Depa PLC and its subsidiaries

Condensed consolidated interim financial statements and review report for the six month period ended 30 June 2022

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Contents

Depa PLC and its subsidiaries

Condensed consolidated interim statement of profit or loss

AED million

	Note	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Continuing operations			
Revenue		403.1	391.2
Expenses	3	(401.5)	(402.5)
Net reversal of impairment of trade and other receivables and due from construction contract customers	5,8	30.9	32.5
Share of losses from associates		(0.4)	-
Finance income		0.5	0.6
Finance cost		(4.1)	(4.8)
Net - finance cost		(3.6)	(4.2)
Profit before tax		28.5	17.0
Income tax expense		(5.4)	(3.5)
Profit for the period from continuing operations		23.1	13.5
Loss from discontinued operations	15	-	(53.3)
Profit / (loss) for the period		23.1	(39.8)
Attributable to:			
Owners of Depa PLC		23.1	(35.7)
Non-controlling interests		-	(4.1)
		23.1	(39.8)
Earnings per share			
Basic and diluted loss per share (UAE fils) from continuing operations		1	2
Basic and diluted loss per share (UAE fils) from discontinued operations		-	(8)

Depa PLC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Profit / (loss) for the period	23.1	(39.8)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(8.3)	0.1
Total comprehensive income / (loss) for the period	14.8	(39.7)
Attributable to:		
Owners of Depa PLC	14.8	(35.1)
Non-controlling interests	-	(4.6)
	14.8	(39.7)
Attributable to owners of Depa PLC arises from:		
Continuing operations	14.8	0.6
Discontinued operations	-	(35.7)

Condensed consolidated interim statement of financial position

AED million

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and bank balances	4	319.0	160.3
Trade and other receivables	5	326.2	320.0
Due from construction contract customers	8	154.8	190.8
Inventories		38.5	35.6
Total current assets excluding assets classified as held for sale		838.5	706.7
Assets classified as held for sale	14	4.8	-
Total current assets		843.3	706.7
Contract retentions		147.3	166.1
Property, plant and equipment		80.1	90.0
Right-of-use assets		29.8	29.8
Intangible assets		8.1	8.7
Investment properties		6.6	6.6
Investment in associates	7	11.4	13.3
Goodwill	6	32.3	32.3
Total non-current assets		315.6	346.8
Total assets		1,158.9	1,053.5
LIABILITIES			
Trade and other payables		619.2	651.7
Income tax payable		2.5	3.5
Borrowings	9	32.2	54.3
Total current liabilities excluding liabilities classified as held for sale		653.9	709.5
Liabilities directly associated with assets classified as held for sale	14	1.3	-
Total current liabilities		655.2	709.5
Employees' end of service benefits		62.1	59.8
Retentions		14.4	19.4
Lease liabilities		27.9	27.6
Deferred tax liabilities		-	0.1
Borrowings	9	17.1	19.7
Total non-current liabilities		121.5	126.6
Total liabilities		776.7	836.1
Net assets		382.2	217.4
EQUITY			
Share capital	13	908.9	908.9
Share premium	13	322.1	172.1
Treasury shares		(12.6)	(12.6)
Statutory reserve		60.0	60.0
Translation reserve		(27.9)	(19.6)
Other reserve		(6.9)	(6.9)
Accumulated losses		(809.4)	(832.5)
Equity attributable to equity holders of Depa PLC		434.2	269.4
Non-controlling interests		(52.0)	(52.0)
Total equity		382.2	217.4

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 29 August 2022 and signed on its behalf.

Group Chief Executive Officer

Group Chief Financial Officer

Depa PLC and its subsidiaries

Condensed consolidated interim statement of changes in equity

AED million

	Share capital	Share premium	Treasury shares	Statutory reserve	Translation reserve	Other reserve	Accumulated losses	Attributable to owners of Depa PLC	Non-controlling interests	Total
At 1 January 2021	908.9	172.1	(12.6)	60.0	(16.7)	(13.9)	(872.3)	225.5	(69.3)	156.2
Loss for the period	-	-	-	-	-	-	(35.7)	(35.7)	(4.1)	(39.8)
Other comprehensive income	-	-	-	-	0.6	-	-	0.6	(0.5)	0.1
Total comprehensive loss	-	-	-	-	0.6	-	(35.7)	(35.1)	(4.6)	(39.7)
At 30 June 2021 (Unaudited)	**908.9**	**172.1**	**(12.6)**	**60.0**	**(16.1)**	**(13.9)**	**(908.0)**	**190.4**	**(73.9)**	**116.5**
At 31 December 2021	908.9	172.1	(12.6)	60.0	(19.6)	(6.9)	(832.5)	269.4	(52.0)	217.4
Profit for the period	-	-	-	-	-	-	23.1	23.1	-	23.1
Other comprehensive income	-	-	-	-	(8.3)	-	-	(8.3)	-	(8.3)
Total comprehensive income	-	-	-	-	(8.3)	-	23.1	14.8	-	14.8
Shares issued (note 13)	-	150.0	-	-	-	-	-	150.0	-	150.0
At 30 June 2022 (Unaudited)	**908.9**	**322.1**	**(12.6)**	**60.0**	**(27.9)**	**(6.9)**	**(809.4)**	**434.2**	**(52.0)**	**382.2**

Condensed consolidated interim statement of cash flows

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Operating activities		
Profit before tax from continuing operations	28.5	17.0
Loss before tax from discontinued operations	-	(49.0)
Adjustments for:		
Depreciation of property, plant and equipment	8.0	10.9
Depreciation of right-of-use assets	1.9	2.3
Amortisation of intangible assets	0.6	1.0
Gain / (loss) on disposal of property, plant and equipment	0.1	(0.3)
Share of loss from associates	0.4	-
Net reversal of impairment of trade and other receivables and due from construction contract customers	(30.9)	(26.5)
Finance income	(0.5)	(0.6)
Finance cost	4.1	8.5
Provision for employees' end of service benefits	2.6	3.2
Operating cash flows before payment of employees end of service benefits, taxes and changes in working capital	14.8	(33.5)
Employees' end of service benefits paid	-	(6.1)
Income tax paid	(6.4)	(8.4)
Working capital changes		
Trade and other receivables	1.1	52.0
Inventories	(2.9)	(5.2)
Due from construction contract customers	55.0	14.7
Contract retentions	18.8	0.2
Retentions	(5.0)	(4.1)
Trade and other payables	(31.5)	5.0
Restricted cash	(16.9)	0.6
Net cash generated from operating activities	27.0	15.2
Investing activities		
Disposal of property, plant and equipment	0.4	0.5
Purchase of intangible assets	-	(0.8)
Dividend received from associates	1.5	-
Net cash for entity no longer classified as held for sale	-	57.6
Net cash for entity classified as held for sale	(0.2)	-
Proceeds from disposal of financial assets at fair value through OCI	-	8.1
Finance income received	0.5	0.6
Net cash generated from investing activities	2.2	66.0

Condensed consolidated interim statement of cash flows (continued)

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Financing activities		
Proceeds from issuance of new shares	150.0	-
Net movement in bank borrowings	(21.7)	12.8
Principal element of lease payments	(2.0)	(2.5)
Finance cost paid	(4.1)	(8.5)
Net cash generated from financing activities	122.2	1.8
Net increase in cash and cash equivalents	151.4	83.0
Exchange differences arising on translation of foreign operations	(6.6)	0.1
Cash and cash equivalents at the beginning of the period	125.5	8.8
Cash and cash equivalents at the end of the period	270.3	91.9

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2022

1. Corporate information

Depa PLC (the “Company”), is a company limited by shares and registered in accordance with Companies Law – DIFC Law No. 5 of 2018 (“Companies Law”).

The Company and its subsidiaries (together referred to as the “Group”) specialises in the luxury fit-out sector, focusing primarily on hospitality, commercial and residential property developments, and also includes the airport, retail, yacht, theming and specialist fit-out sectors. Additionally, the Group is a provider of manufactured products, with a primary focus on customised furniture, fixtures and equipment, much of which is produced in its in-house facilities.

During the six-month period ended 30 June 2022, Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia, acquired a 54% stake in the Company (note 13).

The Company's ordinary shares are listed on Nasdaq Dubai.

The address of the Company’s registered office is P.O. Box 213537, Dubai, United Arab Emirates.

2. Basis of preparation

The principle accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance and accounting convention

These condensed consolidated interim financial statements for the six month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting’.

The condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain investment properties which have been measured at fair value.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 and any public announcements made by the Group during the interim reporting period.

In addition, results for the period from 1 January 2022 to 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Critical accounting estimates and judgements

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2021.

As disclosed in note 6, management performed an in-house assessment using the expected future cash flows based on an approved long-term strategic plan of the Group which takes into account macroeconomic factors. The discount rate was also assessed based on the current market risks and key business unit’s specific risks.

In addition to the above, management has internally performed an assessment of the fair value of the investment properties and no material fair value adjustment was required from the last reporting period.

The impact of COVID-19 continues to evolve, hence there are uncertainties and likely risks that may impact the business in the future. The Group is continuously assessing the impact of COVID-19 on its business operations, with management reviewing and reassessing the key sources of estimation uncertainty and taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business.

The Group has a five-year strategic plan in place which ensures stable continuation of the business operations which also forms part of management’s assessment of going concern basis as disclosed overleaf.

Following the outbreak of the conflict between Russian and Ukraine in February 2022, a number of countries have responded to the invasion of Ukraine by imposing sanctions on Russia (including on Russian individuals and their respective businesses). The results of the war and the related sanctions on the world-wide economy remain uncertain.

Management believes there is no material impact of the conflict on the Group, however, Management is continuing to monitor the situation closely and any impact that it may have on the Group going forward.

2. Basis of preparation (continued)

Management's assessment of going concern basis

The Group reported a total comprehensive income of AED 14.8 million (30 June 2021: AED 39.7 million loss) for the period. The current assets of the Group exceed the current liabilities by AED 188.1 million (2021: current liabilities exceeded current assets by AED 2.8 million) and the Group had positive operating cash flows of AED 27.0 million (30 June 2021: AED 15.2 million).

During 2022, the Group entered into a definitive subscription agreement with the Public Investment Fund ("PIF"), whereby PIF made a cash investment of AED 150 million in the Group (see note 13). The cash proceeds are being used to recapitalise the business and provide additional working capital with which the Group can more comfortably deliver both its existing projects and future projects.

Management has prepared future cash flow projections for the Group which considers conversion of the Group's backlog into revenue and subsequently into cash receipts, replenishing the future pipeline of work over the next 12 months and timely collection of outstanding contract balances, including amounts due from construction contract customers, trade receivables and contract retentions.

Accordingly, management believes that the Group will be able to meet its liabilities and continue its operations for a period of at least 12 months from the date of the approval of the condensed consolidated interim financial statements and accordingly, the condensed consolidated interim financial statements of the Group have been prepared on a going concern basis.

Financial risk management

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, it should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements at and for the year ended 31 December 2021.

There have been no significant changes in the risk management function or in any risk management policies since the year end.

Liquidity risk factors

Ultimate responsibility for liquidity risk management rests with the board of directors, which has an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and bank balances, accounts receivable and other assets (excluding prepayments and advances to subcontractors and suppliers), amounts due from customers on construction contracts and due from related parties. Financial liabilities consist of bank borrowings, accounts payable and accruals, (excluding advances received) subcontractors' retention, lease liabilities and due to related parties.

At the period end, the fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and bank balances, accounts receivable and other assets (excluding prepayments and advances to subcontractors and suppliers), amount due from customers on construction contracts, due from related parties, bank borrowings, accounts payable and accruals (excluding advances received) subcontractors' retention and due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.

- Long term receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors and individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 30 June 2022, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

2. Basis of preparation (continued)

Fair values estimation

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Investment properties valued at AED 6.6 million (31 December 2021: AED 6.6 million), are classified under Level 3.

Investment properties are valued annually by qualified independent property valuation firms based on the market value of the relevant region in which the property is located. The most significant input into this valuation approach is price per square meter. The property valuation firms are specialised in valuing these types of investment properties.

Accounting policies

Changes in accounting policies

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standard adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) New standards and amendments not early adopted by the Group

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below.

The Group does not expect the adoption of the new standards and amendments to have a material impact on the future consolidated financial statements of the Group.

	Effective date
Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimate – Amendments to IAS 8	1 January 2023
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred indefinitely
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS12	1 January 2023

Depa PLC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2022 (continued)

3. Expenses

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Personnel costs	139.1	157.8
Sub-contractor costs	136.9	114.7
Material costs	92.0	104.3
Depreciation of property, plant and equipment	8.0	8.7
Registration and legal expenses	3.8	2.3
Depreciation of right-of-use assets	1.9	2.3
Premise rent	1.7	1.3
Amortisation of intangible assets	0.6	1.0
Gain on disposal of property, plant and equipment	(0.1)	(0.4)
Other expenses	17.6	10.5
	401.5	402.5

4. Cash and cash equivalents

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash on hand	1.1	0.8
Current accounts	272.9	129.4
Short term fixed deposits	10.4	12.4
Term deposits with maturity over three months	0.6	0.6
Restricted cash	34.0	17.1
Cash and bank balances	319.0	160.3
Term deposits with original maturity over three months	(0.6)	(0.6)
Restricted cash	(34.0)	(17.1)
Bank overdrafts (note 9)	(14.1)	(17.1)
Cash and cash equivalents	270.3	125.5

Cash in current accounts amounting to AED 23.6 million (31 December 2021: AED 30.2 million) are held with a related party, a bank.

5. Trade and other receivables

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	208.9	228.2
Contract retentions	114.9	113.3
	323.8	341.5
Less: Impairment of trade receivables and contract retentions	(242.2)	(267.1)
Net-trade receivable and contract retentions	81.6	74.4
Amounts due from related parties	9.0	9.0
Other receivables	49.3	65.1
Other assets at amortised cost:		
Prepayments	20.3	13.6
Advances to subcontractors and suppliers	166.0	157.9
	326.2	320.0

Trade receivables represent amounts due from customers for contract work rendered by the Group and duly certified by the customers.

Contract retentions represent amounts withheld by the customers in accordance with contract terms and conditions. These amounts are to be repaid upon fulfilment of the contractual obligations.

The movement in the impairment for trade receivables and contract retentions during the year is as follows:

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At 1 January	267.1	347.5
Charge for the period / year	8.0	28.9
Reclassification / translation	(0.8)	0.6
Deconsolidation of a subsidiary	-	(34.2)
Disposal group held for sale	(12.3)	-
Reversal during the period / year	(19.8)	(56.8)
Amounts written off / transferred – net	-	(18.9)
Closing balance	242.2	267.1

Provision balance includes AED 140.0 million (31 December 2021: AED 150.2 million) relating to contract retention receivables.

The Group has a number of long overdue contract balances for completed projects for which the Group is currently in discussion with the customers for the settlement of the outstanding balances and believes no further provision is required.

Associated with the recoverability of contract balances, the Group commenced legal cases against certain customers in order to recover outstanding balances.

6. Goodwill

Goodwill has been allocated to the groups of cash-generating units which are the lowest level at which goodwill is monitored for internal management purposes.

Goodwill allocation to group of cash-generating units is as follows:

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Vedder	32.3	32.3
	32.3	32.3

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. For impairment test purposes, the recoverable amount of the group of cash generating units has been estimated and is based on the higher of fair value less cost to sell or value in use calculated using current forecast and approved cash flow projections covering a five-year period. Based on the assessment, the management concluded that no impairment was required.

Key assumptions used

The calculation of value in use is sensitive to the following assumptions:

- Growth rate; and
- Discount rate.

Growth rate: Estimates are based on historic performance, approved business plan, backlog and prospective projects. An average growth rate of approximately 2.3% per annum was used in the estimates.

Discount rate: Discount rate used throughout the assessment period was 7.2% per annum, reflecting the cash generating unit's estimated weighted average cost of capital and specific market risk profile and cost of debt. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Management believes that for the carrying value of Vedder to materially exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring to be unlikely.

7. Investment in associates

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At 1 January	13.3	12.5
Share of (loss) / profit for the period / year	(0.4)	0.8
Dividend received	(1.5)	-
Closing balance	11.4	13.3

8. Due from construction contract customers

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Contracts in progress at end of the reporting period		
Amount due from construction contract customers	237.1	303.0
Less: Impairment of amount due from construction contract customers	(82.3)	(112.2)
Amount due from construction contract customers included in current assets	154.8	190.8
Amount due to construction contract customers included in trade and other payables	(17.5)	(35.7)
	137.3	155.1
Contract cost incurred plus recognised profits less recognised losses to date	5,152.6	4,750.2
Less: Progress billings	(5,015.3)	(4,595.1)
	137.3	155.1

Amount due from construction contract customers includes amounts which have been recognised as revenue and have not been certified or invoiced at the end of the reporting period.

The movement in the impairment allowance for amount due from construction contract customers during the year is as follows:

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
At 1 January	112.2	167.6
Charge for the period / year	1.2	15.1
Deconsolidation of a subsidiary	-	(53.5)
Reversal during the period / year	(19.7)	(10.3)
Reclassification / translation	(0.1)	(0.6)
Disposal group held for sale	(8.4)	-
Amounts written off	(2.9)	(6.1)
Closing balance	82.3	112.2

9. Borrowings

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank overdrafts (note 4)	14.1	17.1
Bank loans	32.3	45.9
Trust receipts and acceptances	2.9	11.0
	49.3	74.0
The borrowings are repayable as follows:		
Within 1 year	32.2	54.3
1- 2 years	2.4	3.6
Later than 2 years	14.7	16.1
	49.3	74.0

9. Borrowings (continued)

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Presented in the consolidated statement of financial position as:		
Non-current liabilities	17.1	19.7
Current liabilities	32.2	54.3
	49.3	74.0

Bank overdrafts

There were no significant changes in the interest rates on the overdrafts since the year ended 31 December 2021.

Bank loans

There were no significant changes in the payment terms and interest rates on the bank loans since the year ended 31 December 2021.

Trust receipts and acceptances

Trust receipts and acceptances are facilities used by the Group for imports. There were no significant changes in the payment terms and interest rates on the trust receipts and acceptances since the year ended 31 December 2021.

Covenants

The Group has various debt covenants related to its facilities which require maintaining certain financial ratios within stipulated limits. These financial ratios address the liquidity and capital structure of the Group.

During the period, the Group was in breach of a number of its financial covenants with commercial banks. There is no impact of these breaches on the classification of bank borrowings disclosed in the condensed consolidated interim financial statements as these breaches relate to current liabilities.

Bank overdraft amounting to AED 10.2 million (31 December 2021: AED 15.1 million) and bank loans amounting to AED 4.2 million (31 December 2021: AED 8.3 million) are owed to a related party, a bank.

10. Related parties

Transactions between the Company and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note. Related parties include Directors, parent company shareholders and key management personnel and entities in which they have the ability to control and exercise a significant influence in financial and operating decisions. The Group considers its joint operations as related parties on the basis of substance of the relationship. The Group maintains significant balances with related parties which arise from commercial transactions. The types of related party transactions are described below:

(a) Commercial transactions

The Group receives and provides services to related parties in the normal course of business at mutually agreed prices. Pricing policies and terms of related party transactions are approved in accordance with the Group's Corporate Governance policies, addressing related party transactions and conflicts of interest and which are aligned with the relevant provisions of the Dubai Financial Services Authority Market Rules relating to related party transactions.

Trade and other payables include amounts due to related parties (entities with common ownership and/or management) amounting to AED 9.0 million as at 30 June 2022 (31 December 2021: AED 9.0 million).

Trade and other receivables include amount due from related parties (joint operations) amounting to AED 9.6 million as at 30 June 2022 (31 December 2021: AED 9.6 million).

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Related party transactions		
Entities with common ownership and / or management		
Revenue	10.4	12.7

(b) Compensation of key management personnel

The remuneration of directors and other key members of management of the Group during the period were as follows:

AED million

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Short-term compensations	2.4	2.3
End of service benefits	0.1	0.2
Directors' fees	0.4	0.5
	2.9	3.0

11. Commitments and contingencies

AED million

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Letters of credit	2.7	20.2
Letters of guarantee	393.9	378.5
Security cheques issued	10.1	13.7

The above letters of credit and guarantee were issued in the normal course of business.

The Group has no committed capital expenditures as at 30 June 2022 (31 December 2021: nil).

The security cheques were issued in lieu of performance bonds.

Legal cases

The Group companies are defendants in a number of legal proceedings which arose in the normal course of business. The Group does not expect that the outcome of such proceedings either individually or in the aggregate will have a material effect on the Group's operations, cash flows or financial position.

12. Segment information

The Group is organised in three key business units: Vedder, Depa Interiors and Deco Group; and Investments and others. These businesses are the basis on which the Group reports its primary segment information to the chief operating decision maker, who is the Group Chief Executive Officer, for the purposes of resource allocation and assessment of segment performance. The principal products and services of each of these businesses are as follows:

a) Vedder

- Interior fit-out solutions, including contracting, manufacturing and supply, specialising in luxury super yachts, private jets and residences.
- Primarily operates in Europe.

b) Depa Interiors

- Interior fit-out solutions, including contracting, manufacturing and supply, specialising in luxury hotels, villas, residential, hospitality and public buildings.
- Primarily operates in the Middle East.

c) Deco Group

- Interior fit-out solutions, including contracting, manufacturing and supply, specialising in the high-end luxury retail sector.
- Manufacture and supply of stone works to the interior fit-out sector, specialising in high quality marble.
- Manufacture and supply of joinery and carpentry work to the interior fit-out sector.
- Primarily operates in the Middle East.

d) Investments and others

- Strategic management activities at a corporate level.
- Corporate services and head office function
- Activities are geographically spread.

e) DSG

- DSG was deconsolidated and classified as discontinued operations during 2021 (note 15).

12. Segment information (continued)

The following is the analysis of the Group's segments as at:

AED million

	DSG	Vedder	Depa Interiors	Deco Group	Investments and others	Eliminations / adjustments	Total
30 June 2022							
Reportable segment assets	-	382.8	642.0	190.0	3,057.1	(3,113.0)	1,158.9
Reportable segment liabilities	-	279.2	574.3	83.1	123.8	(283.7)	776.7
31 December 2021	-						
Reportable segment assets	-	381.2	623.5	198.7	2,919.9	(3,069.8)	1,053.5
Reportable segment liabilities	-	281.7	621.5	91.1	186.8	(345.0)	836.1
30 June 2022	-						
Revenue – external	-	205.7	113.9	85.0	-	(1.5)	403.1
Expenses	-	(187.1)	(92.4)	(82.1)	(10.9)	1.5	(371.0)
Net finance income / (cost)	-	(0.8)	(2.1)	(0.7)	-	-	(3.6)
Income tax expense	-	(5.4)	-	-	-	-	(5.4)
Profit / (loss) for the period from continuing operations	-	12.4	19.4	2.2	(10.9)	-	23.1
Depreciation	-	3.7	1.7	3.8	0.7		9.9
Amortisation	-	0.3	-	0.3	-	-	0.6
30 June 2021							
Revenue – external	-	203.2	132.0	56.0	-	-	391.2
Expenses	-	(190.6)	(119.7)	(54.2)	(6.2)	0.7	(370.0)
Net finance income / (cost)	-	(1.1)	(3.2)	(0.6)	0.7	-	(4.2)
Income tax expense	-	(3.5)	-	-	-	-	(3.5)
Profit / (loss) for the period from continuing operations	-	8.0	9.1	1.2	(5.5)	0.7	13.5
Loss for the period from discontinued operations	(53.3)	-	-	-	-	-	(53.3)
Depreciation	2.2	3.6	2.9	4.3	0.2	-	13.2
Amortisation	-	0.3	-	0.7	-	-	1.0

The Group recorded revenue amounting to AED 402.5 million (30 June 2021: AED 391.2 million) over time.

13. Share capital

The share capital as at 30 June 2022 and 31 December 2021 comprises of the following:

		AED million
	30 June 2022	31 December 2021
Authorised share capital:		
5,000,000,000 ordinary shares of AED 1.47 (US$ 0.40) each	7,350.0	7,350.0
1,100,000,000 ordinary Class A shares of AED 0.000003 (US$ 0.000001) each	-	-
Issued and fully paid share capital:		
618,452,753 ordinary shares (31 December 2021: 618,452,753) of AED 1.47 (US$ 0.40) each	908.9	908.9
750,000,000 ordinary Class A shares (31 December 2021: nil) of AED 0.000003 (US$ 0.000001) each	-	-
	908.9	908.9

In February 2022, the Group entered into a definitive subscription agreement with the Public Investment Fund (“PIF”), whereby, during March 2022, PIF made a cash investment of AED 150,000,000 in the Group in return for the allotment of 750,000,000 new Class A shares (the “Subscription Shares”) and the issuance of warrants (the “Warrants”) to subscribe for 272,829,158 additional ordinary A shares in the capital of the Group. The ordinary Class A shares rank at the same level in all respects with the ordinary shares (as if the ordinary shares and the ordinary Class A shares constituted one and the same class).

The Subscription Shares are not listed on Nasdaq Dubai, however it is expected that an application will be made in the near future to admit the Subscription Shares onto Nasdaq Dubai.

The equity injection provides the Group with the support of a strategic partner in the Kingdom of Saudi Arabia which was identified during the Group’s strategic review completed in 2020 as a key growth market for Depa Interiors and Deco Group. The increased liquidity resulting from the transaction has and will allow the Group to better execute its expansion plans, particularly in the Kingdom of Saudi Arabia. The proceeds has and will also be used to recapitalise the business and provide additional working capital.

Following satisfaction of all conditions to the share subscription agreement, including the necessary shareholder approvals which were obtained at the Group’s Extraordinary General Meeting held on 11 March 2022, the Subscription Shares were allotted and issued and the Warrants were issued to PIF, and AED 150 million cash consideration was received by the Group. As a result of the allotment and issuance of the Subscription Shares, PIF holds approximately 54.5% of voting rights in and rights to distributions of the Group. Additionally, the six PIF nominated directors have been appointed to the Group’s Board of Directors as non-executive directors.

Share premium

During the six-month period ended 30 June 2022, the Company issued 750,000,000 new Class A shares at a value of AED 0.2 per share with a nominal value of AED 0.000003 per share. As a result, the Company recorded a share premium of AED 150.0 million in condensed consolidated interim statement of financial position.

14. Disposal group held for sale

Eldiar Furniture Manufacturing & Decoration LLC

During six month period ended 30 June 2022, management advanced a plan to sell its 100% shareholding in Eldiar Furniture Manufacturing & Decoration LLC. Following the advancement of negotiations with an identified buyer, the sale transaction was considered highly probable within twelve months and hence the business was classified as held for sale at 22 June 2022.

The assets and related liabilities met the 'held for sale' criteria as set out in IFRS 5 and the relevant assets and liabilities have accordingly been reclassified as assets and liabilities held for sale as set out in the table below.

Eldiar Furniture Manufacturing & Decoration LLC is not material to the Group's condensed consolidated interim financial statements and does not represent a separate line of business or geographical area of operations. Therefore, it is not presented as discontinued operations on the condensed consolidated interim statement of profit or loss.

Financial performance and cash flow information

Financial information for the six month period ended 30 June 2022 relating to this disposal group for the period is set out below.

		AED million
	22 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Revenue	-	2.1
Expenses	(1.0)	(2.6)
Loss for the year	(1.0)	(0.5)

		AED million
	22 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Net cash outflow from operating activities	(1.0)	(1.2)
Net decrease in cash	(1.0)	(1.2)

Assets and liabilities of the disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 22 June 2022:

	AED million
Assets classified as held for sale:	
Trade and other receivables	4.6
Cash and cash equivalents	0.2
Total assets of disposal group held for sale	4.8
Liabilities directly associated with assets classified as held for sale:	
Employee end of service benefits	0.3
Trade and other payables	1.0
Total liabilities directly associated with assets held for sale	1.3

The cumulative foreign exchange losses recognised in other comprehensive income in relation disposal group as of 22 June 2022 were AED 1.2 million.

The fair value less costs to sell exceeded the carrying amount of the related net assets and, accordingly, no impairment loss was recognised on the reclassification.

15. Deconsolidation of subsidiaries

Design Studio Group (DSG)

During 2021, the Group derecognised the assets and liabilities of DSG, recognised certain obligations in relation to its ownership of DSG and recorded the corresponding gain on the deconsolidation of DSG.

DSG is reclassified in the comparative period as a discontinued operation which is presented below. For financial information in relation to the discontinued operation as of 31 December 2021, please refer to note 30 in the Group's annual consolidated financial statements for the year ended 31 December 2021.

Consolidated statement of comprehensive income of DSG is as follows:

	30 June 2021 (Unaudited)
Revenue	3.7
Expenses	(49.0)
Net finance cost	(3.7)
Loss before tax for the period	(49.0)
Income tax expenses	(4.3)
Loss from discontinued operations for the period	(53.3)

Report on review of condensed consolidated interim financial statements to the directors and shareholders of Depa PLC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Depa PLC and its subsidiaries (the 'Group') as at 30 June 2022 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers
29 August 2022

Murad Al Nsour
Audit Principal, Reference Number I010187
Place: Dubai, United Arab Emirates