Arabtec Holding PJSC

أرابـــتـــك الـقـــابـــضـــة (ش.م.ع.)

Detailed analysis of accumulated losses

Date:	15th August 2020
Listed Company Name:	Arabtec Holding PJSC
Define the period of the financial statements	Interim Consolidated Financial Statements for the six months ended 30 June 2020
Accumulated losses:	AED'000: 1,459,635
Accumulated losses to capital ratio:	97.3 %
The main reasons leading to these accumulated losses and their history:	1- Tight liquidity in real estate and construction sectors, which resulted in delay in many projects and incurring additional delay related costs. 2- Recession in real estate sector and lack of Mega Project Awards in 2020. 3- Delay in settlements and recovery of receivables & claims, which resulted in additional provisions & decrease in cash flow. 4- Significant delays, and increase in forecasted cost for some major projects, which resulted in incurring additional losses in H1 2020.
Measures to be taken to address accumulated losses:	1- Focus on closing and handing over all legacy projects and projects due for completion in the short term; in order to secure take over certificates, contain forecast project costs and achieve commercial settlements. 2- Pursue all legal and commercial entitlements with all possible ways to secure and recover the Group's contractual rights 3- Group restructuring to continue, including consolidation and transformation to reduce operating costs. 4- Dispose off non-core assets, to enhance Group's liquidity.
Plan to rectify the equity position	1- Board of Directors to call for General Meeting as required by the UAE Federal Law No (2) of 2015; and based on the options presented, the Shareholders will then be required to vote on either dissolving the Company or determine the most appropriate restructuring plan within 1 month of declaring the Half year results. 2- Establish restructuring committee chaired by an independent board member. 3- Engage with 3rd party capital and debt restructuring advisor. 4- Board of Directors to present a full recapitalization plan, for shareholders' approval at the General Meeting referred to in point 1 above.