Press Release

Drake & Scull International records AED 1.494 billion in revenues and AED 75 million in Net profits in H1 2012

Top line growth of 8.3 % in comparison to H1 2011

[Dubai, 15 August, 2012] Drake & Scull International PJSC (DSI), a regional market leader in integrated design, engineering and construction disciplines of Civil Contracting, Mechanical, Electrical and Plumbing (MEP), Water and Power, Rail and Oil & Gas reported total revenues of AED 1.494 billion and Net profits of AED 75 million for the first half of 2012 representing a top line growth of 8.3 % and a bottom line contraction of 29 % in comparison to the first half of 2011.

Year to date DSI secured contracts worth AED 1.6 billion which will guarantee a steady revenue stream for the company in the second half of the year. The company managed to sustain its order Backlog at AED 7.4 billion recorded as of the 30th of June 2012.

For Q2 2012 the company recorded a net profit of AED 32 million and AED 717 million in revenues. The quarterly figures indicate a 3 % decline in revenues and 42 % drop in net Earnings compared to Q2 2011. Earnings per share ("EPS") were AED 0.012 compared with AED 0.024 recorded during the same period last year.

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Project awards for the Quarter reached AED 646 million secured in Abu Dhabi, Dubai and Oman.

Commenting on the results Osama Hamdan, CFO of DSI said, "We have managed to report profits and higher revenue growth in the first half of the year despite challenging market conditions and in comparison to the first half of 2011. Lower productivity on major projects and especially in KSA contributed to the decrease in revenues in Q2. Finance cost from acquisition funding and contracts provisioning continue to hinder profit growth. Our exposure to the Euro currency through our German Subsidiary and the volatile fluctuation in foreign exchange also contributed to the decline in earnings. Overall revenue growth for H1 indicates the improvement in operational efficiency, the focus in the second half will be to improve profitability and achieve higher earnings.

The MEP business will continue to be the main driver of our net margin growth while gross margins are expected to improve after all directs expenses related to the establishment of news offices in Iraq, India and Algeria are completely rendered and incurred.

The company continues successfully in reducing its receivables through improved collections during the quarter. Contract provisioning is also expected to be extended to the second half of the year which is normal due the cyclical nature of the construction business in the region. However, the productivity on major projects across the region is expected to improve," Hamdan Concluded.

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The results of the first half of the year and the revenue growth in comparison to the first half of 2011 indicates that the company is well on track in achieving its growth objectives for the year. Expansion into Rail and Oil & Gas is underway and both business units are expected to join the revenue stream of the company in the second half of the year.

- Ends -

About Drake & Scull International PJSC

Drake & Scull International PJSC (DSI) is a regional market leader delivering world class quality projects via end to end solutions that provide integrated design, engineering and construction disciplines of Mechanical Electrical and Plumbing (MEP), Civil Contracting, and Water & Power Infrastructure, through People, Innovation, and Passion.

DSI established its first office in Abu Dhabi in 1966, and has since expanded operations to encompass offices in Dubai, Egypt, Kuwait, Libya, Oman, Saudi Arabia, Syria, Qatar, Jordan and Thailand, as well as managing projects in Europe and other parts of North Africa.

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DSI ‘s main business streams include Drake & Scull International, which serves as the MEP arm, Drake & Scull Construction (DSC), which is the General Civil Contracting unit and Drake and Scull Water & Power (DSWP), which focuses on the Water & Power and Infrastructure sector.

In 2008, DSI offered 55% of its shares to the public and the IPO was oversubscribed 101 times. Ernst & Young ranked the IPO among the top 20 global IPOs in 2008.

DSI has since then used the funds to integrate, establish and acquire businesses that compliment its corporate strategy of expansion into new markets, via organic and inorganic growth.
The fully Integrated Management Systems, certified to ISO 9001:2008, ISO 14001:2005 and OSHAS 18001:2007 standards are compliant with leading building, health and safety regulations, as well as sound environmental and energy management procedures.

DSI is a leader through experience, and has established a regional leadership position over 44 years of successfully completing the most complex projects on time, within budgets and matching set quality parameters.

DSI has completed many prestigious projects in the region for over four decades, and has helped shape the region’s skyline from within.

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