Drake & Scull

Detailed analysis of accumulated losses

Date	12 August 2022
Name of the Listed Company	Drake & Scull International PJSC
Define the period of the financial statements	30 June 2022
Value of the Accumulated losses (Million Dirhams)	AED (4,963) million
Accumulated losses to capital ratio	463 %
Main reasons leading to substantial accumulated losses	The significant losses incurred mainly due to following: - Work in progress and contract receivables in legacy projects in Oman, India, KSA, and UAE. Those receivables and work in progress were kept in the balance sheet despite of the external audit qualifications since 2016 on their recoverability and reasonableness. - Full impairment of Goodwill and Trademark as at December 31, 2018. - As a result of poor performance on legacy projects, the actual cost of completing projects was beyond budgets in addition to liquidating bonds. - Idle labor cost was high due to absence of new projects in addition to bank bans and court orders.
Measures to be taken to address accumulated losses	• Finalizing the restructuring and business plans. • Raising new equity. • New projects award. • Developing effective and efficient operational business practices. • Pursue legal cases to collect all company receivables. • Controlling the overhead at the optimal level.

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