Detailed Analysis of Accumulated Losses

Date:	12th June, 2020
Listed Company Name:	Arabtec Holding PJSC
Define the period of the financial statements	Annual 2019
Accumulated losses (AED 000):	(671,251)
Accumulated losses to capital ratio:	44.7%
The main reasons leading to these accumulated losses and their history:	1- Tight liquidity in the real estate and construction sector, which resulted in delays in collections in many projects thus incurring additional delay related costs. 2- Slowing real estate sectors which resulted in limited new awards. 3- Delays in settlements and recovery of receivables and claims, which resulted in cash flow pressure and additional provisions. 4- Incurring losses of AED107 M from investment in associate. 5- Increased volume of legal disputes, which resulted in delay in collections and additional costs and provisions.
Measures to be taken to address accumulated losses:	1- Focusing on completion of and handing over the legacy projects. 2- Pursuing the Group's legal and commercial entitlements through the appropriate contractual dispute resolution mechanisms, in order to secure the Group's contractual entitlement. 3- Focusing on new sectors to secure new project awards. 4- Being selective in the projects we are tendering for to align with our strategic objectives. 5- Full review and ongoing re-structuring of the current Group's operational model to right size its workforce, reducing manpower and support functions in line with the new operational requirements of the business, reducing cost and improving productivity and efficiency for the Group.

Mohamed Hamad Al Mehairi
Vice Chairman of the Board of Directors