Drake & Scull

Detailed analysis of accumulated losses

Date	30th March 2022
Name of the Listed Company	Drake & Scull International PJSC
Define the period of the financial statements	31 December 2021
Value of the Accumulated losses (Million Dirhams)	AED (4,874) million
Accumulated losses to capital ratio	455 %
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 on 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 the majority of debt and raising new equity to gain new projects. • Continue Negotiations with the leading banks and creditors in order to reach a comprehensive settlement. • Improve overall operational productivity and efficiency. • Pursue legal cases and collect the receivables of the company. • Reduce Overhead and cost to operate within available resources. • Writing back all remaining liabilities related to completed projects that don't exist anymore.

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