Drake & Scull

Detailed analysis of accumulated losses

Date	13st June 2021
Name of the Listed Company	Drake and scull international PJSC
Define the period of the financial statements	March 31, 2021
Value of the Accumulated losses (Million Dirhams)	(4,786) million AED
Accumulated losses to capital ratio	447%
Main reasons leading to substantial accumulated losses	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. - Full Impairment of Goodwill and Trademark 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. In addition to Idle manpower due to not gaining new projects resulted from Bank bans and court orders.
Measures to be taken to address accumulated losses	• Finalize a restructuring plan and a business plan that includes focusing on writing off majority of debt and raising new equity to gain new projects. • Continue Negotiations with the leading banks and creditors in order to reach comprehensive settlement. • Improve overall operational productivity and efficiency. • Pursue legal cases and collect the receivables of the company. • Reduce Overheads and cost to operate within available resources.

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