Depa PLC and its subsidiaries

Condensed consolidated interim financial statements and review report for the six month period ended 30 June 2023

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Contents

Depa PLC and its subsidiaries

Condensed consolidated interim statement of profit or loss

AED million

	Notes	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Revenue		464.2	403.1
Expenses	3	(465.6)	(401.5)
Net (provision) / reversal of impairment on financial and contract assets - net	5,8	(42.9)	30.9
Share of profit / (losses) from associates		0.9	(0.4)
Finance income		0.5	0.5
Finance costs		(3.6)	(4.1)
Finance costs - net		(3.1)	(3.6)
(Loss) / profit before tax		(46.5)	28.5
Income tax expense		(3.2)	(5.4)
(Loss) / profit for the period		(49.7)	23.1
Attributable to:			
Owners of Depa PLC		(49.7)	23.1
		(49.7)	23.1
Earnings per share			
Basic and diluted earnings per share (UAE fils)		(4)	2

Depa PLC and its subsidiaries

Condensed consolidated interim statement of comprehensive income

AED million

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
(Loss) / profit for the period	(49.7)	23.1
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(1.1)	(8.3)
Total comprehensive (loss) / income for the period	(50.8)	14.8
Attributable to:		
Owners of Depa PLC	(50.8)	14.8

Condensed consolidated interim statement of financial position

AED million

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Cash and cash equivalents	4	203.0	248.0
Restricted cash	4	30.7	59.1
Fixed deposits		0.6	0.7
Trade and other receivables	5	278.6	348.7
Due from construction contract customers	8	154.1	165.0
Inventories		41.2	36.8
Total current assets excluding assets classified as held for sale		708.2	858.3
Assets classified as held for sale	13	-	4.8
Total current assets		708.2	863.1
Contract retentions	5	144.7	113.2
Property, plant and equipment		76.4	74.6
Right-of-use assets		40.8	30.8
Intangible assets		7.2	7.6
Investment properties		12.9	6.6
Investment in associates	7	11.4	11.1
Goodwill	6	32.3	32.3
Total non-current assets		325.7	276.2
Total assets		1,033.9	1,139.3
LIABILITIES			
Trade and other payables		554.4	593.4
Income tax payable		2.5	2.1
Borrowings	9	4.9	13.3
Total current liabilities excluding liabilities classified as held for sale		561.8	608.8
Liabilities directly associated with assets classified as held for sale	13	-	1.3
Total current liabilities		561.8	610.1
Employees' end of service benefits		49.5	53.1
Retentions		11.9	12.0
Lease liabilities		38.0	25.1
Deferred tax liabilities		0.3	0.2
Borrowings	9	0.5	16.1
Total non-current liabilities		100.2	106.5
Total liabilities		662.0	716.6
Net assets		371.9	422.7
EQUITY			
Share capital		908.9	908.9
Share premium		322.1	322.1
Treasury shares		(12.6)	(12.6)
Statutory reserve		60.0	60.0
Translation reserve		(30.4)	(29.3)
Other reserve		(1.0)	(1.0)
Accumulated losses		(823.1)	(773.4)
Equity attributable to equity holders of Depa PLC		423.9	474.7
Non-controlling interests		(52.0)	(52.0)
Total equity		371.9	422.7

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 29 August 2023 and signed on its behalf.

Group Chief Executive Officer

Group Chief Financial Officer

Depa PLC and its subsidiaries

Condensed consolidated interim statement of changes in equity

AED million

	Share capital	Share premium	Treasury shares	Statutory reserve	Translation reserve	Other reserve	Accumulated losses	Attributable to owners of Depa PLC	Non-controlling interests	Total
At 1 January 2022	908.9	172.1	(12.6)	**60.0**	(19.6)	(6.9)	(832.5)	269.4	(52.0)	217.4
Profit for the period	-	-	-	-	-	-	23.1	23.1	-	23.1
Other comprehensive loss	-	-	-	-	(8.3)	-	-	(8.3)	-	(8.3)
Total comprehensive income	-	-	-	-	(8.3)	-	23.1	14.8	-	14.8
Shares issued	-	150.0	-	-	-	-	-	150.0	-	150.0
At 30 June 2022 (Unaudited)	**908.9**	**322.1**	**(12.6)**	**60.0**	**(27.9)**	**(6.9)**	**(809.4)**	**434.2**	**(52.0)**	**382.2**
At 31 December 2022	**908.9**	**322.1**	**(12.6)**	**60.0**	**(29.3)**	**(1.0)**	**(773.4)**	**474.7**	**(52.0)**	**422.7**
Loss for the period	-	-	-	-	-	-	(49.7)	(49.7)	-	(49.7)
Other comprehensive income	-	-	-	-	(1.1)	-	-	(1.1)	-	(1.1)
Total comprehensive loss	-	-	-	-	(1.1)	-	(49.7)	(50.8)	-	(50.8)
At 30 June 2023 (Unaudited)	**908.9**	**322.1**	**(12.6)**	**60.0**	**(30.4)**	**(1.0)**	**(823.1)**	**423.9**	**(52.0)**	**371.9**

Condensed consolidated interim statement of cash flows

AED million

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Operating activities		
(Loss) / profit before tax	(46.5)	28.5
Adjustments for:		
Depreciation of property, plant and equipment	8.7	8.0
Depreciation of right-of-use assets	2.3	1.9
Amortisation of intangible assets	0.4	0.6
Gain on disposal of property, plant and equipment	-	0.1
Share of (profit) / loss from associates	(0.9)	0.4
Net impairment / (reversal of impairment) of trade and other receivables and due from construction contract customers	33.6	(30.9)
Impairment of guarantees encash by customer	9.3	-
Finance income	(0.5)	(0.5)
Finance cost	3.6	4.1
Provision for employees' end of service benefits	1.6	2.6
Operating cash flows before payment of employees end of service benefits, taxes and changes in working capital	11.6	14.8
Employees' end of service benefits paid	(5.2)	-
Income tax paid	(2.7)	(6.4)
Working capital changes		
Trade and other receivables	35.6	1.1
Inventories	(4.4)	(2.9)
Due from construction contract customers	6.4	55.0
Contract retentions	(31.5)	18.8
Retentions	(0.1)	(5.0)
Trade and other payables	(40.1)	(31.5)
Restricted cash	28.4	(16.9)
Net cash (used in) / generated from operating activities	(2.0)	27.0
Investing activities		
Purchase of property, plant and equipment	(10.5)	-
Disposal of property, plant and equipment	-	0.4
Dividend received from associates	0.6	1.5
Net cash for entity classified as held for sale	-	(0.2)
Finance income received	0.5	0.5
Net cash (used in) / generated from investing activities	(9.4)	2.2

Condensed consolidated interim statement of cash flows (continued)

AED million

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Financing activities		
Proceeds from issuance of new shares	-	150.0
Net movement in bank borrowings	(15.2)	(21.7)
Principal element of lease payments	(3.3)	(2.0)
Finance cost paid	(3.6)	(4.1)
Net cash (used in) / generated from financing activities	(22.1)	122.2
Net (decrease) / increase in cash and cash equivalents	(33.5)	151.4
Exchange differences arising on translation of foreign operations	(3.6)	(6.6)
Cash and cash equivalents at the beginning of the period	238.3	125.5
Cash and cash equivalents at the end of the period	201.2	270.3

1. Corporate information

Depa PLC (the “Company”), formerly Depa Limited, is a company limited by shares and registered in accordance with Companies Law – DIFC Law No. 5 of 2018 (“Companies Law”). The Company was incorporated in United Arab Emirates on 25 February 2008. Depa PLC is the management company of Depa United Group P.J.S.C.

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 and procurement services, with a primary focus on customised furniture, fixtures and equipment, much of which is produced in its in-house facilities. These financial statements are condensed consolidated financial statements for the Group consisting of the Company and its subsidiaries. The ultimate parent and controlling party of the Group is Public Investment Fund, Kingdom of Saudi Arabia.

The Company's shares are listed on Nasdaq Dubai. The address of the Company’s registered office is P.O. Box 56338, 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 2023 have been prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting’.

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 and any public announcements made by the Group during the interim reporting period.

These condensed consolidated interim financial statements have been reviewed, not audited. The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2022.

In addition, results for the period from 1 January 2023 to 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022.

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

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

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

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

Management’s assessment of going concern basis

The Group reported a total comprehensive loss of AED 50.8 million (30 June 2022: AED 14.8 million income) for the period. The current assets of the Group exceeded the current liabilities by AED 146.4 million (2022: AED 253.0 million) and the Group had negative operating cash flows of AED 2.0 million (30 June 2022: positive operating cash flows of AED 27.0 million).

2. Basis of preparation (continued)

Management's assessment of going concern basis (continued)

Management prepared cash flow projections, including multiple sensitivities and scenarios, to assess the Group's liquidity position until August 2024.

The cashflow projections included the following key assumptions:

- Significant portion of backlog (signed contracts) will be converted into revenue and subsequently into cash receipts in the next 12 months;
- Timely recovery of balances due from customers; and
- Future pipeline will be replenished.

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

Financial risk management

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, it should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. 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 2022.

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

Liquidity risk factors

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

Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, 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 assumptions were used to estimate the fair values:

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

- Long term receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors and individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 30 June 2023, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

2. Basis of preparation (continued)

Fair values estimation

The different levels have been defined as follows:

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

Investment properties valued at AED 12.9 million (31 December 2022: AED 6.6 million), are classified under Level 3. During the period, villas in Morocco were transferred to the Group in lieu of receivables from a project which were valued at AED 6.3 million.

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

Accounting policies

Changes in accounting policies

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

(a) New and amended standard adopted by the Group

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

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

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

	Effective date
Non-current liabilities with covenants- Amendments to IAS I	1 January 2024
Lease liability in sale and leaseback- Amendments to IFRS 16	1 January 2024
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred indefinitely
Sale or Contribution of Assets between an investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Deferred indefinitely

Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations.

3. Expenses

	AED million	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Personnel costs	165.4	139.1
Sub-contractor costs	144.7	136.9
Material costs	125.7	92.0
Depreciation of property, plant and equipment	8.4	8.0
Registration and legal expenses	4.2	3.8
Depreciation of right-of-use assets	1.7	1.9
Premise rent	2.0	1.7
Amortisation of intangible assets	0.5	0.6
Gain on disposal of property, plant and equipment	-	(0.1)
Other expenses	13.0	17.6
	465.6	401.5

4. Cash and cash equivalents

	AED million	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash on hand	1.2	1.1
Current accounts	196.9	238.5
Short term fixed deposits	4.9	8.4
Balances as per condensed consolidated interim statement of financial position	203.0	248.0

4.1 Reconciliation to condensed consolidated interim statement of cash flows

The above figures reconcile to the amount of cash show in the condensed consolidated interim statement of cash flows at the end of the financial year as follows:

	AED million	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balances as above	203.0	248.0
Bank overdrafts (note 9)	(1.8)	(10.6)
Balances as per condensed consolidated interim statement of cash flows	201.2	237.4

Cash in current accounts amounting to AED 45.0 million (31 December 2022: AED 55.9 million) are held with a related party, a bank.

Restricted cash is cash held with the banks as margin for various guarantees issued by these banks to the Group's customers. During the period, AED 28.4 million margin money was released by the banks on approval of banking facilities.

Depa PLC and its subsidiaries

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2023 (continued)

5. Trade and other receivables

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	203.4	188.9
Contract retentions	264.1	218.6
Less: non-current portion of contract retentions	(144.7)	(113.2)
Less: Impairment of trade receivables and contract retentions	(251.6)	(222.5)
Trade receivable and contract retentions - net	71.2	71.8
Amounts due from related parties	9.0	9.0
Other receivables	77.4	77.8
Guarantees encashed by customer	9.3	-
Less: Provision for guarantees encashed by customer	(9.3)	-
	-	-
Other current assets:		
Prepayments	23.2	15.3
Advances to subcontractors and suppliers	97.8	174.8
	278.6	348.7

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

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

The movement in the provision for impairment for trade receivables during the period/year is as follows:

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At 1 January	96.7	109.2
Charge for the period / year	1.4	5.0
Provision for impairment attributable to assets held for sale	-	(10.4)
Reversal during the period / year	(1.2)	(7.1)
Closing balance	96.9	96.7

5. Trade and other receivables (continued)

The movement in the provision for impairment for contract retentions during the year is as follows:

	AED million	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At 1 January	125.8	157.9
Charge for the period / year	28.9	3.7
Provision for impairment attributable to assets held for sale	-	(0.5)
Reversal during the year	-	(20.9)
Amounts written off / transferred – net	-	(14.4)
Closing balance	154.7	125.8

The Group has a number of long overdue contract balances for completed projects for which the Group is currently in discussion with the customers for the settlement of the outstanding balances and believes no further provision is required. Associated with the recoverability of contract balances, the Group commenced legal cases against certain customers in order to recover outstanding balances.

6. Goodwill

The goodwill arose on the acquisition by the Group of Vedder which is related primarily to the value of the synergies of the combined business operations, new customers relationships, growth opportunities and skilled labour. Goodwill is not tax deductible for tax purpose.

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 2023 (Unaudited)	31 December 2022 (Audited)
Vedder	32.3	32.3
	32.3	32.3

(a) Annual test for impairment

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

(b) Key assumptions used

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

- Growth rate; and
- Discount rate.
- Earnings before interest and tax (EBIT) rate.

Growth rate: Estimates are based on historic performance, approved business plan, backlog and prospective projects. An average growth rate of approximately 0.9% per annum was used for the revenue estimate.

Discount rate: Discount rate used throughout the assessment period was 9.0% per annum, reflecting the cash generating unit’s estimated weighted average cost of capital and specific market risk profile and cost of debt. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

EBIT rate: EBIT rate used throughout the assessment period was 8.1% reflecting historic average EBIT of Vedder.

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2023 (continued)

6. Goodwill (continued)

(b) Key assumptions used (continued)

At 30 June 2023, if the growth rate or EBIT rate had decreased by 2% or discount rate increased by 2%, the recoverable amount of the cash generating unit exceeded the carrying value of the goodwill.

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

7. Investment in associates

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At 1 January	11.1	13.3
Share of profit for the period / year	0.9	0.2
Dividend received	(0.6)	(2.4)
Closing balance	11.4	11.1

8. Due from construction contract customers

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Contracts in progress at end of the reporting period		
Amount due from construction contract customers	232.2	240.7
Less: Impairment of amount due from construction contract customers	(78.1)	(75.7)
Amount due from construction contract customers included in current assets	154.1	165.0
Amount due to construction contract customers included in trade and other payables	(165.1)	(50.2)
	(11.0)	114.8

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

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

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At 1 January	75.7	112.2
Charge for the period / year	4.5	1.2
Reversal during the period / year	-	(22.6)
Translation	(0.4)	-
Disposal group held for sale	-	(7.0)
Amounts written off	(1.7)	(8.1)
Closing balance	78.1	75.7

9. Borrowings

AED million

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Bank overdrafts (note 4)	1.8	10.6
Bank loans	3.6	18.6
Trust receipts and acceptances	-	0.2
	5.4	29.4
The borrowings are repayable as follows:		
Within 1 year	4.9	13.3
1- 2 years	0.5	2.5
Later than 2 years	-	13.6
	5.4	29.4
Presented in the consolidated statement of financial position as:		
Non-current liabilities	0.5	16.1
Current liabilities	4.9	13.3
	5.4	29.4

Bank overdrafts

There were no significant changes in the interest rates on the overdrafts since the year ended 31 December 2022.

Bank loans

During the six month period ended 30 June 2023, the Group repaid it's two loan facilities from a German bank. The outstanding loan facility of EUR 1 million is repayable in instalments till 2025 which is at a fixed interest rate of 1% per annum.

Bank loans amounting to AED 2.3 million (31 December 2022: AED 7.0 million) is owed to a related party, a bank.

There were no significant changes in the payment terms and interest rates on the outstanding bank loans since the year ended 31 December 2022.

Trust receipts and acceptances

Trust receipts and acceptances are facilities used by the Group for imports. There were no significant changes in the payment terms and interest rates on the trust receipts and acceptances since the year ended 31 December 2022.

Covenants

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

10. Related parties

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

(a) Commercial transactions

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

Trade and other payables include amounts due to related parties (entities with common ownership and/or management) amounting to AED 9.0 million as at 30 June 2023 (31 December 2022: AED 9.0 million).

Trade and other receivables include amount due from related parties (joint operations) amounting to AED 9.6 million as at 30 June 2023 (31 December 2022: AED 9.6 million).

AED million

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Related party transactions		
Entities with common ownership		
Revenue	48.7	10.4

(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 2023 (Unaudited)	30 June 2022 (Unaudited)
Short-term compensations	2.6	2.4
End of service benefits	0.1	0.1
Directors' fees	0.4	0.4
	3.1	2.9

11. Commitments and contingencies

		AED million
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Letters of credit	-	0.1
Letters of guarantee	292.7	291.9
Security cheques issued	19.6	18.7

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

The Group has no committed capital expenditures as at 30 June 2023 (31 December 2022: nil).

The security cheques were issued in lieu of performance bonds.

Legal cases

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

12. Segment information

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

(a) Vedder

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

(b) Depa Interiors

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

(c) Deco Group

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

(d) Investments and others

- Strategic management activities at a corporate level.
- Corporate services and head office function
- Activities are geographically spread.
- Primarily operated in the Middle East.

12. Segment information (continued)

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

AED million

	Vedder	Depa Interiors	Deco Group	Investments and others	Eliminations / adjustments	Total
30 June 2023						
Reportable segment assets	374.0	770.0	187.5	3,104.4	(3,402.00)	1,033.9
Reportable segment liabilities	215.9	651.3	94.5	71.5	(371.2)	662.0
31 December 2022						
Reportable segment assets	374.0	775.7	194.2	3,105.1	(3,309.7)	1,139.3
Reportable segment liabilities	219.9	658.3	84.8	84.8	(372.0)	716.6
30 June 2023						
Revenue – Internal	-	-	1.4	-	(1.4)	-
Revenue – external	199.5	157.2	107.5	-	-	464.2
Expenses	(188.3)	(209.0)	(103.5)	(8.2)	1.4	(507.6)
Net finance income / (cost)	(0.9)	(1.6)	(0.6)	-	-	(3.1)
Income tax expense	(3.1)	(0.1)	-	-	-	(3.2)
(Loss) / profit for the period from continuing operations	7.2	(53.5)	4.8	8.2	-	(49.7)
Depreciation	3.9	1.7	3.8	0.7		10.1
Amortisation	0.2	-	0.3	-	-	0.5
30 June 2022						
Revenue – external	205.7	113.9	85.0	-	(1.5)	403.1
Expenses	(187.1)	(92.4)	(82.1)	(10.9)	1.5	(371.0)
Net finance income / (cost)	(0.8)	(2.1)	(0.7)	-	-	(3.6)
Income tax expense	(5.4)	-	-	-	-	(5.4)
Profit for the period from continuing operations	12.4	19.4	2.2	(10.9)	-	23.1
Depreciation	3.7	1.7	3.8	0.7		9.9
Amortisation	0.3	-	0.3	-	-	0.6

The Group recorded revenue amounting to AED 463.3 million over time from construction contracts (30 June 2022: AED 402.5 million). Point in time revenue amounted to AED 0.9 million from supply of materials (30 June 2023: AED 0.6 million).

13. Disposal of a subsidiary

a) Description

During 2022, the Group commenced sale process of its shareholding in Eldiar Furniture Manufacturing & Dec Co LLC and following negotiations and submission of bids from potential buyers, the sale transaction was considered highly probable.

The subsidiary was sold on 3 January 2023 to a related party and was reported as disposal group held for sale in the consolidated financial statements for the year ended 31 December 2022. For further information about disposal group held for sale, please refer to note 29 in the Group's consolidated financial statements for the year ended 31 December 2022.

b) Financial performance and cash flow information

Financial information relating to the subsidiary for the period to the date of disposal is set out below.

		AED million
	3 January 2023 (Unaudited)	2022
Revenue	-	-
Expenses	-	(1.3)
Loss for the year	-	(1.3)

		AED million
	3 January 2023 (Unaudited)	2022
Net cash outflow from operating activities	-	(1.3)
Net decrease in cash generated	-	(1.3)

c) Details of sale of subsidiary of the subsidiary:

	AED million
Consideration received	6.1
Carrying amount of net assets sold	(3.5)
Gain on sale before reclassification of foreign currency translation reserve	2.6
Reclassification of foreign currency translation reserve	(1.2)
Gain on sale after income tax	1.4

14. Corporate tax

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the Group will be subject to current tax for the first time effective from 1 January 2024. However, enactment of the legislation requires the Group to record deferred taxes using the enacted rate of 9%.

The Group assessed the deferred tax implication and concluded it is not material as of and for the six month period ended 30 June 2023. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted.

Report on review of condensed consolidated interim financial statements to the board of directors 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 2023 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 explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ('IAS 34'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers Limited
29 August 2023

Wassim El Afchal
Audit Principal, Reference Number I018372
Dubai, United Arab Emirates