Drake & Scull

Detailed analysis of accumulated losses

Date	15th November 2020
Name of the Listed Company	Drake and scull international PJSC
Define the period of the financial statements	September 30, 2020
Value of the Accumulated losses (Million Dirhams)	(4,875) million AED
Accumulated losses to capital ratio	455.6%
The main reasons leading to these accumulated losses and their history	The losses are mainly a product of significant provisioning of the following: - Work in progress and contract receivables in legacy projects in 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 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:	• Continue progressing in restructuring plan, which has progressed considerably since the involvement of the (FRC), Step ahead in the process of registering and verifying the creditors' claims. • Continue Negotiations with the banks and creditors in order to finalize the framework and details of restructuring plan. • Developed 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. • Develop the continues efforts to acquire more projects, Whether in UAE or overseas, In addition to the on-going operations in Tunisia, Kuwait, Iraq, Algeria and Germany. • Improve overall operational productivity and efficiency. • Pursue legal cases filed against third parties and previous management.

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