DEPA PLC AND ITS SUBSIDIARIES

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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The Board of Directors present their report and audited consolidated financial statements of Depa PLC (the "Company") and its subsidiaries (together referred to as the "Group" or "Depa") for the year ended 31 December 2024.

1 Principal activities

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.

2 Operational and financial review and results

2.1 Operational review

The Group's performance in 2024 has achieved significant turnaround, reporting a stronger profit, after experiencing losses in 2023.

Continued increased focus by the key business units in the Kingdom of Saudi Arabia has resulted in the Group securing a number of new wins in the Kingdom.

2.1.1 Vedder

Vedder, the Group's European key business unit, specialising in the superyacht, residence fit-out and private jet market, generated revenue of AED 394.5 million and profit of AED 20.5 million, a marginal decrease in revenue of AED 2.8 million or 0.7% on 2023 (AED 397.3 million) and an increase in profit of AED 2.1 million or 11% on 2023 (AED 18.4 million).

Vedder ended the year with AED 260.0 million worth of new project wins. Vedder successfully completed and handed over a number of projects during the year, including both the interior and exterior package of a prominent new-build superyachts and a number of refit and smaller packages.

2.1.2 Depa Interiors

Depa Interiors is the Group's Middle Eastern business providing fit-out services to the hospitality, residential, commercial, and transport and civil infrastructure sectors. Depa Interiors generated revenue of AED 718.8 million (2023: AED 484.0 million) and a profit of AED 65.9 million (2023 a loss of AED 56.5 million).

Depa Interiors' overall financial performance in 2024 has improved compared to 2023 due to increase in project level profitability and reversal of provision of impairment balances on settlement with customers.

Depa Interiors was awarded contracts of AED 1,029.6 million during the year and with the Kingdom of Saudi Arabia is being regarded as a key market for Depa Interiors. Depa Interiors also continues to win UAE-based projects, securing a large fitout package in Dubai.

2.1.3 Deco Group

Middle East-based Deco Group comprises (i) Deco, which is focused on the high-end retail and commercial fit-out sector, and (ii) Carrara, which supplies and installs premium marble, stone and granite.

In 2024, Deco Group generated revenue of AED 268.3 million (2023: AED 230.3 million) and a profit of AED 24.2 million (2023: AED 12.4 million). Deco saw a significant improvement in its backlog position in 2024.

Deco continued its long-term relationships with several major luxury retailers, securing a number of projects during the year for international luxury retailers.

Deco achieved strong project delivery during the year, successfully delivering projects for their repeat clients, while Carrara successfully handed over a number of hospitality packages in Dubai.

2.2 Backlog

Depa's backlog stands at AED 2,051.5 million on 31 December 2024 (2023: AED 1,826.6 million) following a number of major contract awards during the year, including a significant number of project awards in the Kingdom of Saudi Arabia and the United Arab Emirates for both Depa Interiors and Deco Group.

2.3 Financial review

2.3.1 Financial performance

During the year ended 31 December 2024, Depa generated revenue of AED 1,336.2 million, a 22.2% increase of AED 242.6 million from 2023 (AED 1,093.6 million). Group's revenue growth during 2024 was supported by strong growth in all the business units of the Group.

Expenses in 2024 increased by AED 110.4 million to AED 1,234.4 million (2023: AED 201.4 million to AED 1,124.0 million) in line with increase in revenue. Net reversal of provision for impairment of contract assets of AED 39.8 million (2023: Net provision for impairment of contract assets of AED 51.3 million) primarily relate to Depa Interiors and Deco Group for specific project related balances.

During the year, associates generated a profit of AED 0.8 million (2023: AED 2.0 million) with net finance expense amounting to AED 1.3 million (2023: AED 4.1 million). The Group recognised an income tax expense of AED 13.5 million in 2024 (2023: AED 11.9 million).

The Group generated net profit of AED 87.8 million (2023: net loss of AED 44.4 million).

2.3.2 Cash flow

Net cash inflows from operating activities amounted to AED 97.2 million (2023: AED 40.2 million) supported by better collections of receivables from customers and effective working capital management.

Net cash outflows used in investing activities for 2024 amounted to AED 17.4 million (2023: AED 21.9 million).

During 2024, the Group repaid borrowings amounting to AED 2.4 million excluding overdrafts (2023: AED 16.4 million) with net cash outflows used in financing activities for the year amounting to AED 14.5 million (2023: AED 27.3 million outflows).

Foreign exchange differences resulted in a negative movement AED 4.5 million (2023: AED 15.5 million positive) mainly due to the fluctuation of the Euro in the reported cash and cash equivalents.

As a result of the above, the Group ended 2024 with cash and cash equivalents as at 31 December 2024 standing at AED 305.6 million (2023: AED 244.8 million).

2.3.3 Financial position

The Group reported year-end cash and bank balances of AED 386.0 million (2023: AED 275.0 million) including fixed deposits and restricted cash. Year-end net cash stood at AED 264.2 million (2023: AED 201.9 million) net of bank borrowings and lease liabilities and excluding restricted cash and fixed deposits. Current ratio is reported at 1.44 (2023: 1.35) and debt-to-equity ratio at 1.70 (2023: 1.65).

At year-end, equity attributable to owners of Depa PLC amounted to AED 467.1 million (2023: AED 397.2 million) and the Group's outstanding ordinary shares at end of 2024 were 1,364,145,794 (issued ordinary shares of 618,452,753 less 4,306,959 treasury shares and issued ordinary Class A shares of 750,000,000).

2.4 Outlook

The Kingdom of Saudi Arabia remains a strong market for growth and an expansion target for the Group, with Depa Interiors and Deco spearheading this expansion.

The Group's European business continues to benefit from its leading market position with promising opportunities for further diversification into the US premium residential fit-out market.

2.5 Risks and uncertainties

The Group faces risks from a range of sources that could have a material impact on our financial commitments and future financial performance. The principal risks are determined considering our risk environment. The principal risks facing the Group include the following:

- *Operational risks:* work delivery challenges may result in actual costs increasing above previous estimates; failure to continue to win and / or retain contracts on satisfactory terms and conditions; non delivery of projects to client required standards; ineffective management of contracts; serious injury or fatality being sustained by an employee and / or member of the public; and the retention of key management and personnel.

- *Financial and market risks:* reduced access to financing facilities necessary to fund the business; inability to maintain a sustainable level of financial performance; interest rate and foreign currency risks; failure to collect major receivables from key clients; and liquidity risks.

- *Strategic risks:* adverse changes in economic, regulatory and / or political conditions in the markets in which the Group operates; unforeseen external events and actions which may affect business development and / or project delivery; and material adverse brand and reputational damage.

The Board recognises that certain risk factors that influence the principal risks are outside of the control of management. The Board is satisfied that these risks are being managed appropriately and consistently in view of the Group's target risk appetite. The set of principal risks should not be considered as an exhaustive list of all the risks the Group faces.

2.6 Dividend

No dividend was declared or paid during the current year or prior year.

3 Directors

The Directors who held office during the year, their committee memberships and functions, as at 31 December 2024, were as follows:

Name	**Designation**	**Date of Appointment or Reappointment**	**Date of Resignation**
Muteb bin Mohammed Al Shathri	Chairman & Non-Executive Director	23-Mar-2022	-
Fadi Adel AlSaid	Vice-Chairman and Non-Executive Director	23-Mar-2022	-
Ahmed Ramdan	Independent Non-Executive Director	01-Jun-2022	-
Edward Quinlan	Independent Non-Executive Director	03-Jun-2020	03-Jun-2024
Sadhak Bindal	Independent Non-Executive Director	28-Aug-2024	-
Mohammed bin Turki Alsudairy	Non-Executive Director	23-Mar-2022	-
Faisal bin Hassan Al Areefi	Non-Executive Director	23-Mar-2022	-
Marwan Shehadeh	Non-Executive Director	01-Jun-2022	-
Charbel Khoury	Non-Executive Director	01-Jun-2022	-
Ahmad Al Ghamdi	Non-Executive Director	03-Jun-2024	-
Fouad Alrashed	Independent Non-Executive Director	11-Jun-2024	-

3.1 Executive Committee

Name	Designation	Date of Appointment or Reappointment	Date of Resignation
Muteb bin Mohammed Al Shathri	Committee Chairman	23-Mar-2022	-
Sadhak Bindal	Committee Member	28-Aug-2024	-
Marwan Shehadeh	Committee Member	23-Mar-2022	-
Ahmed Ramdan	Committee Member	23-Mar-2022	-
Fadi Adel AlSaid	Committee Member	02-Mar-2022	-

3.2 Audit & Compliance Committee

Name	Designation	Date of Appointment or Reappointment	Date of Resignation
Edward Quinlan	Committee Chairman	01-Jun-2022	03-Jun-2024
Ahmed Ramdan	Committee Member	07-Feb-2021	-
Sadhak Bindal	Committee Chairman	28-Aug-2024	-
Fouad Alrashed	Committee Member	28-Aug-2024	-

3.3 Nomination & Remuneration Committee

Name	Designation	Date of Appointment or Reappointment	Date of Resignation
Ahmed Ramdan	Committee Chairman	13-Sep-2015	-
Edward Quinlan	Committee Member	07-Feb-2021	03-Jun-2024
Fadi Adel AlSaid	Committee Member	24-Mar-2022	-
Fouad Alrashed	Committee Member	28-Aug-2024	-

4 Audit information

Having made the required enquiries, so far as the Directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

4.1 Auditors

PricewaterhouseCoopers Limited were appointed as external auditors of the Group for the year ended 31 December 2024. PricewaterhouseCoopers Limited are eligible for reappointment as auditors for 2025 and have expressed their willingness to continue in office.

Muteb bin Mohammed Al Shathri
Chairman

Ahmad Al ghamdi
Non-Executive Director

9 April 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	AED million 2024	2023
Revenue		1,336.2	1,093.6
Expenses	*4*	(1,274.2)	(1,080.7)
Reversal of provision / (provision of) impairment on financial and contract assets, net	*12, 13*	39.8	(51.3)
Finance income		5.6	1.6
Finance cost		(6.9)	(5.7)
Finance cost, net		(1.3)	(4.1)
Share of profit from associates	*10*	0.8	2.0
Gain on liquidation of a subsidiary	*27*	-	8.0
Profit / (loss) before tax and zakat		101.3	(32.5)
Income tax and zakat expense	*5*	(13.5)	(11.9)
Profit / (loss) for the year		87.8	(44.4)
Profit / (loss) *for the year attributable to:*			
Owners of Depa PLC		87.8	(44.4)
Earnings per share:			
Basic and diluted earnings / (loss) per share (UAE fils)	*6*	6	(3)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		AED million	
	Note	2024	2023
Profit / (loss) for the year		87.8	(44.4)
Other comprehensive (loss) / income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(7.1)	8.5
Items that will not to be reclassified to profit or loss:			
Actuarial (loss) / gain recognised	*19*	(1.0)	1.2
Other comprehensive (loss) / income for the year		(8.1)	9.7
Total comprehensive income / (loss) for the year		79.7	(34.7)
Attributable to:			
Owners of Depa PLC		79.7	(34.7)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AED million	
		As at 31 December	
	Note	2024	2023
ASSETS			
Cash and cash equivalents	25	305.6	244.8
Restricted cash	25	80.4	29.5
Fixed deposits		-	0.7
Trade and other receivables	12	432.1	286.4
Due from construction contract customers	13	132.7	150.7
Inventories	14	28.2	37.1
Total current assets		979.0	749.2
Contract retentions	12	82.9	105.1
Investment properties	11	9.9	12.7
Investment in associates	10	11.7	12.2
Intangible assets	8	7.1	7.7
Goodwill	9	32.3	32.3
Right-of-use assets	30	39.0	39.7
Property, plant and equipment	7	88.9	84.1
Total non-current assets		271.8	293.8
Total assets		1,250.8	1,043.0
LIABILITIES			
Trade and other payables	20	679.7	550.2
Income tax payable	5	2.5	2.0
Borrowings	18	-	2.2
Total current liabilities		682.2	554.4
Employees' end of service benefits	19	55.4	50.3
Retentions		4.0	9.1
Lease liabilities	30	36.0	33.7
Deferred tax liabilities	5	9.8	1.8
Borrowings	18	-	0.2
Total non-current liabilities		105.2	95.1
Total liabilities		787.4	649.5
Net assets		463.4	393.5
EQUITY			
Share capital	15	908.9	908.9
Share premium	15	322.1	322.1
Treasury shares	16	(12.6)	(12.6)
Statutory reserve	17	60.0	60.0
Translation reserve		(27.9)	(20.8)
Other reserve		(0.8)	0.2
Accumulated losses		(782.6)	(860.6)
Equity attributable to Owners of Depa PLC		467.1	397.2
Non-controlling interests		(3.7)	(3.7)
Total equity		463.4	393.5

The consolidated financial statements were approved for issue by the Board of Directors on 9 April 2025 and signed on its behalf by:

Nader Mardini
Interim Group Chief Executive Officer and Group Chief Financial Officer

DEPA PLC AND ITS SUBSIDIARIES

CONSOLIDATED 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 2023	908.9	322.1	(12.6)	60.0	(29.3)	(1.0)	(773.4)	474.7	(52.0)	422.7
Loss for the year	-	-	-	-	-	-	(44.4)	(44.4)	-	(44.4)
Other comprehensive income the year	-	-	-	-	8.5	1.2	-	9.7	-	9.7
Total comprehensive loss for the year	-	-	-	-	8.5	1.2	(44.4)	(34.7)	-	(34.7)
Transaction with owners										
Transaction with non-controlling interests and disposal of a subsidiary (note 27)	-	-	-	-	-	-	(42.8)	(42.8)	48.3	5.5
At 31 December 2023	908.9	322.1	(12.6)	60.0	(20.8)	0.2	(860.6)	397.2	(3.7)	393.5
Adjustment for deferred tax liabilities	-	-	-	-	-	-	(9.8)	(9.8)	-	(9.8)
Profit for the year	-	-	-	-	-	-	87.8	87.8	-	87.8
Other comprehensive loss the year	-	-	-	-	(7.1)	(1.0)	-	(8.1)	-	(8.1)
Total comprehensive income for the year	-	-	-	-	(7.1)	(1.0)	87.8	79.7	-	79.7
At 31 December 2024	908.9	322.1	(12.6)	60.0	(27.9)	(0.8)	(782.6)	467.1	(3.7)	463.4

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	AED million 2024	2023
Operating activities			
Profit / (loss) before tax and zakat		101.3	(32.5)
Adjustments for:			
Depreciation of property, plant and equipment	*7*	14.2	15.6
Depreciation of right-of-use assets	*30*	6.1	5.3
Amortisation and impairment of intangible assets	*8*	1.5	1.0
Loss on disposal of property, plant and equipment		2.2	1.2
Finance income		(5.6)	(1.6)
Finance cost		6.9	5.7
Fair value loss on investment property	*11*	2.8	-
Reversal of provision for inventory obsolescence	*14*	-	(2.3)
(Reversal of provision) / provision of impairment on financial and contract assets - net	*12,13*	(39.8)	51.3
Gain on liquidation of a subsidiary	*27*	-	(8.0)
Share of profit from associates	*10*	(0.8)	(2.0)
Provision for employees' end of service benefits	*19*	7.7	7.7
Operating cash flows before payment of employees end of service benefits, taxes, and changes in working capital		96.5	41.4
Employees' end of service benefits paid	*19*	(3.0)	(11.0)
Income tax and zakat paid		(12.8)	(7.6)
Changes in working capital:			
Trade and other receivables		(108.9)	(2.0)
Inventories		8.9	2.0
Due from construction contract customers		21.0	8.4
Contract retentions		22.2	8.1
Retentions		(5.1)	(2.9)
Trade and other payables		129.3	(25.8)
Restricted cash		(50.9)	29.6
Net cash generated from operating activities		97.2	40.2
Investing activities			
Purchase of property, plant and equipment	*7*	(24.1)	(23.3)
Purchase of intangible assets	*8*	(0.9)	(1.1)
Dividends received from associates	*10*	1.3	0.9
Decrease in long term fixed deposits		0.7	-
Finance income received		5.6	1.6
Net cash used in investing activities		(17.4)	(21.9)
Financing activities			
Principal elements of lease payments		(5.2)	(5.2)
Repayments of borrowings		(2.4)	(16.4)
Finance cost paid		(6.9)	(5.7)
Net cash used in financing activities		(14.5)	(27.3)
Net increase / (decrease) in cash and cash equivalents		65.3	(9.0)
Cash and cash equivalents at the beginning of the year		244.8	238.3
Effect of foreign exchange differences		(4.5)	15.5
Cash and cash equivalents at the end of the year	*25*	305.6	244.8

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 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 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 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with and comply with IFRS Accounting Standards and interpretations issued by IFRS Interpretation Committee ("IFRS IC") applicable to companies reporting under IFRS Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 New amendments adopted by the Group

The Group has applied the following new and revised standards and amendments for the first time for their annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1;
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7; and
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16.

The Group did not have to change its material accounting policies or made retrospective adjustments as a result of adopting these amended standards.

2.1.2 New standards and amendments not early adopted by the Group

The following new and amended standards which are effective 1 January 2025 and have not been early adopted by the Group. The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective

- Amendments to IAS 21 -- Lack of Exchangeability;
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7;
- IFRS 18 Presentation and Disclosure in Financial Statements; and
- IFRS 19, 'Subsidiaries without public accountability: Disclosures'.

2.2 Basis of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A listing of Group subsidiaries is set out in note 22.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.2.3 Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings. For details of the joint operations refer to note 26.

2.2.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Depa PLC.

Any contributions by the parent towards the accumulated deficit attributable to NCI is treated as transaction with non-controlling interests.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Group is its Interim Group Chief Executive Officer. Refer to note 24.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the United Arab Emirates Dirham ("AED") which is the Company's functional and the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

2.4.3 Group companies

The results and financial positions of all the subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
2. income and expenses for each statement of comprehensive income are translated at average exchange rates during the financial year; and
3. all resulting exchange differences are recognised as a separate component of equity called "translation reserve".

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the consolidated statement of financial position date. Exchange differences arising on translation of these items are recognised in consolidated statement of other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Buildings	6 - 15 years
Machinery, plant and equipment	2 - 15 years
Motor vehicles	4 - 5 years
Furniture and office equipment	3 - 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work-in-progress is stated at cost and includes equipment that is being developed for future use. When commissioned, capital work-in-progress is transferred to appropriate category of property, plant and equipment and depreciated in accordance with the Group's policies.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal. Impairment of non-financial assets is disclosed in note 2.9.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

2.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost expenditure which are capitalised as and when activities that are necessary to get the investment properties ready for use for the purpose they are intended to. The carrying amount excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value at each reporting period, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

2.7 Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised when the carrying value of the cash generating unit or group of cash generating units exceeds its recoverable amount. Impairment losses on goodwill are not reversed. Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount (“negative goodwill” or a “bargain purchase”) is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.8 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets with following definite useful lives are amortised on straight-line basis:

Brand name and rights	15 years
Software	3 - 5 years

Intangible assets residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Intangible assets are written down to the recoverable amount if carrying value is higher that recoverable amount.

2.9 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (“cash generating units”).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing locations and conditions. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11.2 Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of financial asset depends on the group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets at fair value through other comprehensive income (FVOCI) are carried at fair value. After initial measurement, the Group presents fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

The Group classifies debt instruments at amortised cost using effective interest rate method.

2.11.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets. For trade receivables, amount due from construction contract customers and contract retentions, the Group applies the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets (note 28).

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within bank borrowings. Term deposits are deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.18 Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

2.19 Borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in comprehensive income or directly in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Share-based payments

The Company had an equity settled share-based compensation plan in place, under which the entity receives services from employees as consideration for share awards. In accordance with IFRS 2, “Share-based payments”, the cost of share-based payments awarded is charged to the consolidated statement of profit or loss over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of grant adjusted for the number of awards expected to vest. Where awards are settled by the new issue of shares, any proceeds received in respect of share options are credited to share capital and share premium. Share awards are granted by the Company to employees of its subsidiaries. As at 31 December 2024, the Group has share-based payment reserve of AED 2.6 million (2023: AED 2.6 million) included in other reserve in the consolidated statement of changes in equity.

2.23 Employees’ end of service benefits

In accordance with labour laws prevailing in the countries in which the Company and its subsidiaries operate, the Group provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employees’ salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Wages, salaries, contributions to pension, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The short-term employee current employee benefits are presented in trade and other payables.

The Group provides post-employment defined benefit plans under several jurisdictions in which the Group operates. Major jurisdictions in which employees end of service benefits are accrued are United Arab Emirates and the Kingdom of Saudi Arabia. These benefits are currently un-funded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the other reserves in the consolidated statement of changes in equity. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income as past service costs.

The interest cost component is expensed to the consolidated statement of profit or loss and is calculated by applying the discount rate to the balance of the defined benefit obligation. The defined benefit liability comprises the present value of the defined benefit obligations which is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The Group has not currently allocated any assets to such plans.

Payments made to social security institutions in connection with government pension plans in various countries where the Group operates are dealt with as payments to defined contribution plans, where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the social security institutions on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which the employees’ service relates.

2.24 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest hundred thousand units unless otherwise stated.

2.25 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

The Group recognises revenue from contracts with customers based on a five-step model as set out below:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where any one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

2.25.1 Contract revenue

The Group provides interior fit out solutions to its customers operating in a wide variety of industries as noted in note 1. The Group has concluded that for its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue over time and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

A receivable is recognised when the work performed is certified and as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms for the customer are in accordance each contract with the customer.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Variations which are extension of existing scope of work are accounted for using cumulative catch-up adjustments to the cost to complete method of revenue recognition.

Variation orders which require addition of distinct goods and services to the scope at discounted prices are accounted for prospectively and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

Claims are accounted for as variable consideration. They are included in contract revenue using the expected value or most likely amount approach (whichever is more predictive of the amount the entity expects to be entitled to receive) and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the claim is subsequently resolved.

A loss is recognised in the consolidated statement of profit and loss when the expected contract cost exceeds the anticipated contract revenue. The Group recognises two or more contracts entered into at or near the same time with the same customer and account for the contracts as a single contract under IFRS 15 “Revenue from contracts with customers” if one or more of the following criteria are met:

1. The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
2. The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
3. The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

If any of the above criteria is met, the arrangements are combined and accounted for as a single arrangement for revenue recognition.

Pre-contract cost of obtaining a contract with a customer is recognised as an asset, which is amortised over the term of the contract, if those costs are expected to be recovered.

The Group provides complete interior fit out solutions to its customers operating in a wide variety of industries as noted in note 1, therefore, the Group assess whether these arrangements can have single or multiple performance obligations under IFRS 15 “Revenue from contracts with customers” based on the nature of interior solutions being offered under that arrangement.

Factors affecting the conclusion whether an arrangement has single or multiple performance obligations can include (among other factors) customer’s expectations from the contract, distinct nature of the products and services degree of integration or inter-relation between the various products and services.

Revenue is recognised in the consolidated statement of profit and loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

2.25.2 Sale of goods

Revenue from sale of goods represents the sale of materials. Revenue from sale of goods is recognised at point in time when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. A receivable is recognised when the goods are delivered to the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms for the customer are in accordance with each contract with the customer. The Company is considered to be a principal in the arrangement.

2.26 Leases

The Group leases various lands, buildings, offices, warehouses, equipment and cars.

Rental contracts are typically made for fixed periods of 2 to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not typically impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the lessee under residual value guarantees; and

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received. Where third-party financing is not available, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk of the Group and any other adjustments specific to the lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs, and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise small items of office equipment and furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are mutually exercisable and not only by the Group and or the respective lessor.

2.27 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.28 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bond and other consequential changes in income or expense that would result from the assumed conversion, if any) by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.29 Finance cost and finance income

2.29.1 Finance costs

Finance costs comprise interest expense on borrowings, finance charges on leases based on the incremental borrowing rate in accordance with IFRS 16 Leases that are recognised in consolidated statement of profit or loss and other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

2.29.2 Finance income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in consolidated statement of profit or loss and other comprehensive income as part of finance income.

2.30 Contract retentions

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 amounts are recognised initially at transaction price and subsequently measured at amortised cost, less provision for impairment, if any.

2.31 Foreign exchange translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

2.32 Dividend income

Dividend income is recognised when the rights to receive payment have been established.

3 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Recognition of revenue from construction contracts

The Group uses recognition of revenue and profit over time based on progress of its project through cost to complete method which requires the Group to estimate the progress of work performed as a proportion of contract costs incurred for work performed to date to the estimated total contract costs. Since contract costs can vary from initial estimates, the reliance on the total contract cost estimate represents an uncertainty inherent in the revenue recognition process. Individual contract budgets are reviewed regularly with project leaders to ensure that cost estimates are based upon up to date and as accurate information as possible, and take into account any relevant historic performance experience. Effects of any revision to these estimates are reflected in the year in which the estimates are revised.

3.2 Construction cost estimates

The Group uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labour costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates.

3.3 Contract variations

Contract variations are recognised as revenue to the extent that it is highly probable that they will result in revenue and a significant reversal in revenue will not occur and which can be reliably measured, this requires the exercise of judgement by management based on prior experience, application of contract terms and relationship with the contract owners.

3.4 Recoverability of contract receivables, retentions and amounts due from contract customers

Management has estimated the recoverability of contract receivables, retentions and amount due from customers and has considered the allowance required. Management has estimated the allowance for contract receivables, retentions and amount due from contract customers on the basis of prior experience, the current economic environment, the status of negotiations as well as forward-looking estimates at the end of each reporting period (refer note 28). Estimating the amount of the allowance requires significant judgement and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions and contractor/employer-specific factors, all of which may be susceptible to significant change.

To the extent actual outcomes differ from management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

The Group has 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. Refer to note 28.

3.5 Employees' end of service benefits

The cost of the end of service benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are set out in note 19.

3.6 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount which is higher of fair value less cost to sell or value-in-use of the cash-generating units to which goodwill has been allocated. 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 which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. Refer to note 9 for further details.

3.7 Taxes

Management has assessed the tax position in the jurisdictions it operates having regard to the local tax legislation, decrees issued periodically and related bilateral/international treaties and/or conventions.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group records provisions based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective Group company's domicile.

3.8 Critical judgements

3.8.1 Joint operations

The Group reports its interests in jointly controlled entities as joint operations when the Group has direct right to the assets, and obligations for the liabilities, relating to an arrangement. In this case it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Management has evaluated its interest in its joint arrangements and has concluded them to be joint operations.

4 Expenses

	AED million	
	2024	2023
Sub-contractor costs	446.6	384.0
Personnel costs	406.9	348.6
Material costs	372.3	308.1
Registration and legal expenses	14.2	7.8
Depreciation (note 7)	14.2	15.6
Depreciation of right-of-use assets (note 30)	6.1	5.3
Fair value loss on investment property (note 11)	2.8	-
Premises rent (short term leases)	1.5	3.7
Amortisation of intangibles (note 8)	1.5	1.0
Other expenses	8.1	6.6
	1,274.2	1,080.7

5 Income tax and zakat expense

The Group is subject to income tax in the United Arab Emirates on profits generated in the financial year commencing 1 January 2024. The Group is also subject to taxation on its operations in Germany, United States, Qatar, Egypt, Kingdom of Saudi Arabia, Jordan, India and Morocco.

5.1 Income tax and zakat recognised in the consolidated financial statements:

On 9 December 2022 UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No. 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes. As a result of the enactment / substantial enactment of Corporate tax, management performed assessment of deferred tax for subsidiaries in the UAE during 2023, with the help of an external consultant, for application of IAS 12 taking into consideration the cabinet decisions with respect to adjustments for temporary and permanent differences.

	AED million	
	2024	2023
Current tax and zakat expense	13.5	11.9
	13.5	11.9
Effective tax rate from taxable operations:		
Profit before tax and zakat from operations which are taxable	131.8	26.9
Loss before tax and zakat from operations which are taxable	(30.5)	(44.5)
Loss from operations before tax and zakat which are not taxable	-	(14.9)
Profit / (loss) before tax and zakat	101.3	(32.5)
Total income tax and zakat expense during the year	(13.5)	(11.9)
Effective tax rate on profit from operations which are taxable	10.2%	44.2%
Income tax and zakat	(13.5)	(11.9)
Tax and zakat on profit from operations which are taxable	(13.5)	(11.9)

The relationship between tax expense and the accounting profit is as follows:

	AED million	
	2024	2023
Profit / (loss) before tax and zakat	101.3	(32.5)
Tax and zakat at the domestic rates applicable to profits in countries where the Group operates	(13.5)	(11.9)

5.2 Tax and zakat balances

The following is the analysis of tax and zakat balances presented in the consolidated statement of financial position:

	AED million	
	2024	2023
Deferred tax liabilities	9.8	1.8
Income tax and zakat payable	2.5	2.0

Differences between IFRS Accounting Standards and statutory taxation regulations in give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences was not material to the consolidated financial statement.

6 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by using weighted average number of ordinary shares outstanding during the year of 1,364,145,794 shares (2023: 1,364,145,794 shares), which represent the outstanding shares of 1,368,452,753 (refer note 15), less treasury shares of 4,306,959 (refer note 15 and 16).

	2024	2023
Basic earnings per share		
Profit / (loss) attributable to ordinary shareholders in AED million	87.8	(44.4)
Weighted average number of ordinary shares outstanding	1,364,145,794	1,364,145,794
Basic earnings / (loss) per share (UAE fils)	6	(3)
Diluted earnings per share		
Profit / (loss) attributable to ordinary shareholders in AED million	87.8	(44.4)
Weighted average number of ordinary shares outstanding	1,364,145,794	1,364,145,794
Diluted earnings / (loss) per share (UAE fils)	6	(3)

7 Property, plant and equipment

AED million

	Land and buildings	Machinery, plant and equipment	Motor vehicles	Furniture and office equipment	Capital work-in-progress	Total
Cost						
At 1 January 2023	249.4	123.0	6.6	62.4	-	441.4
Additions	10.5	2.6	0.5	7.8	1.9	23.3
Transfers	2.4	0.1	-	0.4	(2.9)	-
Disposals	(0.2)	(0.2)	(0.2)	(2.4)	(0.2)	(3.2)
Exchange differences	0.8	0.7	-	0.8	1.2	3.5
At 31 December 2023	262.9	126.2	6.9	69.0	-	465.0
Additions	0.7	1.9	0.7	4.1	16.7	24.1
Transfers	0.8	0.6	-	-	(1.4)	-
Disposals	-	-	(0.2)	(0.7)	(2.2)	(3.1)
Exchange differences	(2.7)	(2.5)	(0.2)	(0.9)	(0.3)	(6.6)
At 31 December 2024	261.7	126.2	7.2	71.5	12.8	479.4
Accumulated depreciation and impairment						
At 1 January 2023	206.4	101.7	6.6	52.1	-	366.8
Charge for the year (note 4)	4.1	6.6	0.3	4.6	-	15.6
Disposals	-	(0.1)	(0.2)	(1.7)	-	(2.0)
Exchange differences	0.1	0.2	-	0.2	-	0.5
At 31 December 2023	210.6	108.4	6.7	55.2	-	380.9
Charge for the year (note 4)	4.3	6.9	0.2	2.8	-	14.2
Disposals	-	-	(0.2)	(0.7)	-	(0.9)
Exchange differences	(1.2)	(1.7)	(0.1)	(0.7)	-	(3.7)
At 31 December 2024	213.7	113.6	6.6	56.6	-	390.5
Net carrying amount						
At 31 December 2024	48.0	12.6	0.6	14.9	12.8	88.9
At 31 December 2023	52.3	17.8	0.2	13.8	-	84.1

Property, plant and equipment amounting to AED 252.0 million were fully depreciated but are still in use as at 31 December 2024 (2023: AED 233.7 million).

8 Intangible assets

AED million

	Brand name and rights	Software	Total
Cost			
At 1 January 2023	108.6	64.8	173.4
Additions	-	1.1	1.1
At 31 December 2023	108.6	65.9	174.5
Additions	-	0.9	0.9
Disposal	-	(1.0)	(1.0)
At 31 December 2024	108.6	65.8	174.4
Accumulated amortisation and impairment			
At 1 January 2023	101.5	64.3	165.8
Charge for the year (note 4)	0.5	0.5	1.0
At 31 December 2023	102.0	64.8	166.8
Charge for the year (note 4)	0.8	0.7	1.5
Disposal	-	(1.0)	(1.0)
At 31 December 2024	102.8	64.5	167.3
Net carrying amount:			
At 31 December 2024	5.8	1.3	7.1
At 31 December 2023	6.6	1.1	7.7

Intangibles includes certain fully amortised / impaired brand names and rights and customer lists.

9 Goodwill

The goodwill arose on the acquisition of Vedder by the Group 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 purposes. 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 the groups of cash-generating units is as follows:

	AED million	
	2024	2023
Vedder	32.3	32.3

9.1 Annual test for impairment

The Group carried out an impairment test for goodwill allocated to Vedder during the year. The recoverable amount of the cash generating unit has been estimated and is based on the higher of fair value less cost to sell or value in use calculated using cash flow projections approved by senior management covering a five-year period. The cashflow projections beyond the five-year period is extrapolated using the growth rate mentioned below. Management concluded that no impairment was required.

9.2 Key assumptions used

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

- Growth rate;
- Discount rate; and
- 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 8.1% (2023: 7.8%) per annum was used in the estimates.

Discount rate: Discount rate used throughout the assessment period was 9.25% (2023: 9.75%), reflecting the cash generating unit 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 5.8% (2023: 5.9%) reflecting historic average EBIT of the Vedder.

Sensitivity analyses

The recoverable amount of the CGU is estimated to exceed the carrying amount of the CGU at 31 December 2024 by AED 43.9 million (2023: AED 105.4 million). The carrying amount of this CGU would exceed its recoverable amount if the key assumptions were to change as follows:

	From	To
Average growth rate	8.1%	7.2%
Average EBIT rate	5.8%	4.8%
Discount rate	9.25%	10.6%

10 Investment in associates

Details of the Group's associates are as follows:

Name of associate	Country	Holding %		Principal activities
		2024	2023	
Decolight Trading LLC	United Arab Emirates	45%	45%	Trading
Polypod Middle East LLC	United Arab Emirates	40%	40%	Non-operating

Movement in investment in associates during the year is as follows:

	AED million	
	2024	2023
At 1 January	12.2	11.1
Share of profit	0.8	2.0
Dividends received	(1.3)	(0.9)
At 31 December	11.7	12.2

No individual associate is material to the Group.

Summarised financial information in respect of the Group's associates is set out below:

	AED million	
	2024	2023
Current assets	41.2	45.9
Non-current assets	0.7	0.9
Total assets	41.9	46.8
Current liabilities	13.9	17.4
Non-current liabilities	2.0	2.4
Total liabilities	15.9	19.8
Net assets	26.0	27.0
Group's share of net assets of associates	11.7	12.2
Total revenue	42.8	51.2
Total profit for the year	1.8	4.4
Group's share of profit and total comprehensive income of associates	0.8	2.0

As at 31 December 2024, the Group has assessed that the investments in its associates are not impaired (2023: nil).

There are no material contingencies and commitments in the associates' financial information.

11 Investment properties

	AED million	
	2024	2023
At 1 January	12.7	6.6
Fair value loss on investment property (note 4)	(2.8)	-
Acquisition of investment properties	-	6.1
At 31 December	9.9	12.7

The Group's investment properties consist of plots of land in Ajman and villas in Morocco. The investment properties are valued by qualified independent property valuation firms based on the market value of the relevant region in which the properties are located.

The valuers are licensed and have recent experience in the location and category of the property being valued. The most significant input into this valuation approach is price per square metre. The property valuation firms are specialised in valuing these types of investment properties.

The fair value stated in the report is determined using valuation methods with parameters not based exclusively on observable market data (level 3). Rental income recognised during the year was nil in the consolidated statement of profit or loss (2023: nil).

11.1 Valuation techniques used to determine fair values

Specific valuation techniques used to fair value the investment properties include Comparable method: market approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available. Factors such as location, accessibility, plot size and shape, view, land use and communities nearby are assessed.

12 Trade and other receivables

	AED million	
	2024	2023
Trade receivables	261.0	223.6
Total contract retentions	281.5	252.0
Less: non-current portion of contract retentions	(82.9)	(105.1)
Less: Impairment of trade receivables and contract retentions	(207.2)	(258.9)
Trade receivables and contract retentions - net	252.4	111.6
Amounts due from related parties (note 21)	9.0	9.0
Other receivables	69.6	67.9
Other current assets:		
Advances to sub-contractors and suppliers	77.8	76.6
Prepayments	23.3	21.3
	432.1	286.4

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 provision for impairment for trade receivables during the year is as follows:

	AED million	
	2024	2023
At 1 January	99.0	96.7
Charge for the year	1.1	11.6
Reversal during the year	(13.1)	(5.4)
Amounts written off / transferred – net	(4.6)	(3.9)
At 31 December	82.4	99.0

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

	AED million	
	2024	2023
At 1 January	159.9	125.8
Charge for the year	1.0	42.3
Reversal during the year	(25.8)	(3.1)
Amounts written off / transferred – net	(10.3)	(5.1)
At 31 December	124.8	159.9

The credit risk in relation to trade and other receivable and contract retention is disclosed in note 28.

Contract balances have been agreed with customers through original contracts and formal agreements in the form of variations, claims and compensating events, uncertainty remains around the customers' ability to settle their dues to the Group.

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.

13 Due from construction contract customers

	AED million	
	2024	2023
Contracts in progress at end of the reporting period		
Amount due from construction contract customers	196.2	219.1
Less: Impairment of amount due from construction contract customers	(63.5)	(68.4)
Amount due from construction contract customers included in current assets	132.7	150.7
Amount due to construction contract customers included in trade and other payables (note 20)	(230.1)	(117.2)

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. These have decreased due to higher certification during the year.

Amount due to construction contract customers represents excess billings. These increased due to increase in billings made to customers based on the milestone achievements in the projects.

The credit risk in relation to amount due from construction contract customers is disclosed in note 28.

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

	AED million	
	2024	2023
At 1 January	68.4	75.7
Charge for the year	-	8.7
Reversal during the year	(3.0)	(2.8)
Amounts written off	(1.9)	(13.2)
At 31 December	63.5	68.4

The Group has recognised the following assets and liabilities related to contracts with customers:

	AED million	
	2024	2023
Revenue recognised that was included in contract liability balance at the beginning of the year	117.2	50.2

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts:

	AED million	
	2024	2023
Aggregate amount of transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December	2,051.5	1,826.6

Management expects that 65.5% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue during the next reporting period (AED 1,343.5 million). The remaining 34.5% (AED 708.0 million) will be recognised in the 2026 financial year. The amount disclosed above does not include variable consideration which is constrained.

14 Inventories

	AED million	
	2024	2023
Raw materials	28.2	40.2
Goods in transit	4.8	1.5
Work in progress	8.5	8.7
	41.5	50.4
Less: Allowances for slow moving inventories	(13.3)	(13.3)
	28.2	37.1

The cost of inventories charged as expense during the year was AED 41.0 million (2023: AED 35.5 million).

The movement in the allowance for slow moving inventory during the year is as follows:

	AED million	
	2024	2023
At 1 January	13.3	15.6
Reversal of allowance for the year	-	(2.3)
At 31 December	13.3	13.3

15 Share capital

The share capital as at 31 December 2024 and 2023 comprises of the following:

	AED million	
	2024	2023
Authorised share capital:		
5,000,000,000 ordinary shares of AED 1.47 (US$ 0.40) each	7,350.0	7,350.0
1,100,000,000 ordinary Class A shares of AED 0.000003 (US$ 0.000001) each	-	-
Issued and fully paid share capital:		
618,452,753 ordinary shares (31 December 2023: 618,452,753) of AED 1.47 (US$ 0.40) each	908.9	908.9
750,000,000 ordinary Class A shares (31 December 2023: 750,000,000) of AED 0.000003 (US$ 0.000001) each	-	-
	908.9	908.9

15.1 Share premium

In 2022, the Group issued 750,000,000 new Class A shares at a value of AED 0.2 per share with a nominal value of AED 0.000003 per share. As a result, the Group had recorded a share premium of AED 150.0 million in consolidated statement of financial position. As at 31 December 2024, the share premium was AED 322.1 million (31 December 2023: AED 322.1 million).

16 Treasury shares

At 31 December 2024, the number of treasury shares held were 4,306,959 (2023: 4,306,959) amounting to AED 12.6 million (2023: AED 12.6 million). The fair value of the treasury shares at the reporting date is AED 1.6 million (2023: AED 1.1 million).

17 Statutory reserve and other reserve

In accordance with the Articles of Association of certain subsidiaries of the Group, 5% - 10% of the profit for the year is transferred to a statutory reserve for each entity. Such transfers are required to be made until the reserve equals 50% of the share capital in each of the subsidiaries. This reserve is not available for distribution, except in circumstances stipulated in the commercial laws applicable to each entity. As at 31 December 2024, the reserve is fully funded as per the local companies law of the respecting country in which the Group's subsidiaries operate.

The other reserve includes negative AED 1.5 million (2023: AED 2.7 million) for cumulative actuarial gain/loss recognised for end of service benefits obligation.

18 Borrowings

	AED million	
	2024	2023
Bank loans	-	0.9
Trust receipts and acceptances	-	1.5
	-	2.4

The borrowings are repayable as follows:

Within 1 year	-	2.2
1- 2 years	-	0.2
	-	2.4

Presented in the consolidated statement of financial position as:

Non-current liabilities	-	0.2
Current liabilities	-	2.2
	-	2.4

18.1 Bank loans

The Group had three loan facilities of EUR 9 million from German banks which had fixed interest rates ranging between 1% and 2.75% per annum. During the year, these loans were fully repaid. There are no undrawn facilities as of 31 December 2024 and 2023.

18.2 Trust receipts and acceptances

Trust receipts and acceptances are one of the financing facilities used by the Group for imports. The buyer promises to hold the goods received in the name of the bank arranging the financing. The bank retains title to the goods until the debt is settled. The payment terms vary between 30 and 180 days and are subject to floating interest rates ranging from EIBOR plus 2.5% to 3.75% per annum (2023: EIBOR plus 2.5% to 3.75%).

19 Employees' end of service benefits

Provision for employees' end of service benefits is made in accordance with the relevant labour laws assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period. The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit or loss and other comprehensive income:

	AED million	
	2024	2023
Current service cost	5.3	5.0
Interest cost	2.4	2.7
Net expense recognised in the consolidated statement of profit or loss	7.7	7.7
Actuarial (loss)/gain recognised in the consolidated statement of comprehensive income	1.0	(1.2)

Changes in the present value of defined benefit obligations is as follows:

	AED million	
	2024	2023
At 1 January	50.3	53.1
Current service cost	5.3	5.0
Interest cost	2.4	2.7
Benefits paid during the year	(3.0)	(11.0)
Exchange differences	(0.6)	1.7
Actuarial (loss) / gain recognised in consolidated statement of comprehensive income	1.0	(1.2)
At 31 December	55.4	50.3

The expected maturity analysis of undiscounted benefits plans is as follows:

	AED million			
	Less than 12 months	1 to 5 years	>5 years	Total
As at 31 December 2024				
Defined benefits obligation	7.1	34.7	36.5	78.3
	7.1	34.7	36.5	78.3
As at 31 December 2023				
Defined benefits obligation	6.3	30.5	33.7	70.5
	6.3	30.5	33.7	70.5

	AED million	
	2024	2023
United Arab Emirates	46.8	43.5
Kingdom of Saudi Arabia	7.2	5.1
Others	1.4	1.7
At 31 December	55.4	50.3

The principal assumptions used in determining the provision for end of service benefit obligations are shown below:

	AED million	
	2024	2023
Discount rate per annum compound	5.3%	4.8%
Salary increase rate per annum compound - Staff and workers	0% - 2.0%	0% - 3.5%

Management believes that no reasonably possible change in any of the above key assumptions would have material impact on the amounts disclosed in the consolidated financial statements.

20 Trade and other payables

	AED million	
	2024	2023
Amount due to construction contract customers (note 13)	230.1	117.2
Project cost accruals	109.9	101.1
Trade payables	83.3	96.8
Advances received	64.9	87.2
Subcontractor/supplier retentions	64.6	47.6
Amounts due to related parties (note 21)	9.6	9.6
Lease liabilities (note 30)	5.4	5.2
Other payables	111.9	85.5
	679.7	550.2

No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid as per the agreed terms and conditions, provided the supplier has complied with the terms.

21 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 balances are non-interest bearing and are expected to the realised within 12 months from the reporting date. The types of related party transactions are described below.

21.1 Commercial transactions

The Group receives and provides services to related parties in the normal course of business. These services consist of construction/fit-out work, leasing office space or land and use of specialised skills on certain projects. 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. Transactions with the related parties are unsecured and settled in cash.

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

	AED million	
	2024	2023
Amounts due from related parties (refer note 12)		
Entities with common ownership and/or management		
Lindner AG	9.0	9.0
	9.0	9.0
Amounts included in trade receivables, contract retention and amounts due from customers on construction contracts are the following related party balances		
Shareholder		
AF Construction LLC	5.9	5.6
Entities with common ownership and/or management		
Red Sea Global Company	101.5	54.4
East Shura III Real Estate Company	5.7	-
Mr. Ahmed Ramdan	3.5	-
Neom Company	4.3	-
Boutique Hospitality Group	6.5	6.5
	127.4	66.5

During the year, the Group engaged with the customer (a related party) to recover outstanding retention balance amounting to AED 18.2 million and signed a settlement agreement on 13 February 2024 for AED 15.0 million.

As at 31 December 2024, the provision for impairment on due from related balances amounted to AED 12.1 (2023: AED 27.1 million).

	2024	2023
Amounts included in cash and bank balances		
Entities with common ownership and/or management		
Saudi National Bank	-	0.2
Riyad Bank	47.8	33.7
	47.8	33.9

The credit risk in relation to balances due from related parties is disclosed in note 28.

	AED million	
	2024	2023
Amounts due to related parties (note 20)		
Joint Operations		
Amounts due to joint operating partners	0.8	0.8
Lindner Depa Interiors LLC	8.8	8.8
	9.6	9.6
Amounts included in trade and other payables		
Entities with common ownership and/or management		
Red Sea Global Company	63.3	57.8
East Shura III Real Estate Company	27.3	-
	90.6	57.8

	AED million	
	2024	2023
Related party transactions		
Entities with common ownership and/or management		
Revenue		
Red Sea Global Company	499.4	276.4
East Shura III Real Estate Company	29.3	-
Mr. Ahmed Ramdan	5.6	-
Neom Company	4.3	-
Al Futtaim Group	3.3	0.6
Boutique Hospitality Group	-	7.5
	541.9	284.5

21.2 Compensation of key management personnel

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

	AED million	
	2024	2023
Short-term compensation	6.2	6.0
End of service benefits	0.2	0.2
Directors' fees	0.8	0.8
	7.2	7.0

22 Subsidiaries

The following subsidiaries in which the Company exercises control, directly or indirectly, are consolidated in these financial statements based on the financial statements of the respective subsidiaries:

22.1 Subsidiaries of Depa Plc

		Holding %		
Name of subsidiary	Country	2024	2023	Principal activities
Depa United Group PJSC	ARE	100%	100%	Strategic management
Depa Beta Investments LLC	ARE	100%	100%	Strategic management

22.2 Subsidiaries of Depa United Group PJSC

		Holding %		
Name of subsidiary	Country	2024	2023	Principal activities
Carrara Mid-East Industrial Co. LLC	ARE	100%	100%	Contracting
Deco Emirates Company LLC	ARE	100%	100%	Contracting
Depa (UK) Limited	GBR	100%	100%	Contracting
Depa Albarakah LLC	ARE	100%	100%	Contracting
Depa Azerbaijan LLC	AZE	100%	100%	Contracting
Depa Construction LLC	ARE	100%	100%	Contracting
Depa Décor, General Contracting & Maintenance Company LLC	ARE	100%	100%	Contracting

		Holding %		
Name of subsidiary	Country	2024	2023	Principal activities
Depa for Hotels Egypt SAE	EGY	100%	100%	Contracting
Depa Germany Verwaltungs GmbH & Co. KG	DEU	100%	100%	Holding company
Depa Hungary KFT	HUN	100%	100%	Holding company
Depa Munich GmbH & Co. KG	DEU	100%	100%	Holding company
Depa India Private Limited	IND	100%	100%	Contracting
Depa India RAK FZE	ARE	100%	100%	Supply
Depa Industrial Group (DIG) LLC	ARE	100%	100%	Manufacturing
Depa Industrial Group Maroc sarl	MAR	100%	100%	Manufacturing
Depa Interiors LLC	ARE	100%	100%	Contracting
Depa Jordan Investment WLL	BHR	70%	70%	Holding company
Depa Mauritius	MUS	100%	100%	Holding company
Depa Qatar WLL	QAT	100%	100%	Contracting
DEPA Saudi Arabia for Contracting & Interior Design Ltd	SAU	100%	100%	Contracting
Depa Syria SAE	SYR	100%	100%	Real estate
Depamar Sarl	MAR	100%	100%	Contracting
Design Studio Group Ltd *	SGP	90%	90%	Holding company
Design Studio Asia Pte. Ltd. *	SGP	100%	100%	Holding company
DSG Manufacturing Singapore Pte. Ltd *	SGP	100%	100%	Contracting
DSG Manufacturing Malaysia Sdn. Bhd. *	MYS	100%	100%	Contracting
DS Project Management Sdn. Bhd. *	MYS	100%	100%	Contracting
DS Interior Decoration (Middle East) LLC *	ARE	100%	100%	Contracting
Design Studio (China) Pte. Ltd. *	SGP	100%	100%	Holding company
DS (Huizhou) Home Furnishing Co., Ltd *	CHN	100%	100%	Contracting
DSG Asia Holdings Pte. Ltd. *	SGP	100%	100%	Holding company
DSG Projects Singapore Pte. Ltd. *	SGP	100%	100%	Contracting
DDS Contracts & Interior Solutions (Thailand) Co., Ltd *	THA	69%	69%	Contracting
DSG Projects Malaysia Sdn. Bhd. *	MYS	100%	100%	Contracting
DDS Contracts & Interior Solutions (Vietnam) Co., Ltd *	VNM	100%	100%	Contracting
Design Studio Lanka (Private) Limited *	LKA	100%	100%	Contracting
DSG (Thailand) Co., Ltd *	THA	100%	100%	Contracting
Design Studio Furniture (Shanghai) Co., Ltd *	CHN	100%	100%	Contracting
DS Interior Contracts & Renovation (Shanghai) Co., Ltd *	CHN	100%	100%	Contracting
El Diar 2	MUS	100%	100%	Holding company
Mivan Depa Contracting (Bahrain) WLL	BHR	100%	100%	Supply
Project Division Company sarl	MAR	100%	100%	Real estate
Pino Meroni Wooden and Metal Industries SAE	EGY	100%	100%	Manufacturing
Thrislington Gulf Co. LLC	ARE	100%	100%	Contracting
Vedder GmbH	DEU	100%	100%	Contracting
Vedder Corporation	USA	100%	100%	Contracting
Vedder Solar GmbH	DEU	100%	100%	Holding company
Vedder Immobilien GmbH**	DEU	100%	0%	Contracting

* These entities are currently under liquidation.
** Incorporated during the year.

Short code	Country	Short code	Country
ARE	United Arab Emirates	QAT	Qatar
GBR	United Kingdom	SAU	Kingdom of Saudia Arabia
AZE	Azerbaijan	SYR	Syria
EGY	Egypt	SGP	Singapore
DEU	Germany	MYS	Myanmar
HUN	Hungary	CHN	China
IND	India	THA	Thailand
MAR	Morocco	VNM	Vietnam
BHR	Bahrain	LKA	Sri Lanka
MUS	Mauritius	USA	United States of America

23 Commitments and contingencies

	AED million	
	2024	2023
Letters of credit	13.5	2.1
Letters of guarantee	257.5	268.8
Security cheques issued	24.2	16.5

The above letters of credit and guarantee were issued in the normal course of business. The security cheques were issued in lieu of bank performance and/or advance guarantees. The Group has AED 5.4 million committed capital expenditures as at 31 December 2024 (2023: nil).

23.1 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 to have a material effect on the Group's operations, cash flows or financial position.

24 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:

24.1 Vedder

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

24.2 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.

24.3 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.

24.4 Investments and others

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

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

AED million

	Vedder	Depa Interiors	Deco Group	Investments and others	Eliminations / other adjustments	Total
31 December 2024						
Reportable segment assets	325.8	837.7	240.3	3,060.5	(3,213.5)	1,250.8
Reportable segment liabilities	193.9	711.9	135.1	104.0	(357.5)	787.4
31 December 2023						
Reportable segment assets	327.4	617.1	209.2	3,109.3	(3,220.0)	1,043.0
Reportable segment liabilities	182.7	592.5	109.1	102.1	(336.9)	649.5
31 December 2024						
Revenue – intersegment	-	-	45.4	-	(45.4)	-
Revenue – external	394.5	718.8	222.9	-	-	1,336.2
Expenses (including loss allowance)	(365.8)	(646.7)	(240.6)	(25.3)	44.0	(1,234.4)
Share of profit from associates	-	-	-	0.8	-	0.8
Net finance cost	0.6	(1.7)	(1.0)	0.8	-	(1.3)
Income tax expense	(8.8)	(4.5)	(2.5)	2.3	-	(13.5)
Profit / (loss) attributable to owners of Depa PLC	20.5	65.9	24.2	(21.4)	(1.4)	87.8
Capital expenditure	19.5	4.1	0.5	-	-	24.1
Depreciation	7.9	4.4	1.8	-	-	14.1
Amortisation	0.7	-	0.8	-	-	1.5
31 December 2023						
Revenue – intersegment	-	-	18.0	-	(18.0)	-
Revenue – external	397.3	484.0	212.3	-	-	1,093.6
Expenses (including loss allowance and gain on liquidation of a subsidiary)	(369.8)	(533.7)	(217.8)	(19.7)	17.0	(1,124.0)
Share of profit from associates	-	-	-	2.0	-	2.0
Net finance cost	(1.2)	(2.8)	(0.1)	-	-	(4.1)
Income tax expense	(7.9)	(4.0)	-	-	-	(11.9)
Profit / (loss) attributable to owners of Depa PLC	18.4	(56.5)	12.4	(17.7)	(1.0)	(44.4)
Capital expenditure	7.8	13.8	1.7	-	-	23.3
Depreciation	7.3	5.1	3.0	0.2	-	15.6
Amortisation	0.3	-	0.7	-	-	1.0

The Group recorded revenue amounting to AED 1,333.5 million over time from construction contracts (2023: AED 1,091.3 million). Point in time revenue amounted to AED 2.7 million from supply of materials (2023: AED 2.3 million).

25 Cash and cash equivalents

	AED million	
	2024	2023
Current accounts	186.5	165.9
Short term fixed deposits less than 3 months	118.4	78.2
Cash on hand	0.7	0.7
Balances as per the consolidated statement of financial position	305.6	244.8

25.1 Net cash reconciliation (excluding restricted cash)

	AED million	
	2024	2023
Cash and cash equivalents (excluding overdraft)	305.6	244.8
Borrowings - repayable within one year (including overdrafts)	-	(2.2)
Borrowings - repayable after one year	-	(0.2)
Net cash (excluding lease liabilities)	305.6	242.4
Lease liabilities	(41.4)	(40.5)
Net cash	264.2	201.9

	AED million	
	2024	2023
Cash and cash equivalent (excluding overdraft)	305.6	244.8
Borrowings – variable interest rates (including overdrafts)	-	(2.4)
Net cash (excluding lease liabilities)	305.6	242.4
Lease liabilities	(41.4)	(40.5)
Net cash	264.2	201.9

25.2 Net debt reconciliation

					AED million
	Borrowings	Leases	Subtotal	Cash*	Total
Net debt as at 1 January 2023	(18.8)	(29.5)	(48.3)	297.2	248.9
Financing cashflows	16.4	7.3	23.7	(22.2)	1.5
New leases	-	(16.2)	(16.2)	-	(16.2)
Foreign currency adjustments	-	1.6	1.6	-	1.6
Interest expense	-	(2.1)	(2.1)	-	(2.1)
Net debt as at 31 December 2023	(2.4)	(38.9)	(41.3)	275.0	233.7
Net debt as at 1 January 2024	(2.4)	(38.9)	(41.3)	275.0	233.7
Financing cashflows	2.4	7.3	9.7	111.0	120.7
New leases – net of terminations	-	(6.7)	(6.7)	-	(6.7)
Foreign currency adjustments	-	(1.0)	(1.0)	-	(1.0)
Interest expense	-	(2.1)	(2.1)	-	(2.1)
Net debt as at 31 December 2024	-	(41.4)	(41.4)	386.0	344.6

*including restricted cash and fixed deposits

Restricted cash amounting to AED 80.4 million (2023: AED 29.5 million) is cash held with the banks as margin for various guarantees issued (note 23) by these banks to the Group's customers.

26 Joint operations

The Group has interest in the following joint operations:

		Holding %		
Name of subsidiary	Country	2024	2023	Principal activities
Depa/CCC – SKMC *	MAR	50%	50%	Contracting
Depa/CCC and GTGCE *	ARE	50%	50%	Contracting
Lindner Depa Interiors LLC *	ARE	51%	51%	Contracting

* The entities have completed their contracts with customers in prior years and there were no operations during the year.

The Group is entitled to a proportionate share of the joint operation assets and revenue and bears a proportionate share of the liabilities and expenses. The amounts below are included in the Group's consolidated financial statements as a result of the Group's rights to the assets, returns, and obligations for liabilities relating to the joint operations.

	AED million	
	2024	2023
Current assets	25.9	25.9
Current liabilities	0.8	0.8
Non-current liabilities	0.1	0.1

27 Liquidation of a subsidiary

27.1 Dragoni International LLC

During 2023, the Group liquidated Dragoni International LLC. The subsidiary at the date of liquidation was in a net deficit position and accordingly the Group recorded gain on disposal of the subsidiary in the consolidated statement of comprehensive income. Further, the Group contributed to the net deficit of the non-controlling interest and recorded such contribution in the Group's equity.

27.1.1 Financial performance and cash flow information

No operations during 2023.

27.1.2 Details of sale of subsidiary of the subsidiary:

	AED million
	2023
Consideration received	-
Carrying amount of net assets sold	(13.5)
Gain on sale after income tax	13.5
Attributable to the owners of the company	8.0
Attributable to non-controlling interest	5.5
Contribution to the net deficit balance of the non-controlling interest recorded through statement of changes in equity	42.8

28 Financial risk management

28.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's Board of Directors and senior management review and agree the policies and oversee the management of these risks. The policies for managing each of these risks are summarised overleaf.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.2 Market risk

28.2.1 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group's foreign currency monetary assets and liabilities are denominated mainly in the following currencies:

- Category A: US Dollar, Saudi Arabian Riyal, Qatari Riyal and Bahraini Dinar.
- Category B: Euro, Indian Rupee, British Pound, Moroccan Dirham, Egyptian Pound, Syrian Pound and Azerbaijan New Mana't.

As the Category A monetary assets and liabilities are either US Dollars or pegged to US Dollars, the sensitivity only considers the effect of a reasonably possible movement of the AED currency rate against Category B monetary assets and liabilities with all other variables held constant, on the consolidated statement of comprehensive income.

At 31 December 2024, if these had strengthened/weakened by 10% against the AED, the net equity for the year would have been higher/lower by AED 15.0 million (2023: AED 15.5 million). The fluctuation in exchange rates are monitored on a continuous basis by the management. The impact of reasonably possible change in the exchange rates on the Group's net profit is not considered to be material.

The carrying amounts of the Group's foreign currency denominated assets and liabilities at the reporting date are as follows.

	AED million			
	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Saudi Arabian Riyal	380.6	328.7	206.9	199.1
Euro	322.5	179.8	324.9	182.7
Indian Rupee	10.2	2.3	11.4	5.1
Egyptian Pound	6.3	2.0	10.7	3.9
Qatari Riyal	8.3	20.3	8.6	21.0
Moroccan Dirham	6.2	6.8	9.4	6.3
US Dollar	8.3	5.1	8.3	5.1
Bahraini Dinar	3.2	5.6	3.2	5.5
Syrian Pound	0.9	0.6	0.9	0.6
Azerbaijan New Mana't	0.2	0.9	0.2	0.9
British Pound	-	0.9	-	0.9

28.2.2 Price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

The Group is not exposed to significant price risks as it does not have significant price sensitive assets and liabilities.

28.2.3 Cash flow and fair value interest rate risk

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The changes in interest rates effect either the fair value or future cash flows of financial instruments issued at either at fixed or variable rates. The Group mainly faces its interest rates risk arising on its interest-bearing liabilities such as borrowings and lease liabilities.

As the Group does not have any borrowings and significant lease liabilities at variable interest rate, the Group is not exposed to any cash flow interest rate.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2024, the exposure arising from the fair value interest rate risk is considered to be immaterial.

28.3 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk for the Group arises from trade receivables, amount due from construction contract customers, contract retentions, due from related parties (included in trade receivables), other receivables and cash and bank. As at 31 December 2024 and 2023, the Group was exposed to credit risk on the balances presented below:

	AED million	
	2024	2023
Gross trade receivables	261.0	223.6
Amount due from construction contracts	196.2	219.1
Contract retentions	281.5	252.0
Other receivables	78.6	76.9
Cash and bank balances (including restricted cash and fixed deposits)	386.0	275.0
	1,203.3	1,046.6

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. Further, the Group does not hold any collaterals against these financial assets.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

Trade receivables from the Group's twenty largest customers amounts to 51% of the total trade receivables balance (2023: 45%) at the end of the reporting period.

Amount due from construction contract customers from the Group's twenty largest customers amounts to 65% of the total amount due from construction contract customers balance (2023: 61%) at the end of the reporting period.

Contract retentions from the Group's twenty largest customers amounts to 52% of the total contract retention balance (2023: 54%) at the end of the reporting period.

The Group does not face any significant concentration risks in relation to each class of financial assets except for those disclosed above.

28.3.1 Cash and cash equivalents:

The Group manages the credit risk arising on the cash and cash equivalents by placing the balance with reputable banks and financial institutions. Cash balances are held with banks with credit ratings ranging from unrated to A+. The identified risk of default arising on these balances is considered not to be material.

28.3.2 Trade receivables, amount due from construction contract customers and contract retentions

The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high-profile well-known customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of such counterparties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and sector in which customers operate.

A default on trade receivables, amount due from construction contract customers and contract retentions occurs when the counterparty fails to make the contractual payments within their specified payment terms.

Trade receivables, amount due from construction contract customers and contract retentions are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

28.3.3 Estimating expected credit loss

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables, amount due from construction contract customers, contract retentions and bank balances.

To measure the expected credit losses, these have been grouped based on shared credit risk characteristics and the days past due. The loss allowance is based on assumptions about risk of default and expected loss rates. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of the respective country in which it operates as the most relevant factor and accordingly adjusts the loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2024 and 2023 was determined as follows:

	AED million Gross carrying amount	Average loss rate	AED million Loss allowance
Trade receivables:			
31 December 2024			
Not yet due	8.0	0%	-
Due for 0 to 180 days	139.0	4%	5.5
Due for 181 to 365 days	13.2	26%	3.5
Due for more than 365 days	100.8	73%	73.4
	261.0		82.4
31 December 2023			
Not yet due	20.7	0%	-
Due for 0 to 180 days	87.1	4%	3.6
Due for 181 to 365 days	14.3	74%	10.6
Due for more than 365 days	101.5	84%	84.8
	223.6		99.0
Amount due from construction contract customers:			
31 December 2024			
Not yet due	23.3	0%	-
Due for 0 to 180 days	116.7	6%	7.3
Due for 181 to 365 days	6.0	100%	6.0
Due for more than 365 days	50.2	100%	50.2
	196.2		63.5
31 December 2023			
Not yet due	-	0%	-
Due for 0 to 180 days	157.6	4%	6.9
Due for 181 to 365 days	6.3	100%	6.3
Due for more than 365 days	55.2	100%	55.2
	219.1		**68.4**

	AED million		AED million
	Gross carrying amount	Average loss rate	Loss allowance
Contract retentions:			
31 December 2024			
Not yet due	198.5	32%	64.5
Due	83.0	73%	60.3
	281.5		124.8
31 December 2023			
Not yet due	212.7	57%	120.6
Due	39.3	100%	39.3
	252.0		159.9

Balances due from related parties

The balances due from related parties and other receivables are subject to the impairment requirement of IFRS 9. The trade related due from related party balances are included within trade receivables, contract retentions and amount due from construction contract customers as disclosed in note 21. To measure the expected credit losses on these balances, the balances are grouped within the classes of contract balances mentioned above as the management assessed the balances to have the shared credit risk characteristics. The identified expected credit on loss on non-trade related due from related parties and other receivables was immaterial.

28.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying business, the Group maintains adequate bank balances and credit facilities to fund its operations. Management monitors the forecast of the Group's liquidity position on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	AED million			
	Less than 12 months	1 to 5 years	>5 years	Total
As at 31 December 2024				
Trade and other payables*	379.3	-	-	379.3
Retentions	-	4.0	-	4.0
Lease liabilities	7.5	28.6	17.0	53.1
	386.8	32.6	17.0	436.4
As at 31 December 2023				
Trade and other payables*	340.6	-	-	340.6
Retentions	-	9.1	-	9.1
Lease liabilities	7.4	28.8	20.8	57.0
Borrowings	2.2	0.2	-	2.4
	350.2	38.1	20.8	409.1

* (including retentions and excluding advances received, amounts due to construction contract customers and lease liabilities)

28.5 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares for cash or against reduction of debt, use cash or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio which is calculated as net debt divided by total 'equity' (as shown in the consolidated statement of financial position including non-controlling interests).

The Group was in a net cash position as at 31 December 2024 and 2023.

28.6 Fair value estimation

Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Measurement is made by using quoted prices (unadjusted) from an active market.

Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

The table below presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2024 and 2023.

	AED million			
	Level 1	Level 2	Level 3	Total
Assets measured at fair values as at 31 December 2024				
Investment properties	-	-	9.9	9.9
Total	-	-	9.9	9.9
Assets measured at fair values as at 31 December 2023				
Investment properties	-	-	12.7	12.7
Total	-	-	12.7	12.7

29 Financial instruments

Financial instruments comprise financial assets and financial liabilities as follows:

	AED million
	Financial assets at amortised cost
Financial assets	
As at 31 December 2024	
Trade and other receivables (including subcontractor/supplier retentions)*	331.0
Cash and bank balances (including restricted cash)	386.0
	717.0
Financial assets	
As at 31 December 2023	
Trade and other receivables (including subcontractor/supplier retentions)*	188.5
Cash and bank balances (including restricted cash)	274.3
	462.8

	AED million
	Financial liabilities at amortised cost
Financial liabilities	
As at 31 December 2024	
Trade and other payables**	384.7
Lease liabilities	36.0
	420.7

Financial liabilities	AED million
As at 31 December 2023	
Trade and other payables**	345.8
Lease liabilities	33.7
Borrowings	2.4
	381.9

* excluding prepayments and advances to subcontractors and suppliers
** including retentions and excluding advance received and amounts due to construction contract customers

As at 31 December 2024 and 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realised at their current carrying values within twelve months from the date of the consolidated statement of financial position.

30 Leases

30.1 Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	AED million	
	2024	2023
Right-of-use assets		
Buildings and factory land	26.0	26.3
Plant and machinery	10.5	11.0
Vehicles	2.5	2.4
	39.0	39.7
Lease liabilities		
Current (note 20)	5.4	5.2
Non-current	36.0	33.7
	41.4	38.9

30.2 Amounts recognised within the consolidated statement of comprehensive income and the movement of right-of-use assets and lease liabilities during the year

	AED million	
Right-of-use assets	2024	2023
Cost		
At 1 January	56.2	39.2
Additions	12.4	16.2
Lease terminations	(9.1)	(1.4)
Translation difference	(0.4)	2.2
At 31 December	59.1	56.2
Accumulated depreciation		
At 1 January	16.5	8.4
Charge for the year (note 4)	6.1	5.3
Lease terminations	(3.4)	(1.1)
Translation difference	0.9	3.9
At 31 December	20.1	16.5
Net book amount – 31 December	39.0	39.7
Lease liabilities		
At 1 January	38.9	29.5
Additions during the year	12.4	16.2
Interest expense charged to finance costs	2.5	2.1
Terminations	(5.7)	-
Payments made to the lessors	(7.7)	(7.3)
Translation differences	1.0	(1.6)
At 31 December	41.4	38.9

The total cash outflow for leases in 2024 was AED 7.7 million (2023: AED 7.3 million) including interest expense amounting to AED 2.5 million (2023: AED 2.1 million). The total expense in relation to short term leases was AED 3.8 million (2023: AED 4.0 million).

Independent auditor's report to the shareholders of Depa PLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Depa PLC (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Dubai Financial Services Authority ("DFSA"). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the shareholders of Depa PLC (continued)

Our audit approach

Overview

Key Audit Matters	Recoverability of contract balances Revenue recognition from long-term contracts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the shareholders of Depa PLC (continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of contract balances	
The consolidated statement of financial position has aggregate contract balances amounting to AED 738.7 million as at 31 December 2024, before loss allowance of AED 270.7 million (net AED 468.0 million). Recoverability of contract balances is a key matter for our audit. Although contract balances have been agreed with customers through original contracts and formal agreements in the form of variations and claims, uncertainty remains around the customers' ability to settle their dues to the Group. Furthermore, the Group has long overdue balances from certain customers for completed projects for which the Group is currently in discussions with the customers for the settlement of these balances. Associated with the recoverability of contract balances, the Group commenced legal cases against certain customers in order to recover outstanding balances. Refer to Note 3, Note 12 and Note 13 to the consolidated financial statements for further disclosures.	We focused on those contract balances with significant uncertainty around recoverability, based on the age, possible expected losses and materiality of the outstanding debt, known disputes and the existence of arbitration proceedings. We discussed the judgements applied by management in relation to their assessment of the required provision for impairment of these individual receivables, and we have corroborated management's assertions through various sources including as appropriate, the correspondence between the Group and the customers concerned, the individual circumstances of each contract and our knowledge of the industry. We also considered historical impairment provisions recognised by the Group and the related subsequent outcomes. In respect of contracts that are subject to legal cases, we evaluated recovery of outstanding amounts by reference to the status of negotiations and legal proceedings along with other supporting documentation. We received legal confirmations and also made inquiries of management's legal counsel in respect of the current status of proceedings. We also assessed the appropriateness of the accounting policies and disclosures made in the consolidated financial statements.

Independent auditor's report to the shareholders of Depa PLC (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from long-term contracts	
The Group enters into contracts, many of which are complex and long-term, spanning several reporting periods. The recognition of revenue and profit on these contracts in accordance with "IFRS 15 – Revenue from Contracts with Customers" is over time, based on progress of the projects, which is measured through the input method. Revenue recognition is assessed by reference to the progress of work performed as a proportion of contract costs incurred for the work performed at the balance sheet date relative to the estimated total contracts costs. Revenue recognition on contracts is a key audit matter because of the judgement involved in preparing suitable estimates of the costs to complete each contract and associated revenues. Contract cost forecast is subjective and any material variation in these estimates could result in a consequential impact on the revenue and profit or loss recognised. These judgements include the expected recovery of costs arising from: variations to the original contract terms and claims made against the contractor for delays or other additional costs deemed recoverable from the customer. Refer to Note 2.25, Note 3 and Note 24 to the consolidated financial statements for further disclosures.	We focused our work on those contracts that we deemed to have significant estimation uncertainty over the final contract values or contract cost to complete and therefore revenue and profit. We challenged the judgements applied in management's contract cost forecast, in particular the key assumptions which included the expected recovery from variations, claims or other additional costs deemed recoverable from the customer. We also met with commercial teams responsible for the individual contracts we selected on a sample basis, and we obtained certifications and other relevant third-party correspondence to corroborate the explanations provided to us. We tested a sample of costs incurred to date by agreeing them to supporting documentation. We inspected correspondence with customers concerning variations, claims and other additional costs deemed recoverable where applicable, to assess whether this information was consistent with the estimates made. We also assessed the appropriateness of the accounting policies and disclosures made in the consolidated financial statements.

Independent auditor's report to the shareholders of Depa PLC (continued)

Other information

Management is responsible for the other information. The other information comprises the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Company's annual report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of Markets Law No. 1 of 2012 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report to the shareholders of Depa PLC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report to the shareholders of Depa PLC (continued)

Report on other legal and regulatory requirements

Further, we report that the Company's financial statements have been properly prepared in accordance with the applicable provisions of the Markets Law No. 1 of 2012 (as amended).

PricewaterhouseCoopers Limited
9 April 2025

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