Detailed analysis of accumulated losses

Date	15th June 2020
Name of the Listed Company	Drake and scull international PJSC
Define the period of the financial statements	December 31, 2019
Value of the Accumulated losses (Million Dirhams)	(5,005)
Accumulated losses to capital ratio	467.7%
The main reasons leading to these accumulated losses and their history	The losses are mainly a product of significant provisioning of work in progress and contract receivables in legacy projects in KSA, Qatar, Oman, India and UAE. These receivables & work in progress were kept on the Balance sheet despite audit qualification since 2016 on the recoverability of these receivables. In addition to the above, there Full Impairment of Goodwill and Trade Name in Dec 31, 2018. As a result of poor performance on legacy projects, costs to hand over projects went far beyond budgets whereby several bonds were liquidated increasing the accumulated losses.
Measures to be taken to address accumulated losses:	• Developed a restructuring plan and a business plan that includes focusing on closing out existing projects and re-focusing the company on its core business activities in order to win new projects. • Continue Negotiations with the banks and creditors in order to reach a settlement. • Improve overall operational productivity and efficiency. • Pursue legal cases filed against previous management.

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