

DEPA LIMITED

**Review report and interim
financial information
for the period ended 30 September 2012**

DEPA LIMITED

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Depa Limited
Dubai, UAE

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Depa Limited (the "Company") and its subsidiaries (together the "Group") as of 30 September 2012, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information 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.

Basis of Qualified Conclusion

Management has not presented the comparative condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2011 to 30 September 2011, which constitutes a departure from IAS 34, "Interim Financial Reporting".

Qualified Conclusion

Based on our review, except for the matter described in the Basis of Qualified Conclusion, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".



8 November 2012



Condensed consolidated statement of financial position at 30 September 2012

		30 September 2012 (unaudited) US \$	31 December 2011 (audited) US \$	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
ASSETS					
Non-current assets					
Property, plant and equipment	4	101,144,006	103,991,261	371,704,223	382,167,885
Intangible assets	5	36,352,921	39,131,330	133,596,983	143,807,637
Goodwill	6	105,623,318	105,623,318	388,165,695	388,165,695
Investment in associates and joint venture	7	30,537,582	29,193,465	112,225,614	107,285,987
Available for sale investments	8	8,057,855	7,862,908	29,612,618	28,896,188
Held to maturity investments	9	1,999,026	1,871,429	7,346,420	6,877,500
Contract retentions		40,776,137	39,927,826	149,852,302	146,734,760
Deferred taxable assets		1,007,283	393,853	3,701,765	1,447,410
Total non-current assets		325,498,128	327,995,390	1,196,205,620	1,205,383,062
Current assets					
Inventories	13	25,863,912	22,063,805	95,049,876	81,084,483
Trade receivable and other current assets	10	254,460,211	207,759,420	935,141,275	763,515,868
Amount due from customers on construction contracts	12	151,918,526	174,821,278	558,300,584	642,468,195
Investment at fair value through profit or loss		394,899	1,429,261	1,451,253	5,252,535
Cash and bank balances	19	72,713,807	90,416,965	267,223,243	332,282,347
Total current assets		505,351,355	496,490,729	1,857,166,231	1,824,603,428
Total assets		830,849,483	824,486,119	3,053,371,851	3,029,986,490
EQUITY AND LIABILITIES					
Equity					
Share capital	11	245,832,598	245,832,598	903,434,799	903,434,799
Share premium		190,576,238	190,576,238	700,367,674	700,367,674
Share issuance costs		(17,643,619)	(17,643,619)	(64,840,298)	(64,840,298)
Treasury shares		(4,488,071)	(4,488,071)	(16,493,664)	(16,493,664)
Employee stock options plan share		(1,841,085)	(1,841,085)	(6,765,988)	(6,765,988)
Statutory reserve		12,989,708	12,989,708	47,737,179	47,737,179
Retained earnings		9,830,905	25,629,533	36,128,575	94,188,533
Translation reserve		3,148,884	1,471,714	11,572,148	5,408,548
Equity attributable to equity holders of the parent		438,405,558	452,527,016	1,611,140,425	1,663,036,783
Non-controlling interest		3,962,988	22,054,255	14,563,981	81,049,386
Total equity		442,368,546	474,581,271	1,625,704,406	1,744,086,169
Non-current liabilities					
Bank borrowings	14	21,502,312	18,078,444	79,020,995	66,438,283
Provision for employees' end of service benefit		12,367,687	11,652,638	45,451,249	42,823,446
Subcontractors' retention		7,207,177	5,569,697	26,486,375	20,468,637
Deferred tax liability		252,891	84,175	929,376	309,345
Long term payables		88,574	88,451	325,508	325,058
Due to a related party	16	122,070	200,401	448,609	736,475
Total non-current liabilities		41,540,711	35,673,806	152,662,112	131,101,244
Current liabilities					
Trade payables and other current liabilities	15	285,893,891	260,981,449	1,050,660,050	959,106,823
Bank borrowings	14	61,046,335	53,249,593	224,345,283	195,692,254
Total current liabilities		346,940,226	314,231,042	1,275,005,333	1,154,799,077
Total liabilities		388,480,937	349,904,848	1,427,667,445	1,285,900,321
Total equity and liabilities		830,849,483	824,486,119	3,053,371,851	3,029,986,490


Chairman


Chief Executive Officer


Chief Finance Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of income (unaudited)
for the period ended 30 September 2012**

	3 months ended 30 September		9 months ended 30 September	
	2012 US \$	2012 AED	2012 US \$	2012 AED
Revenue	114,314,716	420,106,584	338,719,248	1,244,793,238
Direct costs	(102,339,978)	(376,099,420)	(317,564,071)	(1,167,047,960)
Gross profit	11,974,738	44,007,164	21,155,177	77,745,278
General and administrative expenses	(22,224,505)	(81,675,056)	(69,404,308)	(255,060,835)
Other income	3,936,071	14,465,061	5,510,045	20,249,414
Finance cost	(1,845,348)	(6,781,655)	(3,582,263)	(13,164,817)
Finance income	519,621	1,909,607	857,876	3,152,695
Share in profits of associates and joint venture	1,547,029	5,685,329	1,685,001	6,192,377
Loss for the period before tax	(6,092,394)	(22,389,550)	(43,778,472)	(160,885,888)
Income tax expense	(1,880,194)	(6,909,712)	(3,314,821)	(12,181,966)
Loss for the period	(7,972,588)	(29,299,262)	(47,093,293)	(173,067,854)
Attributable to:				
Equity holders of the parent company	932,987	3,428,730	(29,110,192)	(106,979,958)
Non-controlling interest	(8,905,575)	(32,727,992)	(17,983,101)	(66,087,896)
	(7,972,588)	(29,299,262)	(47,093,293)	(173,067,854)
Loss per share attributable to equity holders of the parent company	0.001	0.005	(0.048)	(0.177)

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 September 2012**

	3 months ended 30 September		9 months ended 30 September	
	2012 US \$	2012 AED	2012 US \$	2012 AED
Loss for the period	(7,972,588)	(29,299,262)	(47,093,293)	(173,067,854)
Other comprehensive income:				
Exchange difference arising on translation of overseas operations	2,771,494	10,185,242	2,253,509	8,281,648
Total comprehensive loss for the period	(5,201,094)	(19,114,020)	(44,839,784)	(164,786,206)
Attributable to:				
Equity holders of the parent company	3,422,205	12,576,605	(27,433,023)	(100,816,358)
Non-controlling interest	(8,623,299)	(31,690,625)	(17,406,761)	(63,969,848)
	(5,201,094)	(19,114,020)	(44,839,784)	(164,786,206)

The accompanying notes form an integral part of these condensed consolidated financial statements.

DEPA LIMITED

Condensed consolidated statement of changes in equity
for the period ended 30 September 2012

	Share capital AED	Share premium AED	Share issuance costs AED	Treasury shares AED	Employees' stock option plan shares AED	Statutory reserve AED	Retained earnings AED	Translation reserve AED	Attributable to equity holders of the parent AED	Non- controlling interest AED	Total AED
Balance at 1 January 2012 (audited)	903,434,799	700,367,674	(64,840,298)	(16,493,664)	(6,765,988)	47,737,179	94,188,533	5,408,548	1,663,036,783	81,049,386	1,744,086,169
Loss for the period	-	-	-	-	-	-	(106,979,958)	-	(106,979,958)	(66,087,896)	(173,067,854)
Exchange difference on translation of overseas operations	-	-	-	-	-	-	-	6,163,600	6,163,600	2,118,048	8,281,648
Total other comprehensive income	-	-	-	-	-	-	(106,979,958)	6,163,600	(100,816,358)	(63,969,848)	(164,786,206)
Directors' fee	-	-	-	-	-	-	(1,080,000)	-	(1,080,000)	-	(1,080,000)
Dividends paid to non- controlling interest	-	-	-	-	-	-	-	-	-	(2,515,557)	(2,515,557)
Cancellation of dividends previously declared (note 16)	-	-	-	-	-	-	50,000,000	-	50,000,000	-	50,000,000
Balance at 30 September 2012 (unaudited)	903,434,799	700,367,674	(64,840,298)	(16,493,664)	(6,765,988)	47,737,179	36,128,575	11,572,148	1,611,140,425	14,563,981	1,625,704,406

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 September 2012**

	9 months ended 30 September	
	2012 US \$	2012 AED
Cash flow from operating activities		
Net cash used in operations	(20,254,227)	(74,434,280)
Cash flow from investing activities		
Payments for property, plant and equipment	(8,929,104)	(32,814,458)
Proceeds from disposals of property, plant and equipment	520,057	1,911,210
Acquisition of available for sale investments	(194,947)	(716,430)
Acquisition of investment in joint venture	(150,000)	(551,250)
Acquisition of investment at fair value through profit or loss	(1,706,403)	(6,271,031)
Disposal of investment at fair value through profit or loss	2,765,530	10,163,322
Dividends received	490,884	1,804,000
Increase in term deposit with original maturity over three months	(459,182)	(1,687,495)
Interest paid, net	(2,848,851)	(10,469,528)
Net movement in translation reserve	1,677,172	6,163,600
Net cash used in investing activities	(8,834,844)	(32,468,060)
Cash flow from financing activities		
Directors' fees	(293,878)	(1,080,000)
Movement in bank borrowings	11,220,610	41,235,741
Net cash generated from financing activities	10,926,732	40,155,741
Net decrease in cash and cash equivalents	(18,162,339)	(66,746,599)
Cash and cash equivalents at 1 January	81,219,823	298,482,851
Cash and cash equivalents at 30 September (note 19)	63,057,484	231,736,252
Non-cash transaction		
Cancellation of dividends (note 16)	13,605,442	50,000,000

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012****1 General**

Depa Limited (the "Company") is a company limited by shares and registered in accordance with Dubai DIFC Law No. 3 of 2006. Depa Limited is the management company of Depa United Group P.J.S.C.

On incorporation on 25 February 2008, the initial registered paid up capital was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. The initial paid up capital was subscribed to by The National Investor (PJSC), which at the time of the incorporation owned 25,500 ordinary shares of US\$1.00 each, and Mr. Mohannad Sweid, who at the time of the incorporation owned 24,500 ordinary shares of US\$ 1.00 each.

On 31 March 2008, the Company received 99.9% of the shares in Depa United Group P.J.S.C. against an issue and allotment of 460,271,308 ordinary shares of the Company, each with a nominal value of US\$ 0.40.

Pursuant to a shareholders resolution dated 16 April 2008, the shareholders resolved to adopt the Articles and to sub-divide the issued and unissued share capital into 5,000,000,000 ordinary shares of US\$0.40 each. The shareholders further resolved, that, with effect from, and conditional upon, the Dubai International Financial Exchange (DIFX) Admission and the United Kingdom Listing Authority (UKLA) Admission, the Board of Directors be generally authorised to allot 162,992,567 shares with a nominal value of US\$ 0.40 (AED 1.47) through Initial Public Offering.

The address of the Company's registered office is P.O. Box 56338, Dubai, United Arab Emirates.

The Company and its subsidiaries (together referred to as the "Group") specialise in the full scope fit-out and furnitures of five star hotels, yachts and facilities and related services. The Group also carries out procurement contracts for specific furniture, fixtures and equipment projects.

The condensed consolidated financial statements are presented in UAE Dirham (AED) since that is the currency in which the majority of the Group's transactions are denominated. The US Dollars (US \$) amounts, are presented solely for the convenience of the reader of the condensed consolidated financial statements. The UAE Dirham amounts have been translated at the rate of AED 3.675 to US\$ 1. The translation rate has remained constant throughout the year.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective

The Group has not yet adopted the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to grouping items recognised in other comprehensive income	1 July 2012
IAS 19 <i>Employee Benefits</i> (as revised in 2011)	1 January 2013
IAS 27 <i>Separate Financial Statements</i> (as revised in 2011)	1 January 2013
IAS 28 <i>Investments in Associates and Joint Ventures</i> (as revised in 2011)	1 January 2013
Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> relating to accounting for government loans at below market interest rate	1 January 2013
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to offsetting financial assets and liabilities	1 January 2013
IFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
IFRS 11 <i>Joint Arrangements</i>	1 January 2013
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
IFRS 13 <i>Fair Value Measurement</i>	1 January 2013
Annual Improvements 2009 – 2011 Cycle covering amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	1 January 2013
IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to IAS 32 <i>Financial Instruments: Presentation</i> relating to offsetting financial assets and liabilities	1 January 2014
IFRS 9 <i>Financial Instruments</i> (as revised in 2010)	1 January 2015
Amendment to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to transition to IFRS 9 (or otherwise when IFRS 9 is first applied)	1 January 2015
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> , and IFRS 12 <i>Disclosure of Interests in Other Entities</i> relating to requirements to provide comparative information	1 January 2013
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 27 <i>Separate Financial Statements</i> relating to investment entities and exemption of consolidation of particular subsidiaries	1 January 2014

Management anticipates that these amendments will be adopted in the condensed consolidated financial statements for the initial period when they become effective. Management has not yet had the opportunity to consider the potential impact of the adoption of these amendments.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

3 Summary of significant accounting policies

Basis of preparation

The condensed consolidated financial statements were prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*".

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are recorded at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2011.

Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the condensed financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All inter-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling entity's share of changes in equity since the date of the combination. Losses applicable to the non-controlling entity in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the non-controlling entity has a binding obligation and is able to make an additional investment to cover the losses.

Details of the Company's subsidiaries are summarised as follows:

Name of subsidiary	Proportion of ownership interest and voting power		Country of incorporation	Principal activities
	2012	2011		
Depa United Group P.J.S.C.	100%	100%	U.A.E.	Management activities of holding Company

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

The Company also controls the following subsidiaries through its wholly owned subsidiary Depa United Group P.J.S.C.:

Name of subsidiary	Proportion of ownership interest and voting power		Country of incorporation	Principal activities
	2012	2011		
Depa Interiors L.L.C.	100%	100%	U.A.E.	Full scope fit out and furnishing of five star hotels, luxury villas and residential, hospitalities and services
Depa Decoration, Contracting & General Maintenance L.L.C.	100%	100%	U.A.E.	Interior decoration, contracting and general maintenance services for hotels and other entities
Pino Meroni Yatch Interiors L.L.C.	90%	90%	U.A.E.	Trading in material and requisites for Yacht upholstery and fabric for curtains and upholstery and trading in decoration and partition materials
Eldiar Furniture Manufacturing and Decoration L.L.C.	100%	100%	U.A.E.	Manufacturing and sale of wooden doors, wardrobes, furniture decoration
Deco Emirates L.L.C.	100%	100%	U.A.E.	Building, contracting and decoration activities and trading in furniture and related items and shops interiors
Depa for Hotels	91.95%	91.95%	Egypt	Decoration works, interior and exterior finishing for hotels, motels, tourist villages and Nile cruise ships
Pino Meroni Wood & Metal Industries	86.17%	86.17%	Egypt	Manufacturing of wooden and steel furniture
Mivan Depa Contracting L.L.C.	100%	100%	U.A.E.	Historical sites restoration, interior and exterior decoration works for museums and nature projects and other related activities
Dragoni International L.L.C.	60%	60%	U.A.E.	Interior design, furniture manufacturing and supply and fit out of soft and hard furnishings
Depa Al Barakah L.L.C.	80%	80%	U.A.E.	Contracting of partitions and false ceilings and trading of gypsum products and false ceiling
Depamar SARL	80%	80%	Morocco	Interior design, decoration works and construction of buildings
Depa Mauritius	100%	100%	Mauritius	Management activities of holding companies
Depa Saudi contracting and Interior design L.L.C.	100%	100%	Saudi Arabia	Interior decoration, contracting and general maintenance services for hotels and other entities
Depa Hungary	100%	100%	Hungary	Management activities of holding companies
Depa Manufacturing Investment Company	100%	100%	Mauritius	Management activities of a holding company

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Name of subsidiary	Proportion of ownership interest and voting power		Country of incorporation	Principal activities
	2012	2011		
Lindner Depa Interiors L.L.C.	51%	51%	U.A.E.	Manufacturing and trading in interior decoration partition and false ceiling products
Paragon Creative Middle East L.L.C.	51%	51%	U.A.E.	Building, Maquette and model trading
DDS Asia Holdings Pte Ltd.	86.88 %	94.31 %	Singapore	Investment Company
The Parker ME FZ L.L.C	51%	51%	U.A.E	Procurement services to hospitality industry
Depa Germany GmbH & Co. KG	100%	100%	Germany	Management activities of holding companies
Depa Germany Verwaltungs GmbH & Co. KG	100%	100%	Germany	Management activities of holding companies
Depa Jordan Investment W.L.L.	70%	70%	Bahrain	Management activities of holding companies
Depa Syria	100%	100%	Syria	Investment in real estate and all related services and activities
Depa Industrial Group Morocco	99.5%	99.5%	Morocco	Manufacturing and sale of wooden doors, wardrobes, furniture decoration
Depa Industrial Group (DIG) Dubai	90%	90%	U.A.E	Contracting of wooden doors, frames, windows, building metal products and other joinery products as well as manufacture of home furniture
Carrara Mideast Industrial Co. L.L.C.	100%	100%	U.A.E.	Cutting, processing, polishing and fixing marble and granite.
Design Studio Furniture Manufacturer Limited	86.88%	86.62%	Singapore	Manufacturing and trading in interior decoration partition and false ceiling products
Depa (U.K) Limited	100%	100%	UK	General commercial company
TPC (Shanghai) Ltd	100%	100%	Hong Kong SAR	Hospitality procurement
TPC AG	100%	100%	Switzerland	Hospitality procurement
TPC (Asia) Ltd	100%	100%	Hong Kong SAR	Holding company & hospitality procurement
Projects Division Company	100%	100%	Morocco	Investment in real estate and all related services and activities
Lindner Middle East L.L.C.	51%	-	U.A.E	Contracting of false partitions and false ceilings. Trading of building and construction materials, tiles and flooring materials, false ceilings, decoration materials and partitions.

DEPA LIMITED

Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)

4 Property, plant and equipment

Cost	Land and buildings AED	Machinery and equipment AED	Motor vehicles AED	Furniture and office equipment AED	Operating equipment and site tools AED	Site equipment AED	Caravans AED	Capital work-in-progress AED	Total AED
At 1 January 2011 (audited)	268,827,209	121,703,430	21,723,622	47,044,884	373,844	881,398	93,500	87,567,683	548,215,570
Additions for the year	332,198	34,021,113	2,213,268	12,191,992	97,746	212,329	836,034	20,803,881	70,708,761
Disposals for the year	(18,754,833)	(1,737,625)	(2,079,597)	(4,340,163)	-	-	(109,018)	(789,217)	(27,810,453)
Transfers during the year	418,733	(122,338)	-	6,237,743	-	-	-	(21,040,767)	(14,506,629)
At 1 January 2012 (audited)	250,823,307	153,864,580	21,857,293	61,134,456	471,590	1,093,927	820,516	86,541,580	576,607,249
Additions for the period	2,541,741	7,116,983	1,201,882	10,666,825	-	102,199	-	11,184,828	32,814,458
Disposals for the period	-	(771,137)	(635,817)	(1,459,383)	(97,983)	-	-	-	(2,964,320)
Transfers during the period	4,044,660	-	-	(2,450,654)	-	-	-	(14,062,334)	(12,468,328)
At 30 September 2012 (unaudited)	257,409,708	160,210,426	22,423,358	67,891,244	373,607	1,196,126	820,516	83,664,074	593,989,059
Accumulated depreciation									
At 1 January 2010	67,470,511	65,254,361	15,525,459	30,213,268	342,301	659,578	48,882	-	179,514,360
Charge for the year	13,113,963	13,732,660	3,332,122	9,564,223	41,286	170,270	53,616	-	40,008,140
Disposals	(18,754,833)	(1,214,901)	(2,019,387)	(3,083,136)	-	-	(10,879)	-	(25,083,136)
At 1 January 2011 (audited)	61,829,641	77,772,120	16,838,194	36,694,355	383,587	829,848	91,619	-	194,439,364
Charge for the period	9,964,380	8,569,799	2,426,350	8,210,441	-	126,995	127,797	-	29,425,762
Eliminated on disposals	-	(582,160)	(419,683)	(512,540)	(65,907)	-	-	-	(1,580,290)
Transfers	2,351,723	-	-	(2,351,723)	-	-	-	-	-
At 30 September 2012 (unaudited)	74,145,744	85,759,759	18,844,861	42,040,533	317,680	956,843	219,416	-	222,284,836
Carrying amount									
At 30 September 2012 (unaudited)	183,263,964	74,450,667	3,578,497	25,850,711	55,927	239,283	601,100	83,664,074	371,704,223
At 31 December 2011 (audited)	188,993,666	76,092,460	5,019,099	24,440,101	88,003	264,079	728,897	86,541,580	382,167,885

During the period, software cost of AED 12,468,328 has been transferred from capital work in progress to intangible assets (note 5).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

5 Intangible assets

	Brand name AED	Customer relationships AED	Contracts on hand AED	Others AED	Total AED
Cost					
1 January 2011	97,586,297	76,007,652	43,835,120	44,164,960	261,594,029
Additions	-	-	-	14,506,629	14,506,629
1 January 2012 (audited)	97,586,297	76,007,652	43,835,120	58,671,589	276,100,658
Additions	-	-	-	12,468,328	12,468,328
30 September 2012 (unaudited)	97,586,297	76,007,652	43,835,120	71,139,917	288,568,986
Accumulated amortisation					
1 January 2011 (audited)	11,602,531	23,602,270	34,692,029	17,814,787	87,711,617
Amortisation for the year	6,522,549	20,381,310	4,540,889	13,136,656	44,581,404
1 January 2012 (audited)	18,125,080	43,983,580	39,232,918	30,951,443	132,293,021
Amortisation for the period	4,891,912	6,118,575	3,405,667	8,262,828	22,678,982
30 September 2012 (unaudited)	23,016,992	50,102,155	42,638,585	39,214,271	154,972,003
Carrying amount 30 September 2012 (unaudited)	74,569,305	25,905,497	1,196,535	31,925,646	133,596,983
31 December 2011 (audited)	79,461,217	32,024,072	4,602,202	27,720,146	143,807,637

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

6 Goodwill

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Balance at 1 January	<u>388,165,695</u>	<u>388,165,695</u>
Balance at 30 September/31 December	<u>388,165,695</u>	<u>388,165,695</u>

Goodwill is attributable to the anticipated profitability of the acquired subsidiaries.

7 Investment in associates and joint venture

Details of the Group's associates and joint venture are as follows:

Name of associate	Principal activities	Place of incorporation and operation	Ownership interest	
			2012	2011
Thailand Carpet Manufacturing Public Company Limited	Manufacturing of carpets	Thailand	25.98%	25.98%
Al Tawasoul Property Development Company	Property management and development	United Arab Emirates	15.6%	15.6%
Jordan Wood Industries PLC	Manufacturing of furniture	Jordan	36.41%	36.41%
Decolight Trading LLC	Trading of electrical and decoration materials	United Arab Emirates	45.1%	45.1%
Polypod Middle East LLC	Assembly of bathroom pods or other types of pods	United Arab Emirates	40.0%	40.0%
Name of joint venture				
CCC/Depa Joint Venture	Interior decoration, contracting and general maintenance services for hotels and other entities	Morocco	50%	-

Although the Group holds less than 20% in Al Tawasoul Property Development Company, the Group exercises significant influence by virtue of its contractual right to appoint one director to the board of the investee.

During the period, the Group entered into a joint venture, CCC- Depa Abu Dhabi JV, and holds 50% of the joint venture.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

7 Investment in associates and joint venture (continued)

Movement in investment in associates and joint venture during the period/year is as follows:

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Balance at 1 January	107,285,987	112,700,551
Investment in joint venture	551,250	-
Share of gain/(loss), net	6,192,377	(2,016,942)
Dividends received	(1,804,000)	(3,397,622)
	<u>112,225,614</u>	<u>107,285,987</u>

8 Available for sale investments

The Group has investments in Saraya Real Estate MENA Fund Company and in Al Futtaim Mena Real Estate Sharia Development Fund ('Al Futtaim Fund') amounting to AED 11,390,665 and AED 18,221,953, respectively. During the period, the Group made an additional investment of AED 716,430 on Al Futtaim Fund. The Group has a commitment to invest further in Al Futtaim Fund for AED 18,528,048. Management believes that the fair value of the investment approximates its cost.

9 Held to maturity investments

Held to maturity investments amounting to AED 7,346,420 (2011: AED 6,877,500) represents Anka's Sukuk Bonds ("Sukuk") issued by Anka's Sukuk Limited (Nakheel P.J.S.C) included under non-current assets. These Sukuk bonds are carried at amortised cost and bear a guaranteed interest of 10% per annum and will be redeemed upon maturity on 31 August 2015.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

10 Trade receivables and other current assets

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Trade receivables	468,991,131	432,617,772
Contract retentions	157,125,093	167,545,337
Advances to subcontractors	85,307,107	80,958,415
Due from related parties (note 16)	3,143,263	3,761,624
Prepayments	27,518,156	23,607,112
Other receivables	343,041,941	109,647,135
	<u>1,085,126,691</u>	<u>818,137,395</u>
Less: Allowances for doubtful debts	<u>(149,985,416)</u>	<u>(54,621,527)</u>
	<u>935,141,275</u>	<u>763,515,868</u>

Other receivables balance include postdated cheques amounting to AED 4,883,725 (2011: AED 17,165,610), refundable deposits amounting to AED 19,369,031 (2011: AED 17,330,145), margin deposits amounting to AED 16,928,371 (2011: AED 17,834,463), tax receivables amounting to AED 24,337,831 (2011: AED 32,167,618) and guarantees encashed by customers amounting to AED 215,016,792 (2011: AED nil).

11 Share capital

The share capital as at 30 September 2012 and 31 December 2011 comprises of the following:

	Value per share US\$	Value per share AED	Number of shares	Value AED
Authorised	0.40	1.47	5,000,000,000	7,350,000,000
Issued and fully paid	0.40	1.4697	614,726,448	903,434,799

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

12 Construction contracts	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Contracts in progress at end of the reporting period		
Amount due from contract customers included in current assets	558,300,584	642,468,195
Amount due to contract customers included in trade and other payables (note 15)	(28,869,814)	(16,782,436)
	<u>529,430,770</u>	<u>625,685,759</u>
Contract cost incurred plus recognised profits less recognised losses to date	6,315,695,628	6,244,824,140
Less: Progress billings	(5,786,264,858)	(5,619,138,381)
	<u>529,430,770</u>	<u>625,685,759</u>
13 Inventories	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Inventories	106,108,499	92,450,424
Less: allowance for slow moving and obsolete inventories	(11,058,623)	(11,365,941)
	<u>95,049,876</u>	<u>81,084,483</u>

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

14 Bank borrowings

The bank borrowings of the Group comprise loans, bank overdrafts and trust receipts.

Bank loans

These comprise the following:

- During 2007, the Group entered into a loan facility for borrowings of up to AED 100,000,000 to fund investment and project requirements. Interest accrues at EIBOR rate plus 3.5% p.a. Principal and interest are to be repaid in 18 quarterly installments beginning December 2007 and the facility will expire in September 2013. At 30 September 2012, the outstanding balance of the loan is AED 9,505,800.
- During 2011, the Group obtained a loan facility of AED 120,000,000 to be used to acquire up to 30.29% shares of Design Studio. The total facility amounting to AED 120,000,000 was utilised in 2011. The loan carries interest at 4% p.a. over 3 months EIBOR minimum 7% p.a. Principal and interest are to be repaid in six (6) installments beginning December 2010 and the facility expires in June 2013. At 30 September 2012, the outstanding balance of the loan is AED 40,000,000.
- In 2009, the Group obtained a loan from a local bank amounting to AED 414,400, bearing interest at 10% per annum and maturing in 2011. The interest and principal are payable on a monthly basis and the loan is under the corporate guarantee of Depa Interiors L.L.C. The loan has been fully repaid in 2011.
- In 2009, the Group obtained a loan of AED 1,440,000 from a local bank to be used to fund the purchase of various machineries. Principal and interest are to be repaid in 18 monthly installments of EIBOR plus 3% per annum. The loan has been repaid in 2011.
- A term loan of AED 80,000,000 was taken in 2010 from a local bank bearing interest at the rate of 8% per annum and is repayable in 48 monthly installments. At 30 September 2012, the outstanding balance is AED 41,571,841.
- In 2010, the Group obtained a loan facility amounting to AED 36,000,000 from a local bank to finance the acquisition of a subsidiary. The loan bears an interest of 8% and is repayable in 36 equal monthly installments. At 30 September 2012, the outstanding balance is AED 7,000,000.
- During the period, the Group obtained a loan from a local bank amounting to AED 211,000 bearing interest at 10% per annum and maturing in 2014. The interest and principal are payable on a monthly basis and the loan is under the corporate guarantee of Depa United Group P.J.S.C. At 30 September 2012, the outstanding balance is AED 134,512.
- During the period, the Group obtained a loan facility amounting to AED 60,000,000 from a local bank for working capital purposes. The loan bears an interest of 3 months EIBOR or 5%, whichever is higher. The loan is repayable in 12 equal quarterly installments. At 30 September 2012, the outstanding balance is AED 60,000,000.
- During the period, the Group obtained a loan facility amounting to AED 60,000,000 from a local bank for working capital purposes. The loan bears an interest of 5% and is repayable in 36 equal monthly installments. At 30 September 2012, the outstanding balance is AED 58,333,333.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

14 Bank borrowings (continued)

Bank overdrafts

This represents overdrafts on the Group's banking accounts. The interest rate on the overdrafts varies between EIBOR plus 2% to 4%, bank base rate plus or minus 1 % to 3%. The balances change daily depending on cash flows.

Trust receipts

Trust receipts are one of the financing facilities used by the Group for imports. The buyer promises to hold the goods received in the name of the bank arranging the financing, although the bank retains title to the goods until the debt is settled. These facilities are obtained from local banks and the payment terms vary between 30 to 120 days and are subject to interest rates ranging from 4% to 8%.

15 Trade payables and other current liabilities

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Trade payables	215,567,373	236,375,078
Advances received	450,698,823	317,586,375
Accrued expenses	159,657,873	161,433,375
Subcontractors' retentions	36,551,532	46,006,183
Due to related parties (note 16)	36,493,991	11,048,882
Amount due to customers on construction contracts (note 12)	28,869,814	16,782,436
Income tax payable	12,055,456	15,225,698
Dividends payable (note 16)	-	50,000,000
Finance lease	-	87,625
Derivative liability	-	1,084,125
Other payables	110,765,188	103,477,046
	<hr/>	<hr/>
	1,050,660,050	959,106,823
	<hr/>	<hr/>

Other payables mainly include employees related payables of AED 34,630,053 (2011: AED 44,110,186), PDC payable of AED 10,741,264 (2011: AED 3,414,209) other taxes of AED 9,578,430 (2011: AED 10,810,119).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

16 Related parties

Related parties include the Shareholders and entities in which they have the ability to control and exercise a significant influence in financial and operating decisions. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

	3 months ended 30 September 2012 (unaudited) AED	9 months ended 30 September 2012 (unaudited) AED
Purchase of goods	29,763,142	43,165,009
Key management remuneration	9,175,952	33,963,162

During the period, it was resolved to cancel the AED 50 million out of the total dividends declared in prior periods. Accordingly, the dividends payable was reversed against retained earnings.

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Amounts due from related parties		
Shown under current assets (note 10)		
Al Tawasoul Property Development L.L.C.	449,859	147,100
Polypod Middle East	441,820	451,767
CCC-Depa Abu Dhabi Joint Venture	325,315	-
Paragon Creative Limited	236,914	136,970
Decolight Trading L.L.C.	157,066	64,707
Royal Thai Carpet	12,966	-
Mivan Ireland Limited	-	387,304
Jordan Wood Industries PLC	-	110,181
Arabtech Construction Company L.L.C.	-	4,056
Others	1,519,323	2,459,539
	3,143,263	3,761,624

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

16 Related parties (continued)

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Amounts due to related parties Shown under current liabilities (note 15)		
Linder AG	33,235,089	8,978,008
Jordan Wood Industries PLC	1,332,258	-
Mivan Ireland Limited	365,022	-
Al Mazrui Holding L.L.C.	2,875	2,875
Others	1,558,747	2,067,999
	<u>36,493,991</u>	<u>11,048,882</u>
Shown under non-current liabilities		
Due to a shareholder	<u>448,609</u>	<u>736,475</u>

17 Contingencies and commitments

	30 September 2012 (unaudited) AED	31 December 2011 (audited) AED
Letters of credit	<u>35,573,493</u>	<u>186,088,170</u>
Letters of guarantee	<u>754,719,595</u>	<u>1,064,809,107</u>
Security cheques issued	<u>11,000,000</u>	<u>37,100,000</u>

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

The security cheques were issued in lieu of performance bond for a project.

The Group has a commitment to invest AED 18,528,048 in Al Futtaim Fund (note 8).

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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

18 Segment information

Business segment information

The Group operates in three business segments: contracting, procurement and manufacturing. The following table shows the Group's primary segment analysis:

	30 September 2012 (unaudited)				Total AED
	Contracting AED	Procurement AED	Manufacturing AED	Unallocated AED	
External revenue	644,355,019	22,404,705	578,033,514	-	1,244,793,238
Contract (loss)/profit	(28,192,183)	10,829,013	95,108,448	-	77,745,278
(Loss)/profit for the period	(174,450,442)	1,768,331	36,354,910	(36,740,653)	(173,067,854)
Total assets	1,444,816,919	42,705,652	820,523,659	745,325,621	3,053,371,851
Total liabilities	992,078,226	23,012,532	372,321,564	40,255,123	1,427,667,445
Equity	255,535,099	21,714,458	494,087,715	854,367,134	1,625,704,406
Capital expenditure	6,129,224	90,519	26,151,185	443,530	32,814,458
Depreciation	11,172,238	500,671	16,361,144	1,391,709	29,425,762
Amortisation	-	631,735	-	22,047,247	22,678,982

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2012 (continued)**

18 Segment information (continued)

Geographical segment information

The Group operates in four main geographical segments, namely, Dubai, Abu Dhabi, Asia and Europe. The following table shows the Group's geographical segment analysis:

	30 September 2012 (unaudited)					Total AED
	Dubai AED	Abu Dhabi AED	Asia AED	Europe AED	Unallocated AED	
External revenue	396,054,964	230,427,788	331,696,568	286,613,918	-	1,244,793,238
Contract (loss)/profit	(7,143,515)	5,788,251	73,859,887	5,240,655	-	77,745,278
(Loss)/profit for the period	(124,117,007)	(11,052,177)	27,676,717	(28,834,734)	(36,740,653)	(173,067,854)
Total assets	942,285,433	463,251,253	531,253,219	371,256,325	745,325,621	3,053,371,851
Total liabilities	698,139,952	284,532,524	174,524,521	230,215,325	40,255,123	1,427,667,445
Equity	167,250,615	139,303,930	340,129,329	124,653,398	854,367,134	1,625,704,406

19 Cash and bank balances

Cash and bank balances at 30 September 2012 include fixed term deposits that have maturity period of more than three months, amounting to AED 35,486,991 (2011: AED 33,799,496) and carries interest rate ranging from 1.52% to 7.10% (2011: 1%).

20 Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of comprehensive income for the nine-month periods ended 30 September 2012 and 2011.

21 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by management and authorised for issue on 8 November 2012.