depa

2011 ANNUAL REPORT

Mazagan Resort, El Jadida

Contents

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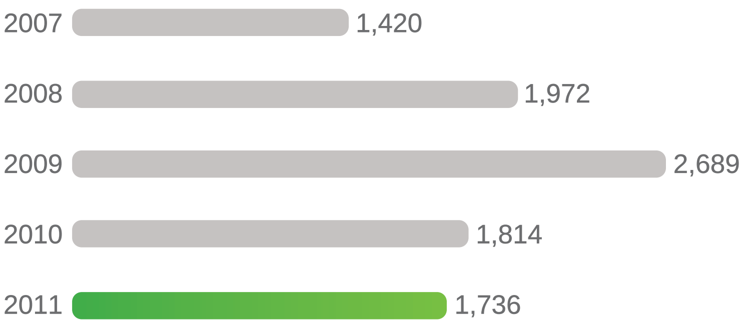
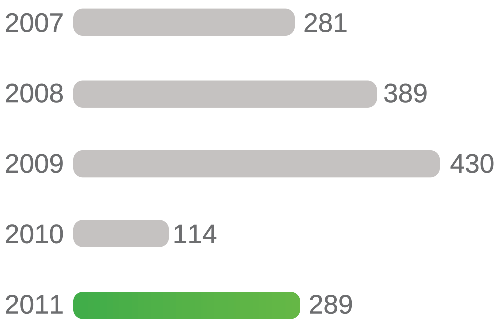
Depa in 2011

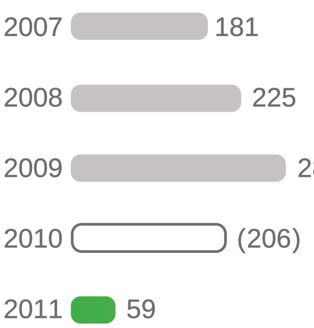
Revenue (AED Million)



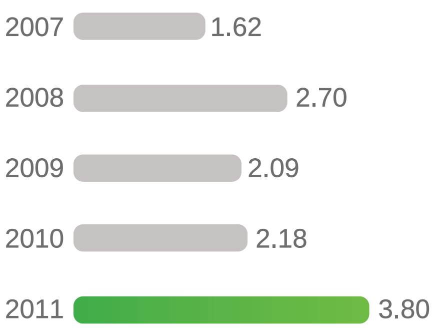
Gross Profit (AED Million)



Net Profit [before minority interest] (AED Million)



Backlog (AED Billion)



Number of hotels and major buildings completed in 2011: 07

Number of projects completed in 2011: 378

Abdullah Al Mazrui
Chairman, Board of Directors

Dear Shareholders,

In 2010, we wrote about consolidating the business and streamlining our operations in anticipation of a period of renewed growth.

We now see the signs of stabilization and potential growth. Although 2011 was not as strong a year as we had expected, mainly due to macroeconomic and political reasons beyond our control, we still ended the year with positive cash flow from operations, revenues in line with market expectations and operating margins consistent with our historical norms.
In addition, we entered 2012 with a record-backlog level indicating the Company's strong future potential.

Financial Overview

2011 was a year that marked an inflection point in the business, and the financial results reflect this. Revenues in 2011 of AED 1,736 million were in line with to 2010 at AED 1,814 million. Gross profit margins returned to levels comparable with the prior years of 2008 and 2009, coming in at 16.6% for 2011 compared with 19.7% for 2008 and 16% for 2009. Net profit before minority interest was AED 75.8 million for the year under review and was impacted mostly by significantly higher G&A than prior years as we kept staff on board in anticipation of signing mega-projects in the region, which were signed later in the year than originally planned. In addition, the Company has taken a provision of AED 16.75 million following the news, on 20 March 2012, that Arcapita has filed for bankruptcy protection, resulting in a 2011 net margin before minority interest of AED 59.1 million compared to a loss of AED 205.6 million in 2010. In summary, the key indicators illustrate that the year 2011 was indeed a year of turning the business upwards and into the growth potential ahead.

Dividends

In light of the turbulent macroeconomic and regional times, the Board of Directors has decided not to issue any dividends for the year 2011. We believe this will allow the Company to maintain its strength throughout any challenges and uncertainties that may arise in the coming year.

Burberry-Mall of the Emirates, Dubai

Mohannad Sweid
Chief Executive Officer

Depa’s strategy of executing luxury interiors around the world anchored the business through the more difficult years. This helped the Company end 2011 in a stronger position than a year ago and marks 2011 as our turnaround year in which our revenues stabilized, our gross margins returned to historical norms, and our backlog grew significantly. With Depa’s backlog at a record high, the Company is poised for growth in the coming years across the many geographies in which it operates.

Overall, 2011 was a difficult year in which to operate across the globe, with our operations being impacted by the global economic environment regardless of which country in which we were based. As the macro-economic situation in the region remained uncertain in 2011 , we found many of our projects being ‘held’ for a while and project works starting many months after originally intended. As a result, our revenues for the year ended 31st December 2011 were impacted by these delays and we closed the year with revenues of AED 1,736 million compared with AED 1,814 million in 2010. Furthermore, as we anticipated projects to start in the short-term, we experienced the associated G&A costs for the entire year rather than in solely the project operating period. With the additional impact from the Arcapita provision, net margins were reduced to 3.1% for the year, as compared with a negative 10.9% for the 2010 year and 8.7% profit for 2009.

Diversification

The Company continues to pursue a diversified client and project base and is currently operating in twenty countries around the world. In 2011, we continued our efforts to engage clients in Asia, increasing our revenue from AED 214 million in 2010 to AED 225 million in 2011. We currently operate in four countries in Asia: Singapore, Malaysia, Thailand, and India, where we are executing new works, such as the W Hotel and the Fraser Suite-Singapore, both of which were signed in 2011.

In Asia, we have also established a factory and showroom in China, under the control of Design Studio, which will complement their manufacturing capability. This will also exploit an untapped interior contracting market niche of 'fitting out' apartments, which are handed over as shell units by the developer to the home-owner.

Most notably, we have seen the portion of our backlog contributed by the wider GCC increase from 48% in 2010 to 53% in 2011. This increase is primarily due to the recent projects we have signed in Qatar and Saudi Arabia, namely the 27 lounges at the New Doha International Airport and the King Abdullah Petroleum Studies & Research Center. Over the last few years, we have identified the wider GCC as a potential source of revenue growth in the near-term, and we are pleased that this strategy is bearing fruit.

We continue to operate in high-growth markets such as Angola and Azerbaijan. Projects such as the InterContinental Hotel in Angola and the Baku Flame Tower in Azerbaijan have presented us with further opportunities to explore these new markets and execute interesting projects. We value the diversification and opportunities these markets provide as they allow us to enter new countries with secure clients.

As a business that has been operating on a global scale for many years, our management and operational teams have considerable experience in developing people, establishing networks and simultaneously operating across multiple locations. Accordingly, growing the business across multi-markets is an area where our expertise is unrivalled, giving us a real market advantage.

In terms of market segment diversification, we have recently seen a significant increase in infrastructure projects announced in the GCC and Asia, including projects where we are active, such as the New Doha International Airport and the Mumbai International Airport. This trend is in line with our growth expectations for this market segment, and our repertoire of work in this area, from the Dubai Metro Stations to the Dubai Airport and allows us to be in a prime position to potentially capitalize on the growth in this market segment.

Al Jahwhara Versace Showflat, Jeddah

Backlog

We ended 2011 with a record backlog that is increasingly diversified outside our home-market of the UAE. With an AED 3,796 million backlog, compared to AED 2,179 million at the end of 2010, we find ourselves in a strong position to grow the business over the next few years. Despite the New Doha International Airport being a significant portion of our backlog, it is important to note the backlog would have remained at a record level without this project; illustrating the strength and quality of new business generation. Going forward, we expect the pipeline for new projects to remain strong in the near term and result in a continuous flow of work for the Company.

Cash Generation

In 2008, the Company witnessed its first year of generating positive cash from its operations. As this trend continued through to 2010, we took the decision to further develop and strengthen internal commercial, planning and project selection criteria. In 2011, given the delay in starting contracts we experienced a slowdown in revenues, and consequently cash generation, which were AED 38 million compared with AED173.8 million in 2010.

Reporting and Guidance

Going forward, the Company has decided to implement quarterly financial reporting in line with international best practice. We believe that this will help the investment community understand Depa's business cycle better. In addition, given the current market environment at the moment we will be reducing market guidance until markets become more predictable.

Al Jawhara Versace Showflat, Jeddah

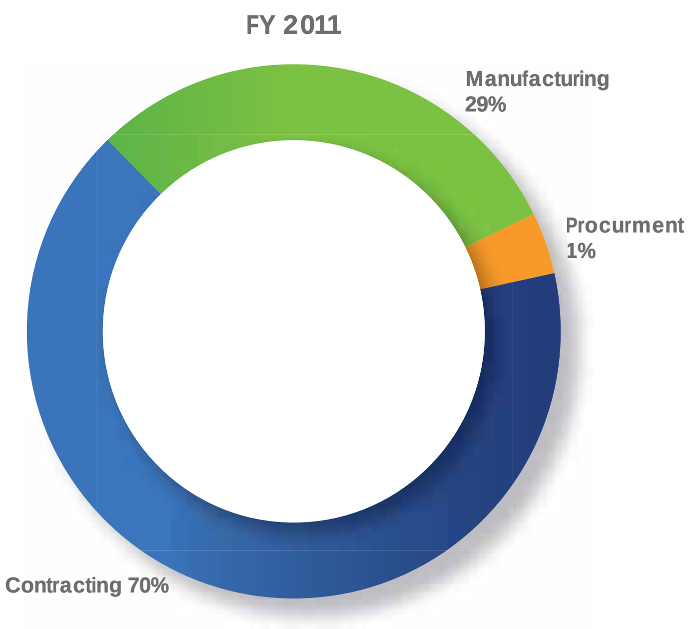
The Company's performance in the year 2011 was strong, and Depa showed signs of recovery after the disappointment of 2010. Although revenues were marginally lower at AED 1,736 million compared to AED 1,814 million in 2010, contract gross profit of AED 288.5 million compared to AED 113.5 million in 2010 and net profit after minority of AED 54.2 million compared to net loss of AED 198 million in 2010 were significantly better.

On the operational side, 2011 performance was in line with the expectations. Some units saw growth while others shrunk, due to political and economical circumstances during the year.

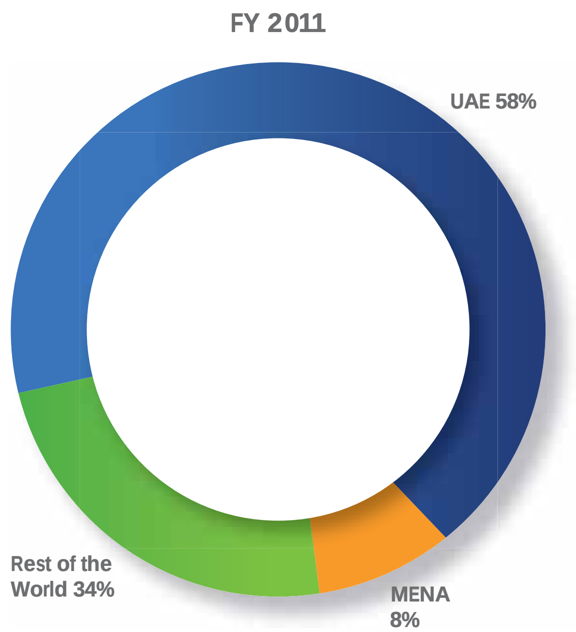
The two best performing business units during the year were:

Lindner Depa	Design Studio
Backlog amounted to AED 967 million as of December 31 2011;	Backlog amounted to AED 555 million as of December 31 2011;
Gross profit margin of 23.7% and a net profit margin of 9.7%; and	Gross profit margin of 29.2% and a net profit margin of 16.4%; and
Very strong cash position with net cash (Including the deposits at the Group) of AED 56.6 million.	Very strong cash position with net cash of AED 72.2 million.

Revenue by Activity



Revenue by Geographical Segmentation



Patchi-Dubai Mall, Dubai

Working Capital

Working capital improved from AED 710 million in December 2010 to AED 669.8 million in December 2011.

Accounts receivables days decreased to 223 days in FY2011 (90 days excluding unbilled revenues) compared to 235 days (91 days excluding unbilled revenues) in FY2010. It is important to note that our unbilled revenue increased from AED 473 million in FY2010 to AED 642 million in FY2011 while the Accounts Receivables decreased from AED 450 million to AED 432 million. Accounts Payable days increased to 59 days in FY2011 compared to 55 days in FY2010.

Cash Position

Our cash in hand at year end 2011 was AED 332.2 million compared to AED 450 million at the end of 2010. Our net cash position at the end of FY2011 (calculated as cash in hand less short and long term bank borrowing) decreased to AED 70.1 million compared to AED 119 million at the end of 2010.

Bad-Debt Provisions

Due to the prudent approach adopted in the year 2010, and to the effective collection plans applied in 2011, AED 14.3 million (net of reversals) were provisioned during the year, compared to AED 70.2 million in the year 2010. AED 16.75 million of these were provisioned post reporting period as a result of Arcapita filing for bankruptcy on March 20th, 2012. In addition, we have a remaining AED 11.2 million of outstanding receivables relating to the Arcapita Headquarters project.

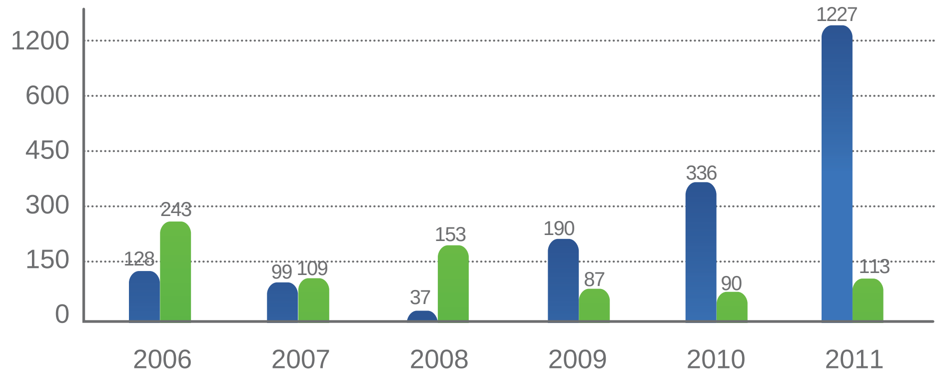
Operations and Backlog

The fundamental strengths and operations of the Company remain unchanged, with contracting and manufacturing continuing to account for the most significant parts of the business. As we consolidated some of the entities into the core Group, we now find ourselves increasingly efficient and able to execute on a wider range of projects across our global network.

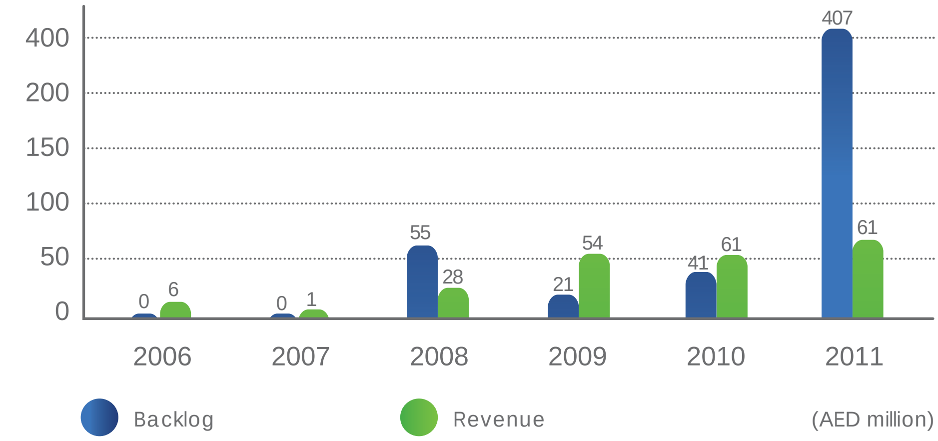
Indeed, 2011 was a turning point for our operations. With gross margins returning to historical norms, anticipated GCC growth filtering in, and a record backlog, we found ourselves closing the year in a much stronger and healthier position than that in which it started.

As an operationally diverse Company working in twenty countries, our management has over the last ten years gained experience in establishing and growing these global operations. That said, the challenges associated with running a Company across such a large sector of the world are often local within different countries as well as central due to our scale. However, as we continue to pursue the many opportunities we encounter, we are tackling these challenges with the experiences and resolve needed to overcome them. This has resulted in the Company signing its largest project to-date during 2011 in Qatar, which increased the portion of backlog from the GCC from 48% as at 31st December 2010 to 53% as at 31st December 2011.

Qatar



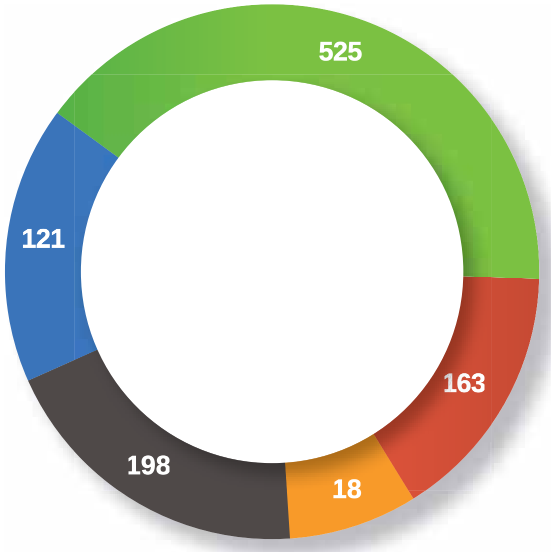
Saudi Arabia



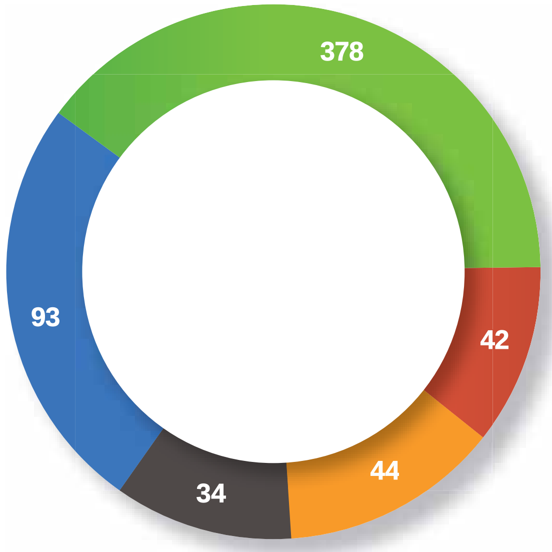
Asia (Backlog)

AED million

FY 2011
Total Value: AED 1,025



FY 2010
Total Value: AED 591

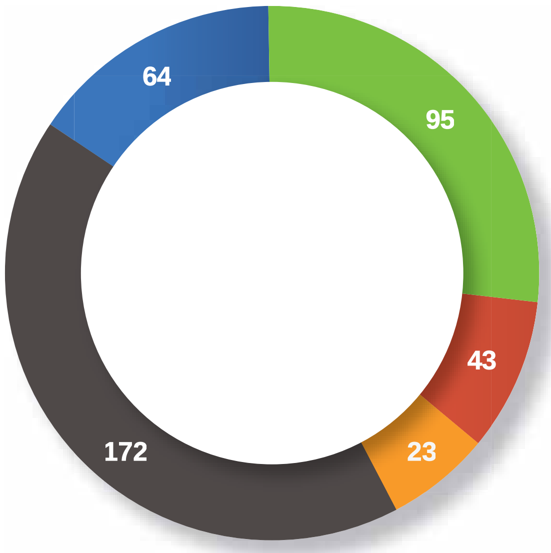


India Singapore Malaysia Thailand Azerbaijan

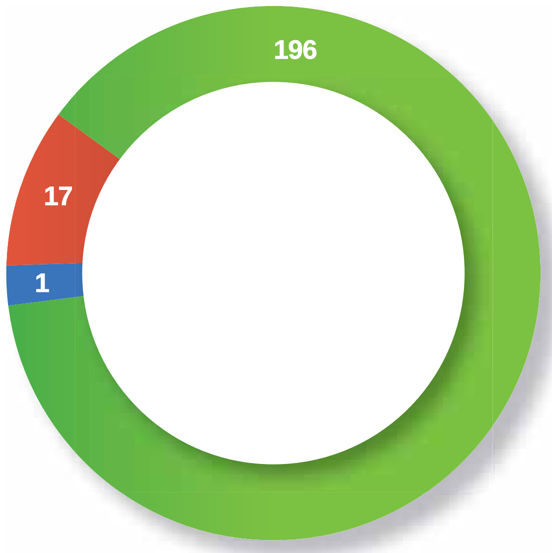
Asia (Revenue)

AED million

FY 2011
Total Value: AED 397



FY 2010
Total Value: AED 214



India Singapore Malaysia Thailand Azerbaijan

Sector Comparison

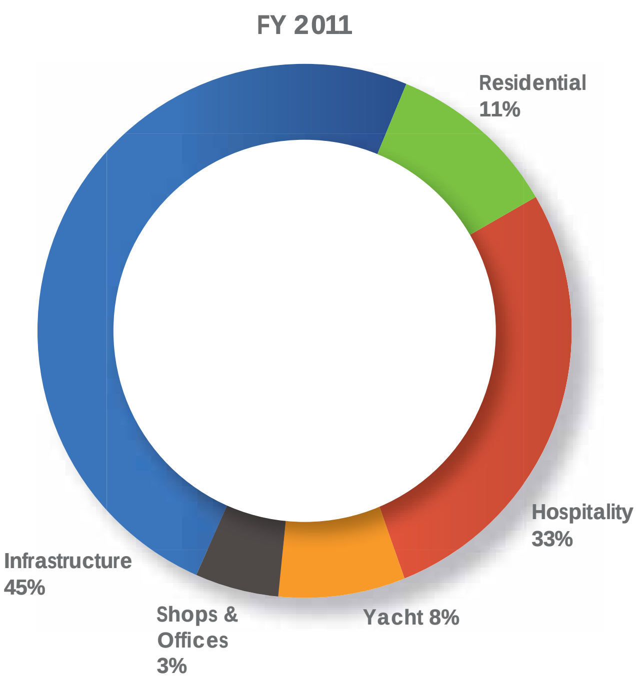
Depa has implemented a sector diversification programme, targeting hospitality, infrastructure, and residential projects, and this programme has been augmented significantly by two key events:

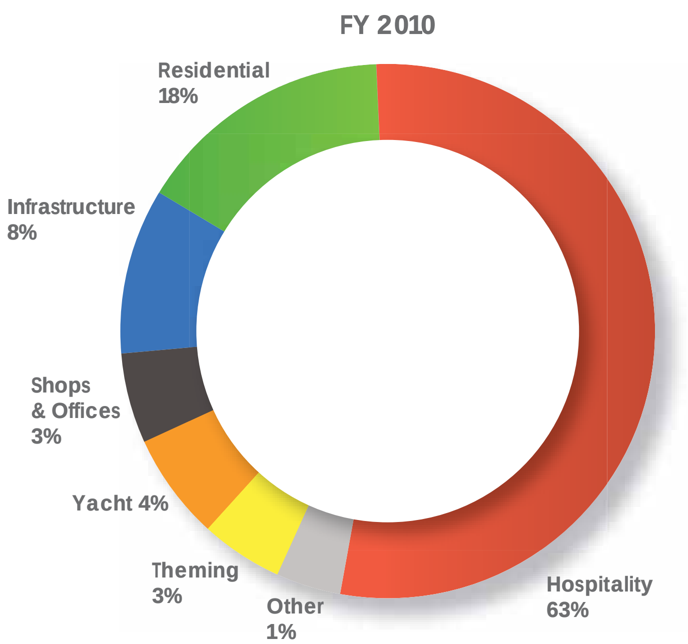
1. The acquisition of Design Studio last year, which increased the portion of our backlog and revenues derived from Residential Space; and

2. The signing of the New Doha International Airport contract, which will temporarily increase the portion of our backlog attributed to infrastructure.

Putting aside these two events, the Company has witnessed increased diversification of project work over the last few years, specifically in the infrastructure segment, where we have been increasingly active on projects such as the Dubai Metro, the Dubai Airport, the New Doha International Airport and the Mumbai International Airport. We continue to expect this market segment to provide a significant portion of the backlog in 2012, as we have won several projects across these various sectors. Consequently 33% of our business comes from the hospitality sector, 45% from infrastructure, 11% from residential works, 8% from Yachts and 3% from Shops and Offices.

Backlog by Sector





Backlog

We ended 2011 with a very strong backlog list of projects. We define backlog as the remaining value of work we have on projects where we are on site. The backlog value that the Company held as of 31st December 2011 was AED 3.8 billion, which is the highest amount we have ever closed a year.

The diversification of the backlog is fundamental to the growth of the Company; and the location of the project and the client assists in our risk management. Despite the large value of the New Doha International Airport contract, the project is undertaken by our joint venture, Lindner Depa, and is likely to be completed over an eighteen month period.

The backlog is being driven significantly by GCC growth, primarily in Government-funded construction projects. Both the project in Qatar and the one in Saudi Arabia have pushed our backlog higher than historical norms. The GCC is a key component of our short-term growth strategy and we are confident we can add further GCC projects.

Although the current backlog is at a peak in terms of historical values, we do not believe it is representative of future end-of-year backlog figures in the near term. However, there are opportunities to add to more projects, including large infrastructure work in the GCC and South Asia, medical centers in the MENA region, and hospitality work across the GCC, Asia and Africa. Although we do not expect to replenish the backlog at the same rate at which we will be executing it, the market does provide ample opportunity for further work.

Private Yacht

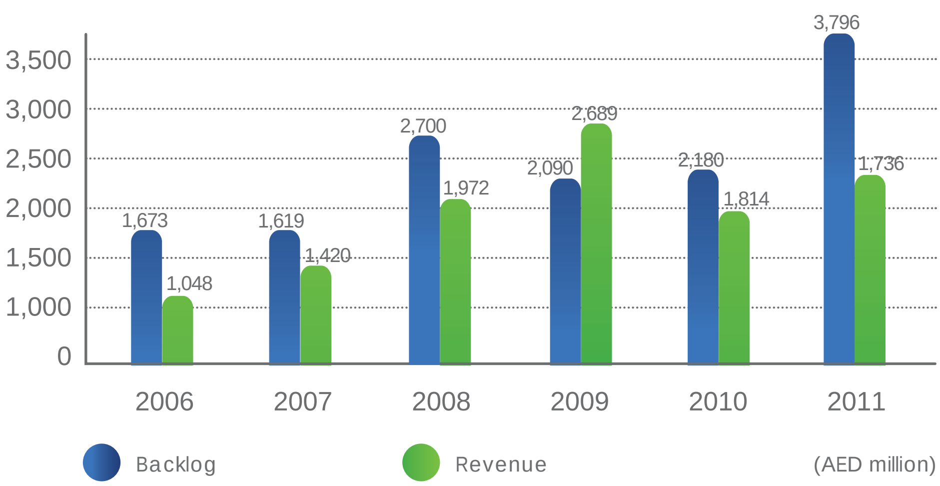
Top Backlog Projects List (only projects where over AED 10m work is remaining are shown)

Project Name	Country Total	Backlog (AED)
Doha Project	Qatar	929,237,700
King Abdullah Petroleum Studies and Research Center	Saudi Arabia	220,161,859
Blue Diamond Hotel	Angola	213,357,930
Singapore Projects (12 Projects)	Singapore	195,225,537
King Saudi University	Saudi Arabia	185,475,757
Morocco Hospital	Morocco	174,562,500
Twin Tower Hotel	Qatar	119,398,598
Mumbai International Airport	India	114,281,931
Baku Flame Tower	Azerbaijan	111,760,567
Private Yacht	Spain	106,174,859
City Center	Qatar	71,722,869
Fraser Suite	Singapore	61,911,135
Ramada Hotel	Qatar	59,579,513
Private Yacht	Holland	57,361,861
Cleveland Clinic	UAE	50,766,422
W Hotel	Singapore	48,536,085
Private Yacht	Germany	45,373,241
Private Yacht	Germany	44,146,733
PPM Conrad Hotel	UAE	39,841,409
Private Yacht	Germany	36,267,793
Lanson Place	Malaysia	36,077,406
IPIC Headquarters	UAE	34,161,901
Cairo Festival City	Egypt	33,710,779
Port Baku	Azerbaijan	32,139,951
Grand Hyatt Hotel	Malaysia	28,576,297
The Boulevard	Jordan	28,197,209
The Ritz Carlton	India	24,030,712
Hamad Medical Corporation	Qatar	23,437,391
Capital Centro	UAE	20,898,336
Al Raha Beach Hotel	UAE	18,680,756
Central Market	UAE	16,220,673
JW Marriott Hotel	Azerbaijan	15,759,579
Ritz Carlton Hotel	UAE	14,687,021
Fairmont Palm Hotel & Resort	UAE	14,065,637
ITC Chennai	India	12,689,431
Chester Terrace	UK	12,485,688
Magnolias	India	12,315,721
New Doha International Airport	Qatar	11,511,634
Traders Hotel	Malaysia	10,738,861
Confidential	Qatar	10,352,717
Total		**3,295,882,001**

Carolina Herrera-Mall of the Emirates, Dubai

Comparing year-end backlog numbers with subsequent year end revenues, it is apparent that we have historically averaged a ratio wherein we complete the value of the prior year's backlog within the following year, despite our average project duration of 15 months. Even without the New Doha International Airport, the Company would have witnessed a record-high backlog of approximately AED 3 billion which illustrates the general growth trend discussed earlier. However, we do not anticipate this ratio for this coming year as we believe that this is an exceptional backlog figure given the delay in signing several projects. Nevertheless, the strength of this backlog figure will likely drive Company growth in the near term.

Backlog & Revenue



Macroeconomic Impact

As the world's economic health is in flux, we are, as a business, experiencing the impact of this on our operations regardless of the location of our operations.

2011 saw the 'Arab Spring' impact the Middle Eastern economies as governments naturally ensured stability prior to undertaking large projects. As a result, many mega projects were put on 'hold' for a portion of the year, with works starting during the latter part of 2011 rather than the first half of the year, impacting revenues generated from these projects during the fiscal year.

In the GCC specifically, we have seen, since September 2011, many projects (re)started as well as encouraging news that could spearhead growth over the next few years. These include governments announcing increased infrastructure spending and private-sector projects coming on stream. Accordingly, we have seen our share of work in the GCC increase significantly through the signing of two key projects: the New Doha International Airport and the King Abdullah Petroleum and Research Centre.

In Asia, we are witnessing signs of an economic slow-down, although its growth rate continues to remain in positive territory. We are anticipating continued growth, albeit at a slower rate than in previous years from Asia, specifically from the hospitality sector

In Europe and the United States, we continue to experience difficult trading as the economy is taking longer than anticipated to turn around. The Parker Company and Depa UK have underperformed in the last year as a result of this, and we will continue to experience minimal growth from these countries.

As an interior contractor, we operate at the end of the construction cycle. Accordingly, our peaks, troughs, and growth periods are delayed by approximately 18 - 24 months compared to those of the main contractors. We are now witnessing many of these contractors picking up steam and beginning to experience growth, indicating that the macroeconomic conditions affecting our work may finally be behind us.

Consolidating the Business

As the Company evolves and matures, we continue to reorganise the structure of our business to better leverage our strengths and identify potential synergies within the Group. 2011 saw further streamlining over and above that which begun in 2010, with the following key changes taking place:

1. The merger of Mivan Depa into the Depa Group:

After acquiring Mivan's stake in our joint venture, Mivan Depa, we merged the business unit into the Group's global operations, and saw the departure of Paul Austin, the head of Mivan Depa and a regional CEO. By merging Mivan Depa into the larger Depa group, this allows Depa to use the specialist 'theming' knowledge that we had acquired through the seven years of this JV across a wider number of different business units and countries.

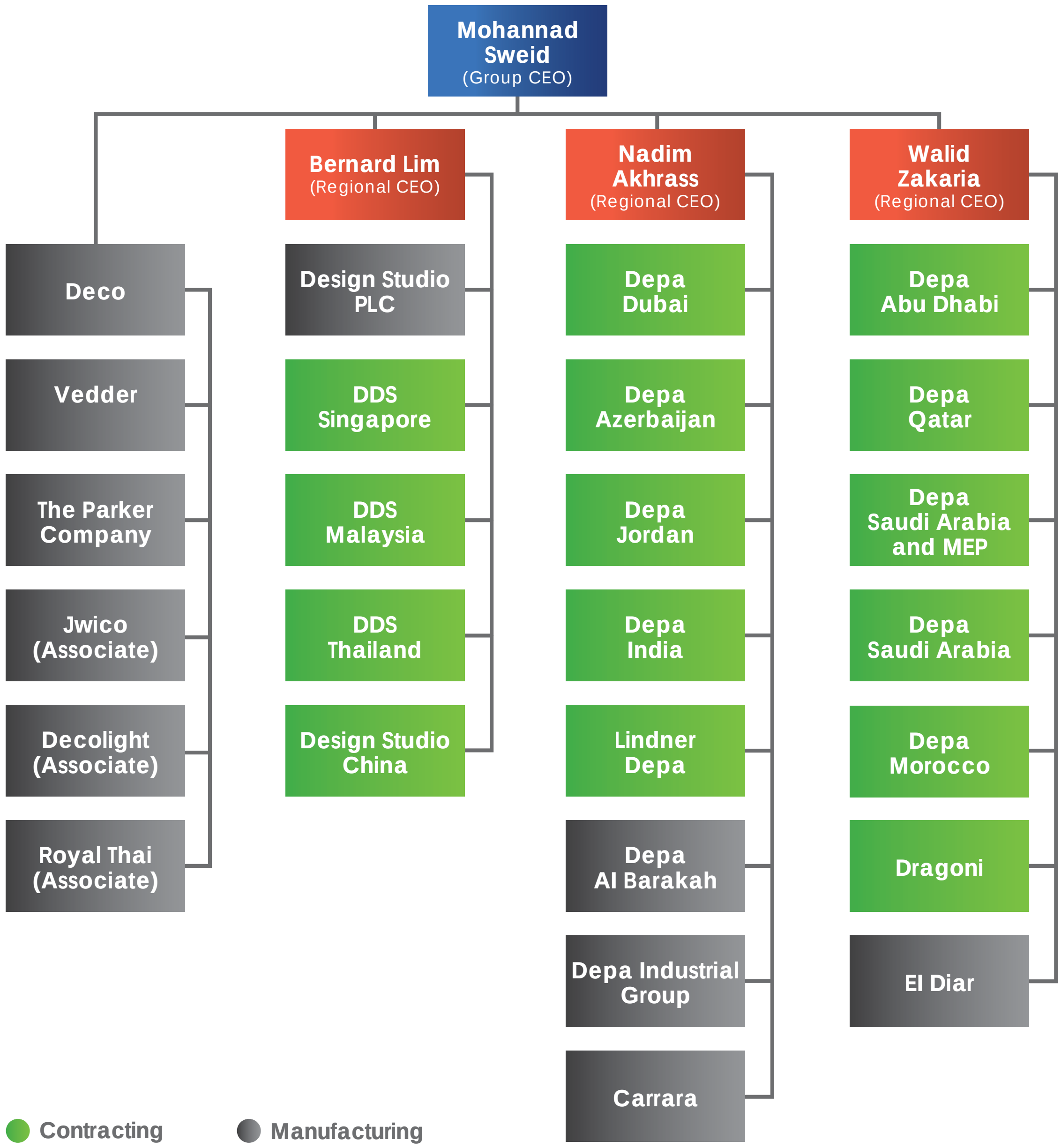
2. The integration of the Pino Meroni operations into Depa Industrial Group:

In an effort to consolidate operations and extract different synergies from both manufacturing and contracting divisions, we have integrated Pino Meroni's operations into Depa Industrial Group, one of our manufacturing-focused facilities.

3. The establishment of Design Studio China:

We have established and launched a showroom and manufacturing entity in Guangdong, China, under the operational direction of Design Studio. Historically, Design Studio would outsource additional manufacturing capacity from China in order to meet client demand. Consequently, in a bid to in-source this capacity, we built this factory to meet this demand as well as the demand of a new market niche; the fit-out requirements of individual home-owners - as apartments in China are handed over to final clients as shell and core.

As a result of these, as well as some additional changes, the Group's structure has been modified into the one as set out below, under the chart, enabling the Management to oversee the many operations across the globe in a more efficient manner. We expect to continue our streamlining efforts into 2012 in order to ensure maximum efficiency and productivity across the Group.



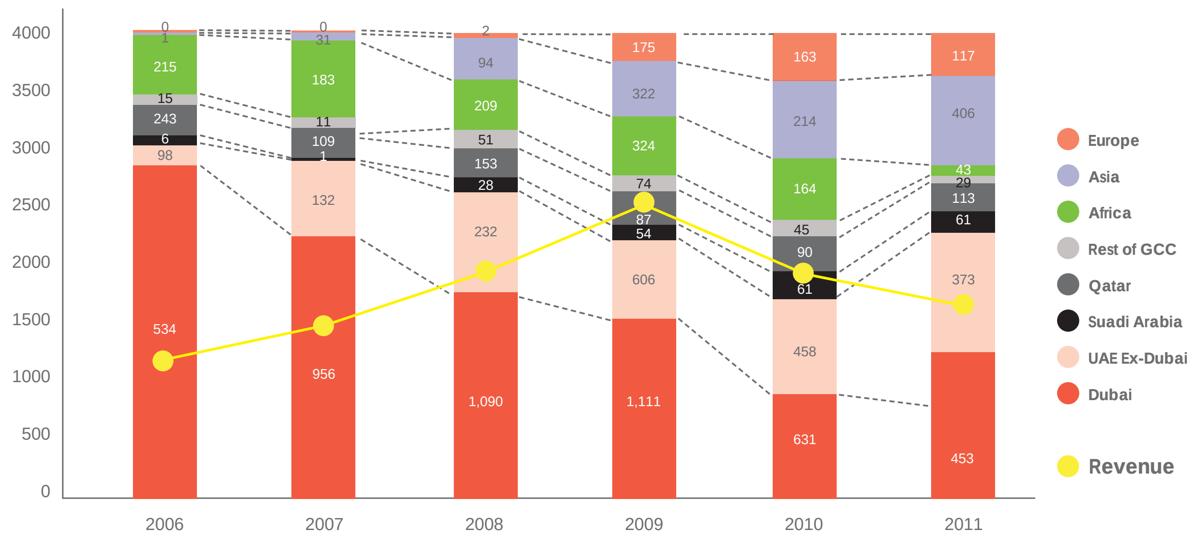
DIOR VIP Room – Dubai Mall, Dubai

Diversification

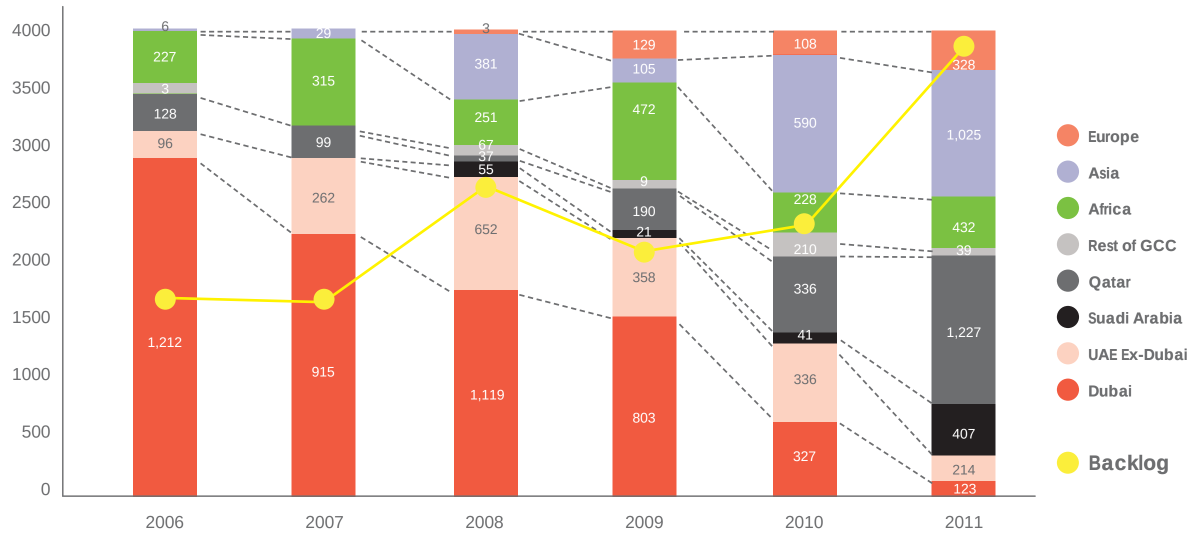
Over the years, the Company has become increasingly diversified across market segments and geographies. As a consolidator in the specialist markets in which we operate, as well as being one of the largest interior contractors in the world, global growth and expansion into new countries has always been a core Company strategy.

Diversification efforts begun over ten years ago and these have been successful in drawing in projects and revenues from over twenty countries, fifteen market segments, and three operational areas.

Revenue: Country Segmentation

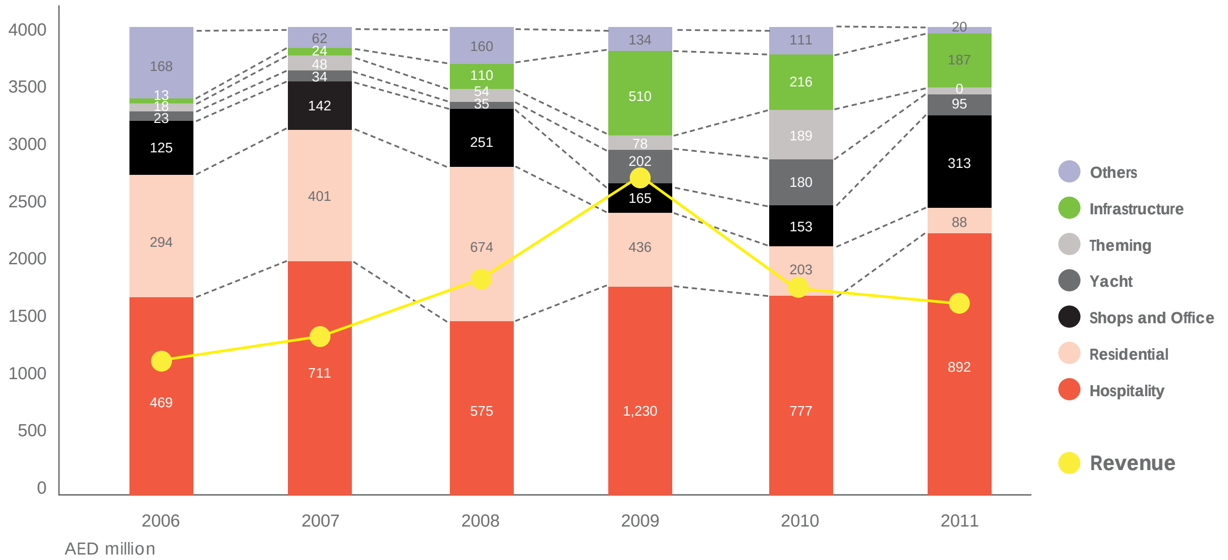


Backlog: Country Segmentation

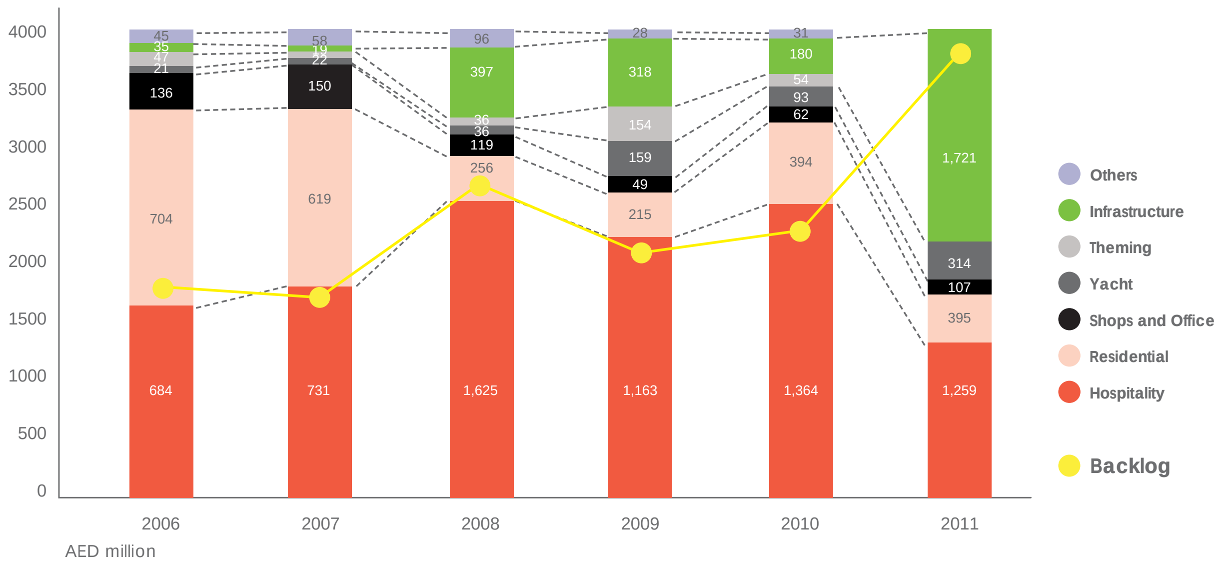


AED million

Revenue: Market Segmentation



Backlog: Market Segmentation



Private Yacht

As a result of the gradual and increased diversification, the management team has become increasingly adept at managing operations across many countries and identifying new opportunities for growth and synergies across the Group. The 'promoting from within' policy that has been adopted for many years contributes to the high level of competency and knowledge that our managers have about our operations, and subsequently, their ability to manage several operationally and geographically diversified business units.

2011 was the first year the Company witnessed a global impact on its operations and revenues, regardless of location, due to macroeconomic issues. There were no areas where growth and revenues exceeded expectations or mitigated the impact of under-performing areas, as has historically been the case.

However, Depa did witness, towards the end of 2011, momentum in project-starts in the GCC area, with significant contributions to our backlog coming from Qatar and Saudi Arabia; and we believe that in the short-term, the GCC will continue to be a key area of growth for our business.

Towards the end of 2011, we opened our first manufacturing facility in Guangdong, China. Operated by Design Studio, this factory has a two-fold purpose: the first is to absorb the previously-outsourced portion of Design Studio's manufacturing requirements; the second is to produce complete interior fit-out components for the sale to individuals that wish to fit-out their homes. We have identified an underserved market in China where individuals who purchase properties need to execute the fit-out, as property is handed over as shell and core in China. Thus, we established a show-room that is due to open in the first quarter of 2012 to market this need and have set up our new factory with the ability to cater to this market.

The factory produces kitchens, as well as doors, and has the technology to manipulate the desired product output.

Estimated Backlog

<AED 100M   AED 100-150 M   >AED 150 M   DDS   Parker

Hackett - Dubai Mall, Dubai

Financial Summary

In FY2011, our revenue was AED 1,736 million compared to AED 1,814 million in FY2010, illustrating a slight decrease of 4.3% which is due to delayed start of some projects and slow progress on others as a result of the slowdown in the global economy.

Contract Profit

Our contract profit was AED 288.5 million (16.6% of revenue) in FY2011 compared to AED 114 million (6.3% of FY2010 revenues including the Burj Khalifa impact). The significant increase in contract profit is attributable to a number of variation orders and successful closure of two large projects in UAE and Singapore. In addition, the high contract profit margin of Design Studio also contributed to this increase as we consolidated Design Studio's financials for the full year in FY2011. Contract profit margin for the UAE increased to 13.5% in FY2011 compared to 2.5% in FY2010.

General and Administration Expenses

The G&A expenses excluding any provisions in FY2011 were AED 162.5 million compared to AED 179 million in FY2010. Our G&A as a percentage of turnover was 9.3% in FY2011 compared to 9.8% in FY2010.

Provisions for Doubtful Debt

Provisions for doubtful debts were AED 14.6 million in FY2011 compared to AED 70.2 million in FY2010 - without the impact of the Arcapita headquarters projects this would have been a decrease of 79.2%. This is due to a good recovery rate and also because the Management had taken a more prudent and conservative approach in FY2010 towards booking provisions

Business Park, Al Khobar

against receivables and unbilled revenues, especially in situations where we felt our clients are financially challenged. Some of these provisions were reversed in FY2011 as the clients made the payments.

Goodwill Impairment

Unlike FY2010, there is no good will impairment in FY2011 as the fair value of our investments is higher than their carrying value. In FY 2010 we had impaired goodwill by AED 40.9 million as we had taken an extremely cautious approach regarding the valuation of our investments.

Amortization of Intangible Assets

The amortization of intangible assets in FY2011 was AED 44.5 million compared to AED 25.9 million in FY2010. The increase was mainly due to the full year amortization amounting to AED 22m on the intangible assets of Design Studio, which we acquired in Q4 2010. This compared to AED 6.3 million in FY2010.

Other Income

Other income was AED 13.1 million compared to AED 24.6 million in FY2010.

Finance (Costs)/ Income, Net

The net finance cost was AED 13.4 million in FY 2011 compared to a cost of AED 4.2 million in FY 2010, and is broken down as follows:

• The finance cost was AED27.5 million in FY 2011 compared to AED 19.0 million. It should be noted that total finance cost including those allocated to contract cost was AED 6.2 million in FY 2011 compared to AED 23.5 million in FY2010.

• The finance income was AED 14.1 million in FY 2011 compared to AED 14.9 million. The decrease is related to the decrease in the Bank and Cash balances (from AED 450 million as of Dec 31, 2010 to AED 332 million as of Dec 31, 2011).

Taxation

Our tax charge in FY2011 was AED 15.7 million compared to tax charges amounting to AED 22.1 million and deferred tax charges amounting to AED 26.6 in FY2010.

Combined, all of the above resulted in a net profit of AED 59.1 million with a net profit margin of 3.4% in FY2011, compared to a net loss of AED 205.7 million in FY2010. Net profit after deducting non-controlling interest is AED 54.2 million.

Working Capital

Our working capital declined slightly from AED 710 million in December 2010 to AED 669.8 million in December 2011.

Accounts receivables days decreased to 223 days in FY2011 (90days excluding unbilled revenues) compared to 235 days (91 days excluding unbilled revenues) in FY2010. It is important to note that our unbilled revenue increased from AED 483 million in FY2010 to AED 642 million in FY2011 while accounts receivable decreased from AED 450 million to AED 433m. Accounts payable days increased to 59 days in FY2011 compared to 55 days in FY2010.

Cash Position

Our cash in hand at year end 2011 was AED 332 million compared to AED 450 million at the end of 2010. Our net cash position at the end of FY2011 (calculated as cash in hand less short and long term bank borrowing) decreased to AED 70.1 million compared to AED 119 million at the end of 2010. This is

Private Yacht

Private Yacht

due to two major capital investments – our new head office in Dubai and the new Design Studio factory in China.

Balance Sheet

Total assets this year remained virtually unchanged, and came in, at 31 December 2011, at AED 3,030 million compared to AED 3,038 million as of 31 December 2010. On the other hand, total liabilities decreased by 3.1%, from AED 1,327million as of 31 December 2010 to AED 1,285.9 million as of 31 December 2011.

Total equity as of 31 December 2011 was AED 1,744 million compared to AED 1,710 million as of 31 December 2010.

Cash Flow and Bank Facilities

The Group's total borrowings at 31 December 2011 were reduced to AED 262.1 million compared with AED 330.7 million at the end of 2010. Cash flow from our operating activities was AED38 million in 2011 as compared with AED 173.8 million in FY2010. Our cash used in investing activities amounted to AED 53.2 million in FY2011 compared to AED 206.2 million in FY2010. The FY2010 number was high as a result of two acquisitions; Design Studio Furniture Manufacturer Ltd and Carrara Middle East Industrial Company.

Cash used in financing activities was AED 69.7 million for FY2011, which includes dividends of AED 79.9 million, compared to AED 9.9 million in FY2010.

Capital Expenditure

The Company's capital expenditure in FY2011 amounted to AED 70.7 million compared to AED 47 million in FY2010. Design Studio's capital expenditure was AED 49.3 million in FY2011 which mainly includes the purchase of machinery for the new factory established in China.

Board of Directors

On 22nd August, 2011, Depa welcomed a new Board member, Mr. Chris Foll, to our Board of Directors, which now consists of eight members, including one executive member, the Chief Executive Officer, and two independent members, Faisal Al Matrook and Helal Al Marri.

Mr. Abdullah M. Al Mazrui
(Chairman)

Abdullah M. AL Mazrui, serves as Chairman of the Board of Directors for Depa United Group as well as Emirates Insurance Company; Mazrui Holdings LLC, International School of Choueifat, Aramex, Jashanmal National Company, Chemanol, Modecor and The National Investor. Mr 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. He holds a degree from Chapman University of California, USA.

Mohannad Sweid
(Chief Executive Officer)

Mohannad Sweid is the CEO and co-Founder of Depa United Group. He has more than 25 years of experience managing design consulting firms in the Middle East and USA. In 2005, Mr Sweid spearheaded Depaís international expansion into Asia, Africa and Eastern Europe as well as the Companyís acquisition strategy that included leading interior contracting and furniture manufacturing companies. Prior to setting up Depa, Mr Sweid worked in Saudi Arabia as Managing Partner for Rochan Fine Arts and Vesti Corporation in Boston (USA) as Vice President for Middle East Operations for. Mr Sweid studied architecture and design at the Boston Architectural Centre.

Mr. Riad Burhan Taher Kamal
(Non-Executive)

Riad Kamal is the Founder and Executive Chairman of Arabtec Construction and CEO of Arabtec Holding. He founded Arabtec Construction in Dubai in 1974. Today it is one of the five largest contractors in the MENA region with offices extending out to India and Russia. Arabtec Construction was the first private firm to go public in the UAE. Itís impressive portfolio includes; the Burj Khalifa, the Emirates Palace hotel in Abu Dhabi, the Okhta Centre Tower in St. Petersburg as well as the interior for the Burj Al Arab. Mr Kamal holds a degree in Civil Engineering and a Masters in Structural Engineering from Imperial College of London.

Mr. Orhan Osmansoy
(Non-Executive)

Orhan Osmansoy has been the CEO of The National Investor (TNI), an Abu Dhabi based investment and advisory company since 2004. He has spent the last 8 years spearheading its expansion across the GCC. Mr Osmansoy has nearly 20 years of experience in investment banking and private equity having previously worked at Dexter Capital Group in London, J.H. Whitney & Co.; a US private equity firm and also served as Vice President at Morgan Stanley, in both New York and London.

Mr Osmansoy serves as Board Director for Colliers International Middle East and Depa United Group.

Mr. Marwan Shehadeh
(Non-Executive)

Marwan Shehadeh 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. Shehadeh joined Al Futtaim in 2003, as Director of Finance of Dubai Festival City LLC. 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.

Shehadeh holds a Masters Degree in International Business from the Institut D'Etudes des Relations Internationales, Paris and has completed a general management executive programme at Harvard Business School.

Mr. Helal Saeed Almarri
(Independent Non-Executive)

Helal Saeed Almarri is the CEO of Dubai World Trading Centre (DWTC) having joined the exhibition and conference group in 2004. As CEO, Almarri oversees the strategy and development of the group. Prior to DWTC Almarri worked at McKinsey & Company and KPMG in London. Almarri also sits on a number of boards within the UAE, including the Dubai Chamber of Commerce and Aramex. Almarri holds an MBA from London Business School and is also a qualified chartered accountant fromthe Institute of Chartered Accountants in England and Wales.

Mr. Faisal Al Matrook
(Independent Non-Executive)

Faisal Matrook serves as an independent Non-Executive Director of the Board of Directors for Depa United Group as well as Chairman and Director of prominent and well-known UAE and Bahrain-based companies. These include Contech Engineering Group, Advanced Technical Services Group, Jasaf Group, NOOR Capital, Al Alahlia Shipping Agency, Al-Sharif Group and Amwaj Islands Co.

Mr Matrook has a National Diploma in Business Administration from Scarborough Technical College.

Mr. Chris Foll
(Independent Non-Executive)

Chris joined Gulf Capital as Chief Financial Officer in 2010 from Hutchinson Telecommunications International, a leading provider of global communications. For the last nine years he has held senior leadership roles including CFO and COO and worked in diverse countries such as Mumbai and Vietnam for Hutchinson. Previously, Chris was based in Australia where he worked at Holcimlzs, one of the worldís leading suppliers of cement and aggregators; Adelaide Brighton Group and later QNI Ltd. Chris is a qualified Chartered Accountant.

The attendance of Board members for the fiscal year 2011 displayed below. The Board remuneration for 2011 was AED 240,000 per member per annum. The Chief Executive Officer's remuneration for fiscal year 2011 was AED 1,500,000. Senior management bonuses for the fiscal year 2011 have not yet been determined.

Board Meetings Attendance FY 2011

	9-Feb	30-Mar	18-May	22-Aug
Abdullah Al Mazrui	O	X	O	O
Mohanad Sweid	O	O	O	O
Riad Kamal	O	O	X	X
Orhan Osmansoy	O	O	X	O
Marwan Shehadeh	O	O	X	O
Faisal Al Matrook	X	O	O	O
Helal Al Marri	O	O	O	O

O Present X Absent

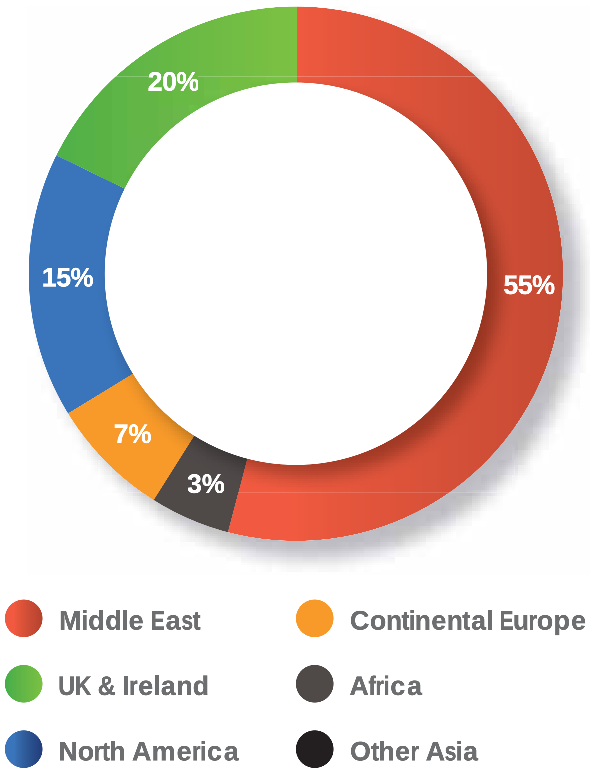
Audit Committee Meetings Attendance FY 2011

	7-Feb	22-Aug	7-Sep
Helal Al Marri	O	O	O
Orhan Osmansoy	O	O	O
Marwan Shehadeh	X	O	O
Faisal Al Matrook	X	O	X

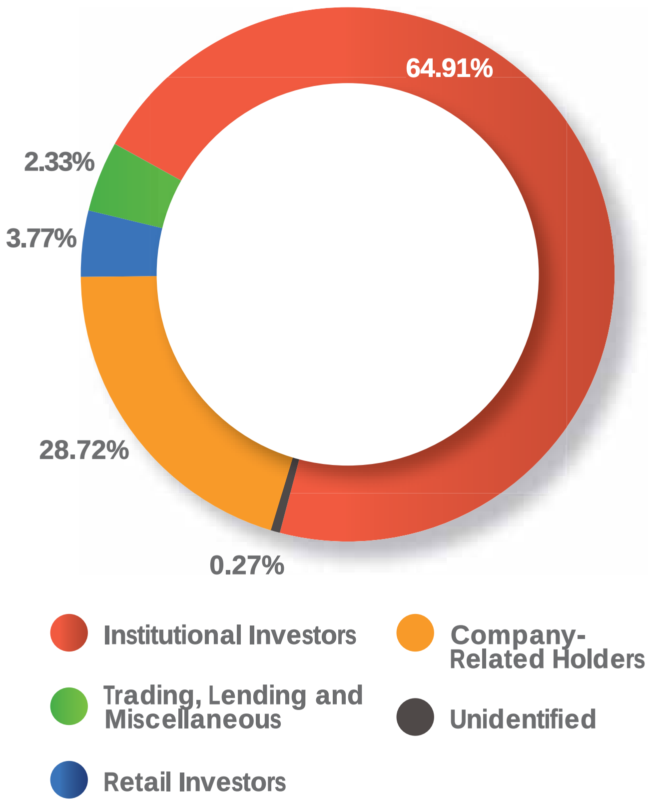
O Present X Absent

Shareholder Breakdown

FY 2011



FY 2011



In line with international best practice on corporate governance, the Company reviewed, in collaboration with KPMG, its Corporate Governance and Operating manuals in 2011 in order to ensure alignment with international best practices in these areas. In addition, several new policies and governance frameworks were established in light of corporate developments and expansions.

The committees we have established remain in place and are: the Nomination Committee, the Remuneration Committee and the Audit Committee, all of which report directly to the Board of Directors. Their scope of work and responsibilities are outlined below:

1. The Nomination Committee which 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 Nomination Committee is responsible for determining the appropriate skills and characteristics required of our Directors and directors of our subsidiaries. The Nomination Committee's responsibilities include:

a) identifying individuals qualified to become members of our Board of Directors

b) recommending individuals to be considered for election at the next Annual General Meeting of the Company or to fill vacancies

c) preparing a description of the role and capabilities required for a particular appointment

Rose Rayaan Rotana, Dubai

Armani Hotel, Dubai

d) developing and recommending to our Board of Directors appropriate corporate governance guidelines.

The Nomination Committee comprises two Directors, currently: Mr. Riad Kamal and Mr. Mohannad Sweid.

2. The Remuneration Committee which assists our Board of Directors in determining its responsibilities in relation to remuneration, including making recommendations to our Board of Directors regarding the Company's policy on remuneration, executive options, share grants and determining the individual remuneration and benefits package for each of the non executive Directors, executive Directors and senior management. The Remuneration Committee also reviews human resources policies for employees who are below general manager level, at least once every three years. No committee member is allowed to participate in any discussion or decision regarding his/her own remuneration and the Chief Executive Officer is not to be present when the Remuneration Committee discusses issues relating to his remuneration. The Remuneration Committee may approve remuneration for members of the Executive Management. All other recommendations must be referred to our Board of Directors for approval. The duties and activities of the Remuneration Committee during the year are disclosed in the Company's annual report and accounts.

The Remuneration Committee comprises three Directors, currently: Mr. Marwan Shehadeh, Mr. Helal Al Marri, and Mr. Mohannad Sweid.

3. The Audit Committee which assists our Board of Directors in discharging its responsibilities with regard to financial report-

ing, external and internal audits and controls, including reviewing the Company's annual financial statements, reviewing and monitoring the extent of the non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Company's internal audit activities, legal and regulatory compliance, internal policies and controls and risk management systems. In addition, the Audit Committee is required to prepare an annual report for our Board of Directors which sets out its findings on the above, including recommendations for the selection of the external auditor, results of its risk management, internal compliance and control systems review and a summary of any complaints managed in the past year. The ultimate responsibility for reviewing and approving the accounts and the half yearly reports remains with our Board of Directors.

The Audit Committee comprises four Directors, currently:
Mr. Orhan Osmansoy, Mr. Helal Al Marri, Mr. Marwan Shehadeh and Mr. Faisal Al Matrook.

Damac Heights Office, Dubai

Reporting and Guidance Policies

Going forward, and in line with international best practice, the Company will report financial results on a quarterly basis. As an interior-focused Company, our industry is highly cyclical with revenues and earnings varying significantly between fiscal quarters. As such, we will be providing historical quarterly data in order to facilitate an accurate assessment of operational and financial performance.

Given the uncertain macro-economic situation and the uncontrollable severe cyclicality in our earnings and business, we believe that any guidance provided to the market cannot be deemed as accurate, and accordingly, we will no longer be publishing growth or future guidance.

Business Park, Al Khobar

Selected Income Statement Data	Dec 2011	% of Turnover	Dec 2010	% of Turnover
AED (million)				
Contract Income	1736.0		1814.3	
Contract Cost	(1447.5)	-83.4%	(1700.8)	-93.7%
Contract Profit	**288.5**	**16.6%**	**113.5**	**6.3%**
Gerneral and administrative expenses	(152.6)	-8.8%	(208.9)	-11.5%
Provision for doubtful accounts	(14.3)	-0.8%	(70.2)	-3.9%
Amortization of intangible assets	(44.5)	-2.6%	(25.9)	-1.4%
Loss on impairment	0.0	0.0%	(40.9)	-2.3%
Loss on Valuation of derivative financial instrument	(1.0)	-0.1%	0.0	-2.3%
Other Income/(expense)	14.0	0.8%	24.5	1.4%
Finance Income/(cost) net	(13.3)	-0.8%	(4.1)	-0.2%
Share of profit/(loss) from associates	(2.0)	-0.1%	55.1	3.0%
Net Profit for the period before tax	**74.8**	**4.3%**	**(156.9)**	**-8.6%**
Income Tax	(15.7)	-0.9%	(48.7)	-2.7%
Net Profit for the period	**59.1**	**3.4%**	**(205.6)**	**-11.3%**
Attributable to:				
Equity holders of parent	54.2	3.1%	(198.2)	-10.9%
Minority Interest	4.9	0.3%	(7.4)	-0.4%

EBITDA / EBIT	Dec 2011	% of Turnover	Dec 2010	% of Turnover
Profit for the year	59.1	3.4%	(205.6)	-11.3%
Income Tax	15.7	0.9%	48.7	2.7%
Finance cost	27.5	1.6%	19.0	1.0%
Finance Cost recognised on cost of sales	6.2	0.4%	4.5	0.2%
Interest income	(14.2)	-0.8%	(14.9)	-0.8%
EBIT	**94.3**	**5.4%**	**(148.3)**	**-8.2%**
Depreciation	40.0	2.3%	42.3	2.3%
Amortization of intangible assets	44.5	2.6%	25.9	1.4%
Loss on impairment	0.0	0.0%	40.9	2.3%
EBITDA	**178.8**	**10.3%**	**(39.2)**	**-2.2%**
EBIT				
Adjusted for				
Share or (profit) loss associate	2.0	0.1%	(55.1)	-3.0%
Other income	(14.0)	-0.8%	(24.5)	-1.4%
Adjusted EBIT	**82.3**	**4.7%**	**(227.9)**	**-12.6**
Depreciation	40.0	2.3%	42.3	2.3%
Amortization of intangible assets	44.5	2.6%	25.9	1.4%
Loss on impairment	0.0	0.0%	40.9	2.3%
Adjusted EBITDA	**166.8**	**9.6%**	**(118.8)**	**-6.5%**

We, Abdullah Al Mazrui and Mohannad Sweid, being two of the Directors of Depa Limited, do hereby state, in the opinion of the Directors that, accompanying balance sheets, consolidate 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 2011 and the results of the business changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

The above statement shall be read in conjunction with the Disclaimer set out under this report.

On behalf of the Board of Directors,

A. Mazrui

Abdullah M. Al Mazrui
Chairman

Mohannad Izzat Sweid
CEO