Interim Report
2013

GLOBAL INTERIOR SOLUTIONS

UAE
Saudi Arabia
Qatar
Egypt
Morocco
Azerbaijan
Jordan
India
China
Singapore
Germany
Malaysia
Kuwait

RESULTS OVERVIEW

The Company is pleased to present its interim financial results an improvement on recent years. This improvement principally reflects the turnaround work undertaken during the downturn to position the business for the overall economic recovery and an increasing flow of business in our core markets.

Revenues for the period ending 30 June 2013 were AED 1,010 million, the first time revenues have reached this number in four years. This compares with AED 825 million for the same period in 2012, demonstrating 22% revenue growth year on year. This was driven principally by a strong period from Depa's contracting division. Overall the Company's operations resulted in a gross profit of AED 131 million, a 13% operating profit margin, rising from a 4% margin in the same period last year. The net profit booked by the Company for the period H1 2013 was AED 33 million after minority interest (AED 39 million before minority interest), a 3% margin, as compared with a loss of AED 110 million in H1 2012.

The balance sheet remains strong with total assets of AED 3.16 billion as at 30 June 2013 which is marginally up from total assets of AED 3.14 billion as at 31 December 2012.

The backlog as of 30 June 2013 was AED 3 billion, an 11% rise on the AED 2.7 billion reported on 30 June 2012, illustrating the increase in projects that the Company is signing. The backlog remains very well diversified, and continues to provide the Company with stability in near-term earnings.

As the Company has adapted to the new economy, streamlined and restructured its operations, and diversified its revenue base even further, we are witnessing the margin improvement that we have been targeting, and the gross margins are gradually returning to a healthy level. We continue to be selective in the projects we undertake, ensuring that our operations deliver the quality and timeliness we are well known for, as well as the financial returns for our shareholders.

Most notably, the Company witnessed 159% growth in Depa Abu Dhabi's revenues, increasing them to AED 101 million in the first half of 2013 from AED 39 million in the same period last year. In addition, the Company achieved 191% growth in Depa Saudi Arabia's revenues, growing them to AED 67 million in H1 2013 from AED 23 million in H1 2012. This growth is a result of the interior fit-out phase of the construction cycle coming into play in the GCC.

Design Studio, Depa's subsidiary listed on the Singapore Stock Exchange, posted revenues of AED 207.5 million in H1 2013, up 10% from H1 2012. The business secured AED 494 million of new projects in Singapore and Malaysia, year to date.

BACKLOG AND NEW CONTRACTS

The Company grew its backlog from AED 2.7 billion at the same time last year to AED 3 billion as of 30 June 2013, in addition to executing high levels of work in the period, including AED 1.01 billion of revenues in the first six months of 2013.

The projects signed by the Company in the GCC, particularly Saudi Arabia, have contributed considerably to the increase of the backlog at such levels. As the construction cycle begins to move into the fit-out phase, we have been successful in signing the Mekka Mosque's Shamiyah expansion in Saudi Arabia, the King Saud University project, in Riyadh and in June this year announced a AED 169 million contract variation on the KAPSARC project.

We have also signed a large private yacht in Spain, where the fit-out exceeds AED 100 million and in total have signed AED 235 million worth of new yacht orders in the first half period. In Morocco, we have signed the project of the Sheikh Khalifa Medical City, which includes all main works and MEP along with landscaping scope of work. Overall, we have increased the value and diversification of the backlog, with the key projects, representing 87% of the backlog, listed below.

Project Name	Country	Total Backlog (AED)
Singapore Projects Above 10 Million (21 Projects)	Singapore	490,185,635
Shamiyah Expansion	Saudi Arabia	297,280,227
Project in Abu Dhabi	UAE	286,885,690
King Abdullah Petroleum Studies and Research Center	Saudi Arabia	280,188,744
King Saud University	Saudi Arabia	175,780,465
Private Yacht	Spain	110,809,670
Twin Tower Hotel	Qatar	105,954,347
Intercontinental Hotel	Angola	93,951,752
Private Yacht	Germany	72,781,141
Sheikh Khalifa Medical City	Morocco	64,902,166
Al Forsan Sport Hotel	UAE	63,673,906
Private Yacht	Germany	55,953,700
Private Yacht	Germany	53,538,120
Regent Emirate Pearl	UAE	53,444,141
Hyatt and Conrad Hotels	Saudi Arabia	46,923,964
Accommodation Towers	Angola	40,021,096
Regent Hotel	Qatar	36,138,679
CIMB	Malaysia	33,712,736
Traders Hotel	Qatar	33,603,987
Private Yacht	Italy	32,904,781
Private Yacht	Germany	29,259,285
Private Yacht	Germany	27,414,214
Mumbai International Airport	India	25,289,150
Private Yacht	Japan	22,219,092
Ramada Hotel	Qatar	19,360,239
Hamad Medical City	Qatar	18,289,299
Private Yacht	Netherlands	16,374,920
Private Yacht	USA	15,002,095
HAMG Offices	UAE	14,412,279
King Abdul Aziz University	Saudi Arabia	13,082,046
Mandarin Oriental	Malaysia	12,840,361
Plaza Atrium	Malaysia	11,868,365
Cairo Festival City	Egypt	10,718,011
The Ritz Carlton	India	10,176,553
		2,674,940,856

Singapore Projects Above AED 10 Million (21 Projects)
Projects over 50 Million (2 Projects)
Projects over 30-50 Million (3 Projects)
Projects over 15-30 Million (6 Projects)
Projects over 10-15 Million (10 projects)

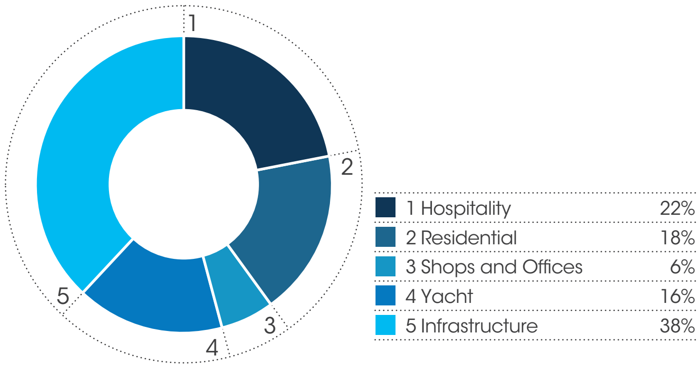
Singapore projects referred to above are directly run by Design Studio, one of the Company's subsidiaries. Design Studio is a public company listed on the Singapore Stock Exchange. Due to the nature of Design Studio's reporting and confidentiality requirements in Singapore, we need to ensure compliance not only with the Company's reporting obligations but also take account of the laws and regulations in Singapore that govern the operations of Design Studio. To ensure, however, compliance with reporting obligations of the Company, we will continue to provide an aggregate sum of the value of work Design Studio is undertaking.

The most notable backlog growth comes from Saudi Arabia, which now represents 27% of the backlog, compared with 14% at the same time last year. The current portion comprised by Saudi Arabia consists mainly of the following projects: The Mekkah Mosque Shamiyah Expansion, King Abdullah Petroleum Studies and Research Center and King Saud University.

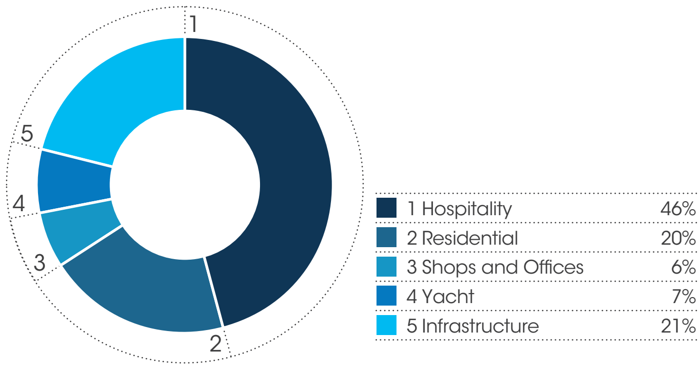
The backlog from Europe, principally our Yacht fit-out business based out of Germany, increased to 15% from 7%.

We continue to operate a diversified backlog, with over 243 projects in 24 countries, and believe that we must choose each project selectively to ensure the success of the Company.

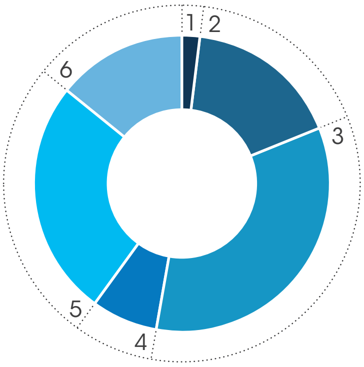
Backlog Market Segment Distribution – H1 2013



Backlog Market Segment Distribution – H1 2012

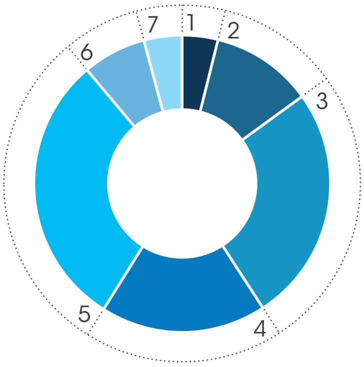


Backlog Geographical Distribution – H1 2013



1	Dubia	2%
2	UAE – Ex Dubai	16%
3	GCC Ex-UAE	35%
4	Africa	7%
5	Asia	25%
6	Europe	15%

Backlog Geographical Distribution – H1 2012



1	Dubia	4%
2	UAE – Ex Dubai	11%
3	GCC Ex-UAE	26%
4	Africa	18%
5	Asia	30%
6	Europe	7%
7	CIS	4%

SECTORS OF FOCUS

The Company continues to witness strong growth in its infrastructure market segment, particularly growth coming from Saudi Arabia, where much of the economic growth is government infrastructure spending driven. In particular, the Shamiyah expansion of the Mekkah Mosque, the King Abdullah Petroleum Studies and Research Center, and the King Saud University are all government-related projects, and therefore considered as infrastructure within our market segmentation. Additionally, we are undertaking infrastructure works in Morocco, such as the Sheikh Khalifa Medical City project, and continue to sign additional important works.

Year on year, we have seen the increase in the infrastructure/government-funded segment of our backlog grow from AED 570 million, representing 21% of our backlog on 30 June 2012 to AED 1,177 million, representing 38% of our backlog on 30 June 2013. This reflects the impact that government spending in the GCC and across the region has had on the economy and on the Company.

As the Company expands its backlog exposure to infrastructure, it continues to maintain its presence in the hospitality sector, signing new projects in this market segment such as the Al Forsan Sport Hotel in Abu Dhabi, and continuing to work on hospitality-related projects such as the Twin Tower hotel in Qatar and the Intercontinental Hotel in Angola. Our projects in Asia include the Traders Hotel and Robinsons Department Store in Singapore, as well as the Mandarin Oriental and Menara CIMB in Malaysia.

We have also seen a marked increase of 44% in the revenues derived by Deco, the Company's shop-fitting subsidiary, displaying an increase from AED 41 million to AED 59 million in revenues as compared with the same period last year. Gross profits for this business unit have increased 133% from AED 6 million during the first six months of 2012 to AED 14 million for the same period in 2013; and net profits were up 350% from AED 2 million to AED 9 million for the same respective periods.

The Company's diversification across market segments allows it to continue to grow, as one segment expands while the other shrinks for a short period of time. We have seen this recently in the global hospitality boom, ending with the economic crisis, when we have witnessed the increase of infrastructure-related and government funded projects. As a result, currently, we find infrastructure-related and government-funded projects dominating our backlog whereas historically the focus has been hospitality. As the economic cycle turns, we may, once again, find that hospitality will play an increasing role and infrastructure's dominance will subside.

GEOGRAPHICAL DIVERSIFICATION

The Company has experienced improved operational and financial performance for the first six months of 2013 as compared with the first six months of 2012 across all the main geographic areas in which it operates. This improvement reflects the general recovery following the global economic crisis, as well as the impact of the enhancements, restructuring, and streamlining the management and Company has implemented and invested in over the last three years. The diversification of revenues and profits is a significant part of this effort and continues to be a focus of the management team.

GCC – SAUDI ARABIA AND QATAR

The Company's increase in backlog, revenues and profits from Saudi Arabia when comparing H1 2012 to H1 2013 has been a significant achievement. In particular, the signing and execution of key projects in this market, such as the Shamiyah Expansion of the Mekkah Mosque and the King Abdullah Petroleum Studies and Research Centre , has supported us in growing our presence in the Saudi Arabian market and increasing our exposure and therefore the opportunity to secure future work.

In Qatar, we continue to work on the Twin Tower Hotel, and await the construction cycle of work to enter the fit-out phase so that we may identify and secure the projects that are suitable.

ASIA AND DESIGN STUDIO

The Company continues to experience strong project wins in Singapore through its subsidiary Design Studio, with the portion of backlog derived from Singapore increasing to 23.3% of total backlog on 30 June 2013 from 20.6% of the total backlog on 30 June 2012. In Singapore, the Company is currently experiencing margin pressure due to the labour laws in the country, however we maintain a top-of-the line production facility and attempt to use technology to enhance efficiency on a continuous basis.

In other parts of Asia, such as India and Azerbaijan, we have experienced a shrinking backlog as we have completed, or are in the process of finishing projects, and have yet to sign new works in these areas. In aggregate, Asia is a smaller portion of our backlog as compared with the same time last year, falling from 33.9% of the total backlog on 30 June 2012 to 29.2% of total backlog on 30 June 2013.

AFRICA

We continue to execute the works we have embarked on in Angola and sign additional work in Morocco, maintaining our exposure to Africa. Whereas we have yet to sign further work in sub-Saharan Africa, we continue to examine and explore this region aggressively as we believe that Africa provides potential medium and long term growth for the Company.

Across the globe, we continue to strive for the right growth opportunities for the Company, while ensuring successful project execution for our clients and high returns for our shareholders. As we have restructured and streamlined the Company across all geographies, we are witnessing the effect of these efforts on our operations and margins regardless of location.

ACQUISITIONS

At the end of H1 2013, the Company's wholly-owned subsidiary, Vedder, acquired the assets of LOHER, a German-based yacht and aircraft fit-out specialist, forming one of the largest yacht interior specialists in the world. The acquisition process will be completed and the processes of both the companies will be integrated in Q3 2013.

Founded in 1931, LOHER specialises in luxury interiors and bespoke furniture for yachts, aircrafts and residences. As part of the transaction, Depa 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 company is based near Munich in Lower Bavaria, Germany.

The yacht building market continues to perform well and this acquisition increases the Company's already strong market share and allows it to derive significant business efficiencies as the LOHER assets are incorporated under the Vedder brand.

The acquisition provides the Company with its first entry into aircraft interiors. LOHER's client references in the aircraft sector include Lufthansa Technik, EADS Sogerma and numerous private jets. In November 2011 Frost & Sullivan in its report: 'The Global Commercial Aircraft Cabin Interiors Market' forecast the commercial aircraft cabin interior market to grow at a CAGR of 8.7% with most of the revenue opportunities occurring after 2016 when new aircraft programmes are being introduced. Furthermore, the current retrofit market is booming, fuelled by large numbers of aircraft returning to operations after inactivity during the global economic crisis.

CORPORATE GOVERNANCE

The Company maintains the highest standards of corporate governance within its operations and its reporting to the market, and adheres to the NASDAQ Dubai and DFSA rules and requirements on an ongoing basis.
During the period six new members joined the Board of Directors and four members resigned. This included the appointment of Hasan Abdulla Ismaik as Chairman. Former Chairman, Abdullah Al Mazrui continues on the Board as a Non-Executive Director. The new Board of Directors is comprised of the following nine members:

Mr. Hasan Abdulla Ismaik – Chairman
Managing Director and CEO of Arabtec Holding PJSC
Mr. Hasan Abdulla Ismaik is the Managing Director and CEO of Arabtec Holding PJSC, a regional leader in construction and a member of the Board since August 2012. Mr Ismaik brings with him extensive UAE and regional experience, having held senior positions at Marya Development and Real Estate and Al-Ashmal Real Estate in Jordan.

Mr. Abdullah Al Mazrui – Director
Chairman of The National Investor
Mr. Abdullah Al Mazrui is currently the Chairman of The National Investor, Emirates Insurance Company, Mazrui Holding Company, Aramex and Jashanmal National Company. He previously served as Managing Director and Chief Executive of National Bank of Abu Dhabi PJSC and as Chairman of Al Mazrui Holdings LLC.

Mr. Mohannad Izzat Sweid – CEO & Director
Mr. Sweid is the CEO and co-founder of Depa. He has more than 25 years of experience in managing top consulting and architectural companies in the Middle East and the USA. He previously served as Managing Partner at Rochan Fine Arts, Saudi Arabia and as Vice President of Middle East Operations for Vesti Corporation, Boston.

Mr. Marwan Shehadeh – Director
Managing Director of Al Futtaim Capital
Mr Shehadeh is the Managing Director of Al Futtaim Capital. He was previously the Chief Financial Officer of Dubai Festival City (part of Al Futtaim Group) and HRH Prince Alwaleed Bin Talal Bin Abdulaziz Kingdom Hotel Investments. He started of his career at Chase Manhattan and has completed several management programs at Harvard Business School.

Mr. Fawaz Al Hokair – Director
Chairman & the founder of the Fawaz Al Hokair Group
Mr. Fawaz Alhokair is the Chairman and Founder of the Fawaz Al Hokair Group, one of the leading groups of companies in the Kingdom of Saudi Arabia focusing on retail and real estate business sectors. It is the single largest owner and operator of malls in the Kingdom and has over 750 stores.

Mr. Khaldoun Tabari – Director
Vice Chairman - CEO of Drake & Scull
Mr. Khaldoun Rashid Tabari is the Vice Chairman and CEO of Drake & Scull International PJSC and also serves on as a Non-Executive Chairman and Director of EMCOR Facilities Services Group, Non-Executive Chairman Vision Investments, Board Member of DEPA, Board Member of Walltech; Director of EHC Cooperation and Board Member of Energy Central, UAE.

Mr. Mohamed Al Fahim – Director
Head of Finance & Accounts Department, International Petroleum Investment Company (IPIC)
Mr. Mohamed Al Fahim is head of finance and accounts department of International Petroleum Investment Company (IPIC) and previously Head of Group Financing at Abu Dhabi National Oil Company (ADNOC). He is currently a board member of Aabar Investments, Arabtec Holdings, First Energy Bank, Alizz Islamic Bank and a Supervisory Member of Energias de Portugal. A member of Unicredit Group, Italy.

Mr. Iyad Abdalrahim – Director
CFO - Construction Businesses of Arabtec Holding Constructions L.L.C.
Mr. Iyad Abdalrahim is the chief financial officer for Arabtec Holding PJSC construction subsidiaries. Mr. Abdalrahim previously served as Group Chief Financial Officer of Dubai Property Group, as Managing Director - Finance at Depa Ltd and has over 20 years of experience within the banking, contracting and real estate development industries.

Mr. Wassel Fakhoury – Director
Board Member – Group General Counsel of Arabtec Holding PJSC
Wassel Al Fakhoury is an Executive Board Member of Arabtec Holding PJSC and is the Group's General Counsel. He previously worked as General Counsel of Aabar Investments PJS for Middle East and North Africa.

CAPITAL EXPENDITURE

There was no material capital expenditure incurred during H1 2013 and total Capex amounted to only AED 7.6 million which related to furniture and fixtures additions and other routine assets being purchased during the normal course of business.

FINANCIAL RESULTS

The Company successfully achieved revenues of AED 1.01 billion in H1 2013. This is only the second time in the Company's history that AED 1 Billion mark has been achieved in H1. Last time this was achieved was in 2009 which was the most successful year for the Company since its incorporation. Major subsidiaries contributing to this growth in revenues include Depa Interiors, Depa Abu Dhabi, Design Studio, Depa Design Studio, and Lindner ME as all these subsidiaries achieved revenues of more than AED 100 million each in H1 2013.

Major improvement was seen in contract margins and the Company recorded gross profit of AED 131 million (13%) in H1 2013 compared to AED 34 million (4%) in H1 2012. Last year, margins were significantly impacted by setbacks on some major projects, however, this year all major projects are earning healthy margins similar to which we witnessed in the pre financial crises era.

The general and administrative expenses of the Company decreased significantly to AED 88.5 million in H1 2013 compared to AED 173.4 million in H1 2012. The decrease is directly linked to provisions for doubtful debts of AED 70 million recorded last year primarily on the New Doha International Airport Project. In addition to this, the amortization of intangibles decreased by AED 6 million as some of the intangibles were fully written off last year and also as a result of other cost savings resulting from the recent restructuring at group level.

The Company's 'Other Income' in H1 2013 was AED 7 million as compared to AED 5.8 million in H1 2012. This mainly includes reversal of provisions for doubtful debts amounting to AED 4.6 million and income from Sukuks.

Impairment of AED 5 million has been recorded against Investment in an Associate – Jordan Wood Industries Company (JWICO). The revised forecast and strategy of JWICO will be presented during its Board meeting scheduled in September 2013. As of now, it has been agreed to take AED 5 million impairment to be prudent. Detailed impairment testing will be conducted at year end to assess if any further impairment is required on this investment.

During H1 2013 the Company sold its investment in one of its associate companies – Thailand Carpet Manufacturing Public Company Limited (TCMC), resulting in a gain on sale of investment amounting to AED 7.1 million. Net sale proceeds from this transaction amount to AED 29 million over an investment of AED 16 million made in 2006-07 resulting in a cumulative Return on Investment of 81%.

As a result, the Company recorded a net profit after non controlling interest of AED 33 million in H1 2013, compared to net loss after non controlling interest of AED 110 million in H1 2012.

BALANCE SHEET

Total Assets as of 30 June 2013 were AED 3.16 billion compared to AED 3.14 billion as at 31 December 2012. Total liabilities at the end of H1 2013 remained at the same level of AED 1.53 billion as of 31 December 2012. Total equity increased from AED 1.61 billion to AED 1.63 billion due to profit earned during H1 2013.

CASH FLOW AND BANK FACILITIES

During H1 2013, cash used in operations was AED 7 million compared to AED 43 million in H1 2012. This improvement is primarily due to the net profit earned during the period compared to net loss last year. In H1 2013, cash flow before working capital changes was AED 80.4 million whereas it was negative AED 99.6 million for the same period last year. The primary reason for negative cash from operations of AED 7 million in H1 2013 was the increase in unbilled receivables of AED 103 million that was mainly from two major projects in Germany due to adherence with a particular billing plan. Trade and other receivables also increased by AED 38 million due to increase in contract retention from recently completed projects. This was partially offset by increase in trade and other payables of AED 53 million as a result of increase in excess billings.

Cash generated from investing activities amounted to AED 42.9 million in H1 2013, compared to cash used in investing activities of AED 28 million in H1 2012. The major inflow came from sale of investment in an associate – TCMC, which generated AED 29 million while short term deposits amounting to AED 32 million also matured during the year. This increase was partially offset by CAPEX payments, purchase of additional shares in Design Studio, interest payment and impact of exchange differences arising on translation of foreign operations due to depreciation of the Singaporean Dollar against UAE Dirham in 2013.

Cash used in financing activities was AED 71 million in H1 2013 compared to AED 26.5 million in H1 2012, This mainly relates to repayment of bank loans made in H1 2013.

WORKING CAPITAL

Working Capital increased in H1 2013 to AED 727 million from AED 681 million as at 31 December 2012. The Current ratio as at 30 June 2013 was 1.53 (31 December 2012: 1.50). Debt Equity ratio as at 30 June 2013 was 0.14 (31 December 2012: 0.19), due to repayment of bank loans.

Selected Income Statement Data

	H1-2013 AED million	H1-2012 AED million
Contract Income	**1,010**	825
Contract Cost	**(879)**	(791)
Contract Profit	**131**	34
General and Administrative expenses	**(88)**	(173)
Other Income/ (expense)	**7**	5
Finance income/ (cost) net	**(3)**	(5)
Share of profit/ (loss) from associates	**6**	1
Impairment of investment in associate	**(5)**	0
Income tax	**(9)**	(5)
Net profit	**39**	(143)
Attributed to:		
Equity holders of parent	**33**	(110)
Minority interest	**6**	(33)

Selected Balance Sheet Data

	June-2013 AED million	Dec-2012 AED million
Property, plant and equipment	**350**	365
Total current assets	**2,093**	2,056
Total assets	**3,158**	3,144
Total equity Including non -controlling interest	**1,632**	1,613
Total liabilities	**1,526**	1,531

Selected Financial Data

	H1-2013 AED million	H1-2012 AED million
EBITDA	**80**	(99)
EBIT	**51**	(133)
Adjusted EBITDA	**72**	(105)
Adjusted EBIT	**43**	(139)
Net Capital Expenditure	**8**	21

Selected Cash Flow Data

	H1-2013 AED million	H1-2012 AED million
Net cash used in operating activities	**(7)**	(43)
Net cash used in investing activities	**43**	(28)
Net cash provided from financing activities	**(71)**	(27)
Net increase (decrease) in cash and cash equivalents	**(35)**	(98)

Indebtedness

	June-2013 AED million	Dec-2012 AED million
Cash and Bank balances (A)*	**240**	307
Bank Loans (B)	**235**	299
Current (C)	**171**	215
Non-current (D)	**64**	84
Total current net indebtedness (A-C)	**69**	92
Net Cash (A-B)	**5**	8

OUTLOOK

The Company's management believes that it has overcome the most difficult of times. We believe that there will be growth opportunities across the GCC region, across the market segments in which the Company operates, and that we were well-positioned to capture these opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Annual Report contained a description of the risks and uncertainties which faced the business. The principal risks and uncertainties facing the business have not changed materially since the publication of the Annual Report and we believe that they will be similar in the second half of the year.

BOARD MEMBERS' SIGN-OFF

The Directors confirm that to the best of their knowledge the condensed financial statements have been prepared in accordance with IAS34 and that the interim management report contains all relevant information and in particular:

- An indication of important events which have occurred during the first half of the financial year and their impact on the financial statements; and
- A description of the principal risks and uncertainties for the remaining six months of the financial year.

Hasan Abdulla Ismaik, Chairman

Mohannad Izzat Sweid, Chief Executive Officer