Depa PLC and its subsidiaries

Condensed consolidated interim financial statements and review report for the six month period ended 30 June 2020

Contents

Depa PLC and its subsidiaries

Condensed consolidated interim statement of profit or loss for the six month period ended 30 June 2020

AED million

	Note	2020 (Unaudited)	2019 (Unaudited)
Revenue		536.2	648.1
Expenses	3	(570.5)	(712.7)
Net provisions for doubtful debts and due from construction contract customers		(24.2)	(118.1)
Impairment of goodwill and intangibles written off		(86.7)	(10.2)
Changes in fair value of investment properties		(11.0)	0.1
Share of profit/(loss) from associates		1.4	(2.9)
Finance income		0.7	1.1
Finance cost		(8.7)	(6.2)
Net - finance cost		(8.0)	(5.1)
Loss before tax		(162.8)	(200.8)
Income tax expense		(4.8)	(5.6)
Loss for the period		(167.6)	(206.4)
Attributable to:			
Owners of Depa PLC		(164.8)	(202.8)
Non-controlling interests		(2.8)	(3.6)
		(167.6)	(206.4)
Earnings per share			
Basic loss per share (UAE fils)		(27.0)	(33.0)
Diluted loss per share (UAE fils)		(27.0)	(33.0)

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Depa PLC and its subsidiaries

Condensed consolidated interim statement of comprehensive income for the six month period ended 30 June 2020

AED million

	2020 (Unaudited)	2019 (Unaudited)
Loss for the period	(167.6)	(206.4)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	5.0	(3.4)
Total comprehensive loss for the period	(162.6)	(209.8)
Attributable to:		
Owners of Depa PLC	(160.0)	(206.4)
Non-controlling interests	(2.6)	(3.4)
	(162.6)	(209.8)

Condensed consolidated interim statement of financial position

AED million

	Note	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and bank balances	4	213.9	217.0
Trade and other receivables	5	571.6	605.5
Due from construction contract customers		457.8	535.6
Inventories		45.3	40.1
Total current assets		1,288.6	1,398.2
Contract retentions		109.8	157.7
Financial assets at fair value through OCI		16.6	16.6
Property, plant and equipment		146.8	161.4
Right-of-use assets		30.0	32.9
Intangible assets		9.7	26.5
Investment properties		22.4	33.4
Investment in associates	7	13.3	12.4
Deferred tax assets		-	0.8
Goodwill	6	32.3	104.9
Total non-current assets		380.9	546.6
Total assets		1,669.5	1,944.8
LIABILITIES			
Trade and other payables		850.7	955.1
Income tax payable		18.6	18.8
Borrowings	8	169.0	169.1
Total current liabilities		1,038.3	1,143.0
Employees' end of service benefits		70.8	74.6
Retentions		10.4	11.9
Lease liabilities		27.2	28.8
Deferred tax liabilities		0.1	0.1
Borrowings	8	22.3	23.4
Total non-current liabilities		130.8	138.8
Total liabilities		1,169.1	1,281.8
Net assets		500.4	663.0
EQUITY			
Share capital		908.9	908.9
Share premium	11	172.1	172.1
Treasury shares		(12.6)	(12.6)
Statutory reserve		60.8	60.0
Translation reserve		(19.9)	(24.7)
Other reserve		(7.6)	(7.6)
Accumulated losses		(544.6)	(379.0)
Equity attributable to equity holders of Depa PLC		557.1	717.1
Non-controlling interests		(56.7)	(54.1)
Total equity		500.4	663.0

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 26 August 2020 and signed on its behalf.

Group Chief Executive Officer

Group Chief Financial Officer

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Depa PLC and its subsidiaries

Condensed consolidated interim statement of changes in equity

AED million

	Share capital	Share premium	Treasury shares	Statutory reserve	Translation reserve	Other reserve	Accumulated losses	Attributable to owners of Depa PLC	Non-controlling interests	Total
At 1 January 2019	908.9	354.1	(16.5)	58.6	(16.5)	(1.0)	(146.7)	1,140.9	(13.2)	1,127.7
Loss for the period	-	-	-	-	-	-	(202.8)	(202.8)	(3.6)	(206.4)
Other comprehensive loss	-	-	-	-	(3.6)	-	-	(3.6)	0.2	(3.4)
Total comprehensive loss	-	-	-	-	(3.6)	-	(202.8)	(206.4)	(3.4)	(209.8)
Employee share scheme	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1.8)	(1.8)
Transfer to statutory reserve	-	-	-	1.4	-	-	(1.4)	-	-	-
Adjustment to share premium account	-	(182.0)	-	-	-	-	182.0	-	-	-
New shares issued	-	-	3.9	-	-	(3.5)	(0.4)	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	(3.4)	(3.4)	2.7	(0.7)
Disposal of non-controlling interests of entities sold	-	-	-	-	-	-	-	-	(10.1)	(10.1)
At 30 June 2019 (Unaudited)	908.9	172.1	(12.6)	60.0	(20.1)	(4.7)	(172.7)	930.9	(25.8)	905.1
At 31 December 2019	908.9	172.1	(12.6)	60.0	(24.7)	(7.6)	(379.0)	717.1	(54.1)	663.0
Loss for the period	-	-	-	-	-	-	(164.8)	(164.8)	(2.8)	(167.6)
Other comprehensive income	-	-	-	-	4.8	-	-	4.8	0.2	5.0
Total comprehensive loss	-	-	-	-	4.8	-	(164.8)	(160.0)	(2.6)	(163.2)
Transfer to statutory reserve	-	-	-	0.8	-	-	(0.8)	-	-	-
At 30 June 2020 (Unaudited)	908.9	172.1	(12.6)	60.8	(19.9)	(7.6)	(544.6)	557.1	(56.7)	500.4

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Condensed consolidated interim statement of cash flows for the six month period ended

AED million

	Note	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Operating activities			
Loss before tax		(162.8)	(200.8)
Adjustments for:			
Depreciation of property, plant and equipment		16.4	15.6
Depreciation of right-of-use assets		3.4	0.6
Amortisation of intangible assets		2.3	3.1
Write off of intangibles		14.5	4.0
Loss/(gain) on disposal of property, plant and equipment		0.4	(0.2)
Share of (profit)/loss from associates	7	(1.4)	2.9
Net provisions for doubtful debts and due from construction contract customers		24.2	118.1
Reversal of liabilities no longer required		(5.7)	(10.7)
Other long term provision		0	(0.2)
Impairment of goodwill	6	72.6	6.2
Changes in fair value of investment properties		11.0	(0.1)
Loss on disposal of entities		0	2.8
Finance income		(0.7)	(1.1)
Finance cost		8.7	6.2
Provision for employees' end of service benefits		5.4	6.7
Operating cash flows before payment of employees end of service benefits, taxes and changes in working capital		(11.7)	(46.9)
Employees' end of service benefits paid		(9.1)	(4.0)
Income tax paid		(4.2)	(3.7)
Working capital changes			
Trade and other receivables		10.3	(62.7)
Inventories		(5.2)	(11.2)
Due from construction contract customers		77.1	(47.9)
Contract retentions		47.9	13.0
Retentions		(1.5)	1.0
Trade and other payables		(98.0)	64.7
Restricted cash		(14.4)	0.2
Net cash used in operating activities		(8.8)	(97.5)
Investing activities			
Purchase of property, plant and equipment		(4.3)	(9.6)
Disposal of property, plant and equipment		4.2	0.3
Dividend received from associates		0.5	0.9
Purchase of Intangible assets		-	(0.2)
Acquisition of non-controlling interest		-	(0.7)
Increase in long term fixed deposits		(2.2)	(2.0)
Proceeds from disposal of entities- net		-	25.7
Finance income received		0.7	1.1
Net cash (used in)/generated from investing activities		(1.1)	15.5

Condensed consolidated interim statement of cash flows for the six month period ended (continued)

AED million

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Financing activities		
Dividends paid to non-controlling interests	-	(1.8)
Net movement in bank borrowings	(0.1)	14.3
Principle element of lease payments	(4.2)	-
Finance cost paid	(7.8)	(5.6)
Net cash (used in)/generated from financing activities	(12.1)	6.9
Net decrease in cash and cash equivalents	(22.0)	(75.1)
Exchange differences arising on translation of foreign operations	3.4	(3.8)
Cash and cash equivalents at the beginning of the period	86.6	159.7
Cash and cash equivalents at the end of the period	68.0	80.8

1. Corporate information

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

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

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

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

2. Basis of preparation

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

Statement of compliance and accounting convention

These condensed consolidated interim financial statements for the six month period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting'.

The condensed consolidated interim financial statements have been prepared under the historical cost basis, except for certain investment properties and financial assets classified as fair value through other comprehensive income (FVOCI) which have been measured at fair value.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019 and any public announcements made by the Group during the interim reporting period.

In addition, results for the period from 1 January 2020 to 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Critical accounting estimates and judgements

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2019 except for the re-assessment of the following significant judgements, estimates and assumptions which were impacted as a result of recent outbreak of novel COVID – 19.

For goodwill impairment testing, the value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. As noted in note 6, management performed an in-house assessment using the expected future cash flows based on approved long-term strategic plan of the Group which takes in to account impact of COVID-19. The discount rate was also reassessed based on the current market risks and Key Business Unit's specific risks.

The management has also considered and recognised impacts of COVID-19 on the recoverability of contract receivables, retentions and amounts due from contract customers, construction cost estimates and contract variations during the period.

In addition to above, management has internally performed a reassessment of fair value of the investment properties and recognised changes in fair value of investment properties based on current market conditions.

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

During the period, the Group has also performed a long-term strategic review and documented a five year strategic plan which ensures stable continuation of the business operations. This long-term strategic review also forms part of management's assessment of going concern basis as disclosed overleaf.

2. Basis of preparation (continued)

Management's assessment of going concern basis

During the period, the Group incurred losses of AED 167.6 million (2019: AED 206.4 million) and have accumulated losses of AED 544.6 million as at 30 June 2020 (2019: AED 379.0 million). The Group also has negative operating cash flows of AED 8.8 million (2019: AED 97.5 million).

In determining the appropriateness of the going concern basis for preparation of these condensed consolidated interim financial statements, management have considered 12 months cash flow projections from the date of approval of these condensed consolidated interim financial statements which is dependent on the successful renewal of its banking facilities, sale of certain assets, collection of contract balances and continuation of business activities in the ordinary course.

In view of the above, whilst there is a material uncertainty surrounding renewal of banking facilities and timely sale of certain investments, the management believes that it will be able to meet its liabilities and continue its operations without significant curtailment for a period of at least 12 months from the date of signing of these condensed consolidated interim financial statements and accordingly, these condensed consolidated interim financial statements of the Group have been prepared on a going concern basis.

Financial risk management

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, it should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements at and for the year ended 31 December 2019.

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

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Liquidity risk factors

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

Fair values of financial instruments

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

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

- Cash and bank balances, accounts receivable and other assets (excluding prepayments and advances to subcontractors and suppliers), amount due from customers on construction contracts, due from related parties, bank borrowings, accounts payable and accruals (excluding advances received) subcontractors' retention and due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- Long term receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 30 June 2020, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

3. Basis of preparation

Fair values estimation

The different levels have been defined as follows:

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

Investment properties and financial assets at FVOCI having fair value of AED 22.4 million (31 December 2019: AED 33.4 million) and AED 16.6 million (31 December 2019: AED 16.6 million) respectively, are classified under Level 3.

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

The fair value stated is determined using valuation methods with parameters not based exclusively on observable market data (Level 3).

Accounting policies

Changes in accounting policies

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

(a) New and amended standard adopted by the Group

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Expenses

AED million

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Personnel costs	202.3	249.1
Material costs	159.7	172.0
Sub-contractor costs	159.1	241.5
Depreciation of property, plant and equipment	16.4	15.6
Registration and legal expenses	5.3	2.4
Depreciation of right-of-use assets	3.4	0.6
Amortisation of intangible assets	2.3	3.1
Premise rent	1.7	2.9
Loss/(gain) on disposal of property, plant and equipment	0.4	(0.2)
Sales and marketing expenses	0.1	0.1
Reversal of liabilities no longer required	(5.7)	(10.3)
Other expenses	25.5	35.9
	570.5	712.7

4. Cash and cash equivalents

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash on hand	1.4	1.2
Current accounts	161.6	181.0
Short term fixed deposits	12.0	12.5
Term deposits with maturity over three months	11.3	9.1
Restricted cash	27.6	13.2
Cash and bank balances	213.9	217.0
Term deposits with original maturity over three months	(11.3)	(9.1)
Restricted cash	(27.6)	(13.2)
Bank overdraft (note 8)	(107.0)	(108.1)
Cash and cash equivalents	68.0	86.6

5. Trade and other receivables

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Trade receivables	302.1	362.6
Contract retentions	210.1	160.0
	512.2	522.6
Less: Allowances for doubtful debts	(228.3)	(214.1)
Net-trade receivable and contract retentions	283.9	308.5
Guarantees encashed by customers	20.3	18.2
Less: Allowances for doubtful debts	(20.3)	(18.2)
Net-guarantee encashed by customers	-	-
Amounts due from related parties	9.8	9.9
Advances to subcontractors and suppliers	187.9	178.3
Prepayments	30.2	29.7
Other receivables	59.8	79.1
	571.6	605.5

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

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

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

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
At 1 January	214.1	116.9
Charge for the period/year	27.9	112.8
Disposal of entities	-	(2.7)
Reversal during the period/year	(4.3)	(4.7)
Amounts transferred/written off	(9.4)	(8.2)
Closing balance	228.3	214.1

Provision balance includes AED 93.3 million (2019: AED 74.1 million) relating to contract retention receivables.

The Group has a number of long overdue contract balances for completed projects for which the Group is currently in discussion with the customers for the settlement of the outstanding balances and believes no further provision is required. Collectively and in relation to these specific projects, the Group is carrying AED 21.3 million (2019: AED 89.6 million) of gross balances in trade and other receivables and due from construction contract customers against which the Group is carrying provisions of AED 5.0 million (2019: AED 25.6 million) in its consolidated financial statements.

6. Goodwill

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

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

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Depa Interiors	-	72.6
Vedder	32.3	32.3
	32.3	104.9

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill with indefinite lives is based on discounted cash flow models. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the consolidated financial statements for the year ended 31 December 2019. The Group performed an in house assessment using current forecast and approved five year projections as at 30 June 2020. Based on the assessment, the management concluded a further impairment amounting to AED 72.6 million in Depa Interiors.

7. Investment in associates

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
At 1 January	12.4	19.6
Share of profit/(loss) for the period/year	1.4	(4.5)
Dividend received	(0.5)	(2.7)
Closing balance	13.3	12.4

8. Borrowings

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank overdrafts (note 4)	107.0	108.1
Bank loans	25.8	26.9
Trust receipts and acceptances	58.5	57.5
	191.3	192.5

8. Borrowings (continued)

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
The borrowings are repayable as follows:		
Within 1 year	169.0	169.1
1- 2 years	3.5	3.5
Later than 2 years	18.8	19.9
	191.3	192.5
Presented in the condensed consolidated statement interim of financial position as:		
Non-current liabilities	22.3	23.4
Current liabilities	169.0	169.1
	191.3	192.5

Bank overdrafts

There were no significant changes in interest rate on the overdrafts since the year ended 31 December 2019.

Trust receipts and acceptances

Trust receipts and acceptances are facilities used by the Group for imports. There were no significant changes payment terms and interest rate on the trust receipts and acceptances since the year ended 31 December 2019.

Bank loans

No new facilities have been obtained since year ended 31 December 2019. The terms of the bank loans are detailed in the consolidated financial statements for the year ended 31 December 2019.

Covenants

As at 30 June 2020, certain entities within the Group were in breach of the certain banking covenants, however, the related borrowings are classified as current liabilities and therefore there is no impact of this on the condensed consolidated interim financial statements.

9. Related parties

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

(a) Commercial transactions

The Group receives and provides services to related parties in the normal course of business at mutually agreed prices. These services consist of construction/fit-out work, leasing office space or land, use of specialised skills on certain projects, and use of employees. In addition, the Group purchases supplies and inventory from certain related parties. Pricing policies and terms of related party transactions are approved in accordance with the Group's Corporate Governance policies, addressing related party transactions and conflicts of interest and which are aligned with the relevant provisions of the Dubai Financial Services Authority Market Rules relating to related party transactions.

The tables below summarise amounts due to and due from related parties, as well as amounts included in revenue, expenses and management remuneration.

Trade and other payables include amounts due to related parties amounting to AED 1.3 million as at 30 June 2020 (30 June 2019: AED 1.3 million).

Trade and other receivables (note 5) and due from construction contract customers includes amounts due from related parties amounting to AED 175.2 as at 30 June 2020 (30 June 2019: AED 254.7 million).

AED million

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Related party transactions		
Entities with common ownership and/or management		
Revenue	27.2	47.1
Expenses	27.7	85.0

(b) Compensation of key management personnel

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

AED million

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Short-term compensations	3.8	4.2
End of service benefits	0.2	0.3
Directors' fees	1.0	1.2
	5.0	5.7

10. Commitments and contingencies

AED million

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Letters of credit	52.6	59.9
Letters of guarantee	668.8	758.2
Security cheques issued	2.3	1.6

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

The Group has no committed capital expenditures as at 30 June 2020 (31 December 2019: nil).

The security cheques were issued in lieu of performance bonds.

Legal cases

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

11. Segment information

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

a) Vedder

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

b) Depa Interiors

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

c) Deco Group

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

d) DSG

- Interior fit-out solutions, including contracting, manufacturing and supply, specialising in the hospitality, commercial and residential sectors.
- Primarily operates in Asia.

e) Investments and others

- Strategic management activities at a corporate level.
- Corporate services and head office function
- Investment and others segment includes non-operational entities.

11.Segment information (continued)

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

AED million

	DSG	Vedder	Depa Interiors	Deco Group	Investments and others	Eliminations / adjustments	Total
30 June 2019							
Reportable segment assets	194.5	314.1	1,373.5	348.9	3,342.6	(3,904.1)	1,669.5
Reportable segment liabilities	273.7	187.2	1,463.3	222.3	207.1	(1,184.5)	1,169.1
31 December 2019							
Reportable segment assets	241.2	365.8	1,415.7	377.5	3,340.6	(3,796.0)	1,944.8
Reportable segment liabilities	295.0	225.3	1,461.2	245.7	307.8	(1,253.2)	1,281.8
30 June 2020							
Revenue – internal	-	-	-	2.5	-	(2.5)	-
Revenue – external	50.0	169.0	243.1	74.1	-	-	536.2
Expenses	(74.7)	(152.9)	(288.4)	(81.7)	(11.5)	(83.2)	(692.4)
Share of profit/(loss) from associates	-	-	-	-	1.4	-	1.4
Net finance income/(cost)	(2.5)	(1.0)	(4.8)	(0.8)	1.1	-	(8.0)
Income tax expense	-	(4.8)	-	-	-	-	(4.8)
Profit/(loss) for the period	(27.2)	10.3	(50.1)	(5.9)	(9.0)	(85.7)	(167.6)
Capital expenditure	0.1	2.3	1.0	0.9	-	-	4.3
Depreciation	5.4	4.5	5.1	4.4	0.4	-	19.8
Amortisation	-	-	-	0.2	2.1	-	2.3
30 June 2019							
Revenue – internal	1.3	-	-	7.7	-	(9.0)	-
Revenue – external	137.8	164.5	217.6	100.2	28.0	-	648.1
Expenses	(168.4)	(154.2)	(255.5)	(106.1)	(41.4)	2.8	(722.8)
Provisions for allowance for doubtful debts and due from construction contract customers	(18.6)	(3.8)	(92.5)	-	-	(3.2)	(118.1)
Share of loss from associates	-	-	-	-	(2.9)	-	(2.9)
Net finance income/(cost)	(0.4)	(0.7)	(7.1)	(0.8)	3.9	-	(5.1)
Income tax expense	(1.8)	(3.3)	(0.2)	0	(0.3)	-	(5.6)
Profit/(loss) for the period	(50.1)	2.5	(137.7)	1.0	(12.7)	(9.4)	(206.4)
Capital expenditure	1.6	5.1	1.9	1.0	-	-	9.6
Depreciation	3.0	1.8	5.5	3.4	1.9	-	15.6
Amortisation	-	-	-	0.4	2.7	-	3.1

The Group recorded revenue amounting to AED 536.2 million over time.

12. Corresponding figures

Certain corresponding figures have been reclassified where appropriate to conform to the current year's presentation.

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Depa PLC and its subsidiaries (the 'Group') as at 30 June 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter

We draw attention to Note 2 to the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of AED 167.6 million during the period ended 30 June 2020 and, as of that date, the Group has accumulated losses of AED 544.6 million. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
26 August 2020

Murad Nsour
Partner
Place: Dubai, United Arab Emirates