

Detailed analysis of accumulated losses

Date:	14 August 2023
Name of the Listed Company:	Drake & Scull International PJSC
Define the period of the financial statements:	Q2 2023
Value of the Accumulated losses:	5,260,755,273
Accumulated losses to paid-up capital ratio (%):	491%
The main reasons for accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):	The significant losses incurred mainly due to following: 1. Work in progress and contract receivables in legacy projects in Oman, India, KSA, and UAE. 2. Full impairment of Goodwill and Trademark as at December 31, 2018. 3. As a result of poor performance on legacy projects, the actual costs of completing projects were more than the budgets in addition to liquidating bonds. 4. Bank bans and court orders. The losses began to appear in the company's financial statements in Q3 2015 financial statements published on DFM.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	1. Finalizing the restructuring process and business plan. 2. Raising new equity. 3. Developing effective and efficient operational business practices. 4. Pursue legal cases to collect all company receivables. 5. Controlling the overhead at the optimal level.

The date on which the company's general assembly approved the plan for dealing with accumulated losses:	Dealing with the accumulated losses plan is totally dependent on the successful completion of the restructuring plan that was approved by all concerned parties including banks, creditors, and shareholders in addition to several governmental authorities. The only pending point in closing the restructuring process is the court approval, which was standing for more than a year now.
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The Measures that will be taken to deal with the accumulated losses and the approved plan

Actions	The time frame for implementing the action according to the approved plan	The implemented action and the percentage of implementation	Reasons for not implementing the action or delaying	Any modifications or changes made to the action
Action 1	It's dependent on the mechanism that will be identified in the court decision	The implementation is on hold until obtaining the final court approval on the restructuring plan	Waiting for the final court approval on the restructuring plan	No

The Name of the Authorized Signatory	Mr. Fadi Mohamad Baraki
Designation	Group CFO
Signature and Date	 14.8.2023
Company's Seal	5-a  Drake & Scull International PJSC P.O. Box: 65794, DUBAI, U.A.E.