implementation will provide a very strong foundation for which to build the next chapter of Depa's future.

CHAIRMAN'S STATEMENT CONTINUED

In turn, a solid corporate foundation is being established, we have begun the important process of transitioning to a new business strategy. Over the last six months, we have announced industry-leading hires, acquired Loher Raumexklusiv GmbH ("Loher"), one of Europe's foremost luxury yacht and private aircraft interior contractors, merged some offices under one centralised point of contact, substantially completed some under-performing projects, finalised certain restructuring initiatives and we are putting in place a long-term programme to drive Revenue growth and shareholder value. Fiscally, we are in a good position, having generated cash from our operations in 2013 rather than using our cash as we did in FY2012, allowing us to put funding options in place and restructuring our balance sheet.

We have made consistent strides in our effort to improve and position the Company for long-term Revenue growth. This will continue throughout 2014 as we transition the Company on to our new business strategy, and we will work with our current management team at incorporating strategic initiatives, taking a closer look at our key geographies and diversification plans and analysing meaningful investment opportunities that will help bolster our position.

In closing, I would like to thank all the employees across the Company for their hard work and commitment. It has been a challenging phase for everyone and I am confident that as the construction industry carries on recovering, we will have further opportunities to make significant gains in our core markets.

I am also confident that the underlying benefits of our transition will be felt in the coming years and we will emerge as a truly global, internationally sought-after, luxury interior contracting Company.

On behalf of the Company, I wanted to thank our shareholders for their continued support and we look forward to sharing new successes with you all as we move Depa forward.

REVENUE
(AED)
2.32bn

NET LOSS AFTER NON-CONTROLLING INTEREST
(AED)
131m

TOTAL ASSETS
(AED)
3.2bn

BACKLOG
(AED)
2.53bn

WORKING CAPITAL
(AED)
604m

TOTAL EQUITY
(AED)
1.46bn

CEO'S REVIEW

Mhd. Nadim Akhrass
Interim Group CEO

FY2013 was a diverse year for Depa. We broke through a watershed and billed AED 2.32 billion in Revenue, successfully implementing our strategy to further diversify our market presence and to consolidate the business by closing under-performing projects.

Yet we suffered further provisions, impairment and amortisation on certain projects and investments which resulted in the Company having to post a Net Loss after Non-Controlling Interest of AED 131 million

However, when I look back over the last 12 months, I am proud that we have, successfully signed and executed projects that challenge the boundaries of interior design; set new standards of quality in their respective markets; and showcased our competencies as a leading global interior contracting Company. These projects include: the new Presidential Palace in Abu Dhabi, an iconic project with exceptional finishing and decoration; the unique structure of King Abdullah Petroleum Studies and Research Centre ("KAPSARC") in Riyadh; the premium residential accommodations at the Palette, Singapore; the sheer magnitude and stylish architectural features of the new Terminal 2 of the Mumbai International Airport; the Shamiyah Haram expansion of the Grand Makkah Mosque and the fit-out of the 180m Azzam, the world's largest yacht, that was completed by our German subsidiary and global yacht interior specialist Vedder GmbH ("Vedder").

Diversification

For the United Arab Emirates ("UAE"), 2013 has been a very exciting year. Market confidence in the real estate and construction sector has returned and the successful bid for the World Expo 2020 was the crowning moment, justifying the myriad of ambitious new projects that were launched throughout the year. Nevertheless, given the maturity and depth of the UAE market, it has been challenging for well-established contractors, such as Depa, to realise competitive margins. In order to protect our brand and shareholder's long-term value, we have and will remain very selective in targeting only key projects in our home market place.

As a result of our ongoing diversification plan we have been seeking new opportunities and strategic partnerships in other GCC markets. Depa Saudi Arabia ("Depa KSA") has witnessed solid progress in Revenue which increased from AED 72 million in FY2012 to AED 203 million in FY2013 and Net Profit increased from AED 1 million in FY2012 to AED 23 million in FY2013, our sixth year in a row of continuous Revenue growth. This demonstrates our increasing strength in the country. We have been appointed for projects by important public and private clients such as Saudi Aramco and the Ministry of Higher

CEO'S REVIEW CONTINUED

IN 2014, WE ARE AIMING FOR A FURTHER VERTICAL AND HORIZONTAL INTEGRATION TO REALISE OUR VISION AND STRENGTHEN OUR GLOBAL REACH, DELIVERING THE FULL PACKAGE OF INTERIOR CONTRACTING SERVICES AND PRODUCTS.

Education. Currently, we are in promising talks for major infrastructure and hospitality projects due to be launched in the upcoming years.

In Qatar, we are in the process of completing the Westin Doha Hotel & Spa, formerly known as the Regent Hotel. We are also in charge of the fit-out and FF&E of the Twin Towers, a project commissioned by our partner Arabtec.

Emerging markets remain a focal point for our business development, namely the CIS region and Africa. In Azerbaijan we have executed the entire fit-out of the iconic Fairmont Baku at the Flame Towers. In Angola, for instance, Depa is undertaking the finishing works of the Intercontinental Blue Diamond Hotel, which is perceived as the new benchmark in the sub-Saharan hospitality industry. The momentum and expertise we have gained from such ground-breaking endeavours set Depa aside from the competition. This allows us to venture into promising countries like Nigeria, Mozambique, Rwanda and Kenya, where our FF&E and OS&E procurement subsidiary The Parker Company ("Parker") has already established ties with global hotel brands.

Asia still has a strong and positive impact on our 2013 projects Backlog. Design Studio Group ("Design Studio"), Singapore's leading premier furniture manufacturer and interior fit-out specialist, generated an outstanding Revenue and realised a healthy Net Profit, based on a variety of residential projects in Singapore with more than 5,000 apartment units and contract wins of DDS Singapore and DDS Malaysia, the hospitality and commercial division of the group. Design Studio continues to leverage on the manufacturing capability of its China production facility to achieve better cost efficiency in projects.

Consolidation and Restructuring

While we keep on expanding the geographical presence of the Company, we have been busy reassessing and refining the portfolios of our local offices, subsidiaries and associations to centralise and restructure our operations. Our global business is now entirely operated from our three regional headquarters, based in the UAE, Singapore and Germany, whereby the estimation and engineering processes have been completely integrated so as to realise their full potential without being *in situ* on every project.

In 2014, we are aiming for a further vertical and horizontal integration to realise and develop further our robust vision and strengthen the Depa brand as well as our global reach, delivering the full package of interior contracting services and products. Our manufacturing units, based in our local market place and overseas, have seen many opportunities to market their offerings to our current client and prospective base.

In order to enhance our performance and improve our brand recognition, we have established new Sales and Marketing department to streamline business development initiatives across the entire group. We have also appointed a Chief Investment Officer to reinforce the relationship with our investors and to assess and act upon promising investment and growth opportunities for the Company across markets, segments and distribution channels. We aim to add more strategic positions to internalise expertise and leverage synergies between our departments and business units.

Outlook

Whilst accepting that 2013 has been a difficult year fiscally, irrespective of having increased our Revenue by 19% to AED 2.32 billion, we remain steadfast in believing the worst is now behind us. However, that is not an invitation to be complacent. Depa today is well-positioned as a preferred interior contracting Company with the capability to service all market segments across the globe. We look forward to 2014 with renewed optimism.

FINANCIAL HIGHLIGHTS

FY2013 witnessed continuation of growth in business as we experienced significant uplift in Revenue with 19% increase from last year.This is on top of 12% growth in Revenue experienced in FY2012, therefore improving the top line from AED 1.74 billion in FY2011 to AED 1.95 billion in FY2012 and further to AED 2.32 billion in FY2013.

This increase in Revenue is the result of a combination of factors including interior fit-out phase of the construction cycle coming into play in the GCC, timely execution of key projects around the globe, acquisition of assets and establishing a new subsidiary in Germany and operational restructuring carried out at Group level resulting in more focus on business development and operational excellence.

The three best performing business units during FY2013 were:

DESIGN STUDIO GROUP

- Backlog amounted to AED 716 million as of Dec 31 2013
- Revenue generation of AED 523 million
- Gross Profit margin of 17% and Net Profit margin of 7%

LINDNER MIDDLE EAST ("LINDNER ME")

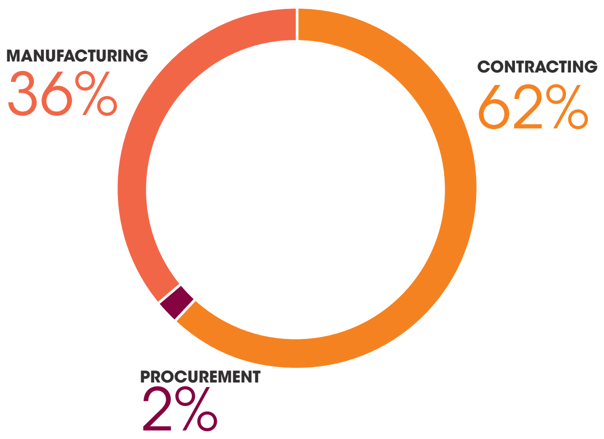
- Backlog amounted to AED 91 million as of Dec 31 2013
- Revenue generation of AED 313 million
- Gross Profit margin of 14% and Net Profit margin of 12%

DEPA SAUDI ARABIA ("DEPA KSA")

- Backlog amounted to AED 379 million as of Dec 31 2013
- Revenue generation of AED 203 million
- Gross Profit margin of 14% and Net Profit margin of 12%

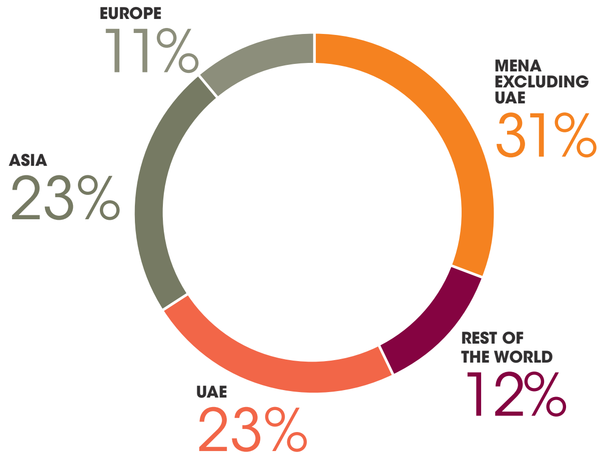
REVENUE BY ACTIVITY

(FY2013)



REVENUE BY GEOGRAPHY

(FY2013)



FINANCIAL HIGHLIGHTS CONTINUED

We were able to successfully diversify our Revenue base in FY2013. Major increase in Revenue came from projects in the MENA region, especially in KSA and Morocco while Revenue also increased in Angola and Germany. Our Asian operations continue to maintain a fair share of Revenue while this year we witnessed a decrease in Revenue in the UAE. Major subsidiaries contributing to top line include Design Studio, Lindner ME, Vedder, Depa Interiors, Depa Abu Dhabi, Depa KSA and Deco Emirates ("Deco").

The Company's margins remained at the same level of FY2012 with 8% gross margin as cost overruns, extension of time and delays in approval of variation orders on two major projects, resulted in lower margins. We expect part of these costs to be certified and recovered in FY2014. This impacted our Gross Profit, which came in at AED 187 million that is AED 29 million (18%) higher than last year but is not representative of the excellent work carried out and profits earned by our other subsidiaries.

We ended the year with Net Loss after Non-Controlling Interest of AED 131 million compared to Net Loss after Non-Controlling Interest of AED 120 million last year. Provision for doubtful debts and impairment charges constitute a significant portion of the loss. Our focus in FY2013 was to restructure the Group and to close out the majority of loss-making projects during the year. That is why we took a very conservative approach regarding our receivables and recorded provisions of AED 94 million against old and doubtful debts. Also, impairment charges of AED 35 million were recorded against Valuation of land, Investment in Associate and Available for Sale Investments.

MAJOR INCREASE IN REVENUE CAME FROM PROJECTS IN THE MENA REGION, ESPECIALLY IN KSA AND MOROCCO WHILE REVENUE ALSO INCREASED IN ANGOLA AND GERMANY.

Apart from the above, Net Loss of AED 69 million was recorded in subsidiaries that are in the process of closing their operations and will have minimum activity in FY2014. These losses were partially netted off by gain on acquisition of assets by AED 17 million and other income of AED 32 million.

Having closed out most of the legacy projects which negatively impacted our performance, the Company is expecting increase in margins and Net Profit in the coming years to gain benefits from the restructuring exercise carried out and the positive market momentum currently witnessed in most of our geographies.

Global Industry Overview

After several years of global economic and regional political unrest, 2013 was a time of recovery and stability. The sentiment towards the construction industry is upbeat on the back of improving Backlogs, better margins and continuous government spending on infrastructure projects. Certain European countries and the US experienced modest signs of improvement, while emerging and frontier markets, especially in Africa and parts of the Middle East, continue to see higher growth due to the impact of urbanisation and government-backed spending plans, based on an evolving population, increased trade and tourism.

As the GCC governments seek to further diversify their economies to become less dependent on fossil fuels, tourism and hospitality have become key drivers of the political agenda. The UAE and Qatar have already managed to enter the top third of the World Economic Forum's Travel and Tourism Competitiveness Index. Mega events such as the World Expo 2020 in Dubai and the 2022 FIFA World Cup in Qatar will further strengthen their respective positions. On the other hand, Saudi Arabia is the number one religious tourism destination and Oman harbours great ambitions to become a regional cultural and eco-tourism destination. In 2013, Colliers International estimated a hotel development pipeline of almost 500 hotels for key GCC cities of Dubai, Doha and Jeddah, with the majority focused on the high-end luxury segment. Still, public infrastructure plans have been identified as the single biggest driver of market growth by many industry leaders. EC Harris has acknowledged more than 117 major construction programmes of a project value greater than USD 1 billion across key markets of the Middle East that are planned for completion by 2030, totalling more than USD 1 trillion.

Furthermore, according to a recent survey by Ventures ME, the total value of completed GCC construction projects was up 27% in value for 2013, reaching USD 69.9 billion. The top three sectors were as follows: residential – USD 30.3 billion; commercial – USD 12.7 billion; and education – USD 7 billion. The GCC interior contracting and fit-out market also increased by 8% over the year to reach a total value of USD 7.8 billion and this is expected to grow another 18% in 2014. The KSA was the most dominant market with a 47% share followed by the UAE and Qatar, with the residential sector accounting for almost half of the market share (42%), commercial in second (18%) and hospitality in third (13%). In 2014, the residential market is expected to drop to 36% with hospitality becoming more prominent, up to 20% and healthcare witnessing the biggest growth, reaching a value of USD 672 million, up 256%. This is in line with an expected growth in the healthcare construction sector, which is predicted to go from a value of USD 2.4 billion to USD 8.4 billion. The UAE will realise the most projects, almost five times what it completed in 2013, with a total value of USD 3.2 billion.

Africa is also attracting serious interest, especially within the construction industry. Public and private projects are getting bigger and more challenging in their complexity; a growing and more affluent middle class is creating demand for better quality residential and commercial buildings. According to Deloitte, the development is focused on particular regions: Southern, Eastern and Western Africa have attracted the majority of projects, most of which are government backed and funded. In terms of hospitality investments, Colliers International has identified the sub-Saharan African countries like Nigeria and Ghana to be the most interesting ones in the short term.

YEAR IN REVIEW CONTINUED

After a decade of steep growth that allowed for India's BRIC status, the economy has noticeably slowed down in 2013, resulting in and reinforcing i.e. reduced foreign investments, a budget deficit and the accelerated devaluation of the Indian rupee. This downward spiral has decreased the number of projects backed by private financiers and the government. On top, the country struggles with disproportionate bureaucracy hampering project approvals and investments. Despite these obstacles, industry experts see signs for a positive long-term future as new policies for foreign direct investments and recently announced public infrastructure programs might ease the situation of the construction sector.

In Asia, the sector has seen a minor slowdown in China whilst in Hong Kong, construction continues to remain high as the civil sector, commercial and residential underpin the strong demand, according to Turner & Townsend. In Singapore, total construction demand reached a historical high in 2013 of USD 28.2 billion. The Building and Construction Authority of the Singaporean government anticipates a total value of construction projects awarded in 2014 of USD 24.4 to USD 30 billion.

Based on its monetary and fiscal policies, the US has managed to allow for modest economic recovery. This is reflected in falling unemployment, an increase in house prices and, hence, a re-emerging construction industry. After a period of austerity, some European governments have discovered public spending to support the growth of the private sector. Budget deficits, however, leave little room to stimulate the economy. Hence, the overall outlook remains guarded, more so for the UK than continental Europe.

Operations

The company has been working hard to bring an end under-performing and loss-making projects as well as to consolidate certain business units. These included Depa Egypt, Depa India, Depa Jordan, Depa UK, DEPAMAR, Lindner-Depa and Mivan-Depa. As part of the restructuring plan, any future projects in these territories will be handled directly from the UAE.

The streamlining of internal and external business processes, as well as the implementation of innovative technologies in manufacturing, has led the Company to implement a new project management methodology and framework. The recent establishment of a centralised function, for work such as estimation and design development, has allowed the Company to manufacture more interior contacting material at its pre-site work facilities in Dubai, Abu Dhabi and Singapore. This has permitted the Company to reduce the costs and expenses associated with work undertaken on site.

Backlog

During the year, the management team took the decision to complete the legacy projects that have proven problematic resulting in an upward revision of Revenue in FY2013. These include Cleveland Clinic, Doha City Centre and ITC Chennai. This has also allowed the Company to start its new 2014 financial year with a much stronger balance sheet.

The reduction in "legacy" risk has enabled the Company to end the FY2013 with a very solid set of projects in its Backlog. As a consequence at 31 December 2013, the Backlog was AED 2.53 billion, down 8% from AED 2.75 billion at the end of FY2012. The Company will remain cautious when signing projects by increasing risk assessment.

Overall, we are confident that the projects included in our current Backlog carry lower project- and client-associated risks, particularly as we have spent considerable time and effort ensuring this to happen. Our geographic and segmental diversification continues to be key to the successful growth of the Company.

Top Backlog Projects List (only projects where over AED 10 million work is remaining are shown)

S.N	Project Details	Country	Total Backlog
1	Singapore Projects above 10 Million (18 Projects)	Singapore	508,469,176
2	Private Yachts Projects above 10 Million (6 Projects)	Germany	277,122,298
3	The new Presidential Palace in Abu Dhabi	UAE	256,386,154
4	Fairmont Hotel & Serviced Apartments	UAE	175,640,133
5	King Saud University	Saudi Arabia	173,562,145
6	KAPSARC – King Abdullah Petroleum Studies and Research Centre	Saudi Arabia	165,537,879
7	Twin Tower Hotel	Qatar	91,115,214
8	Makkah Mosque – Shamiyah Expansion	Saudi Arabia	91,443,298
9	Golden Gulf Tower	Qatar	85,667,250
10	InterContinental Hotel	Angola	62,732,652
11	Hyatt Dubai Health Care City	UAE	48,397,971
12	Al Forsan Sport Hotel	UAE	22,532,093
13	Platinum Suite	Malaysia	36,122,954
14	Hyatt Regency and Conrad Hotels	Saudi Arabia	28,838,071
15	Regent Emirate Pearl	UAE	26,060,376
16	Sheikh Khalifa Specialised Hospital	Morocco	21,945,687
17	Doha City Centre – Phase III	Qatar	23,650,984
18	Falcon Tower	Qatar	23,190,432
19	ACC – Jabal Omar Development	Saudi Arabia	22,295,483
20	Yacht Interior	Netherlands	21,615,949
21	AIDA Cruise – Mitsubishi Liner Aida	Japan	21,355,603
22	Private Yacht	Italy	18,210,506
23	Somerset Puteri Harbour	Malaysia	16,336,432
24	Mumbai International Airport	India	13,150,077
25	Private Yacht	USA	11,825,447
26	Accommodation Towers	Angola	10,791,310
27	King Abdul Aziz University – Senate Hall	Saudi Arabia	10,673,695
28	Westin Hotel (Previously known as Regent Hotel)	Qatar	10,128,737
Total			**2,274,798,006**

YEAR IN REVIEW CONTINUED

Backlog by Sector

Hospitality continues to remain the largest sector by Backlog with 35% (AED 899 million) of the total value. We have successfully executed prime developments such as the Conrad Dubai on Sheikh Zayed Road as well as the Fairmont Baku at the Flame Towers in Azerbaijan. Our subsidiaries Depa Industrial Group ("DIG"), Carrara and Pino Meroni have completed work with well-known hotel brands such as the Ritz Carlton, St. Regis, Waldorf Astoria, Hilton and IHG across the MEA region. In FY2013, the Company has added the Hyatt Regency and the Conrad hotels of the Jabal Omar Development in Makkah, the Hyatt Hotel and Residences Dubai Healthcare City, the Fairmont Ajman and the Four Seasons Resort Jumeirah Beach Road, amongst others, to its prestigious hospitality Backlog.

Infrastructure has 31% (AED 787 million), residential 17% (AED 432 million) and the yacht's market 14% of the total Backlog. The infrastructure segment covers airports, medical and research centres, mosques, larger government-backed buildings and educational institutions. Residential projects like condominium developments are mainly carried out by our subsidiary Design Studio, headquartered and listed in Singapore, while our UAE-based manufacturing units usually supply for high-end villas and residences.

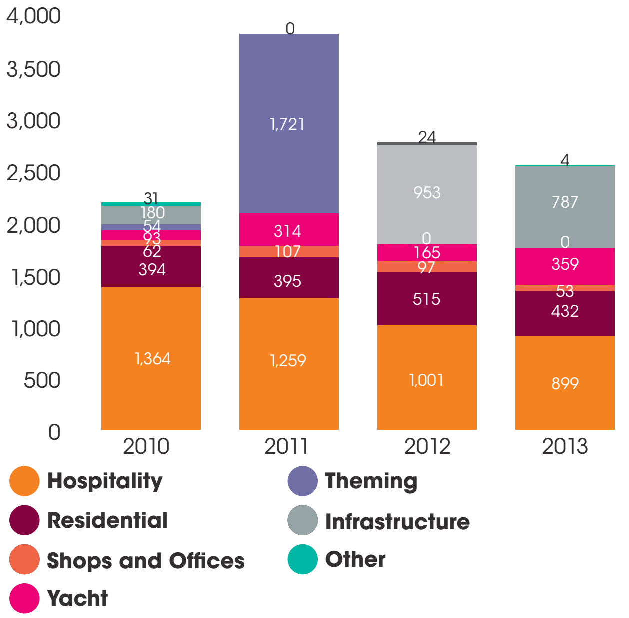
The yachts business of our German subsidiary Vedder is seeing strong growth with Backlog doubling to AED 359 million in FY2013 from AED 165 million in FY2012, partially due to the recent acquisition of its former competitor Loher. Consequently, Vedder completed a remarkable portion of the luxury interior of the world's biggest yacht, the 180m Azzam, as well as carried out the finishing of Solandge, an 85m motor yacht for a high-profile American client.

Moreover, the Deco business unit has added various luxury fashion brand outlets across GCC countries to its exclusive retail portfolio and will keep on leveraging its ties with high-end fashion and department store brands in 2014. In Egypt, Carrara has undertaken major works for Cairo Festival City on behalf of Al Futtaim Engineering, while Eldiar supplied and installed 18,000 sq m of timber ceilings for the World Trade Centre Mall of the Central Market Development in Abu Dhabi.

Lastly, the Headquarters of International Petroleum Investment Company ("IPIC") in Abu Dhabi, completed in FY2013, are an excellent reference for the Company's ability to execute the fit-out of office spaces at the highest corporate level. Over the course of the years, Depa Interiors collaborated with different subsidiaries on the interior design works and supplied all related FF&E.

Looking ahead, we will maintain a strong diversified Backlog of projects with growth being led by the infrastructure segment, as the Company pursues further work from hospitals, airports and government-backed projects. Hospitality, residential, shops and offices segments will keep on playing an integral part as the cycle in interior contracting turns, which lags general contracting by up to 18 months.

BACKLOG: MARKET SEGMENTATION
(AED million)



YEAR IN REVIEW CONTINUED

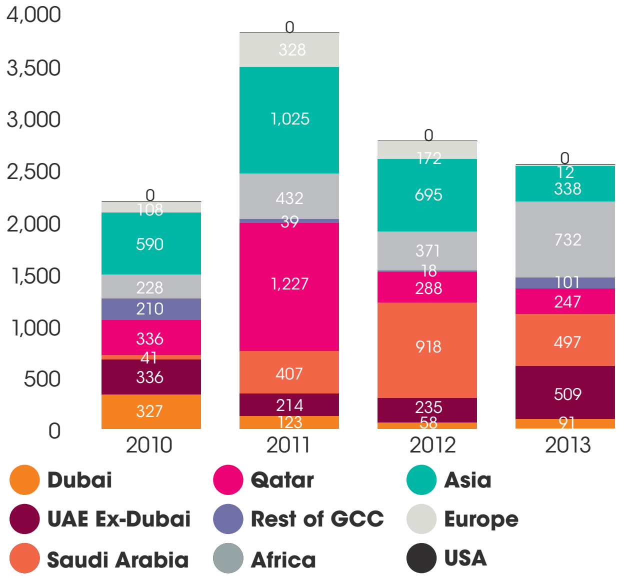
Backlog by Region

The Company has worked hard during FY2013 to have more balanced income Revenue stream from a wider regional base. This is reflected in having no individual region dominate over 30% of annual turnover.

Asia witnessed a small rise to 29% (AED 732 million) accounting for the largest slice of the Backlog. As mentioned earlier, this is mainly due to the success of our Singapore-based Design Studio subsidiary. With the start of a new infrastructure cycle taking hold in the UAE, our market share remains strong at 23.5% (AED 600 million) in FY2013 up from 10.5% in FY2012. It is highly anticipated this number will rise due to the considerable amount of new hospitality, commercial and infrastructure projects being proposed for the World Expo 2020. Saudi Arabia has also contributed one fifth to the Backlog (AED 497 million), down on last year though notwithstanding the significant contribution made by the three main projects in the Kingdom: the King Saud University, KAPSARC and the Shamiyah Haram expansion of the holy Makkah Mosque. In Africa, the Company saw a lower-level of Backlog as major projects in our primary market, Angola, were completed. We anticipate these will serve as excellent references for our future business development efforts in sub-Saharan Africa.

Europe doubled its Backlog to 13%, led by the German yacht division, Vedder. The acquisition of the German super-yacht and private jet outfitting specialist Loher in August 2013 brought about a jump in size, Revenue and Backlog.

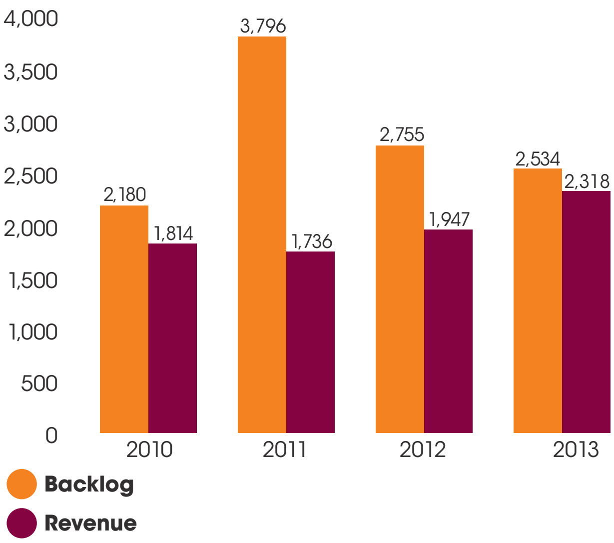
BACKLOG: COUNTRY SEGMENTATION
(AED million)



YEAR IN REVIEW CONTINUED

BACKLOG AND REVENUE

(AED million)



Geographical Presence

a) Middle East

Depa continues to undertake a large proportion of its work in the Middle East. Despite being quite competitive, the UAE and Saudi Arabia are its primary markets. As such, the Company will continue to pursue private and government-backed projects in both countries. In FY2013, our manufacturing units DIG, Eldiar and Carrara have worked on high-profile reference projects such as the Waldorf Astoria Ras al Khaimah, the St. Regis Abu Dhabi at the Nation Towers, the Cleveland Clinic and the Masdar Institute of Science and Technology in Abu Dhabi, in addition to the Jebel Ali Free Zone Convention Centre in Dubai. The Conrad Dubai on Sheikh Zayed Road is a prime example how Depa Interiors integrates the offerings of its business units to deliver 5 star quality for renown hospitality brands. Depa Albarakah, Lindner ME, Deco and Carrara closely cooperated on the interior design works for 503 rooms and suites, the hotel's public areas and back of house.

Over the past year, projects won in the UAE include the new Presidential Palace and Fairmont Hotel & Serviced Apartments.

Depa KSA's commitment to high-quality has positioned the brand as a preferred interior fit-out provider for distinguished clients and is to meet the KSA market's growing demand for superior quality. Consequently, the Company has been selected for the complete interior design works for one of the kingdom's most sophisticated projects, KAPSARC, designed by Zaha Hadid Architects for Saudi Aramco Co. Furthermore, Depa has been chosen to execute the complete fit-out contract for the prestigious Hilton Hotel and Residences as part of King Saud University Endowment Development. Currently Depa is also carrying out the complete interior for the public areas of the Hyatt Regency and Conrad hotels of the Jabal Omar Development project. Meanwhile the completion of the finishing works is underway for the King Abdulaziz University Senate Hall.

Depa KSA has also been in charge of the design and built works for the Ministry of Defence and Aviation in Jeddah including the royal offices and reception areas, in addition to working on the prestigious high-end Headquarters for Khalid Al Turki & Sons Group as part of Al Turki Business Park project.

Previously, business in Qatar has been rather slow, but as of the second half of FY2013 we have seen infrastructure projects changing the face of Doha's city centre. As various companies have withdrawn from the market to focus on Dubai World Expo 2020 related-projects, Depa Qatar foresees many new opportunities and better conditions to offer its prime services and products.

In FY2013, we have been mainly working on the Westin Doha Hotel & Spa (previously the Regent Hotel), which is owned by Ghanem Al Thani Holdings and scheduled to open in late 2014. The Company also has looked after the fit-out and FF&E of the Twin Towers Pullman Hotel, constructed by Arabtec on behalf of Sheikh Khaled Bin Hamad Al Thani. Additionally, Depa Qatar successfully bid for the Falcon Tower in Doha's West Bay, supplying fixed and loose furniture for the guest rooms of the upscale Mondrian Hotel.

Our business development will keep on focusing on the GCC core markets mentioned above. Nonetheless, Oman, Kuwait and Bahrain are also targeted with a view to expand the project spread in the Middle East.

b) Asia and China

The Asian subsidiary Design Studio is operating well and continues to win high-quality mandates with solid margins. The year-on-year increase in Revenue was mainly due to higher contribution from the Residential division, partially offset by a decline in distribution projects during the period. Throughout the year, the group strengthened its portfolio by adding several notable residential projects in Singapore totalling more than 5,000 apartment units. These include St Thomas Walk, a 219-unit high-end freehold development and Bedok Residences, a 582-unit condominium.

The group's hospitality and commercial division DDS continued to be the strongest contributor, with Singapore adding to its portfolio with a contract to fit-out Robinsons Orchard, a six-level 14,000 sq m flagship store as well as educational projects at Singapore's liberal arts college. Malaysia also signed four key contracts in FY2013, principally in the office and residential market. In the growing market of China, Design Studio will continue to step-up its marketing efforts and to tap into diverse opportunities over the longer-term. The group will also continue to leverage on the manufacturing capability of its local production facility to achieve better results in terms of costs efficiency.

In Mumbai, Depa India has completed major interior works at the new integrated Terminal 2 of the Chatrapati Shivaji International Airport (Mumbai International Airport), which shall cater for 40 million passengers per year. Depa carried out the finishing works for the major public areas including highly specialised architectural installations. As a result, the client has commended the Company's efforts for completing the works in a challenging environment displaying attention to detail, commitment to quality and safety in the process. Yet India work environment remains a challenge to Depa.

YEAR IN REVIEW CONTINUED

c) Europe

The acquisition of Loher by Vedder, a wholly-owned Depa subsidiary, has provided a Revenue and Backlog boost for Europe in particular, but also had an initially negative impact on the FY2013 balance sheet as the acquisition of the bankrupt former competitor required major consolidation and change management initiatives. Loher specialises in luxury interiors and bespoke furniture of yachts, aircrafts and residences. As part of the transaction, Vedder acquired a substantial order book, a talented team of employees and a state of the art 15,000 sq m factory with cutting-edge machinery. The focus over the last six month has been on the integration and expansion of the Vedder brand, especially with the aircraft interiors segment. The Backlog now features eight yacht projects in Europe in the top 30 by value and opportunities are expected to increase in the near term. Overall, Vedder is awaiting promising years ahead as so-called wide-body airplanes are to be licensed for private clients soon. Therefore, the entire industry is very upbeat, anticipating many major aviation projects.

d) CIS

Depa completed the interior fit-out works on the Fairmont Baku at The Flame Towers in FY2013. The iconic structure, designed by HOK, is a mixed-use development, located within the highest part of the city, overlooking Baku Bay. The three Flame Towers are dubbed by industry commentators as 'one of the most audacious buildings of modern times'. Going forward, the Company has identified several opportunities in the CIS and will continue to approach each prospect with the correct due diligence needed.

e) Africa

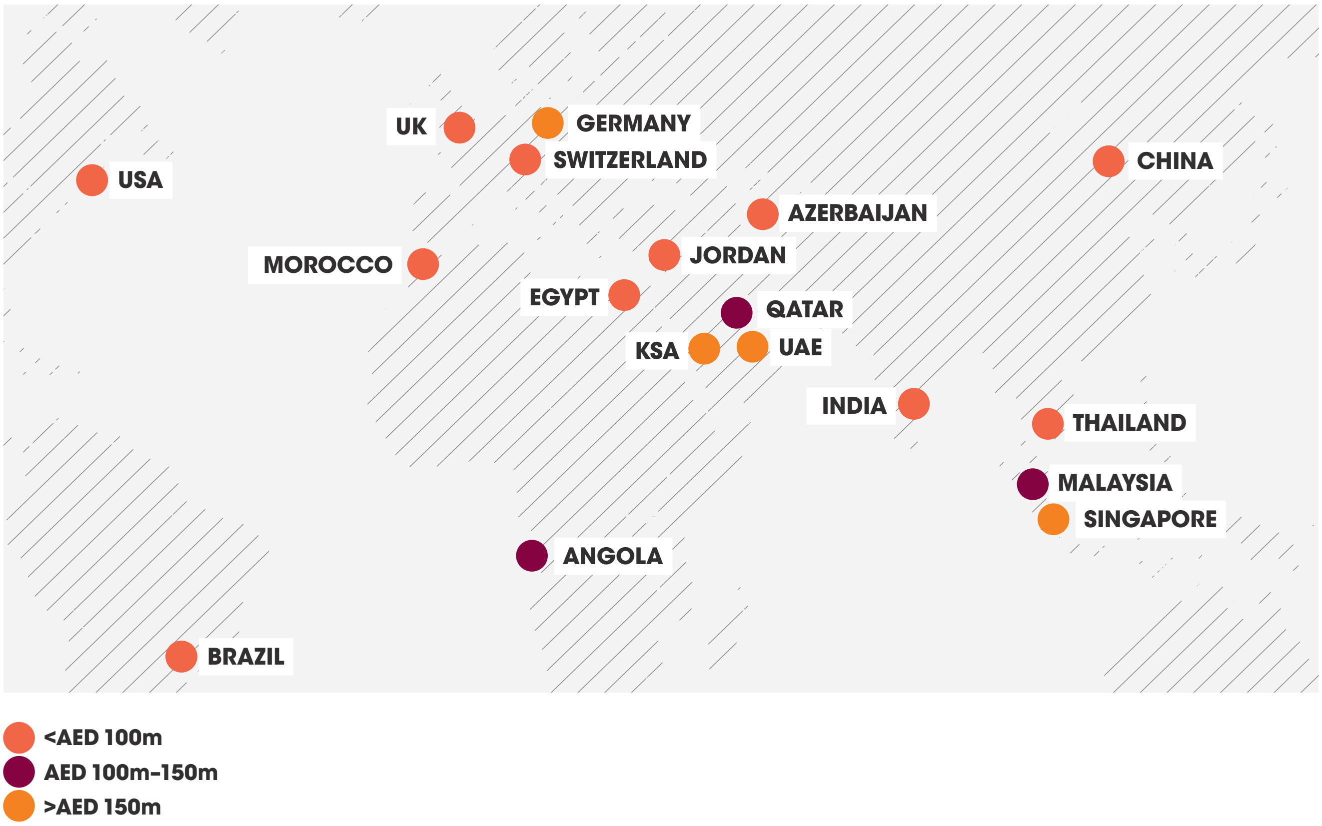
Angola has provided the Company with a strong pipeline over the last 18 months. In Luanda, the fit-out of two important projects, the Accommodation Towers and the Intercontinental Blue Diamond Hotel, are currently underway. The former consists of three towers, featuring 148 apartments and offices. The scope of the latter covers the design and build contract of the complete fit-out and FF&E for 377 guest rooms and public areas, involving DIG, Carrara, Depa Albarakah, Royal Thai Carpet and Decolight.

As identified earlier, we believe Africa will be a key source of growth in the long term. Historically we have undertaken the construction and fit-out, as well as taking equity stakes in projects such as hotels and hospitals in Morocco, and Egypt. We will continue to maintain this same approach, taking minor equity stake, capped at the expected profit of the project while conducting the construction and development work required by our clients.

Besides, our well-established FF&E and OS&E procurement unit, Parker, has been able to secure a substantial amount of business in Africa over the course of the last year. In FY2013, five different projects were signed, working for the Radisson Blue in Mozambique, the Marriott in Rwanda, the Ikoyi in Nigeria as well as for the Address and the Hyatt in Kenya. As more RFPs are in the pipeline, the management is confident to keep on expanding their Africa operations in addition to an impressive project portfolio in Europe, Asia and the Middle East.

DIVERSIFICATION/ CONSOLIDATION

Revenue
(AED)



DIVERSIFICATION/ CONSOLIDATION CONTINUED

Backlog
(AED)

MANAGEMENT AND EMPLOYEES

Our long-term success relies on having people with the right skills in the right positions at the right time. Around the world, around 7,000 employees contribute to our Company's success each day.

Our corporate restructuring exercise is ongoing resulting in a target for transformation of the Company into a more dynamic and flexible organisation that can cater to the global market requirements more efficiently while remaining competitive through innovation and strengthening business processes.

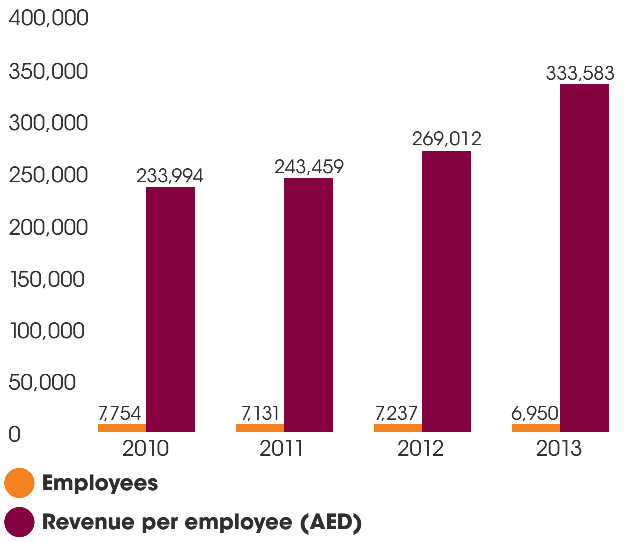
The process of streamlining the manufacturing divisions is ongoing, increasing synergies across these units and with the Group. Additionally, the centralisation of key functions has been expanded to include HR, Finance and Commercial, allowing better flow of communication between the corporate head office and the business units. These efforts aim to provide timely support, reduce cost, and share best practice across subsidiaries.

The Company appointed Mr. Khalid Alsawalhi as Group Chief Investment Officer, who has over two decades of senior management and leadership experience in various financial institutions. He is responsible for the organisation's Portfolio of Assets, Group Treasury and Investor Relations, which will reinforce our ambition to strengthen and grow organically across all areas of the business.

The results of the restructuring exercise can be best evidenced by the 24% increase in Revenue per employee as compared to last year.

MANAGEMENT AND EMPLOYEES

(AED million)



FINANCIAL SUMMARY

Financial Summary

We closed the year with Revenue of AED 2.32 billion compared to AED 1.95 billion in FY2012, which represents 19% growth from previous year. Gross Profit and Net Profit were however lower than expected due to cost overruns on two major projects, high provisions for doubtful debts, and impairment charges. Also closure costs were booked in certain subsidiaries which we are in the process of closing down during FY2014.

Gross Profit

Gross Profit for FY2013 was AED 187 million (8% of Revenue) compared with AED 158 million (8% of Revenue) in FY2012. The margin was lower than expected due to huge direct costs recorded on two major projects as explained earlier. Apart from these, almost all other operating subsidiaries are earning healthy margins ranging from 10%–20%.

General and Administration Expenses

G&A expenses, excluding any provisions, in FY2013 amounted to AED 195 million compared to AED 191 million in FY2012. G&A as a percentage of Revenue was 8% in FY2013 compared to 10% in FY2012. Despite the fact that our Revenue grew 19% year over year, G&A expenses have been maintained at the same level by streamlining the operations and keeping a tight control on costs at all levels.

Provision for doubtful debts

The Company conducted a detailed review of its receivables at the year end and recorded provision for doubtful debts on a conservative basis where there was any uncertainty regarding collection of debts. Also, provisions were recorded against several old projects. This resulted in a provision expense of AED 94 million for FY2013. Major provisions were recorded against projects in Azerbaijan, Bahrain, India, Egypt and UAE. Provision for doubtful debts in FY2012 was AED 126 million majority of which was against the New Doha International Airport project in Qatar and on Port Baku and JW Marriott projects in Azerbaijan.

Investment in Associates

During FY2013 we sold our investment in one of the associate companies – Thailand Carpet Manufacturing Public Company Limited (TCMC), resulting in a gain on sale of investment of AED 7.1 million. Net sale proceeds from this transaction amounted to AED 29 million on an investment of AED 16 million made in 2006-07 resulting in a Return on Investment of 81%. We also recorded a profit of AED 1.5 million on our investment in another associate Company – Decolight.

Impairment of AED 14 million has been recorded on our investment in Jordan Wood Industries Company (JWICO), which represents the difference between the market value as of 31 December 2013 of our investment in JWICO and carrying value of Investment in our books at year end.

Impairment of Land

Impairment of AED 13.5 million has been recorded on the value of land owned by the Company in Ajman, UAE. The book value of the land was AED 36 million while the current market value is only AED 22.5 million.

Impairment of Available for Sale Investment

During the year, an impairment loss of AED 6.9 million was recorded against our investment in Saraya Holdings Limited to ensure that the carrying value of all our investments approximate their fair values.

Amortisation and Impairment of Intangible Assets

Amortisation of intangible assets in FY2013 amounted to AED 20 million compared with AED 30 million in FY2012. This decrease was mainly due to the full amortisation of some intangible assets in FY2012. In addition, intangible assets of AED 15 million were impaired in FY2013, which related to subsidiaries that are closing/merging their operations with other companies in FY2014.

FINANCIAL SUMMARY CONTINUED

Other Income
Other income in FY2013 was AED 32 million compared to AED 23 million in FY2012. This primarily related to reversal of provisions, income from supply of labour, income from closed projects, profit on sale of assets and income earned on sukuks.

Gain on Acquisition of Assets
In FY2013 we acquired certain assets of Loher in Germany. These acquired assets have been recorded in newly established subsidiaries in Munich at their purchase price. In addition, the existing employees of Loher were retained and transferred to the new subsidiaries. This transaction meets the definition of a business combination and therefore falls under IFRS3 which requires the identifiable assets acquired to be measured at their fair value at the acquisition date. As a result, gain of AED 17 million has been recorded at the Group level which represents the difference between the purchase price paid and the fair value of the assets acquired at the acquisition date. This amount will be depreciated over the useful life of the assets acquired in accordance with the Company's accounting policies.

Finance Costs/Income, net
Net finance cost was AED 8 million in FY2013 compared to AED 8.8 million in FY2012.

The finance cost was AED 10.4 million in FY2013 compared to AED 11.2 million in FY2012. Finance cost continued to remain on a reducing trend, primarily due to timely repayment of high interest bearing loans that we took in previous years and partially due to better price negotiations with banks on new loans and on general facilities. Average Interest rate on long term loans in FY2012 was 6.5% which was brought down to 4.6% in FY2013. In all new projects, the Company has negotiated EIBOR based pricing; similarly guarantee pricing has also been brought down substantially.

It should be noted that in addition to the above, finance cost amounting to AED 13.1 million was allocated to direct cost in FY2013 as compared to AED 10.6 million in FY2012. This increase in direct finance cost correlates with the high execution of work during FY2013 as compared to FY2012.

The Finance Income in FY2013 was AED 2.4 million which was similar to last year.

Taxation
Tax charge in FY2013 was AED 22 million compared to AED 10 million in FY2012. The increase is mainly because of Depa Egypt where deferred tax income of AED 2.9 million was recorded last year whereas deferred tax asset of AED 3.3 million has been written off in FY2013 as management has decided to close the operations. Also additional tax provision of AED 6.4 million is recorded in Depa Egypt books pertaining to the tax exposure from previous years.

Net Loss after Non-Controlling Interest
The Company ended the year with Net Loss after Non-Controlling Interest of AED 131 million compared to Net Loss after Non-Controlling Interest of AED 120 million last year. As explained above, provision for doubtful debts and impairment charges were the significant contributors to the loss. Also one of the major factors impacting Net Loss in the current year was the closure costs recorded in subsidiaries where we are in the process of minimising our operations due to continuous losses in previous years.

Balance Sheet
Total Assets as of 31 December 2013 were AED 3,209 million compared to AED 3,144 million as of 31 December 2012. Total Liabilities increased to AED 1,753 million compared with AED 1,531 million as of 31 December 2012.

Total Equity as of 31 December 2013 was AED 1,457 million compared with AED 1,614 million as of 31 December 2012.

FINANCIAL SUMMARY CONTINUED

Cash Position

Our cash at bank at 31 December 2013 was AED 399 million compared to AED 307 million at the end of FY2012. This milestone was accomplished as a result of efforts on all fronts – aggressive collection of old receivables, agreeing flexible payment terms with clients and improved liquidity management.

During FY2013 the Company sold its stake in Royal Thai Carpet which generated cash inflow of AED 29 million.

FY2013 marked an important year in terms of cash generation for our operations in Singapore, where cash balance increased to AED 134.6 million as compared to AED 87.3 million in FY2012.

Our net cash position at the end of FY2013 (calculated as cash at bank less short and long-term bank borrowing) was AED 7 million as compared to AED 8 million at the end of FY2012. Net cash was slightly impacted due to loan of AED 40 million (Euro 8 million) that was obtained and fully consumed towards the acquisition of assets of Loher.

Working Capital

Our working capital decreased slightly from AED 681 million as of 31 December 2012 to AED 604 million as of 31 December 2013.

Accounts receivable days slightly decreased to 192 days in FY2013 (89 days excluding unbilled Revenue) compared to 198 days (94 days excluding unbilled Revenue) in FY2012. It is important to note that our unbilled Revenue increased to AED 662 million in FY2013 from AED 562 million in FY2012 while accounts receivables increased to AED 574 million in FY2013 from AED 511 million in FY2012.

Cash Flow and Bank Facilities

Cash generated from operating activities was AED 44 million in FY2013 as compared with AED 36 million cash used to support operating activities in FY2012. This increase in operating cash flow includes collection of old receivables from various projects.

Cash used in investing activities amounted to AED 13 million in FY2013 compared to AED 27 million in FY2012. Cash generated from financing activities was AED 87 million for FY2013 compared to AED 33 million in FY2012. This includes proceeds from long-term loans of AED 132 million obtained during the year, out of which AED 40 million (Euro 8 million) was used for the acquisition of assets of Loher. These loans along with our previous borrowings are being settled in accordance with the original repayment plans and no default/rescheduling of loans was carried out by the Company during the year. Total payments against long term loans in FY2013 amount to AED 90 million. Our total borrowings at 31 December 2013 were AED 392 million compared with AED 299 million at the end of FY2012.

Our relationship with banks remains strong, our access to debt remains unchanged, and our cost of debt remains competitive. Currently we are enjoying bank facilities with 29 banks across the globe. Our total combined facility lines remain above AED 2 billion in FY2013, which reflects the confidence that banks have in the Company. However, the group has technically breached few financial covenants in respect of banking facilities with few banks but none of the facilities have been withdrawn to date. The management have an ongoing dialogue with banks as part of risk management strategy and we are confident to re-negotiate the terms and financial covenants set out in respect of these facilities and that there is no impact of these breaches on the performance and retention guarantees that are currently in place with various contractors and employers.

Capital Expenditure

The Company's capital expenditure in FY2013 amounted to AED 26 million compared to AED 29 million in FY2012. In addition, we also incurred AED 41 million on purchase of assets of Loher as explained earlier.

BOARD OF DIRECTORS AND SHAREHOLDERS' INFORMATION

Following the Company's AGM held on 13 May 2013 the shareholders of the Company approved the appointment of six new Non-Executive Directors; Hasan Abdullah Ismaik, Khaldoun Tabari, Mohamed Al Fahim, Wassel Al Fakhoury, Iyad Abdalrahim and Fawaz Al Hokair. These Directors replaced the previous members of the Board, at which time two directors' reappointments were not approved; Faisal Al Matrouk and Chris Foll; and two directors were removed, Orhan Osmansoy and Riad Kamal. Furthermore, Mr. Hilal Al Marri had resigned on 27 January 2013.

On 24 November 2013 the Company strengthened the Board with the appointment of two independent Non-Executive Directors; Roderick Maciver and Fahad Al Nabet, replacing Fawaz Al Hokair, whose resignation was acknowledged by the Board that same day, and Mohannad Sweid who resigned in October 2013.

The majority of Board appointments were made by the shareholders at the AGM on 13 May 2013. The two other appointments were made by the Board, as suitable replacements, for the skill sets lost when Mohannad Sweid and Fawaz Al Hokair resigned from the Board. The appointments were confirmed by the Board on 24 November 2013. The Directors appointed by the Board have been ratified and confirmed as suitable members by the Nomination and Remuneration Committee.

The Board Members' performance evaluation process will be under the leadership of the Chairman, and carried out by the Remuneration and Nomination Committee whose role is to evaluate the balance of skills, knowledge and experience of the governing body. This evaluation will take into consideration Board Members' attendance, contributions and responsiveness at Board and Committees meetings in lieu of the Rules & Regulations that have been put in place. Given the recent changes that the Company has experienced in FY2013, the performance evaluation process will start afresh during the new fiscal year.

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 and performance objectives, approving the Company's projections and budgets and approving the progress of major capital expenditure, capital management, acquisitions and divestitures.

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 the operations of the business, managing the Company's human, physical and financial resources to achieve the Company's objectives, implementing and updating policies and procedures. The Board may also delegate oversight of key areas of responsibility to the Board Committees who report to the full Board with their analyses and recommendations.

BOARD MEMBERS AND THE CHIEF EXECUTIVE

Mr. Hasan Abdullah Ismaik
Chairman

Mr. Hasan Abdullah Ismaik is the Managing Director and Chief Executive Officer of Arabtec Holding PJSC ("Arabtec"), a leading engineering and construction group of companies specialising in complex projects in the Middle East and North Africa ("MENA") region.

Ismaik, who is also a Member of the Board of Arabtec since August 2012, is leading a huge transformation that is consolidating Arabtec's stature as a construction giant in the MENA region, and expanding further to other areas such as oil and gas, power, and infrastructure, Mr. Ismaik is the Chairman of three Arabtec subsidiaries, namely, Arabtec Construction, the Emirates Falcon Electromechanical Company, and Target Engineering Construction.

Mr. Ismaik started his career as an entrepreneur and has gained a solid reputation as one of the Middle East's most influential business leaders through developing an impressive track record of achievements in the oil and gas, energy, and real estate sectors.

Outside the Arabtec Group of companies, Mr. Ismaik is the Chairman of Abu Dhabi-based HAMG Group, Chairman of Al-Ashmal Real-Estate Investment Company in Jordan, Vice Chairman of Al Manara International Jewelry and the Chairman of the German football club TSV 1860 München. He also heads a diversified investment portfolio that spans several sectors, including energy, real estate, construction, transportation, and architectural design services.

In 2013, Mr. Ismaik topped the Construction Week Magazine "Construction Week Power 100", which lists the most influential executives in the construction industry across the GCC, and in January 2014, he was recognised by MEED magazine as one of 12 key figures in the Middle East Economy for 2014.

Mr. Wassel Al Fakhoury
Non-Executive Director

Mr. Wassel Al Fakhoury is the Group General Counsel & Chief Compliance Officer for Arabtec.

Mr. Al Fakhoury has taken on the responsibility for building Arabtec's legal team, which he currently heads. The team comprises experts in corporate, M&A, construction, commercial, employment and litigation lawyers, which has been supporting the Group's imminent expansion (through M&A, Joint Ventures and organic growth) into development, real estate, facilities management, oil and gas EPC works and heavy infrastructure contracting.

Mr. Al Fakhoury brings to this role more than 14 years of corporate counsel experience, managing M&A and privatisation deals, exceeding USD 50 billion in total value. Prior to Arabtec, Mr. Al Fakhoury served as MENA general counsel for Aabar Investments PJS ("Aabar"), the Abu Dhabi-based diversified investment conglomerate. Mr. Al Fakhoury has held a number of senior roles; these include brief spells as Head of Corporate Department at a leading law firm in the UAE and Partner in one of the leading firms in Jordan.

Mr. Al Fakhoury sits on the Boards of Arabtec; Depa and Jordan Wood Industries Company ("JWICO") (a public shareholding Company listed on the Amman Stock Exchange), a wood manufacturing specialist that provides solutions for wooden furniture to customers in the Middle East, He is also the General Counsel for Arabtec-Samsung Engineering LLC, a joint venture between Arabtec and Samsung Engineering which provides engineering, procurement and construction services on large-scale multi-billion dollar projects in the oil and gas, power and related infrastructure sectors in the MENA region.

Mr. Al Fakhoury holds a Bachelor of Law from Yarmouk University in Jordan, and a Master of Law from the World Intellectual Property Organisation in Geneva, Switzerland in cooperation with the University of Jordan.

BOARD MEMBERS AND THE CHIEF EXECUTIVE
CONTINUED

Mr. Mohamed Al Fahim
Non-Executive Director

Mr. Mohamed Al Fahim was appointed to the Board of Depa in May 2013. Since September 2008, Mr. Al-Fahim has been Head of Finance at the Finance and Accounts Department of 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, First Energy Bank, Unicredit Spa, Al Izz Islamic Bank and Oasis Capital. Mr. Al-Fahim commenced his professional career at Abu Dhabi National Oil Company (ADNOC), where he worked from 2000 to 2008. During that time, Mr. Al-Fahim also worked as a corporate finance consultant for KPMG-Dubai and for HSBC Bank at the Project and Export Finance Division-London. Mr. Al Fahim has a degree in Finance from the University of Suffolk, Boston, USA.

Mr. Roderick Maciver
Non-Executive Independent Director

Mr. Roderick Maciver was appointed to the Board of Depa on in November 2013. He has over 35 years' of experience of construction 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. The past five years, he has been an advisor to Consolidated Contractors Company (CCC). Mr. Maciver is also 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 Stream).

Mr. Iyad Abdalrahim
Non-Executive Director

Mr. Iyad Abdalrahim was appointed to the Board of Depa in May 2013. He is currently Chief Financial Officer for Arabtec, Mr. Abdalrahim has 21 years of experience principally in the Contracting, Construction and Banking, sectors. He is a specialist in restructuring, budgeting, financial analysis, and financial management on a multinational level. Mr. Abdalrahim has a strong track record identifying and managing risk, restructuring organisations, 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 including USA, Europe, Far East, and MENA.

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.

Mr. Fahad Al Nabet
Non-Executive Independent Director

Mr. Fahad Al Nabet was appointed to the Board of Depa in November 2013. Mr. Al Nabet established Fahad Al Nabet Law Firm in 1994 and has been a Partner and Board member of Deer Najd Jewelry since 1999. Mr. Al Nabet is also Chairman of Arabian Miles for Advertising, which he established in 2007, Chairman of Information Management System which he established in 2006 and Chairman of Elite Office Furniture Co., which he established in 2010. Mr. Al Nabet also serves as a member of the Board of Directors of a number of companies including; Saudi Arabtec Co., and Mawrid Holdings Co. Mr. Al Nabet graduated with a law degree from King Saudi University in 1993 and attended legal courses and seminars in San Diego State University, California.

BOARD MEMBERS AND THE CHIEF EXECUTIVE CONTINUED

Mr. Marwan Shehadeh

Non-Executive Director

Mr. Marwan Shehadeh was reappointed as a Board Member of Depa during the AGM held in May 2013. He is the Group Director for Corporate Development of Al Futtaim Group, Managing Director of Al Futtaim Capital and Senior Executive Officer of Al Futtaim Investment Management Ltd. 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. In 1994, he established the Middle East operations for Hard Rock Café Inc. before joining Kingdom Hotel Investments as CFO in 1998. Mr. Shehadeh holds a Masters 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.

Mr. Khaldoun Tabari

Non-Executive Director

Mr. Khaldoun Tabari joined the Board of Depa in May 2013. He is the Vice Chairman and CEO of Drake & Scull International (DSI) PJSC 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 EMCOR Facilities Services Group, Executive Chairman of Vision Investments, Board Member of Walltech; Director of Egyptian Hydrocarbon Corporation and Board Member of Energy Central, Bahrain.

Mr. Tabari graduated Business Management from the University of Colorado, USA in 1972.

Mr. Abdullah Al Mazrui

Non-Executive Director

Mr. Abdullah M. AL Mazrui, stepped down as Chairman of the Board of Directors for Depa Ltd on May 2013 becoming a Non-executive Director. He is 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. Mazrui also sits on the Board of Directors for the following organisations 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.

Mr. Mohd Nadim Akhrass

Interim Group CEO of Depa United Group

Mr. Akhrass is a civil engineer with over 23 years of experience in the engineering and construction field. He has successfully overseen and executed high-end and large scale projects in the Middle East, Africa, India and CIS countries, the most iconic being the Burj Khalifa.

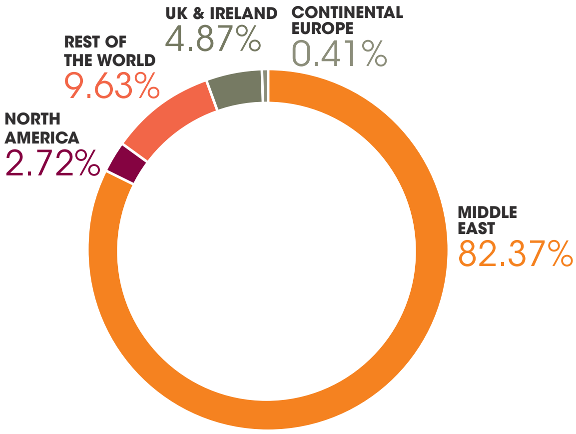
Mr. Akhrass joined Depa in 1998 and was nominated CEO Depa Dubai Regional Office in 2011. Following the departure of the previous Group CEO, he was appointed Interim CEO of Depa United Group in October 2013.

Between 1994 and 1998, Mr. Akhrass held numerous posts as a Civil Engineer with Khatib & Alami UAE, a multidisciplinary architectural and engineering consulting Company.

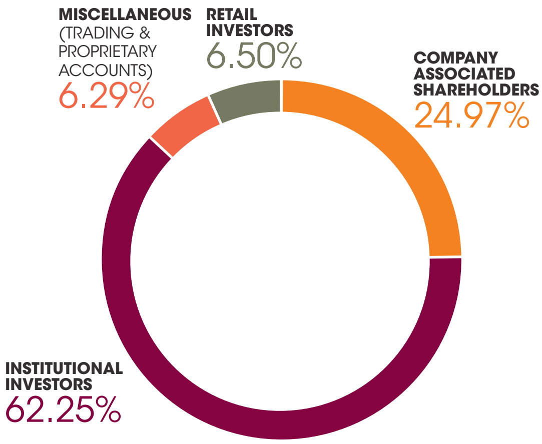
Mr. Akhrass obtained a Bachelor of Science in Civil Engineering degree from Damascus University and is an LBS alumnus, as he completed the Accelerated Development Program (ADP) of London Business School in 2006.

SHAREHOLDERS' INFORMATION

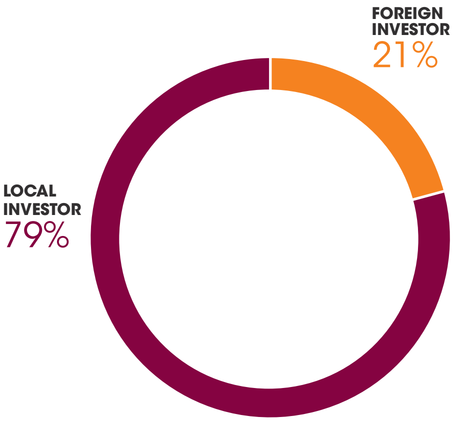
SHAREHOLDER BREAKDOWN
(by region for FY2013)



SHAREHOLDER BREAKDOWN
(by investor type for FY2013)



SHAREHOLDER BREAKDOWN
(local and foreign investors for FY2013)



Shareholder Information

- Shareholder breakdown for foreign and local investors was allocated based on the 99.05% of the total number of outstanding shares
- Local investors means investors from UAE only

Connected Persons

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 following table 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 2013:

		Number of Shares		
Name	**Position**	**ESOP***	**personal portfolio**	**% of Total Shares Outstanding**
Board Members				
Marwan Shehadeh	Director	0	1,621,098	0.26%
Hasan Abdullah Ismaik	Chairman	0	209,820	0.03%
Khaldoun Tabari	Director	0	0	0%
Mohamed Al Fahim	Director	0	0	0%
Wassel Al Fakhoury	Director	0	0	0%
Iyad Abdalrahim	Director	0	0	0%
Abdullah Al Mazrui	Director	0	0	0%
Roderick Maciver	Director	0	0	0%
Fahad Al Nabet	Director	0	0	0%
Senior Managers				
Walid Zakaria	Regional Chief Executive Officer, Abu Dhabi	420,000	800,000	0.20%
Nadim Akhrass	Interim Group Chief Executive Officer	480,000	500,000	0.16%
Ayman Khaireddin	Managing Director, Commercial	280,000	436,646	0.12%
Umar Saleem	Chief Financial Officer	262,500	0	0.04%
Ahmad Khayyat	Chief Manufacturing Officer	80,000	0	0.01%
Khalid Al Sawalhi	Chief Investment officer	0	0	0%
Bernard Lim	Chief Executive Officer, Depa Asia Office	0	0	0%

* Depa launched its ESOP in August 2013 and 2,075,00 shares were allocated to five senior Managers Mr. Akhrass, Mr. Zakaria, Mr. Khaireddin, Mr. Saleem and Mr. Khayyat

SHAREHOLDERS' INFORMATION CONTINUED

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 31st December 2013:

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%
Al Mal Capital PJSC***	61,805,151	10.05%
Mazrui Investments LLC****	54,766,513	8.91%

Note: Shareholding for Al Futtaim Capital LLC includes shares of both Al Futtaim and Arab Emirates Investment Bank Ltd
* Hasan Abdulla Ismaik is a Board Member, Managing Director and CEO of Arabtec, Wassel Al Fakhoury and Mohamed Al Fahim are Board Members in Arabtec
** Marwan Shehadah is the Managing Director of Al Futtaim Capital LLC
*** 37,567,493 shares of these held by Al Mal Capital were Beneficially owned by Riad Kamal through his affiliates during FY2013
**** Abdullah Al Mazrui is a Partner and The Chairman of Mazrui Investments LLC

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 shareholders' rights are properly safeguarded, the Board uses the AGM to communicate with shareholders on important aspects of the Company's affairs, shareholders can ask questions to the Board, they may also propose resolutions by providing the Board with a prior notice of any proposed resolution to ensure fairness and equality by having all shareholders duly informed about any new resolution well before the AGM.

This year the Company further improved its corporate governance framework to better reflect and ensure the most important best practice standards of corporate governance, as set out in the DFSA's Markets Rules, have been adopted by the Company.

The Company undertakes a regular review to assess the risks it is exposed to and enhances the systems that manage the risks identified. For this purpose the Board has appointed EY to undertake a comprehensive review of the Company's financial position and operations along with an assessment of its operating model and business environment.

The Audit & Compliance Committee has been delegated the responsibility for the internal controls and of reviewing their effectiveness. An Audit & Compliance Committee Charter and an Internal Audit Charter are documented that provide the operating framework for internal control assurance. The Head of Internal Audit is present to assist the Committee in discharging these responsibilities as well as reporting on the planning, execution and reporting aspects. The Company also appointed a Compliance and Governance Manager who is responsible for compliance with the regulatory, requirements and internal policies.

Furthermore, the Company now has four committees as part of its enhancement process, compared to three previously, these are; Audit and Compliance Committee; Nomination and Remuneration Committee; Investment Committee; and Legal Committee. These Committees' scope of work and responsibilities are outlined below:

1. Audit and Compliance Committee

The Audit and Compliance Committee monitors and ensures the integrity of the financial statements, compliance with the laws and regulatory requirements, the internal systems and controls, the adequacy of risk management process, the independence and qualifications of the Company's auditors and the performance of the internal auditors of the Company and the compliance function.

Members of the Audit and Compliance Committee:

1 Mohammad al Fahim (Chairman)
2 Iyad Abdalrahim
3 Edward Quinlan

Mr. Quinlan is currently the Chairman of ICAEW Middle East Members' Advisory Board. He was UAE managing partner for Ernst & Young until his retirement in 2010. Mr. Quinlan brings significant experience and expertise to the Audit and Compliance Committee.

2. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is to assess the skills, knowledge and experience on the Governing Body and accordingly prepare a description of the role and capabilities required for a particular appointment. The Committee assists our Board of Directors in discharging its responsibilities relating to the composition of our Board of Directors, performance of Directors, the induction of new Directors, appointment of committee members and succession planning for senior management.

The Committee also assists the Board of Directors in determining remuneration, including making recommendations to the Board of Directors regarding the Company's formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to the Board members and senior executives of the Company. The Committee will verify that remuneration and benefits granted to the Senior Executive Management of the Company are reasonable and in line with the Company's performance. The Board of Directors will also be assisted by the Committee

CORPORATE GOVERNANCE AND RISK MANAGEMENT CONTINUED

in formulating, supervising and annually reviewing the Company's human resources and training policy, reviewing trends in compensation, overseeing the development of new compensation plans and when necessary recommending the revision of existing plans. The Committee will also cross-check the remuneration and entitlements of the CEO and the Senior Management of the Group to ensure they are reasonable and commensurate with the performance of the Company.

Members of the Nomination and Remuneration Committee:
1 Mr. Mohammad Al Fahim (Chairman)
2 Mr. Khaldoun Tabari
3 Dr. Tareq Abu Shreehah

3. The Investment Committee
The purpose of the Investment Committee is to consider and evaluate potential investments which the Company may wish to make whether financial investments, acquisitions, joint ventures or otherwise.

Members of the Investment Committee:
1 Shohidul Ahad-Choudhury (Chairman)
2 Wassel Al Fakhoury
3 Gillray Cadet

4. The Legal Committee
The Legal Committee monitors and ensures the integrity of the Company's compliance with the laws and regulatory requirements relating to the Company and makes recommendations with respect to the Company's compliance function.

Members of the Legal Committee:
1 Wassel Al Fakhoury (Chairman)
2 David Holiday
3 Mohammad Momani

Corporate Governance Best Practice Standards
Appendix 4 of the DFSA Markets Rules includes a set of Corporate Governance Best Practice Standards ("the Standards") that may be adopted by a reporting entity. In the Directors' opinion, throughout the year ended 31 December 2013, the Company adopted the provisions set out in the DFSA Markets Rule, however the following standards were partially adopted:

Standard 30 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 at least two should be independent. The nine members of the Board of Directors are all non-executive directors, two of whom are independent non-executive directors. Depa believes that the current composition of the Board has the right mix of local and international experiences, which is well placed to set the strategic direction for the Company as well as oversee, counsel and direct the Senior Executive Management.

Standard 35, Standard 50 and Standard 70 refer to the composition of the Company's Nomination and Remuneration committee and the Audit Committee. Whilst the standard requires the majority of the members of these committees to be independent non-executive Directors, and for each committee to be chaired by an independent director, Depa believes that the main priority of the Board is to focus on improving the financial performance of the business and return the business to profitability. Save for the Audit and Compliance Committee, the Committee Members were appointed recently and the Board selected Committee Members with the most appropriate experience, balance of skills and knowledge of Depa's business to implement the Board's strategy for sustainable growth. The Board will continue to monitor the suitability of all Committee Members and make changes if deemed to be in the best interests of the Company and its shareholders.

In the opinion of the Directors, the overall corporate governance framework has been effective in promoting prudent and sound management of the Company and the long-term interests of both the Company and its shareholders.

Reporting and Guidance Policies
We have been reporting quarterly figures over the last two years on a regular basis despite the cyclicality in Revenue and earnings within our industry. However, we were unable to disseminate our quarterly statement in Q3 2013 due to unforeseen circumstances. The Company will now resume the process in providing regular operational and financial performance with Q1 2014.

CORPORATE GOVERNANCE AND RISK MANAGEMENT CONTINUED

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 and decision of the same lies with the Nomination and Remuneration committee. The committee will verify that remuneration and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance.

It is the Company's policy that the Board's remuneration consists of fixed attendance fees for each meeting attended.

The Company may pay additional amounts for expenses as well as fees to the extent determined by the Nomination and Remuneration Committee for any member of the Board. Such additional fees should be approved by shareholders at the AGM.

The fiscal remuneration paid to the members of the Board after the 2013 AGM was AED 10,000 per member per meeting attended. For the Audit and Compliance Committee, an allocation of AED 5,000 was paid to the members per meeting attended, and no remuneration was paid to Board Members for those Board and Committees Meetings held before the AGM.

The Chief Executive Officer's remuneration for the full year 2013 was AED 1.91 million. Bonuses have not been determined.

Board and Committees' Meetings

The number of meetings held during the FY2013 were seven Board Meetings, and four Audit and Compliance Committee Meetings, members' attendances are set opposite.

CORPORATE GOVERNANCE AND RISK MANAGEMENT CONTINUED

Board Meetings
(7 Board Meetings were held in FY2013)

Members	Meetings held	Meetings attended
Hasan Abdullah Ismaik	4	4
Wassel AL Fakhoury	4	4
Iyad Abdalrahim	4	4
Abdullah Al Mazrui	7	7
Mohamed Al Fahim	4	4
Khaldoun Tabari	4	4
Marwan Shehadeh	7	7
Fahad Al Nabet*	1	1
Roderick Maciver*	1	1 by Proxy
Fawaz Al Hokair**	3	0
Mohannad Sweid**	6	6
Mr. Christopher Foll***	3	3
Mr. Faisal Al Matrook***	3	3
Mr. Orhan Osmansoy***	3	3
Mr. Riad Kamal***	3	0
Mr. Helal Al Marri****	1	0

* The Board acknowledged the appointment of Mr. Al Nabet and Mr. Maciver during the Board Meeting held on 24 November 2013.

** Mr. Sweid resigned in October 2013 and the Board acknowledged Mr. Al Hokair's resignations during the Board Meeting held on 24 November 2013.

*** During the AGM held on 13 May 2013 Resolutions to reappoint Mr. Al Matrook and Mr. Foll were not approved, Resolutions to remove Mr. Kamal and Mr. Osmansoy were approved.

**** Mr. Al Marri resigned on 27 January 2013.

Audit and Compliance Committee Meetings
(4 Committee Meetings were held in FY2013)

Members	Meetings held	Meetings attended
Mohamed Al Fahim	3	3
Iyad Abdalrahim	3	2
Edward Quinlan	3	3
Marwan Shehadeh	1	1
Christopher Foll*	1	1
Faisal Al Matrook*	1	1
Orhan Osmansoy*	1	1

* During the AGM held on 13 May 2013 Resolutions to reappoint Mr. Al Matrook and Mr. Foll were not approved, and a Resolution to remove Mr. Osmansoy was approved.

Selected Income Statement Data

AED (million)	FY2013	% of Revenue	FY2012	% of Revenue
Revenue	2,318		1,947	
Direct cost	(2,131)	(92%)	(1,789)	(92%)
Gross profit	**187**	**8%**	**158**	**8%**
General and administration expenses	(195)	(8%)	(191)	(10%)
Provision for doubtful debts	(94)	(4%)	(126)	(6%)
Amortisation and impairment of intangible assets	(35)	(2%)	(30)	(2%)
Impairment loss on investment in associate	(14)	(1%)	(12)	(1%)
Impairment loss on land	(14)	(1%)	0	0%
Impairment loss on available for sale investment	(7)	0%	0	0%
Other income/(expense)	32	1%	24	1%
Gain on acquisition of assets	17	1%	0	0%
Finance income/(cost) net	(8)	0%	(9)	0%
Share of profit/(loss) from associates	2	0%	12	1%
Gain on sale of investment in associate	7	0%	0	0%
Net profit/(loss) for the period before tax	**(122)**	**(5%)**	**(174)**	**(9%)**
Income tax	(22)	(1%)	(10)	(1%)
Net profit/(loss) for the period after tax	**(144)**	**(6%)**	**(184)**	**(9%)**
Attributable to:				
Equity holders of parent	(131)	(6%)	(120)	(6%)
Minority Interest	(13)	(1%)	(64)	(3%)

EBIT/EBITDA	FY2013	% of Revenue	FY2012	% of Revenue
Net profit/(loss) for the period after tax	(144)	(6%)	(184)	(9%)
Income tax	22	1%	10	1%
Finance cost	10	0%	11	1%
Finance cost recognised in cost of sales	13	1%	11	1%
Interest income	(2)	0%	(2)	0%
EBIT	**(101)**	**(4%)**	**(154)**	**(8%)**
Depreciation	42	2%	42	2%
Amortisation and impairment of intangible assets	35	2%	30	2%
EBITDA	**(24)**	**(1%)**	**(82)**	**(4%)**
Adjusted for:				
Impairment loss on investment in associate	14	1%	12	1%
Impairment loss on land	14	1%	0	0%
Impairment loss on available for sale investment	7	0%	0	0%
Other income/(expense)	(32)	(1%)	(24)	(1%)
Gain on acquisition of assets	(17)	(1%)	0	0%
Share of profit/(loss) from associates	(2)	0%	(12)	(1%)
Gain on sale of investment in associate	(7)	0%	0	0%
Adjusted EBIT	**(124)**	**(5%)**	**(178)**	**(9%)**
Adjusted EBITDA	**(47)**	**(2%)**	**(106)**	**(5%)**

SIGN-OFF BY DIRECTORS

We, Hasan Abdullah Ismaik and Iyad Abdalrahim, being two of the Directors of Depa Limited, do hereby state, in the opinion of the directors, the accompanying balance sheets, 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 and of the Company as at 31 December 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date. Taking into account the financial information and the Backlog of the Company, as at the end of FY2013, the Directors believe that the Company has adequate resources to continue as a going concern.

On behalf of the Board of Directors,

Hasan Abdullah Ismaik
Chairman

Iyad Abdalrahim
Board Member