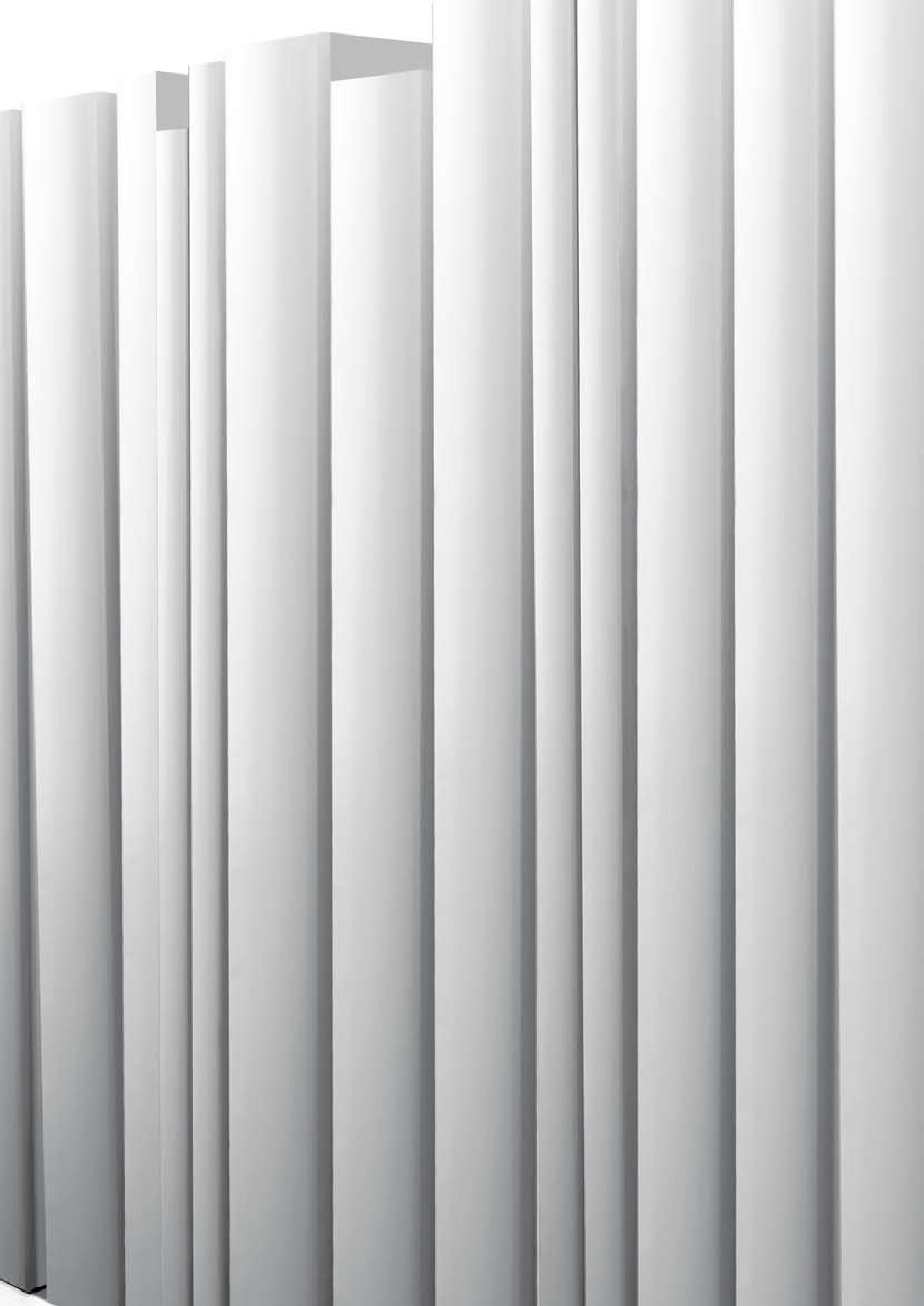
Depa Annual Report 2008



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Depa Ltd specializes in the full scope turnkey fit-out, furnishing and refurbishment of five-star luxury hotels, infrastructure, yachts, apartments and other fine private and public facilities around the world. Depa's superior portfolio of projects illustrates our skills in combining aesthetic and operational requirements to create the harmonious and complete results our clients expect. We proudly set the standards of excellence in interior implementation.

Depa has steadily grown and expanded throughout Europe, Africa, Asia, and the Middle East. Over the years, our Company has managed to build up an association with international suppliers and manufacturers, in addition to our own in-house Depa manufacturing facilities.

Contents

Overview

Depa is one of the world's leading interior contractors, providing luxury interior fit-out and furniture to hotels, infrastructure projects, hospitals, residential developments and retail units across the world.

The twenty-six operating divisions across sixteen countries are focused on providing interior solutions, generating cash, delivering industry-leading margins, and growing in a sustainable manner. Combined, and diversified across industry segments and geographical markets, they total eight thousand employees who create a strong and well-balanced business.

The Company has the financial and operational strength to exploit changing market dynamics and will continue to grow organically, by investment in growing market niches, and by acquisition.

2008 Accomplishments

(since inception)

- Revenue Growth: **38.9%**
- Net Profit Growth: **21.2%**
- Number of Hotels and Major Buildings Completed: **45**
- Number of Projects Completed: **201**

chairman's statement

Abdullah Al Mazrui

On behalf of the Board of Depa Limited, I am pleased to present our Company's financial results for the period from inception, Feb 25th, 2008, until December 31st 2008.

Whereas Depa was initially established in 1996 and has grown to be one of the world's largest interior contractors since then, the holding company, which was floated on the NASDAQ Dubai on April 23rd 2008, was established for the purpose of the Initial Public Offering in April 2008, and this is reflected in the financials discussed in this annual report.

Depa has experienced significant growth for the last few years, and 2008 was no exception. Our growth this year was quite momentous, both in our home country of the UAE, as well as internationally across the many geographies in which we operate – from Morocco to Singapore.

Our Company entered a few additional market niches and geographies this year, diversifying our revenue mix even further and reducing our dependence on the UAE market and on the hospitality industry at large. On this note, our entry into South East Asia has proven successful, as has our increased focus on infrastructure within the MENA region.

2008

a year of change

Financial results

As Depa Ltd had an inception date of the date of share swap transaction, the net profit of Depa United Group for the period from 1 January 2008 to 31 March 2008 of AED 5.5 million has been reported directly through the Statements of Changes in Equity rather than the Income Statement. For the purpose of reporting of full Group activity for the full year of 2008 and to facilitate Group performance comparison with similar period in 2007, the financial performance figures in this report are reported as a total of both periods.

We have achieved record revenues of AED 1,972.3 million for the year 2008 as compared with 2007 revenues of AED 1,419.8 million. This was driven by significant growth across business units, but with notable contributions from our infrastructure projects. Additionally, we experienced significant growth in UAE revenues, increasing from AED 1,157.4 million in the year 2007 compared to AED 1,487.7 in the year 2008, and Qatar revenues increasing from AED 32.5 million in the year 2007 compared to AED 106.7 million in the year 2008, in addition to Morocco revenues increasing from AED 55.4 million in the year 2007 compared to AED 106.4 in the year 2008. Our profits after Minority

The group's revenue, profitability and operating margins all showed healthy growth during the year and cash management continued to be very positive."

Atlantis Hotel the Palm, Dubai - Completion 2008

Interest also grew significantly, resulting in AED 194.5 million for the year 2008, as compared with AED 160.5 million for the year of 2007.

Dividends

Given our Company's strong financial performance, the Board has recommended an exceptional dividend of AED 0.11 per share. This is to be distributed after the AGM approval and is not indicative of future dividends that our Company will distribute.

Outlook

The Board continues to believe that the Group is well positioned to exploit further market opportunities – across geographies and market niches. Management continues to review all opportunities to deliver industry-leading margins and sustained growth, even in the difficult times ahead.

Prospects for the current financial year are in line with our expectations, and we will continue to invest in our businesses and grow our Company in 2009. We will also continue to review possible acquisitions and investments which meet our stringent criteria and fit well with our existing businesses, offering us further growth opportunities and synergies.

Our ability to succeed in this new environment is the outcome of a strategy that encompasses vision and enhanced quality and client satisfaction. We have continued to build our brand and business in new geographic areas, expand our services to new market niches, and improve our Company to ensure that it is one of the best places to work.

On a final note, we thank our employees for their dedication and hard work, without whom this growth and success would not have been possible.

Your Board believes that we are in a unique position to develop and grow our business, despite the challenges that may lie ahead.

16

Depa is operating in 16 countries around the world, fitting out and furnishing some of the most prestigious interiors around the globe.

Increasingly, we find ourselves involved in a rising number of infrastructure projects, as well as museums and hospitals. Our operations, although historically focused on hotels, have become diverse across a range of market niches.

ceo's review

Mohannad Sweid

When Depa was founded, thirteen years ago, our vision was to become the leading interior contractor in the world. We, as a founding team, recognized that the interior fit-out and furniture field was extremely fragmented, and as such, we set out to create a leading interiors company that would be recognized globally as the dominant player in our field.

One of the key achievements of 2008 was that Depa became one of the largest interior fit-out companies across the globe – in terms of revenues, profits, number of projects completed, market capitalization, and number of employees. We have assumed a leading position while maintaining our quality, values, and commitment to clients and this gives us great pride. However, being a market leader also means that we now have to stay ahead of the competition, and that we are now the trend-setters and must compete on a new level; and completing 110 projects in 8 countries in 2008 alone has been a tremendous start to this effort.

Delivering on Our Strategy

We have always been an interiors company, focused on luxury fit-out and furniture, and have historically leaned towards hospitality as a core area of expertise. Given that interior fit-out is consistently at the end of our industry's value chain, our focus on interiors delays the potential impact of any global up-swing or down-turn on the Company by at least eighteen months, which is the time that it takes developers to complete planning and construction work up to the point when we become involved. As such, our focus on interiors allows us some time to hedge the impact of the global economic change on our Company and reposition ourselves accordingly. This has led to our significant 2008 growth of 38.9% revenues and 21.2% profits after minority interest and additional one-time contingency allowance, and our strong anticipated growth in 2009 and beyond. However, given that we maintain a high level of risk-management, and due to the current global climate, we have taken an additional AED30 million in contingencies on our 2008 financials included within our project estimated costs to complete, representing an additional 250% above the average contingencies we have historically assumed in 2007. The increase in contingencies will be factored into future projects, ensuring that this is a one-time effect to mitigate project and client related risk for all projects that have already been started.

39%

Increase in revenues

We continue to thrive in our position as market leader, selecting our clients and projects carefully.

Museum of Islamic Arts, Doha - Completion 2008

Nine years ago, we began expanding our Company globally, with the awareness that each local market has a different 'flavor' for interiors, hence the extreme fragmentation of the industry. Accordingly, we set out to be a global, yet local, company. With this in mind, we leverage all of our centralized risk-management, reporting, corporate governance and information systems at an international level, while allowing each subsidiary to run its own operations within this framework. In 2008, we took this strategy further and expanded into two new geographical areas: Jordan and Singapore, where we have already seen success in our operations.

Our market-leading position has allowed us to consistently have an outstanding and international client base.

As the Company has grown, we have maintained our focus on ensuring that we are engaged in the best projects with the highest-quality clients around the world. Currently, we are very pleased with our international client base and have reduced our client concentration risk such that no single client constitutes more than 8% of our current backlog

Delivering quality interiors has always been our core value proposition to clients and part of the strategic foundation of our Company, and as such, we have never competed on price or any other component of project delivery. In 2008, this proved fundamental to maintaining our growth and competitive advantage in the marketplace as other interior contractors began to undercut prices and bids in order to win projects and survive the downturn. In contrast, by maintaining our commitment to quality and our strong client relationships, we continue to win significant work without entering price-wars.

We began a vertical integration strategy several years ago in order to ensure that as an interiors company, we always had a strong base of in-house suppliers in case we needed any manufacturing assistance on any project. Given that 80% of any project value is typically subcontracted outside our Group, the dependence on these in-house business units is minimal. In addition, each of these business units is mandated to generate at least 80% of their revenues from the market at large rather than from Depa-related business. However, when we find ourselves 'in need' on any project should a subcontractor or supplier be unable to meet commitments, we know that help is always available within the Group. Accordingly, we continued our vertical integration strategy in 2008 and welcomed Vedder and Paragon, amongst others, into the Group.

Airport Terminal 3 , Dubai - Completion 2008

Crowne Plaze DFC, Dubai - Completion 2008

Our employees

We have consistently focused on being an employer of choice and have increased training significantly over the last few years, with an emphasis on productivity and efficiency within our Company. In 2008, we saw employee productivity rise by approximately 20% over 2007, illustrating the benefits and rewards of this commitment to the employees and Company simultaneously. We continue to endeavor to provide a learning environment, where people can thrive and excel at their competencies. Our success is determined by our employees, and we thank them for their dedication and continued hard work. This year marked an important accomplishment for our Company as our career website won the UAE Web Award, marking our achievements with respect to employees not only within our Company, but also to those who we hope to bring on board.

We have been successful in securing a backlog that is diversified across both, market niches and geographies.

Our backlog as of December 31st stood at approximately AED 2.7 billion. It is comprised of a healthy mix of projects ranging from hotels to airports to hospitals to metros across various geographies from the GCC to Asia and Europe.

Strategy for 2009 and beyond

While our core strategy remains unchanged, we have refined our focus for the next few years to adjust to the significant recent changes in the global economy. The new emphasis in our strategy, set out below, aims to leverage areas of growth while minimizing exposure to areas we believe may be impacted over the next few years. Given the counter-cyclicality of some of the businesses in which we operate, we believe that the strategy outlined below will further our Company's growth in 2009 and beyond:

Gold Souq DFC, Dubai - Completion 2008

Intercontinental DFC, Dubai - Completion 2008

Infrastructure

The significant growth in infrastructure fit-out in the region, and pursuant to the government commitments in the MENA and South East Asia region, has led us to launch a division in our business, Lindner Depa, which focuses solely on infrastructure and hospital fit-outs. We believe that infrastructure development is largely countercyclical and we see a significant opportunity for growth in this area over the next few years, particularly based on the initial 2008 figures for Lindner Depa, which have exceeded our expectations considerably.

Growth in key geographies

As a geographically diversified group of companies, we see potential slowdown in some markets and continued growth in other areas. Accordingly, and based on the sudden shift in expectations from different markets, we are re-evaluating the areas in which we operate, and consolidating business units to reflect this shift in growth expectations. As such, we believe that we are strongly positioned in the markets that remain poised to grow over the next few years.

Refurbishment

Whereas in the last few years we have minimized the amount of refurbishment work we have undertaken, primarily due to the excessive demand for our services in new-build areas, we have still maintained a presence in the refurbishment market. In particular, we have recently completed the Bustan Rotana refurbishment, which was, twelve years ago, our first new-build interior fit-out project. This is an indication that the refurbishment growth cycle, which is countercyclical to economic cycles, is just beginning.

Streamlining the business

We see the coming times as an opportunity to further streamline our business and experience an added increase in productivity and efficiency. In 2008, we began the implementation of an Enterprise Resource Planning system, and we expect to complete this implementation in mid-2010. This will allow us increased economies of scale, improved control in differing geographical territories, and enhanced risk-management procedures.

Due to the substantial growth that we have seen over the last few years, and the strong position in which we are entering 2009, we will continue to generate significant earnings from our key markets. We also expect sizeable growth generated from new market areas, geographies, and the streamlining of our business, placing us in an even stronger position in 2010.

Dubai Festival City - Completion 2008

This fast-track, multi-component project consisted of two hotels, a conference center, a shopping mall and short-stay apartments, all to be completed in a short space of time, and with an ultra-modern design that required a high level of attention to detail."

Nadim Akhrass
Managing Director
Depa Dubai

Louis Vuitton-Trade Centre - Completion 2008

This Louis Vuitton project in Bahrain used hundreds of materials and finishes, all sourced, manufactured, and installed in a space of 390 square meters in under four months"

Hugh Bigley
General Manager
Deco

Sofitel Al Khobar Hotel - Completion 2008

Our first project to be completed in Saudi Arabia, the Sofitel Al Khobar FF&E was delivered at the highest quality level, setting new standards for the Saudi market."

Amer Rihawi
General Manager
Depa Saudi Arabia

The Museum of Islamic Art in Qatar is the first of its kind in the region. The architecture was designed by I.M. Pei and the interior execution was completed by Mivan Depa in early 2008.

financial highlights

We have seen Depa grow significantly in 2008 in terms of revenues and profits. In particular, when comparing 2007 figures with those in full year 2008, our Company grew most significantly in the following areas:

Abu Dhabi: In 2008, we experienced significant growth of over 300% in Abu Dhabi when comparing with 2007 earnings. Looking forward, we expect similar growth over the next year for this area. Our 2008 project wins were signed with 3 international contractors directly.

Infrastructure: Our growth in the infrastructure market niche is exhibited by our recent work on the Dubai Metro, Dubai International Airport, medical centers in the region, and work with the ministries in Saudi Arabia. We expect a similar increase in 2009 as compared with 2008 in this market niche as we experienced in 2008 compared with 2007.

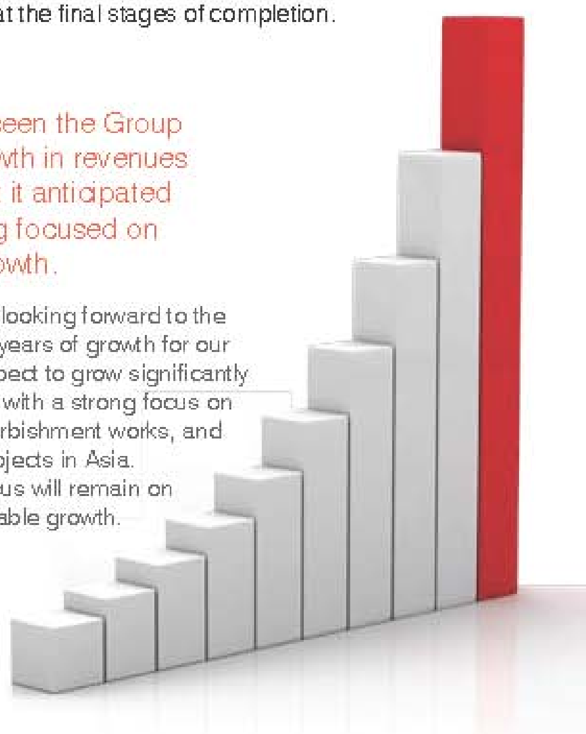
Additionally, we have seen Depa Interiors LLC - Dubai enter maturity as a business unit, and expect growth to be minimal for this subsidiary, although Dubai as a geographic area will continue to grow, particularly through the subsidiaries that focus on infrastructure and development.

Our working capital position is AED 1,085.1 million (calculated as Current Assets net of Current Liabilities) as of Dec. 31st 2008, compared with AED 129.3 million as of December 31st 2007. This increase is mainly due to a high cash holding position which is a result of receiving proceeds of the Company's IPO earlier this year. Furthermore, our trade receivables have increased by 11.6% due to an increment in contract revenues. However, given that we subcontract approximately 80% of a project's value, and that our subcontractor contracts are drafted as back-to-back payments, our working capital excluding IPO cash proceeds has remained largely unaffected.

We have seen client payments continue to arrive in a reasonably timely manner, despite some regional liquidity concerns. Given that we are at the end of the value chain, clients are inclined to settle payments with us so that we may complete their projects, which are often revenue-generating for them and are at the final stages of completion.

This year has seen the Group deliver the growth in revenues and profits that it anticipated while remaining focused on sustainable growth.

We find ourselves looking forward to the next few years as years of growth for our Company. We expect to grow significantly in 2009 and 2010, with a strong focus on infrastructure, refurbishment works, and new hospitality projects in Asia.
As always, our focus will remain on continued sustainable growth.



Our balance sheet is the strongest it has been in the Company's history, holding a significant net cash position while astutely leveraging debt.

Commercial Bank, Doha - Completion 2008

Hence, they would have already incurred the most significant costs related to the project and would have little remaining costs until the project becomes revenue generating. As such, they want the project, and our work specifically, completed sooner rather than later. It is important to note that our clients include international contractors, regional developers and governments.

Given the current global climate, the Board of Directors has decided to increase the level of cautiousness and risk management around existing projects and clients' payments with respect to contingencies. Accordingly, the Board has decided to increase the allocation of contingencies for such events by AED 30 million for projects that are ongoing and are to be completed in 2009 on a revenue accounting basis of percentage of completion. This is an increase of 250% over and above the conservative average usually estimated for such provisions and contingencies, and accordingly, has reduced the net profits from approximately AED 224.5 million to AED 194.5 million, resulting in recognized growth of 21.2% for net profits for the full fiscal year 2008.

Finally, due to our IPO in early 2008, we remain cash-positive, with AED 395.4 million in total bank debt and AED 738.7 million in cash, resulting in AED 343.3 million net cash. This puts us in a strong negotiating position with clients, subcontractors, and banks. Accordingly, we have most recently renewed and increased our banking facilities from Mashreq Bank to reach AED 1 billion for funding existing, as well as future, unsigned projects. This indicates the level of confidence that the banking sector has in Depa, and illustrates the strength of our balance sheet, while easing any pressure on our working capital needs and bonding requirements during this global economic shift.

We have witnessed differing levels of growth amongst the many market segments and divisions in which we operate. Most notably, we have seen infrastructure-related projects come through the pipeline, growing the size of this market segment, and resulting in an increase in our portion of revenues generated from infrastructure, reflected by the growth of Lindner Depa and our activities at the Dubai Metro project.

Amongst the different divisions within the Group, we have seen growth in our manufacturing divisions. Whereas Deco, El Diar, Pino Meroni and our newly acquired subsidiary, Vedder, are identified as manufacturing divisions for reporting purposes, they are, in fact, fit-out divisions for hospitality, shops and yachts respectively, with significant manufacturing capacity, and are therefore reported as manufacturing divisions. Deco's revenues grew 48.3% in 2008 over 2007, and the division entered two new markets, Bahrain and India, in 2008. We foresee further expansion of the manufacturing-based businesses within their fit-out domains in the near future.

year in review

"We have consistently considered client concentration risk as a factor to manage, and our client diversification is currently such that no single client constitutes more than 8% of our backlog.

Intercontinental DFC, Dubai - Completion 2008

We began 2008 as a private company and, following a successful Initial Public Offering, became a public company, listed on the NASDAQ Dubai, with a secondary listing of GDRs on the London Stock Exchange, on April 23rd 2008. Accordingly, all financial figures are reflective of inception of the public company until December 31st 2008 only; and our accounts are published using IFRS reporting. For comparison reasons, we have included the operational results of the period from January 1st 2008 until inception to enable an accurate comparison of the Fiscal Year 2008 with the Fiscal Year 2007.

Operations

Our operations in 2008 have performed as expected, achieving 38.9% growth in revenues and 39.9% growth in profits after minority interest prior to adjusting for contingencies, which were a result of unforeseen global crisis and our increased risk management procedures. As projected, we have seen a net margin (after minority interest and prior to adjusting for contingencies) increase of 10 basis points as a result of internal investments in company infrastructure, policies and procedures, streamlining the business, as well as synergies from previous acquisitions.

Furthermore, we have taken the opportunity provided by the shift in the global economic climate to operationally streamline our business further, using our annual performance reviews to determine staffing and training needs and requirements. We continue to invest internally in technology and information systems that optimize decision-making, reduce analysis time-frames, and allow for data flow from sites to management.

We subcontract almost 60% of the value and workforce on a typical project, and our contracts with subcontractors are project-based, and therefore terminated upon project completion. As a result, we have a very flexible workforce and manufacturing base. An economic slow-down would therefore result in our subcontracting out a lower proportion of our work, and completing a higher proportion using our in-house resources. This ensures that

Ksar Menara, Marrakech - Completion 2006

Four Seasons San Stefano, Alexandria - Completion 2006

our capacity usage and productivity remain high and that we are in a strong position regardless of market changes.

These measures are all part of our intensive risk-management activities, in which we have invested extensively over time, and continue to invest. Within Depa, Risk Management is divided into the following five categories, each of which is lead by a Managing Directors:

Finance: Focus is on reducing financial risk by diversifying risk away from interest rate exposure and currency exposure (and recently, bank exposure), and utilizing the Company's combined resources, cash, and debt to negotiate effectively and achieve the best possible rates for the Group as a whole (rather than each subsidiary taking out loans/depositing cash separately and locally).

Measures include gearing ratio; working capital changes; A/P and A/R days changes.

Strategy: Focus is on reducing strategic and concentration risk by diversifying away from Dubai, selecting new markets, and ensuring low client concentration/project concentration risk. Also focused on identifying potential 'weak links' in the Company and leveraging resources to strengthen those links either through capex or recommendation for acquisitions.

Measures include percentage of backlog derived from single clients/projects; number of new geographical markets established per year, potential market niches identified.

Investments: Focus is on reducing concentration and operational risk by vertically integrating and horizontally diversifying the business within the interiors field through acquisitions, investments and establishment of new joint ventures.

Measures include number of acquisitions/ investments made that reduce operational risk; number of new market niches entered; number of new geographies entered.

Commercial: Focus is on reducing contractual and payment risk by ensuring all contracts that the Company signs are commercially strong and hold up should any negative events occur, and that the Company is protected fully with respect to all variation orders, claims, extensions of time.

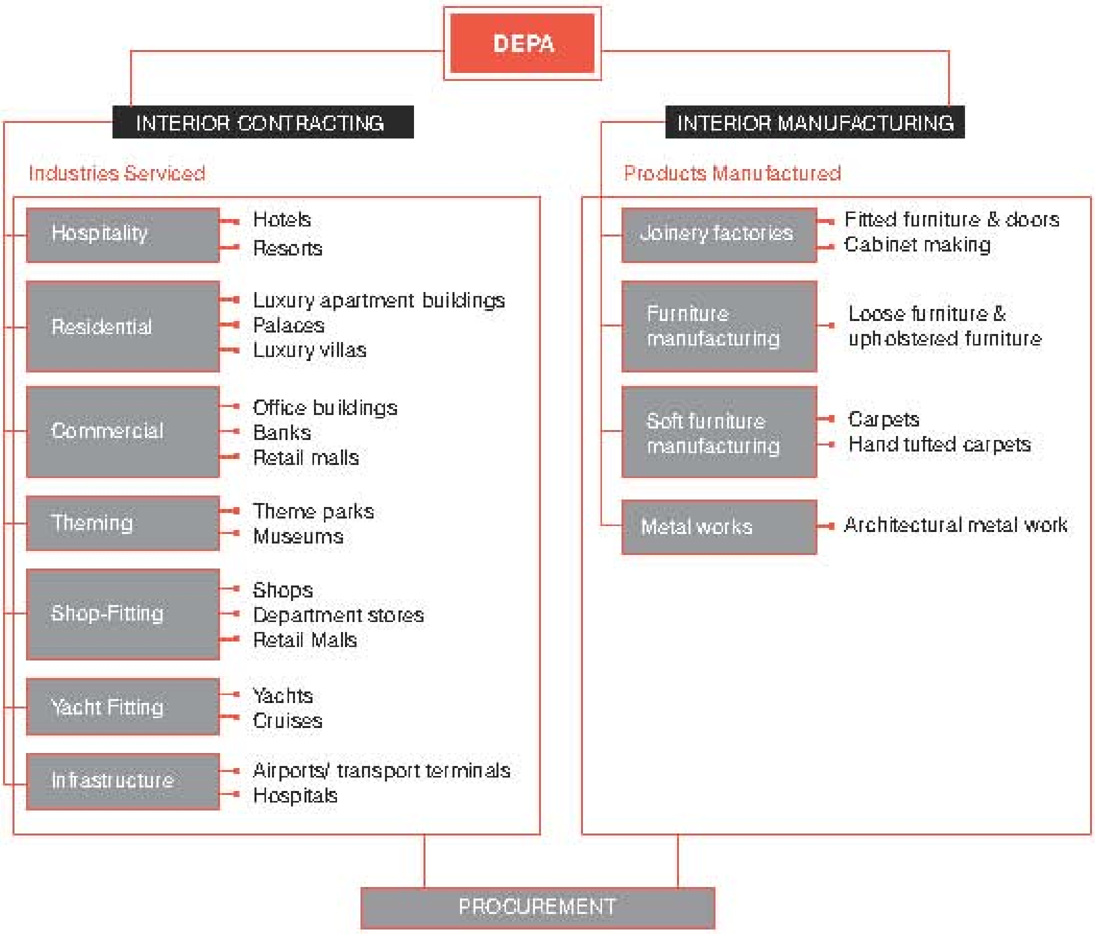
Measures include value of all claims put forth to client vs. value received from clients.

Quality Assurance and Control: Focus is on reducing brand, operational and quality risk by ensuring that the quality of the Company's final product, deliverables, and ongoing operations (such as Health and Safety) are continuously of the highest standards, and that the Company employs best practices in all these areas.

Measures include client satisfaction, internal quality auditing reports, internal health and safety auditing reports.

Four Season, Mumbai - Completion 2006

Airport Dutyfree, Dubai - Completion 2008



Al Futtaim Watches, Dubai - Completion 2008

The Monarch Hotel, Dubai - Completion 2008

Counter-Cyclical Business

Infrastructure: Our strategy of remaining focused on interior contracting, while expanding our reach geographically and across market niches has continued to guide us this year, and is the foundation of our expected growth for the coming few years. In particular, we have advanced our efforts into the interior fit-out of infrastructure projects and hospitals, and have won significant contracts in these areas, such as the Dubai Metro, regional airports, and large medical centers. Our newly-formed joint venture, Lindner Depa, has focused on this new market niche and is well positioned to grow in the next few years. Infrastructure is a counter-cyclical industry, and we foresee growth in the number of hospitals and the development of infrastructure for several years to come. The reasons contributing to the counter-cyclicality of this industry are that it is cheaper to build in downturns since construction costs dip and labor is cheaper, governments use infrastructure as a way to drive the economy and reduce unemployment levels when private-sector economic growth is low, and after an economic boom, governments are typically richer, and therefore have spending power, which they inject into the economy using several methods, one of which is infrastructure development. We have seen examples of this historically in the 1930's in the USA with the New Deal, as well as in the 1950's, and the 1970's. Most recently, we have heard the leaders of the United States, India and South Africa commit to infrastructure spending, specifically as a form of counter-cyclical fiscal policy, in order to combat the current global economic environment.

In 2008, Depa completed AED 176m in infrastructure contracts in 2008 compared to AED 60 million in the previous year, including the complete fit out of 13 Dubai Metro stations as well as some airports. The Company expects the 2009 growth in infrastructure works to be as significant as prior year's growth.

Refurbishment: Another counter-cyclical market niche in which we are active is hotel renovation and refurbishment. This is a counter-cyclical business since hotels typically renovate when occupancy rates and chargeable rates per room are low. These economics are seen in times of slow-down rather than booms. The funding for the renovation works is available in these times since the property owner continuously reserves between 2 and 4% of the hotel's revenues for these works. As such, when an economic slow-down appears, the funds are available to renovate, and it is possible to close a few floors at a time for these works.

Refurbishment work in the region has picked up over the last 12 months, and we are likely to see some of the key hotels, where we did the original fit-out and furnishing, 8-10 years ago, starting refurbishment studies. In particular, we recently completed the refurbishment of the Bustan Rotana (which we originally fit-out as a new-build project in 1998). Currently, we are expecting to see some landmark properties that we completed the original works on ten years ago begin the refurbishment process.

La Cigale, Doha - Completion 2008

La Cigale, Doha- Completion 2008

As market practice, hotels refurbish every 7, 14 and 21 years, with the timelines indicating different types of refurbishment. At 7 years, there is a "soft refurbishment", which includes all furniture, carpets, curtains etc. This is about 40% of the value of the initial new-build project for the interiors. At 14 years, there is a more 'solid' refurbishment including changing the bathrooms, corridors, doors, paneling, public areas, marble and flooring, and restaurants. This constitutes about 120% of the initial contract. At 21 years, the work is similar to that at 14 years, but also includes MEP works and is about 140% of the initial contract.

Many of the hotels in the region are now combining the 7 year and part of the 14 year refurbishments and conducting this work at the 10 year mark, given the high regional occupancy rates at the 7-year mark that encouraged them to delay refurbishment. This results in contracts that are approximately 80 - 100% of the initial fit-out contract value.

Since January 1st 2009, Depa has signed refurbishment contracts to the value of AED200 million, indicating a significant rise in the volume and size of the refurbishment market.

Backlog and Letters of Understanding

We are, within the construction industry, a company that lies at the end of the development chain. As such, we typically experience a two-year lag to main contractors in both up-swings and down-turns. We use this time in an up-swing to staff up and identify un-tapped opportunities, and in a down-turn to re-assess our strategy and hedge against declining areas. Given that we are at the end of the development chain, we have yet to experience any impact on our growth, and will likely continue to grow for the next few years. Meanwhile, our efforts will be directed towards capturing growth opportunities after this time-frame, with a focus on counter-cyclical industries such as refurbishment and infrastructure.

This shift in focus is illustrated in our current backlog, an indicator of future revenues, where infrastructure has grown significantly over the last year. Our backlog is defined as contracts that we have already started work on – thereby indicating that we are on site and the project is near completion. Given this conservative definition and the very advanced scope of work in which we operate, there is minimal chance of cancellation of any backlog projects. Our backlog figure as of December 31st, 2008 stood at AED 2.7 billion, with an average duration of 15 months, reflecting only the time that we expect to remain on site for projects that we are currently working on, and the remaining value for these projects.

Our Letters of Understanding (LOUs) are reflective of contracts where the building construction work has begun, and the interior design is still being developed. As such, these projects are in the construction stage and we are not present on site. Current LOUs reflect projects which we expect to be working on in 2010 and beyond.

Shangri-La Hotel, Abu Dhabi - Completion 2006

Shangri-La Hotel, Abu Dhabi - Completion 2006

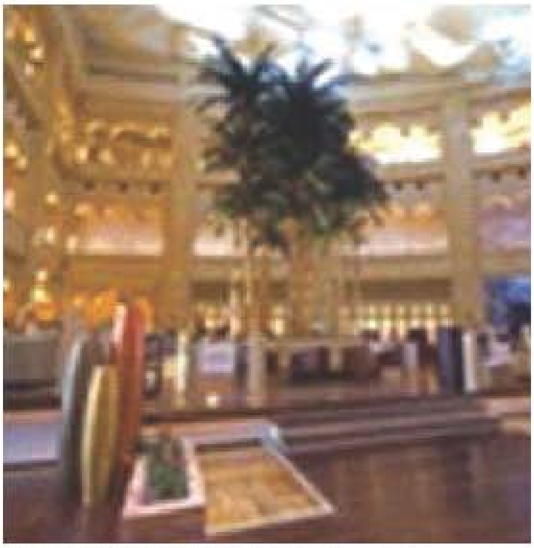
In order to mitigate against the risk of project cancellation and delays, we have, for several years, assessed client concentration and client payment risk. We have only undertaken projects with low-risk clients who agree to payment terms that we find fair or favorable. Additionally, we have diversified our client base such that no single client accounted for more than 8% of our backlog as of December 31st, 2008. Furthermore, our contracts are usually signed with the international main contractor or with the international consortium running the project. Our market leading position also allows us to be selective regarding the projects we undertake and focus on the most prestigious ones that are least likely to be canceled and that allow us to generate high returns.

Cost and Pricing

The impact of the global economic climate change has little effect on project-related costs incurred by us. The main reason for this is that we do not work with commodities such as cement and steel, but rather, we use six main components to complete interior works: gypsum, marble, wood, lighting, textiles and FF&E (furniture, fixtures and equipment). Over the last few years, the cost of these components has not risen significantly, and consequently, we do not expect a significant decline. Additionally, we sign projects shortly prior to site-mobilization dates, since interior works are often subjective and we prefer to finalize details prior to assigning project values. This means that any cost pressure is usually passed onto the client.

We have not seen any pricing pressure in the last year, and remain a market leader that competes on quality and timing, rather than price. In addition, we do not expect to see any pricing pressure next year given that our revenues will be generated from current backlog, and are unlikely to see much pricing pressure the year after since we will be focusing on refurbishment work and infrastructure projects.

However, an interesting market development we have recently seen, as the global climate has changed, has been an increased request by clients for our value-engineering capabilities to be utilized in order to reduce the total cost of their project. Value-engineering, one of our core competencies, refers to the adjustment of design and/or materials so that the total cost of implementing the design is reduced. This function is often performed by the contractor in conjunction with the interior designer, so that the overall effect and ambience of the interior works remains intact. Given our strong client relationships, we have often been approached to value-engineer projects that we are involved in; however, the frequency of the requests has risen since late 2008. The impact this has on our current project value is minimal since it is quite difficult to reduce the cost of a project that has already begun. However, as we sign projects going forward, clients are demanding that we use this key competency to assist them in reducing their total costs.



The Monarch Hotel, Dubai - Completion 2008

Four Seasons San Stefano, Alexandria - Completion 2008

Investments, Acquisitions and Joint Ventures

We have been historically very active in acquiring carefully-selected companies that have similar or related businesses in new markets and/or allow us to vertically integrate our operations. Each new acquisition, following our carefully planned integration program, has typically unlocked extremely favorable synergies and produced strong post-acquisition growth by leveraging the Group's industry expertise and extensive client network. Given our favorable cash surplus situation and the depressed global stock markets, we foresee the potential for additional acquisition opportunities at very favorable valuation levels, which would allow us to further consolidate the industry and cement our market leading position.

During 2008, we initiated 7 new transactions worth approximately AED 125 million. These include:

Design Studio

(7.0% acquisition for total shareholding of 20.8%)

Design Studio is Singapore's premier furniture manufacturer, product and interior fit-out specialist with over 16 years of experience. The company has three complementary and versatile core businesses across a wide spectrum of residential and commercial developments in all major continents around the world. The core businesses include the supply and installation of manufactured products to private residential developments, interior fit-out services to hospitality and commercial projects, the distribution of renowned imported brand names and export of two premium in-house brands to overseas market. Increasing its shareholding in Design Studio enables Depa to significantly strengthen its manufacturing capabilities and to vitalize its expansion plans throughout the South East Asian market.

Vedder

(100% acquisition)

Founded over 100 years ago in North West Germany, Vedder builds customized interiors of large luxury yachts for an exclusive international client-base. Its core business is the interior fit-out of yachts for high net worth clients worldwide and has attained a leading market position by focusing on expert craftsmanship, innovation, consistency and quality. Additionally, Vedder designs individual, handcrafted unique pieces of exclusive furniture and also supplies carpets, lamps and fabrics for yacht interiors.

This acquisition further strengthens Depa's growing presence in the yacht fit-out market where its subsidiary Pino Meroni, recently secured its largest per volume and value contract to date with the fit-out of 740m² of a 141m luxury motor yacht currently under construction in Abu Dhabi. This acquisition will unlock significant synergies for the Depa group by leveraging Vedder's German project

Four Season, Mumbai - Completion 2006

Four Seasons San Stefano, Alexandria - Completion 2006

management expertise and European market positioning and Pino Meroni's competitive cutting-edge manufacturing facilities. This acquisition has enabled Depa to become one of the largest and leading yacht interior specialists in the world.

Jordan Wood Industries Co (JWICO)

(18.2% acquisition for total shareholding of 36.4%)

JWICO is the leading wood retailing and manufacturing specialist in Jordan with over 30 years of experience. JWICO provides wood-based solutions including kitchen cabinetry, bedrooms, office furniture, sliding wardrobes, and a wide range of doors for homes, offices, and industries. The company has the largest market share in the hotel furniture manufacturing market in Jordan and has built long-standing client relationships by providing high end services, on time and budget. Recently, the company has been aggressively growing its presence in Saudi Arabia, a large and promising new market, by leveraging its partnership with Depa. This acquisition demonstrates Depa's vertical integration strategy to strengthen its core manufacturing capabilities, in new markets such as Jordan.

Al Futtaim Capital

(Fund investment/partnership)

Al-Futtaim Capital, the investment and business development arm of the prestigious Al-Futtaim Group, has launched a USD 500 million real estate development fund which focuses on key cities within the MENA region such as Abu Dhabi, Casablanca, Algiers and Cairo. The fund, which has been fully subscribed, will seek to leverage Al-Futtaim's experience in developing the highly successful Dubai Festival City development and to replicate this unique mixed-use concept throughout the region. As existing long-term partners, Al-Futtaim and Depa have agreed to also collaborate on this fund, where on the one hand Al-Futtaim will ensure its key projects' interiors will be completed with exceptional quality, on time, and on budget by securing Depa as the interior contractor, and on the other hand Depa will be securing an additional and predictable future source of business that it can logistically plan ahead for. Furthermore, this partnership will open new doors for Depa, as it will provide an excellent opportunity to expand to new markets safely with projects in hand and working with a trusted client. Depa has committed a total investment of AED 36.7m in the fund, of which AED 7.4m was called in 2006.

Depa Design Studio (DDS)

(55% joint venture)

DDS is a new joint venture in which Depa holds 55% and Design Studio 45%. DDS Singapore is a specialist company and a significant player offering a comprehensive fit-out suite, including turnkey and retro-fitting services, to new and existing hospitality and commercial projects.

Chatrium Hotel, Bangkok - Completion 2008

Golden Tulip Farah, Casablanca - Completion 2008

In line with the company's horizontal expansion strategy, DDS aims to capture large-scale interior fit-out deals in South Asia. With Design Studio's niche position in the region and Depa's excellent track record and expertise, the joint venture will unlock significant synergies and opportunities in a new market for Depa.

Our joint venture with Design Studio has already proven successful in enabling us to win large contracts in Southeast Asia. This was demonstrated by the JV's first contract win since formation in July for the prestigious Marina Bay Sands Hotel for a contract value of AED 186.5 million. The Marina Bay Sands will combine world-class convention and exhibition facilities, a luxury hotel, an iconic art and science museum, Las Vegas-style gaming, state of the art theaters and a spread of shopping and dining outlets in one unique destination.

Recently, the venture has also won an AED 118 million contract for the fit-out works of an entertainment venue at Resorts World 'RWS', an integrated holiday resort on the popular island of Sentosa, Singapore. The project is expected to be one of the world's most exciting family destinations. RWS will be a collection of resorts with a wide range of attractions for families. Spanning 49 hectares, this AED 15 billion mega-resort will be home to Southeast Asia's first and only Universal Studios theme park, the world's largest oceanarium and the region's first integrated destination spa.

Depa Jordan

(70% joint venture)

Depa Jordan is a new joint venture in which Depa holds 70% and JWICO 30%. As an interior specialist company offering turnkey solutions, the company will target exciting new hospitality and commercial developments in Amman, Aqaba, and the Dead Sea. Similarly to DDS, Depa Jordan is also an initiative in line with the Group's horizontal expansion strategy. By combining JWICO's manufacturing knowledge and Jordanian market presence with Depa's interior contracting expertise, the joint venture should capture significant opportunities in this rapidly growing market.

Paragon Creative Middle East

(51% joint venture)

Paragon Creative has over 25 years experience in interior decorative elements, high-end scenic work, sculpture work, and architectural model making. Paragon's MENA portfolio includes Ski Dubai, Khalifa Park Maritime Museum, Dubai Mall, The Arabian Horse Museum, Atlantis and the Camel Museum. They have won many awards namely 'The Best Themed Museum', 'The Best Project on a Limited Budget', and 'Visitor Attraction of the Year'. As part of Depa's vertical integration program, this new joint venture will be primarily supporting Mivan Depa's upcoming large theming projects.

Sharing-La Hotel – Completion 2008

The Shangri-La Abu Dhabi marked the beginning of the Abu Dhabi boom and was the spark in this new era. The project required the highest quality levels and supervision to ensure that the delivery date would be met."

Walid Zakaria
Managing Director
Depa Abu Dhabi

Ksar Menara Marrakech – Completion 2008

The Ksar Manara was our first large project to be completed in Morocco, posing all the challenges associated with establishing a new subsidiary and delivering a first project successfully."

Bassil El Khayri
General Manager
Depa Maroc

Al Shmookh 121mtr – Completion 2008

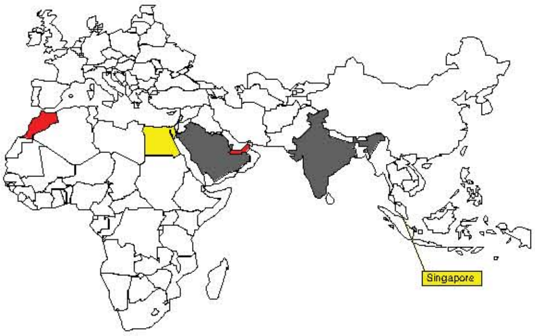
The synergies between manufacturing in Dubai and installation in Germany led to this successful project and satisfied, important client."

Jason John
General Manager
Pino Meroni Yacht Interiors

geographical presence

Our strategy of diversifying outside the United Arab Emirates, and Dubai in particular, is moving forward, and is illustrated by a decreasing proportion of revenues generated from the UAE this year: 75.4% of 2008 revenues vs. 81.5% in 2007. We aim to generate approximately 40% of our revenues outside the UAE by the end of 2010. We have witnessed a decline in revenues from Depa Dubai as a subsidiary that focuses on fit-out and FF&E of hotels and luxury apartment buildings, due to a delay from the original completion date of the Burj Dubai tower; however, this was expected and accounted for in our forecasting, and further emphasizes the need for geographical diversification, which we have been undertaking for many years.

The backlog breakdown illustrated indicates where our December 31, 2008 backlog stood across the globe, and the significance of territories outside Dubai. Given that our backlog constitutes only projects where we are currently on-site, it accurately reflects the geographical distribution of revenues expected in 2009 and 2010, and indicates our revised expectations and forecasts for particular markets, and a shift in our focus towards the Far East.



Estimated Backlog

< AED 100 M   AED 100 - 200 M   > AED 200 M

This past year has also seen Depa continue its geographic diversification strategy and enter two new markets: Jordan and Singapore. Our history of expanding into new countries dates back to 1999, when we first entered the Egyptian market. This was followed by an additional two or three territories each year.

When we identify opportunities in new countries, we often set up a new company or joint venture in the area and start our operations with a single project, using the job as an opportunity to staff our offices, implement our risk-management and operations procedures, and explore the country's standards and working practices. As such, we limit the amount of work a new subsidiary or joint venture may undertake in its first year of operations in order to ensure that other operational factors are addressed. Although this implies that our first year or two of operations in a new country may be non-profit generating, it ensures a solid base for our Company, as well as the ability to profitably capture future growth in new territories.

In accordance with these measures, we are now beginning to explore opportunities in Jordan, as Depa Jordan, and have already signed landmark projects in Singapore, under our new joint venture company DDS (Depa Design Studio), including the Marina Bay Sands and Sentosa Island projects for a total contract value of AED 350 million. The projects signed to-date in Singapore provide sufficient backlog in this area such that 2009 and H1 2010 revenues and projected profits already meet our growth expectations.

Our earlier expansion into other countries, such as Morocco and Saudi Arabia, has also proven successful with the Company securing projects as projected when assessing the markets for growth potential. However, in our venture into the Indian market, we have found that growth is taking longer than expected due to local market dynamics.

objectives

Despite the global economic turmoil, we are in a strong position to capitalize on potential opportunities that this crisis has brought our way.

The recent economic changes, combined with our strong market leading position and balance sheet, have allowed us to capitalize on new and lucrative opportunities that have come our way across market niches and geographies, putting us in an even stronger position to grow further in the next few years.

"Our strong market position, combined with the global economic changes, have opened up new opportunities for us to capitalize on.

Atlantis the Palm, Dubai - Completion 2008

It is our belief that 2009 will be a strong year for our Company and we will witness significant growth similar to that of prior years. Specifically, our high-level objectives for 2009 are divided into three key strategies:

Build on core competencies and leverage synergies

- Streamline business activities, operations and structure, in line with most recent years, in order to achieve margin growth
- Capture further synergies between all business units, particularly those most recently brought into the Group

Develop a multi-path approach to sustainable growth

- Continue acquisitions and investments when strategic opportunities are identified, in line with historic investments
- Continue use of Joint Ventures as a method for growth and expansion
- Expand into new geographic opportunities in approximately two new territories
- Consider opportunities in new market niches

Diversify sales mix

- Focus on revenue and profit growth in Asia
- Explore significant revenue and profit growth in Saudi Arabia and Abu Dhabi
- Grow infrastructure fit-out work as a percentage of total Company activities
- Reduce Dubai hospitality-related fit-out as a percentage of total Company activities, even though we expect to see refurbishment work increasing in Dubai

management structure

The management structure for our Company did not change in 2008, remaining as it was at the time of the Initial Public Offering. The below chart illustrates our Group structure at a high level, and includes all the Group's subsidiaries and Joint Ventures, each of which is run by a General Manager, and overseen by a Managing Director. We currently have eight Managing Directors, distributed between Risk Management functions and Operational areas, and an additional nineteen General Managers, who oversee individual Business Units.

As we continue to expand into new geographical territories and market niches, we may reshuffle or consolidate some of the Business Units under some Managing Directors. Specifically, geographical territories may be redistributed to allow for the change in growth expectations of different areas and to enable the growth of these areas in an advantageous manner.

“Our risk management structure has been imperative to our growth over the last few years, and has allowed the Company to continue to thrive despite the recent economic changes.

Marsa Plaza DFC, Dubai - Completion 2008

The management structure for our Company did not change in 2008, remaining as it was at the time of the Initial Public Offering, and as illustrated below:

Group Structure		Middle East	Africa	India & Subcontinent	Far East	Europe & Russia	America
Lead Interior Contractors	Hotels, apartments, villas, palaces & malls	• Depa Dubai • Depa Abu Dhabi • Depa Qatar • Depa Saudi • Depa Bahrain • Depa Jordan • Dragoni	• Depa Morocco • Depa Egypt • Depa Lybia	• Depa India	• D.O.S • Dragoni	• Depa Italy	
	Shops, offices & Banks	• Deco • Eldiar • Dragoni	• Deco	• Deco			
	Airports, metros & hospitals	• Lindner Depa • Deco	• Lindner Depa • Deco	• Lindner Depa • Deco			
	Theming & museums	• Mivan Depa	• Mivan Depa	• Mivan Depa			
	Yachts & cruiseships	• Vedder • Pino Meroni • Mivan Depa	• Vedder • Pino Meroni • Mivan Depa	• Vedder • Pino Meroni • Mivan Depa	• Vedder • Pino Meroni	• Vedder • Pino Meroni	• Vedder • Pino Meroni
Supporting Divisions	Joinery & Wooden Doors	• Jwico • Depa Joinery • Eldiar • Design Studio	• Pino Meroni • Egypt • Design Studio	• Depa Joinery • Design Studio	• Design Studio	• Design Studio	• Design Studio
	Metal Work & Steel Doors	• Deco • Thrislington	• Deco • Thrislington	• Deco • Thrislington	• Deco	• Deco	
	Furniture	• Jwico • Eldiar • The Parker Company	• The Parker Company			• The Parker Company	• The Parker Company
	Gypsum	• Depa Albarakah					
	Carpets	• Royal Thai Carpet	• Royal Thai Carpet	• Royal Thai Carpet	• Royal Thai Carpet	• Royal Thai Carpet	• Royal Thai Carpet
	Lighting	• Decolight	• Decolight	• Decolight		• Decolight	
	Themed Decorative Elements	• Paragon Creative	• Paragon Creative	• Paragon Creative			

financial summary

21%

profit growth

Group results

As Depa Ltd had an inception date of Feb 26th, 2008, being the date of share swap transaction, the net profit after minority interest of Depa United Group for the period from 1 January 2008 to 31 March 2008 of AED 5.5 million has been reported directly through the Statements of Changes in Equity rather than the Income Statement. For the purpose of reporting of full group activity for year 2008 and in order to facilitate Group performance comparison with the Fiscal Year 2007, the Income Statement of the Fiscal Year 2008 was consolidated as follows:

The working capital of the Group is AED 1,085.1 million.

Four Seasons San Stefano, Alexandria - Completion 2008

Selected Income Statement Data	for the period from 1 January 2008 to 31 March 2008	from inception to 31st December 2008 *AED (million)*	Group Performance 2008
Contract Income	279.6	1,692.7	1,972.3
Contract Cost	(241.1)	(1,342.3)	(1,583.4)
Contract Profit	**38.5**	**350.4**	**388.9**
General and administrative expenses	(35.5)	(164.6)	(200.1)
Other Income /(expense)	2.7	15.6	18.3
Interest (cost)/income, net	(0.8)	9.0	8.2
Share of profit/(loss) from associates	1.4	15.2	16.6
Net profit for the period before tax	**6.3**	**225.6**	**231.9**
Income Tax	-	(7.2)	(7.2)
Net profit for the period	**6.3**	**218.4**	**224.7**
Attributable to:			
Equity holders of parent	5.5	189.0	194.5
Minority Interest	0.8	29.4	30.2

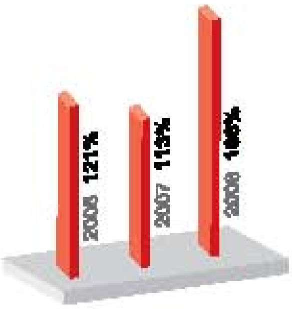

La Cigale, Doha - Completion 2008


Four Seasons San Stefano, Alexandria - Completion 2008

Selected Financial Data and Ratios	Year 2007		Year 2008	
Profit for the year	181.0	12.8%	224.7	11.4%
Income tax	1.7	0.1%	7.2	0.4%
Finance cost	4.3	0.3%	19.8	1.0%
Finance cost recognised in cost of sales	18.5	1.3%	15.2	0.8%
Interest income	(1.8)	-0.1%	(28.0)	-1.4%
EBIT	203.7	14.3%	238.9	12.1%
Depreciation	16.8	1.2%	28.9	1.5%
Amortization	18.3	1.3%	8.2	0.4%
EBITDA	238.8	16.8%	276	14.0%
EBIT				
Adjusted for				
Share or (profit) loss associate	(8.4)	-0.6%	(16.6)	-0.8%
Other income	(30.3)	-2.1%	(18.3)	-0.9%
Adjusted EBIT	165.0	11.6%	204	10.3%
Depreciation	16.8	1.2%	28.9	1.5%
Amortization	18.3	1.3%	8.2	0.4%
Adjusted EBITDA	200.1	14.1%	241.1	12.2%

Marsa Plaza DFC, Dubai - Completion 2008

Crowne Plaza DFC, Dubai - Completion 2008



Liquidity Ratio Current Asset/ Current Liabilities

From January 1st, 2008, to December 31st, 2008, Depa experienced strong revenue and earnings, totaling AED 1,972.3 million revenues and AED 194.5 million in net profit after minority interest and additional contingencies, and AED 224.5 million prior to to additional contingencies. Net profit after minority interest margin was at 9.9% (after adjusting for additional contingencies), 1.4% lower than in 2007, and 11.4% (prior to adjusting for additional contingencies), which is an increase of 10 basis points over 2007. Additionally, contract profit margins reduced by 0.1% to 19.7% mainly due to additional assumed contingencies considered within project costs, totaling AED 30 million. Net debt decreased by AED 672.8 million.

Finance costs (net of investment income) increased by AED 15.5 million in 2008, primarily due to the cost of the additional syndication and long term loans obtained to finance acquisitions and capital expenditure in 2008 prior to receiving IPO cash proceeds.

Our cost of debt at the end of year 2008 remained comparatively low at 4.5%, as compared with 2007 at 5.7%.

We have access to over AED 2.8 Billion in bank facilities as of December 31st, 2008.
Our relationships with banks remain strong, our access to debt remains unchanged, and our cost of debt remains competitive

Contingencies

In line with our high risk management policies, the Company assumed an additional AED30 million in contingencies within its estimated projects' cost to complete, representing an increase of 250% for contingencies when compared with the 2007 level. This is a one-time effect due to current market dynamics and is accounted for by increasing the total assumed cost to complete the projects that are currently under way. Going forward, the

Four Seasons, Mumbai - Completion 2008

Convention Center DFC, Dubai - Completion 2008

Company will be assuming this higher level of contingencies when pricing projects, and as such, this will be factored into each project and will have no effect on the Company's growth. Should these contingencies not be used, the incremental amount will be recognized in 2009 profits.

Dividends

The Board is recommending a final dividend of AED 0.11 per ordinary share. This is covered 2.7 times by earnings and is an exceptional dividend, due to the growth and earnings that we experienced in 2008. This should not be indicative of future dividends.

Balance Sheet

Total Equity after minority interest of the Group increased to AED 1,744.4 million. Total group bank debt stood at AED 395.4 million, resulting in a net cash position as of 31st December 2008 of AED 343.3 million.

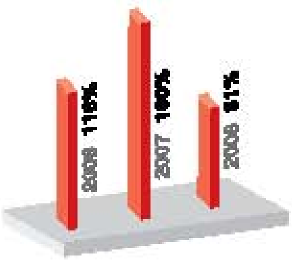
Intangible assets acquired via acquisitions during the period were AED 13.4 million, and the annual amortization charge was AED 8.2 million. Goodwill arising via acquisitions was AED 40.5 million.

Cash Flow and Bank Facilities

The Group's total borrowings at 31st December 2008 were AED 395.4 million compared with AED 396.6 million in 2007. Cash flow from our operating activities was AED 37.3 million. Net cash consideration on the acquisition of subsidiaries and associates was AED 71.8 million.

The Group borrows from 15 banks across the region, and loans are issued on a central Group level, rather than to individual business units. Our average cost of debt on December 31st 2008 was 4.4%.

Our financing needs are project-based, and accordingly, our debt is predominantly taken out for project financing. Most recently, we have renewed and increased our facilities of AED 1,000 million from Mashreq Bank for ongoing, unsigned and future projects. Our strong balance sheet, relationships, and track record of delivering projects translates to increased confidence in our business and consequently preferential rates from our banking partners.



Total Debt to Equity Ratio
Total Liabilities / Total Equity

Terminal 3 EK lounge, Dubai - Completion 2008

The Monarch Hotel, Dubai - Completion 2008

Capital Investment

Capital investment from inception to December 31st 2008 was AED 155.6 million. We now have over AED 228.6 million of freehold and leasehold properties including capital work in progress on our balance sheet. The majority of these are manufacturing facilities in the United Arab Emirates. Our expected capital expenditure for this period of time was AED 320.5 and for 2009 was AED 106.6 million, but due to the rapid shift in the global economic climate, we have revised our capital expenditure plans and are looking to invest only AED 40.7 million in 2009. This will be invested mainly in Buildings and machinery, resulting in increased capacity and support of activities within the group.

Foreign Currency and Interest Rate Risk Management

The Group utilizes matching principles and on need market tools to hedge significant future transactions and cash flows. At the balance sheet date, the Group had AED 296.0 million of foreign currency denominated liabilities.

Our Company engaged in a plain vanilla interest rate swap in January 2008 for 3 years with a flat rate of 3.62% for a value of USD 30 million.

Changes in Accounting Policies

During the year ended 31st December 2008, there were no changes in accounting policies.

Taxation

The Group tax charge continues to reflect the amounts borne in foreign territories. This is constantly under review to ensure every opportunity is considered to minimize the amount incurred. In the UAE, there are currently no corporate taxes, although we are aware of ongoing discussions to potentially implement such a tax, and are also considering this in our future planning. Our effective tax rate for the year 2008 was 3.1% compared to 0.9% for the year 2007 mainly due to additional tax exposure from new acquisitions in Germany and USA.

Liquidity risk

The Group ensures that is has adequate facilities available to cover both its short-term and medium-term commitments. These are disclosed in note 30.5 on page 57.

Share Buyback

The Company received EGM approval to proceed with a share buyback on November 6, 2008. As of December 31st, 2008, we had purchased 832,619 shares at an average price of AED 1.86. In January 2009, we proceeded to purchase another 1,952,168 shares at an average price of AED 1.736, followed by 3,259,257 shares at an average price of AED 1.469 in February 2009. All shares purchased in the buyback will be cancelled on a quarterly basis.

board of directors

The Company has upheld the highest Corporate Governance standards since 2005, continuing to implement best practices in this area.

The Board of Directors comprises 9 individuals, of whom only the CEO is an executive, and the remainder include 2 non-shareholders. The functions of CEO and Chairman have been separated for over ten years.

Mr. Abdullah M. Al Mazrui
(Chairman)

Mr. Mohannad Izzat Sweid
(CEO)

Mr. Riad Burhan Taher Kamal
(Non-Executive)

Mr. Mazrui, 56, serves as Chairman of our Board of Directors. He holds a Bachelor of Arts from the Chapman University in California, United States of America. Mr. Mazrui is also the current Chairman of The National Investor, Emirates Insurance Company, Mazrui Holdings LLC, International School of Choueifat, Aramex, Jashanmal National Company, Chemanol and Modecor. Mr. Mazrui is also a member of the Board of Directors of National Investment Corporation, EDHEC Business School, Investcorp, Abu Dhabi Education Council, Abu Dhabi Economic Council, Dun & Bradstreet and Emirates Specialities Company. He is a member of the Advisory Board of Insead.

Mr Sweid, 52, is our Chief Executive Officer and is also a Co-Founder of the Group. He studied architecture and design at the Boston Architectural Centre. In 2005, Mr. Sweid spearheaded our international expansion, which included the acquisition of various leading interior contracting and furniture manufacturing entities. Mr. Sweid has more than 25 years of experience in managing design consulting firms in the Middle East and the United States. Mr. Sweid was the Managing Partner at Rochan Fine Arts in Saudi Arabia. He was also previously the Vice President of Middle East Operations for Vesti Corporation in Boston, United States.

Mr. Kamal, 65, holds a Masters degree in Science (Structural Engineering) and a Bachelor of Science (civil engineering), both from the University of London, and is a member of the Institution of Civil Engineers. Mr Kamal is Chief Executive Officer of Arabtec and is a Director of Arabbank, Arabia Insurance and Gulf Capital.

Mr. Orhan Osmansoy
(Non-Executive)

Mr. Marwan Shehadeh
(Non-Executive)

Ms. Maha K. Al Ghunaim
(Non-Executive)

Mr. Osmansoy, 39, holds a Bachelor of Science (systems engineering) from the University of Virginia, and a Master of Business Administration (finance) from the University of Pennsylvania. Mr. Osmansoy is the Chief Executive Officer of The National Investor and is also a board member of Colliers International. Mr. Osmansoy was previously the Managing Partner of Dexter Capital Group Limited and has also held positions with Whitney & Co and Morgan Stanley.

Mr. Shehadeh, 41, holds a Masters degree in International Business from the Institut D'Etudes des Relations Internationales, Paris, a French Baccalaureat from Lycee Francais de Jerusalem and has completed a general management executive programme at Harvard Business School. Mr. Shehadeh is the Managing Director of Al Futtaim Capital. Mr. Shehadeh was previously the Chief Financial Officer of HRH Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud's Kingdom Hotel Investments and has worked with The Chase Manhattan Bank in New York in its corporate finance division. He is also responsible for establishing the Middle East operations for Hard Rock Cafe.

Ms. Ghunaim, 49, holds a Bachelor of Science in Mathematics from the San Francisco State University. Ms. Ghunaim is currently the Chairperson and Managing Director of Global Investment House, having founded the company in 1998. In addition to being a member of our Board of Directors, she is a board member of DIFX, BankMuscat International, CNBC, Barings Private Equity Asia Ltd., Jehangir Siddiqui Capital Markets Co. and Kinan International Real Estate Development Company. Ms. Ghunaim was previously head of the portfolio management department at Kuwait Foreign Trading Contracting & Investment Co. and assistant general manager of asset management at Kuwait Investment Co. Ms. Ghunaim is a member of the Practitioner Committee, Dubai International Financial Exchange and a committee member of the Kuwait Chamber of Commerce and Industry.

Mr. Mohammed Ali Al Hashimi
(Non-Executive)

Mr. Hilal Al Marri
(Independent Non-Executive)

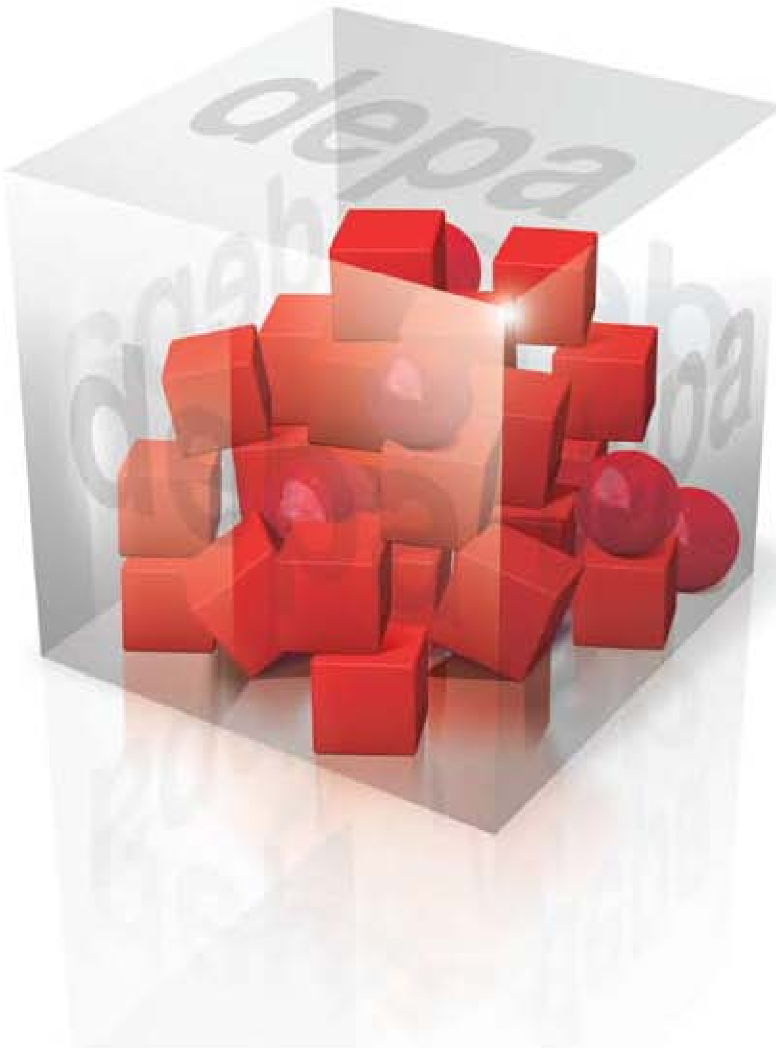
Mr. Faisal Al Matrook
(Independent Non-Executive)

Mr. Hashimi, 36, holds Bachelor of Science from the Colorado State University. Mr. Hashimi is the Executive Chairman of Zabeel Investments and is also the chairman of Advanced Industries Group and United Holdings, as well as being the vice chairman of Emaar Industries and Investments. In addition to being a member of our Board of Directors, he is a board member of Dubai Islamic Insurance and Reinsurance Company. Mr. Hashimi was previously the Chief Executive Officer of Amlak Finance and is a member of the Young Arab Leaders Organisation.

Mr. Marri, 32, holds an MBA from the London Business School and is a member of the Institute of Chartered Accountants in England and Wales. He is currently the Director General of the Dubai World Trade Centre. Mr. Al Marri previously held positions at KPMG in London, in the areas of assurance and transaction services and at McKinsey & Company as strategy consultant.

Mr. Matrook, 53, holds an ordinary National Diploma in Business Administration from Scarborough Technical College. Mr Matrook is chairman of the Contech Engineering Group, Advanced Technical Services Group and the Jasaf Group, in addition to being chairman of various other companies in Bahrain. Mr Matrook is also a director of NOOR Capital as well as of various other companies in Bahrain including Al Alahlia Shipping Agency, Al-Sharif Group and Amwaj Islands Co.

corporate governance



The Company adheres to the highest levels of corporate governance set by the NASDAQ Dubai, and ensures compliance of these principles using the mechanisms and committees described below.

The Board of Directors

The Board of Directors is currently made up of nine individuals: one executive director, six non-executive directors (of whom one is the Chairman), and two non-executive independent directors. The positions of Chairman and Chief Executive Officer are not combined, and have been separate since 1996.

The independence of the Board, combined with the broadly-based knowledge and experience of its members, including financial, operational and entrepreneurial backgrounds, ensures that no one viewpoint is dominated in a single meeting.

The Board focuses on the overall objectives, strategy, and policy issues of the Group, and is responsible for approving acquisitions and divestments, major capital expenditure projects, and for considering Group budgets and dividend policy.

Audit Committee

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

The Audit Committee comprises of the following members: Mr Orhan Osmansov; Mr Nrpaditya Singhedo; Mr Hilal Almarri; and Mr Faisal Al Matrouk. The Audit Committee meets formally at least three times a year and otherwise as requested by the chairperson of the Audit Committee.

Remuneration Committee

The Remuneration Committee assists the Board of Directors in determining its responsibilities in relation to remuneration, including making recommendations to the board on the Company's policy on remuneration, executive options, share grants and determining the individual remuneration and benefits package for each of the non executive directors, executive directors and senior management. No committee member is allowed to participate in any discussion or decision regarding his/her own remuneration and the chief executive officer is not to be present when the Remuneration Committee discusses issues relating to his remuneration.

The Remuneration Committee comprises of the following three members: Mr Ahmed Khayat; Mr Marwan Shehadeh; and Mr Hilal Al Marri; and meets formally at least once a year and otherwise as requested by the Chairperson of the Remuneration Committee.

Nomination Committee

The Nomination Committee assists our Board of Directors in discharging its responsibilities relating to the composition of the board, performance of board members, the induction of new directors, appointment of committee members and succession planning for senior management. The Nomination Committee also undertakes annual reviews in light of the current composition of the Board of Directors.

The Nomination Committee comprises of the following members: Mr Riyad Kamal; Mr Mohannad Sweid; and Mr Faisal Al Matrouk. The Nomination Committee meets formally at least once a year and otherwise as requested by the Chair of the Nomination Committee.

Risk Management

The Company has implemented procedures to ensure that best practices around risk management areas in finance, investments, commercial, quality control, and health and safety are continuously maintained and effective. The Group's internal control system is designed to manage rather than eliminate the risk of achieving business objectives, and provides reasonable measures, rather than absolute assurances, against material misstatement or loss. Although it is necessary to take commercial risks in the course of operations, these procedures and measures ensure those risks are fully evaluated as part of the decision making process.

The Committees continuously review the effectiveness of the internal control system, and executive management reviews business units' monthly reports from a financial, operational and general risk management perspective to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are addressed and need extensive monitoring.

Atlantis The Palm – Completion 2008

The Atlantis Dubai was the first real themed entertainment venue in the region, and the magnitude of coordination between all the project's components was a challenge that we met; and we are proud to have also met the client's challenging deadlines."

Paul Austin
General Manager
Mivan Depa

Four Season Mumbai – Completion 2008

The Four Seasons Mumbai, as our fifth Four Seasons project in the last few years, established Depa in India and set new standards for the Indian market in terms of interior quality execution."

Ali Malas
Managing Director
New Markets

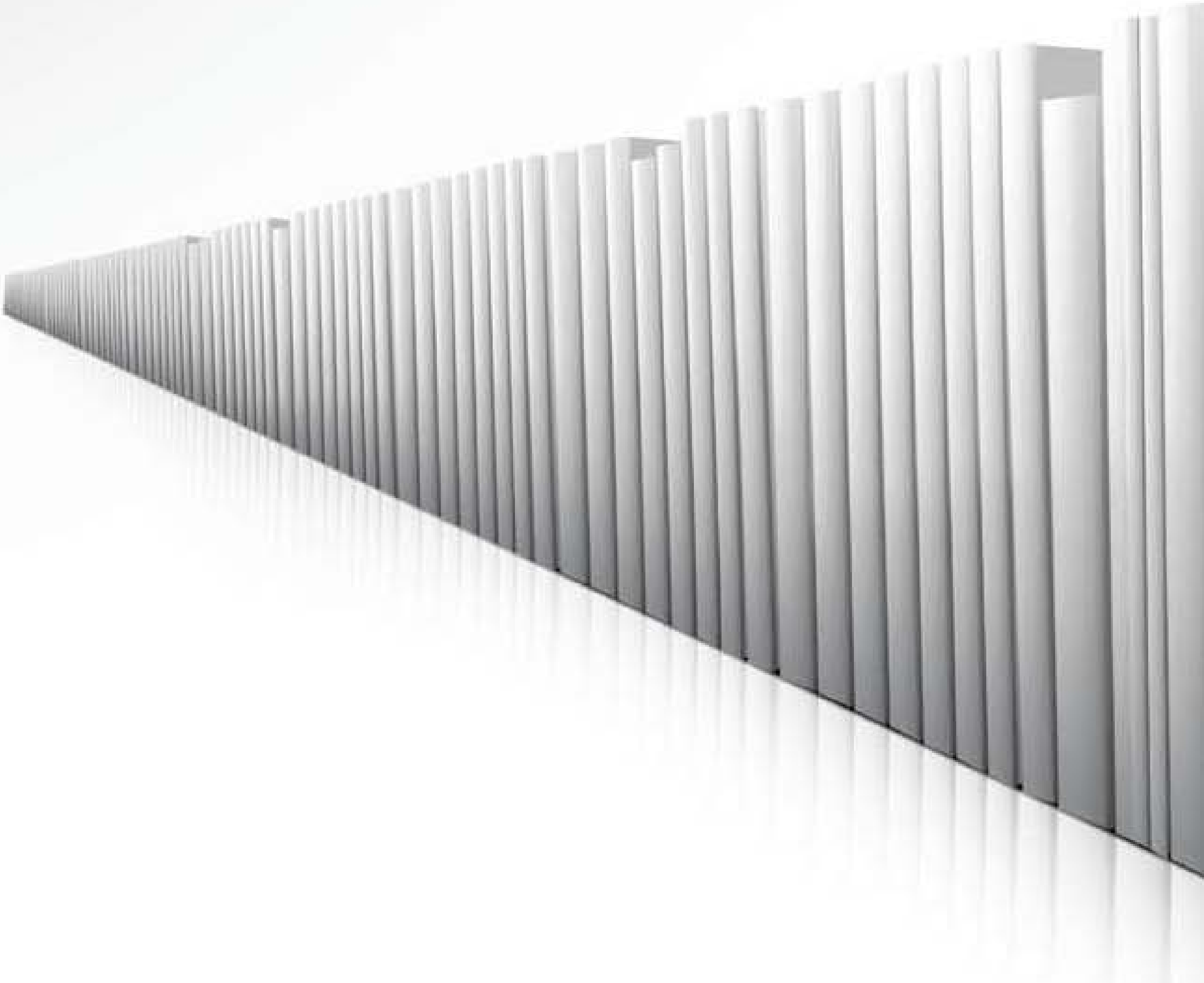
Commercial Bank of Doha – Completion 2008

This unique project was a design-and-build mandate with the request to bring global standards of banking interiors to the local market; the success of this project was reflected by the exceptional design and high level of quality we delivered."

Rayaan Al Drei
General Manager
Depa Qatar

The new terminal in the Dubai International Airport included work by three of our business units, Depa Dubai, Lindner Depa and Deco; exhibiting the combined strengths of the Group in delivering mega-projects.

Board Members	Signature
Mr. Abdullah M. Al Mazrui	A. Mazrui
Mr. Orhan Osmansoy	
Mr. Mohannad Sweid	



UAE ■ Saudi Arabia ■ Qatar ■ Egypt ■ Morocco ■ Libya ■ Jordan ■ Syria ■ India ■ China ■ Singapore