Drake and Scull International PJSC

Agreed-Upon Procedures Report
Pro-Forma Balance Sheet
As at March 31, 2024

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Private & Confidential

Drake and Scull International PJSC
PO Box 65794
Dubai, United Arab Emirates

Agreed-Upon Procedures Report
Pro-forma balance sheet at March 31, 2024

Dear Sirs,

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the management of Drake and Scull International PJSC (the "Company") in matching the pro-forma balance sheet at March 31, 2024 of the Company and its subsidiaries (together referred to as the "Group") as disclosed in the Disclosure Statement dated May 27, 2024 (the "Disclosure Statement") submitted to the Securities and Commodities Authority in the United Arab Emirates ("SCA").

This report is intended solely for the management of Drake and Scull International PJSC and SCA and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party and Responsible Party

The management of the Company (the "management"), as identified by the Company, has acknowledged that the below procedures are appropriate for the purpose of the engagement.

The management is responsible for the preparation of the pro-forma balance sheet at March 31, 2024 on which the agreed-upon procedures are performed.

Background

Drake and Scull International PJSC (the "Company") was incorporated on November 16, 2008 and was registered on January 21, 2009 as a Public Joint Stock Group and currently operates in accordance with the Federal Decree Law No 47 of 2022. The Company is listed on the Dubai Financial Market (the "DFM"). The address of the Company's registered office is PO Box 65794, Dubai, United Arab Emirates.

In the third quarter of 2018, the Group incurred significant losses, and accordingly, had initiated a restructuring process engaging all stakeholders to agree on a financial restructuring plan. During the second quarter of 2020, the Financial Restructuring Committee established under Federal Decree Law No (9) of 2016 (the "FRC") accepted the Company's request to support and oversee the financial restructuring of the Group and completed the process on March 1, 2022. After several court sessions, the Appeal Court issued the final judgment on November 1, 2023 and approved the restructuring plan.

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Background (continued)

As part of the approved restructuring plan, on January 30, 2024, the final list of creditors and their assessed claim amounts were published and the creditors were given 7 days from the publication to submit any objections. In addition, on April 1, 2024, the general assembly approved a capital increase as part of the restructuring plan.

In light of the court's final judgment and its execution, the Company requested from SCA the resumption of the trading of its stock on the DFM, and accordingly, was requested by SCA to prepare a Disclosure Statement that includes, among other information, a pro-forma balance sheet depicting the Group's financial position before and after the restructuring, which was submitted to SCA on May 27, 2024.

Practitioner's Responsibilities

We have conducted the Agreed-Upon Procedures engagement in accordance with the *International Standards on Related Services (ISRS) 4400 (Revised) - Agreed-Upon Procedures Engagements.* An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* ("IESBA Code") and the independence requirements in accordance with the IESBA Code.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures performed and findings

We have performed the procedures prescribed below, which were agreed upon with the management of the Company. For the purposes of our engagement, all amounts have been rounded to the nearest AED million or thousand as indicated.

Procedures performed and findings (continued)

Procedures	Findings
Pro-forma balance sheet workings	
We will obtain the pro-forma balance sheet workings in Excel from the management (the "pro-forma workings"), which consists of the balance sheet of the Group as at March 31, 2024 as reviewed by the Group's predecessor independent auditor (the "reviewed balance sheet"), the restructuring entries, and the pro-forma balance sheet at March 31, 2024 after applying the restructuring entries to the reviewed balance sheet as of that date (the "pro-forma balance sheet"), the summary of which will be attached as appendix to our agreed upon procedures report	We have obtained the pro-forma workings including the pro-forma balance sheet as at March 31, 2024 in AED thousands attached as appendix A to this report, the summary of which in AED millions has been prepared and attached as Appendix B to this report for the purposes of our agreed upon procedures engagement.
In the pro-forma workings, we will trace the amounts reported of all assets, liabilities, sub-totals and totals of the reviewed balance sheet to their respective amounts reported in the Group's reviewed interim condensed consolidated financial statements for the three-month period ended March 31, 2024	In the pro-forma workings, we have traced the amounts reported of all assets, liabilities, sub-totals and totals of the reviewed balance sheet to their respective amounts reported in the Group's reviewed interim condensed consolidated financial statements for the three-month period ended March 31, 2024, and we found no differences.
We will verify the arithmetic accuracy of the pro-forma workings	We have verified the arithmetic accuracy of the pro-forma workings, and we found no differences.
We will trace the amounts of total current assets, total current liabilities, total assets, total liabilities and equity in the pro-forma workings to their respective amounts reported in section 10 of the 'Disclosures Statement' both for the reviewed balance sheet and the pro-forma balance sheet	We have traced the amounts of total current assets, total current liabilities, total assets, total liabilities and equity in the pro-forma workings to their respective amounts reported in section 10 of the 'Disclosures Statement' both for the reviewed balance sheet and the pro-forma balance sheet and we found no differences.
Workings for the write-off of liabilities	
We will obtain the workings of the payables write-off and the Mandatory Convertible Sukuk (MCSs) ("write-off workings") and match the total of the breakdown of the creditors in the write-off workings to the total creditors' balance as published on January 30, 2024 in the official newspaper to be provided to us by management.	We have obtained the write-off workings and a copy of Al Bayan newspaper dated January 30, 2024 from management and matched the total of the breakdown of the creditors in the write-off workings of AED 3,782 million to the total creditors' balance as published in the above mentioned newspaper and we found no difference.

Procedures performed and findings (continued)

Procedures	Findings
Workings for the write-off of liabilities (continued)	
Verify the arithmetic accuracy of the calculations in the write-off workings by taking into account that all creditors with a balance above AED 1 million ("large creditors' balances) will be subject to 90% write-off and 10% to be converted into MCSs and all creditors with a balance of less than AED 1 million (small creditors' balances) will be subject to 90% write-off and 10% to be settled in cash.	We have verified the arithmetic accuracy of the calculations in the write-off workings by recalculating the amount of 90% write-off of all large creditors' balances amounting to AED 3,281.5 million and the remaining 10% to be converted into MCSs amounting to AED 364.6 million, as well as by recalculating the amount of 90% write-off of all small creditors' balances amounting to AED 122.4 million and the remaining 10% to be settled in cash amounting to AED 13.6 million and we found no differences.
Compare the total amount of the calculated 10% of the liabilities to be settled in MCSs in the write-off workings with the actual amount of MCSs issued by tracing to appropriate supporting documents to be provided by management.	We have compared the total amount of the calculated 10% of the liabilities to be settled in MCSs in the write-off workings amounting to AED 364.6 million with the actual amount of MCSs issued by tracing to the Global Certificate provided to us by management and we found that the MCSs issued by the Company had a value of AED 364.4 million i.e. lower by AED 0.2 million as compared to the actual calculations. Management explained that the difference of AED 0.2 million was due to rounding the creditors liabilities to the closest MCS par value of AED 5,000 each.
Restructuring entries	
We will trace the amount of 90% write-off of the large creditors' balances as per the write-off workings to the respective restructuring entry being a reduction to liabilities and increase in equity.	We have traced the amount of 90% write-off of the large and small creditors' balances of AED 3,404 million as per the write-off workings to the respective restructuring entry being a reduction to liabilities and increase in equity, as shown in Appendix B Entry A, and we found no difference.
We will trace the amount of the 10% conversion of large creditors' balances to MCSs as per the write-off workings to the respective restructuring entry being a reduction to liabilities and increase to equity.	We have traced the amount of the 10% conversion of large creditors' balances to MCSs of AED 364 million as per the write-off workings to the respective restructuring entry being a reduction to liabilities and increase to equity, as shown in Appendix B Entry B, and we found no difference.
We will trace the amount of additional liabilities written-off and related to accrued bank interest of AED 357.5 million, legal commercial provision of AED 42.1 million, and excess legal provision of AED 14 million to the respective restructuring entry being a reduction to liabilities and increase to equity.	We have traced the amount of additional liabilities written-off and related to accrued bank interest of AED 357.5 million, legal commercial provision of AED 42.1 million, and excess legal provision of AED 14 million totaling AED 414 million to the respective restructuring entry being a reduction to liabilities and increase to equity, as shown in Appendix B Entry C, and we found no difference.

Procedures performed and findings (continued)

Procedures	Findings
Restructuring entries (continued)	
We will trace the amount of the cash proceeds from the capital raise of AED 454 million to the bank statement and to the respective restructuring entry being an increase to assets and to equity.	We have traced the amount of the cash proceeds from the capital raise of AED 454 million to ENBD bank statement and to the respective restructuring entry being an increase to assets and to equity, as shown in Appendix B Entry D, , and we found that the cash received in the bank is lower by AED 3 million that the amount of the capital raise and the related restructuring entry, which management explained to be related to expenses incurred for the capital raise but not considered in the pro-forma balance sheet.
We will trace the amount of the 10% of the small creditors' balance to be settled in cash as per the write-off workings to the respective restructuring entry being a reduction to cash and to liabilities.	We have traced the amount of the 10% of the small creditors' balance to be settled in cash as per the write-off workings of AED 13.6 million to the respective restructuring entry being a reduction to cash and to liabilities, as shown in Appendix B Entry E, and we found that the amount in the write-off workings is higher by AED 0.6 million.

Yours faithfully,

Grant Thornton

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Dr. Osama El Bakry
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June 29, 2024

APPENDIX A - Pro-forma workings

Drake & Scull International PJSC DSI PJSC Balance Sheet March 31, 2024	Reviewed BS Mar-24 AED'000	Restructuring Entries Mar-24 AED'000	Post Restructuring BS Mar-24 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	12,991	-	12,991
Investment Property	75,959	-	75,959
Right to Use Assets	6,029	-	6,029
Deferred income tax assets	20,238	-	20,238
Trade and other receivables	5,996	-	5,996
	121,212	-	**121,212**
Current assets			
Trade and other receivables	97,352	-	97,352
Assets held for sale - Discontinued Operations	51,456	-	51,456
Due from related parties	13,162	-	13,162
Financial assets at fair value through profit or loss	986	-	986
Cash and bank balances	74,665	440,910	515,575
	237,621	**440,910**	**678,531**
Total assets	**358,833**	**440,910**	**799,743**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital	1,070,988	1,815,640	2,886,628
Discount in Share Capital	-	(1,361,730)	(1,361,730)
Treasury shares	3,026	-	3,026
Statutory reserve	125,760	-	125,760
MCS	-	365,220	365,220
Retained earnings	(5,512,620)	3,817,568	(1,695,052)
Foreign currency translation reserve	(21,878)	-	(21,878)
	(4,334,723)	**4,636,697**	**301,975**
Non-controlling interests	(138,975)	-	(138,975)
Total equity	**(4,473,698)**	**4,636,697**	**163,000**
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	12,382	-	12,382
Lease Liabilities - ROU	5,719	-	5,719
	18,101	-	**18,101**
Current liabilities			
Trade and other payables	740,439	(417,974)	322,465
Provision for expenses related to disposal of subsidiaries	9,511	-	9,511
Bond encashment	24,410	(24,410)	-
Bank borrowings	2,095,369	(2,086,779)	8,590
Provision for Bank Liabilities of Subsidiaries	1,382,269	(1,382,269)	-
Due to related parties	59,664	(41,224)	18,440
Provision for loss of control over subsidiaries	21,099	(8,113)	12,986
Lease Liabilities - ROU	951	-	951
	4,333,712	**(3,960,769)**	**372,943**
Total liabilities	**4,351,813**	**(3,960,769)**	**391,043**
Liabilities associated with discontinued operations	480,718	(235,018)	245,700
TOTAL EQUITY AND LIABILITIES	**358,833**	**440,910**	**799,743**

Fadi Baraki
Chief Financial Officer

Ahmad Kilani
Vice Chairman

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Drake & Scull International PJSC
P.O. Box: 65794, DUBAI, U.A.E.

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APPENDIX B
Summary of the pro-forma workings
In AED millions

Balance sheet category	As per reviewed balance sheet	Entry A	Entry B	Entry C	Entry D	Entry E	As per pro-forma balance sheet
Total current assets	238	-	-	-	454	(13)	679
Total non-current assets	121	-	-	-	-	-	121
Total Assets	359	-	-	-	454		800
Total liabilities	4,833	(3,404)	(365)	(414)	-	(13)	637
Total equity	(4,474)	3,404	365	414	454	-	163

Fadi Baraki
Chief Financial Officer

Ahmad Kilani
Vice Chairman

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