DRAKE AND SCULL INTERNATIONAL PJSC
& ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (Unaudited)

31 MARCH 2024

Interim condensed consolidated financial statements
31 March 2024

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DRAKE AND SCULL INTERNATIONAL P.J.S.C.

Introduction

We were engaged to review the accompanying interim condensed consolidated financial statements of Drake and Scull International P.J.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 March 2024, which comprise the interim consolidated statement of financial position as at 31 March 2024, and the related interim consolidated income statement, other comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes thereto. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Scope of review

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements. However, because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for expressing a review conclusion on these interim condensed consolidated financial statements.

Basis for disclaimer of conclusion

1. *Opening balances*
   We disclaimed our opinion on the consolidated financial statements of the Group as of and for the year ended 31 December 2023 as a result of number of significant and pervasive audit issues. As opening balances enter into the determination of the results for the current period, and in the absence of any practicable alternative procedures that we could carry out in this regard, we were unable to ascertain whether any misstatements in the opening balances would have had a material impact on the interim condensed consolidated financial statements for the period ended 31 March 2024.

2. *Bank balances and liabilities*
   We were not provided with bank statements and reconciliations for certain bank balances, bank borrowings, provision for bank liabilities of subsidiaries, and commitments and contingencies, included in the interim condensed consolidated statement of financial position amounting to AED 31 million, AED 2,080 million, AED 1,382 million and AED 641 million as of 31 March 2024, respectively. In the absence of any practicable alternative procedures that we could perform in respect of these balances, we were unable to conclude our review of the valuation of these balances, as well as completeness of liabilities, commitments and contingencies as of 31 March 2024.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DRAKE AND SCULL INTERNATIONAL P.J.S.C. (continued)

Basis for disclaimer of conclusion (continued)

2. *Bank balances and liabilities (continued)*

   As stated in note 2.1, the Group has commenced the process of collecting details of creditor claims, including banks and joint venture partners, and reconciling them with those recorded in the Group's books. As this process is still on-going, we are unable to determine if any adjustments are required to the interim condensed consolidated financial statements as at 31 March 2024.Further, during our audit for year ended 31 December 2023, we did not receive significant responses to our direct audit confirmation to verify the existence and completeness of claims from trade and other creditors, as well as direct audit confirmations from certain external lawyers' to assess the Group's exposure against legal cases and the sufficiency of accruals and provisions, and required disclosures.

3. *Going concern assessment and restructuring plan*
   As detailed in note 2.1 to the interim condensed consolidated financial statements, the Group's accumulated losses, as reported by management as of 31 March 2024, amounted to AED 5,513 million, and its current liabilities exceeded its current assets by AED 4,577 million.

   The accompanying interim condensed consolidated financial statements, however, have been prepared by management on a going concern basis based on a restructuring plan approved by the shareholders. However, the successful execution and progression of the plan as set out in note 2.1 to the interim condensed consolidated financial statements, is dependent on a number of factors including approval by regulators, relevant stakeholders and final court judgment. Accordingly, the Group's going concern assumption, and the impact of the restructuring plan on its interim condensed consolidated financial statements as at 31 March 2024 cannot be determined at this stage.

   These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may not be able to realise its assets and discharge its liabilities in the normal course of business.

   The audit opinion on the consolidated financial statements for the year ended 31 December 2023 was also disclaimed in respect to all of the above and other matters.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DRAKE AND SCULL INTERNATIONAL P.J.S.C. (continued)

Disclaimer of conclusion

Due to the significance of the matters described in the *Basis for disclaimer of conclusion* section of our report, we were unable to obtain sufficient appropriate evidence to form the basis of a review conclusion on the accompanying interim condensed consolidated financial statements of the Group as at 31 March 2024. Accordingly, we do not express a conclusion on these interim condensed consolidated financial statements.

Mazars
Chartered Accountants

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محاسبون قانونيون
CHARTERED ACCOUNTANTS

Signed by:
Mohammed Abu Hijleh
Registered Auditor Number 1010

8 May 2024
Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Notes	***31 March 2024 AED'000 (Unaudited)***	*31 December 2023 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property and equipment	7	**12,990**	13,058
Investment property		**75,959**	77,370
Right-of-use assets		**6,029**	6,156
Deferred income tax assets	18	**20,238**	15,852
Trade and other receivables	8	**5,996**	5,861
		121,212	118,297
Current assets			
Trade and other receivables	8	**97,352**	92,474
Due from related parties	9	**13,162**	14,824
Financial assets at fair value through profit or loss		**986**	986
Cash and bank balances	10	**74,665**	77,571
		186,165	185,855
Assets held for sale	23	**51,456**	51,946
		237,621	237,801
TOTAL ASSETS		**358,833**	356,098
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**1,070,988**	1,070,988
Share premium		**3,026**	3,026
Statutory reserve		**125,760**	125,760
Accumulated losses		**(5,512,620)**	(5,466,288)
Foreign currency translation reserve		**(21,877)**	(24,459)
Deficiency of assets attributable to equity holders of the parent		**(4,334,723)**	(4,290,973)
Non-controlling interests		**(138,975)**	(140,601)
DEFICIENCY OF ASSETS		**(4,473,698)**	(4,431,574)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 March 2024

	Notes	***31 March 2024 AED'000 (Unaudited)***	*31 December 2023 AED'000 (Audited)*
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		**12,382**	12,348
Lease liabilities		**5,719**	6,218
		18,101	18,566
Current liabilities			
Provision for bank liabilities of subsidiaries	13	**1,382,269**	1,385,360
Bank borrowings	11	**2,095,369**	2,057,688
Trade and other payables	12	**774,360**	778,520
Due to related parties	9	**59,664**	41,224
Lease liabilities		**951**	877
Provision for loss of control over subsidiaries	14	**21,099**	21,102
		4,333,712	4,284,771
Liabilities associated with discontinued operations	23	**480,718**	484,335
		4,814,430	4,769,106
Total liabilities		**4,832,531**	4,787,672
TOTAL EQUITY AND LIABILITIES		**358,833**	356,098

Chairman

Group CFO

INTERIM CONSOLIDATED INCOME STATEMENT
For the period ended 31 March 2024 (unaudited)

	Notes	*Three months period ended 31 March* **2024 AED'000**	*2023 AED'000*
Continuing operations			
Revenue	6	**30,614**	19,709
Cost of revenue		**(29,299)**	(18,552)
Gross profit		**1,315**	1,157
Other income	15	**2,382**	643
General and administrative expenses	16	**(12,740)**	(8,054)
Provision for legal cases		**(3,328)**	(2,732)
Provision for expected credit loss on trade and other receivables	8	**-**	(1,942)
Provision for expense related to bond encashment		-	(57,515)
Foreign exchange gain/ (loss)		**3,003**	(14,465)
Finance income		**153**	127
Finance costs	17	**(38,858)**	(36,330)
Loss before tax from continuing operations		**(48,073)**	(119,111)
Income tax reversal/ (expense)	18	**4,336**	(73)
Loss from continuing operations		**(43,737)**	(119,184)
Discontinued operations			
(Loss)/ profit after tax from discontinued operations	23	**(2,468)**	10
LOSS FOR THE PERIOD		**(46,205)**	(119,174)
Attributable to:			
Equity holders of the parent		**(46,332)**	(119,179)
Non-controlling interests		**127**	5
		(46,205)	(119,174)
Loss per share			
Basic and diluted (AED)	19	**(0.04)**	(0.11)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2024 (unaudited)

	Three months period ended 31 March	
	2024 AED'000	*2023 AED'000*
Loss for the period	**(46,205)**	(119,174)
Other comprehensive income/ (loss) items that would be reclassified subsequently to profit or loss		
Currency translation differences	**1,022**	19,405
Exchange difference related to discontinued operations	**3,059**	78
Other comprehensive income for the period	**4,081**	19,483
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(42,124)**	(99,691)
Attributable to:		
Equity holders of the parent	**(43,750)**	(99,734)
Non-controlling interests	**1,626**	43
	(42,124)	(99,691)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2024 (unaudited)

	Attributable to the equity holders of the parent							
	Share capital AED'000	*Share premium AED'000*	*Statutory reserve AED'000*	*Accumulated losses AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*	*Non -controlling interests AED'000*	*Total AED'000*
At 1 January 2024 (audited)	1,070,988	3,026	125,760	(5,466,288)	(24,459)	(4,290,973)	(140,601)	(4,431,574)
(Loss)/ profit for the period	-	-	-	(46,332)	-	(46,332)	127	(46,205)
Other comprehensive income for the period	-	-	-	-	2,582	2,582	1,499	4,081
Total comprehensive (loss)/ income for the period	-	-	-	(46,332)	2,582	(43,750)	1,626	(42,124)
At 31 March 2024	**1,070,988**	**3,026**	**125,760**	**(5,512,620)**	**(21,877)**	**(4,334,723)**	**(138,975)**	**(4,473,698)**
At 1 January 2023 (audited)	1,070,988	3,026	125,760	(5,098,172)	(43,456)	(3,941,854)	(140,671)	(4,082,525)
(Loss)/ profit for the period	-	-	-	(119,179)	-	(119,179)	5	(119,174)
Other comprehensive income for the period	-	-	-	-	19,445	19,445	38	19,483
Total comprehensive (loss)/ income for the period	-	-	-	(119,179)	19,445	(99,734)	43	(99,691)
At 31 March 2023	1,070,988	3,026	125,760	(5,217,351)	(24,011)	(4,041,588)	(140,628)	(4,182,216)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2024 (unaudited)

	Notes	***Three months period ended 31 March*** 2024 AED'000	*2023 AED'000*
OPERATING ACTIVITIES			
Loss before tax from continuing operations		**(48,073)**	(119,111)
(Loss)/ Profit before tax from discontinued operations		**(2,468)**	10
Loss before tax		**(50,541)**	(119,101)
Adjustments for:			
Depreciation of property and equipment	7	**100**	101
Depreciation of investment property		**1,411**	1,408
Provision for legal cases		**3,328**	2,732
Provision for bond encashments		-	57,515
Provision for employees' end of service benefits		**224**	228
Finance cost	17	**38,923**	36,448
Finance income		**(153)**	(127)
Depreciation of right-of-use asset		**140**	331
Interest on lease liabilities		**76**	95
Provision for expected credit losses		-	1,942
Write back of provisions	15	**(98)**	(299)
		(6,590)	(18,727)
Changes in working capital:			
Trade and other receivables		**(5,013)**	(3,735)
Trade and other payables (excluding income tax and interest payable)		**(20,526)**	(4,224)
Due to related parties		**20,102**	5,090
		(12,027)	(21,596)
Payment of employees' end of service benefits		**(37)**	(60)
Income tax paid		**(27)**	-
Net cash used in operating activities			
- Continuing operations		**(12,091)**	(21,656)
- Discontinued operations	23	**(2,855)**	(37)
		(14,946)	(21,693)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the period ended 31 March 2024 (Unaudited)

		Three months period ended 31 March	
	Notes	***2024 AED'000***	*2023 AED'000*
INVESTING ACTIVITIES			
Purchase of property and equipment	7	**(39)**	(38)
Interest received		**153**	127
Net cash generated from investing activities		**114**	89
FINANCING ACTIVITIES			
Movement in term deposits under lien		**-**	5
Movement in trust receipts and other borrowings		**5,823**	10,527
Payment of lease liabilities		**(517)**	(541)
Net cash generated from financing activities			
- Continuing operations		**5,306**	9,991
		5,306	9,991
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,526)**	(11,613)
Net foreign currency translation difference		**9,384**	17,990
Cash and cash equivalents at the beginning of the period		**(620,044)**	(631,450)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**(620,186)**	(625,073)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Drake and Scull International PJSC (the "Company" or the "Parent Company") was incorporated on 16 November 2008 and was registered on 21 January 2009 as a Public Joint Stock Group and currently operates in accordance with the UAE Federal Law No. 32 of 2021. The Company is listed on the Dubai Financial Market.

The address of the Company's registered office is PO Box 65794, Dubai, United Arab Emirates.

The principal activities of the Company and its subsidiaries (together, the "Group") are carrying out contracting work relating to the construction industry, such as electrical, plumbing, oil and gas, air conditioning, water & waste water treatment work in the Middle East, Europe, Asia and North Africa region.

Certain trade licenses of the Group subsidiaries are not renewed as at the date of approval of these interim condensed consolidated financial statements. However, the Group is managing the business based on the applicable laws and regulations in which the subsidiaries are domiciled. Management is in the process to renew the trade licenses after seeking necessary approval from respective authorities.

The Group has either directly or indirectly the following major subsidiaries:

		Shareholding %		
Major Subsidiaries	***Principal activities***	***31 March 2024***	*31 December 2023*	***Country of incorporation***
Drake & Scull International LLC (Abu Dhabi)	Contracting work related to mechanical, electrical and sanitary engineering	**100**	100	UAE
Drake & Scull Engineering	Engineering, procurement and construction of Water and Power Infrastructure projects	**100**	100	UAE
Drake & Scull Oil & Gas	Oil & Gas Contracting	**100**	100	UAE
Passavant Energy & Environment Gmbh and its subsidiaries	Contracting for waste water, water and sludge treatment plants	**100**	100	Germany
Drake & Scull International for Electrical Contracting WLL	Mechanical, Electrical contracting and repairing work relating to the construction industry	**100**	100	Kuwait
Drake & Scull International for Contracting SAE	Contracting work relating to mechanical, electrical and sanitary engineering	**100**	100	Egypt
Drake & Scull International LLC (Oman)	Contracting work related to mechanical, electrical and sanitary engineering	**51**	51	Oman

The Group operates in various jurisdictions such as Germany, India, Saudi Arabia, Algeria, Jordan, Iraq, and Tunisia through branches of the Company or any of its subsidiaries or its branches.

The Group, through Drake and Scull International for Contracting SAE has a 50% interest in a jointly controlled entity with Hassan Allam Sons (Misr Sons Development S.A.E) under a joint arrangement agreement dated 21 July 2011. This is classified as a joint operation in these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION (continued)

Drake and Scull International – AUH LLC has a 51% interest in a joint venture with Al Habtoor Specon LLC (DSI-HLS Joint Venture) under a joint arrangement agreement dated 17 April 2013 for Louver Museum Project. The joint venture agreement in relation to the DSI-HLS Joint Venture require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Drake and Scull Engineering LLC has a 49% interest in a jointly controlled entity with Al Habtoor Specon LLC (HLS-DSE Joint Venture) under a joint arrangement agreement dated 9 August 2014 for Jewels of Creek Project. This is classified as joint operation in these interim condensed consolidated financial statements.

Drake and Scull Engineering LLC has a 49% interest in a jointly controlled entity with Al Habtoor Specon LLC (HLS-DSE Joint Venture) under a joint arrangement agreement dated 23 July 2013 for Habtoor City Hotels. This is classified as joint operation in these interim condensed consolidated financial statements.

The Group, through Passavant Energy & Environment GmbH has a 33% interest in a jointly controlled entity with Equipment Sales and Service Company, and Hinnawi Contracting Company under a joint arrangement agreement dated 09 December 2012. This is classified as joint operation in these interim condensed consolidated financial statements.

The Group, through Passavant Energy & Environment GmbH has a 35% interest in a jointly controlled entity with Acciona Agua SA under a joint arrangement agreement dated 31 October 2013. This is classified as joint operation in these interim condensed consolidated financial statements.

The Group, through Passavant Energy & Environment GmbH has a 99% interest in a jointly controlled entity with Acciona Agua SA under a joint arrangement agreement dated 01 June 2017. This is classified as joint operation in these interim condensed consolidated financial statements.

The Group, through Passavant Energy & Environment GmbH has a 50% interest in a jointly controlled entity with Larsen & Toubro Limited under a joint arrangement agreement dated 12 October 2016. This is classified as joint operation in these interim condensed consolidated financial statements.

The Group, through Passavant Energy & Environment GmbH has shares in Consortiums 'Passavant Energy & Environmental GmbH and Masoud & Ali Partners Contracting', 'Passavant Energy and Environment GmbH & HAE Jordan' and 'Passavant – Kalika – SNET JV', respectively for Gaza central WWTP, Ramtha WWTP and Tukucha Khola WWTP, whereby Passavant Energy & Environment GmbH Has limited scope of work separated from other entities scope of work. Passavant Energy & Environment GmbH scope of work is fully incorporated in these interim condensed consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors on 08 May 2024.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 GOING CONCERN

The interim condensed consolidated financial statements have been prepared on a going concern basis in view of the restructuring initiatives undertaken by the Group.

The Group has incurred a loss of AED 46 million during the three-month period ended 31 March 2024 (31 March 2023: loss of AED 119 million), and as of that date, it had accumulated losses of AED 5,513 million (31 December 2023: AED 5,466 million) and its current liabilities exceeded its current assets by AED 4,577 million (31 December 2023: AED 4,531 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the Group be unable to continue as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any liabilities which might arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. However, these interim condensed consolidated financial statements, have been prepared on a going concern basis based on the developments related to restructuring.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 GOING CONCERN (continued)

The restructuring process was initiated by the Group following the reporting of significant losses in the third quarter of 2018. At that point, the Board of Directors ("Board") approved the formation of a Restructuring Committee ("RSC") to develop a comprehensive restructuring plan. During the last quarter of 2018, the Company appointed financial advisors, legal advisors and consultants to carry out an Independent Business Review and, additional financial advisors and legal advisors were appointed during 2019 (consultants and advisors are collectively referred to as the "Advisors").

In early 2019, the Board, Management and the Advisors worked on developing the strategic direction through the pillars of the restructuring strategy. This was adopted and approved by the Board of Directors. This was subsequently presented to the Shareholders and approved at the General Assembly Meeting on 7 May 2019. Once approved, this became the foundation for the strategic direction upon which the future business plan was established. The Board and management continue to implement the strategic direction and the pillars of the restructuring by exiting under-performing operations and markets.

Moreover, the Group focused on engaging with all stakeholders including the regulators, lenders, creditors and the employees in terms of the various initiatives that the Group has been undertaking. The Group initiated discussions with the lenders. Four of the largest lenders formed an Adhoc Committee ("AHG") so as to discuss the financial changes required to return the Group back to profitability over time. The Group also conducted an exhaustive exercise to establish the details of the trade creditors.

On the operational side, the Group focused its efforts on reducing its operating costs and addressing legacy projects that had significant cashflow or profitability issues. Moreover, the Group embarked on implementing the Board's strategic objectives, as approved at the Shareholder meeting, to exit non-core operations and markets.

Further, during 2019, the Business Plan was developed by management with the support of the Group's Advisors and approved by the Board (the "Business Plan") at the end the of third quarter of 2019. There were several meetings with the AHG and a number of individual and bank meetings.

During 2020, the Board reviewed the Business Plan in light of the Covid-19 pandemic. Management with the support of Advisers produced a revised Business Plan, which was approved by the Board during the third quarter of 2020 and subsequently approved by AGH and their advisers in last quarter of 2020. Throughout the year despite the Covid-19 situation there were several virtual meetings with the AHG and a number of individual banks to discuss the terms of a potential restructuring transaction. As part of this process the key terms of the Restructuring Plan were developed and substantially agreed with the AHG at the end of fourth quarter of 2020. Throughout 2020, there were continuous discussion between the Company and the AHG with the aim of a agreeing a restructuring plan.

Also, in 2020 the Board approached and requested the Financial Restructuring Committee (FRC), which was established under Federal Decree Law No (9) of 2016 to accept the Company under the resolutions set out above. A formal submission was made to the FRC during the first quarter of 2020 and was subsequently accepted during the second quarter of 2020 by the Committee to support and oversee the financial restructuring of the Company and its subsidiaries. Shortly thereafter the FRC appointed an independent expert (the "Expert") to oversee the reorganisation and provide regular updates to the FRC. Formal monthly meetings between the FRC, the FRC appointed independent expert and the Company began during the third quarter of 2020.

At the beginning of September 2020, the Expert, after discussions with the FRC and the support of the Company, launched the Creditor Claims Process (CCP) to ascertain the details of all the creditor claims of both the Financial Creditors (i.e. banks and financial institutions) and Trade Creditors.

The Company held a meeting of its Financial Creditors on 25 February 2021 and Trade Creditors on 1 March 2021 via virtual platform. The Reorganisation Plan (the "Plan") was presented by the Company in conjunction with the FRC appointed Expert. Following the meetings, the documents outlining the commercial deal were released to financial and Trade Creditors for their review. At the same time, the legal documentation required to formalise the required approval of the Plan is being developed by the Company's and the creditors' legal and financial advisers.

The overall restructuring from an operational, financial and legal aspect is extremely complicated and requires a substantial amount of time to formalise the transaction.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 GOING CONCERN (continued)

The full set of legal documents were released to all creditors on 24 June 2021. These documents include the voting forms and the details of the voting process. A second round of meetings with the Financial and Trade Creditors was held on 27 July 2021.

Throughout the year ended 31 December 2021, the voting has progressed towards obtaining the required amount of two thirds of the Financial and Trade Creditors (by value) to vote in favour the Plan. On 11 February 2022, the Expert delivered a report to the FRC informing them that the two thirds by value threshold for voting had been achieved. In summary, the total number of votes cast was 122 of which 92 had voted in favour and 30 had voted against or abstained. In terms of value, 67.18% had voted in favour with 8.83% voting against or abstained.

The FRC reviewed the Experts findings at a meeting of the FRC on 28 February 2022 and based on this it was concluded that the Company had completed the financial reorganisation procedures in accordance with the provisions of the law and the decision of the Council of Ministers. FRC also urged the Company to implement the Plan as agreed with majority of creditors thereby guaranteeing the rights of the creditors and ensuring the continuity of the Company and safeguarding the employment of its employees.

On 1 March 2022, following the FRC meeting the Company was notified in writing of the FRC's decision that their process was completed and the Company should now take the necessary steps to implement the Plan. Following receipt of the FRC's notification, the Company notified the various authorities and issued a public announcement on the Dubai Financial Markets on 7 March 2022 stating that the FRC process has been completed.

Further, DSI filed with Dubai courts the Plan on 13 July 2021. The main request was to seek approval from the Dubai courts for the application to be considered under the recently introduced temporary Emergency Provisions of the bankruptcy law. The primary objective was to successfully complete the voting thereby completing the FRC process. This would then have allowed the Dubai courts to consider the application without any potential contradictions with the FRC process. However, this process was delayed and as a result, the filing took place in mid-July in order for the Company to benefit from the Emergency Provisions which were only valid until 31 July 2021.

On 18 October 2021, the Court of First Instance rejected the application. This was mainly based on the fact that the FRC process and the Court process were two separate procedures both having different tasks and objectives that could not operate in parallel and on that basis, the Court felt that such an application could not be considered while the Company was under the supervision of the FRC.

The Company filed an appeal on 16 November 2021 and has provided comprehensive documentation to the Appeal Court to support the appeal against the initial judgment delivered by the Court of First Instance. At the last hearing on 20 April 2022, the Court has appointed an Expert to validate the compliance of bankruptcy law and the requirements of FRC.

The Expert with the support of the Company and advisers completed their report and submitted it to the Court for their consideration just prior to the last hearing which was held on 18 July 2022. Moreover, the public prosecutor reviewed the expert report and shared his opinion with the court with his recommendations to proceed with the restructuring process. On 23 November 2022, the appeal court issued its judgment; approve the commencing of the restructuring procedures for the company and appointed a trustee to carry out the mission entrusted to him by the court in accordance with that judgment.

Since the Court did not approve the restructuring procedures in accordance with the circumstances of the emergency financial crisis and the acceptance of the previous procedures that were approved by the Financial Regulatory Committee. The Company filed a cassation, requesting the Court's acceptance of commencing the restructuring procedures in accordance with the circumstances of the emergency financial crisis, and as a result, the approval of the previous procedures that were carried out through the Financial Regulatory Committee.

On 22 August 2023, the cassation court accepted the company's request to remand the case to the appeal court for the approval of the restructuring procedures, aligning with the emergency financial crisis. The cassation court acknowledged the prior endorsement of these procedures by the FRC.

Subsequently, upon the case return to Appeal Court, the Appeal Court issued its Judgment on 23 November 2023 as follows:

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 GOING CONCERN (continued)

1. Approval of the appellant restructuring plan in accordance with the plan agreed upon by the appellant companies in accordance with the plan agreed upon by the applicant and approved by the majority of creditors.

2. The appointment of the former expert in the case as a trustee to oversee the restructuring proceedings.

3. Publication of the judgment in two local newspapers, in Arabic and English, to notify creditors who are not registered in the restructuring plan to join the list of registered creditors.

4. A grace period of twenty days from the date of publication is given to unregistered creditors to register their names, after which a final list of all creditors and the amount of each creditor's claim will be compiled.

5. The appellant company and the appellees are granted a period of twelve months from the date of the final creditor list to implement the restructuring plan. This period may be extended according to the progress of the restructuring proceedings and the actual situation at the time.

6. The expert shall provide the court with periodic summaries on the progress of the restructuring proceedings, the actions taken, the degree of success in implementing the restructuring plan, and the likelihood of realizing profits by the appellant and the appellees.

7. Suspension of all judicial proceedings against the student and the appellant's subsidiary companies, enforcement actions on the assets of these companies, with instructions to the relevant authorities to that effect.

Restructuring Process Implementation Update:

a) The Appeal Court appointed Dr. Redha Darwish Al Rahma as Trustee on 5 December 2023.

b) On 7 December 2023, the Trustee published the Court's mission statement and requested unregistered creditors to submit their claimed amounts. This notice was published in two newspapers, Al Bayan (in Arabic) and Gulf News (in English), allowing creditors to submit their claims within 20 business days.

c) The Trustee received several claims, most of which were already registered in the Company's books. Subsequently, the Trustee submitted a report to the Court for approval of the final list.

d) On 30 January 2024, the Trustee published the final list of creditors and their assessed claim amounts. Creditors were given 7 days from this publication to submit any objections.

e) On April 1st 2024, the general assembly approved the capital increase as part of the restructuring plan. The subscription for the new shares is open between April 25th and May 10th 2024.

2.2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34, *'Interim Financial Reporting'* as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional and presentation currency of the Company. All values are rounded to the nearest thousands (000') except otherwise mentioned.

These interim condensed consolidated financial statements of the Group are prepared under the historical cost basis except for financial assets at fair value through profit and loss which are measured at fair value.

2.3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements incorporate the financial information of Drake and Scull International PJSC and entities controlled by it. Control is achieved where the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

These interim condensed consolidated financial statements for the three months period ended 31 March 2024 comprises the results of the Group. The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries and joint operations are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

2.4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4 RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements; these should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

There have been no changes in the risk management policies and process since the year ended 31 December 2023.

5 SEASONALITY OF OPERATIONS

The Group's financial results for three months period ended 31 March 2024 are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local economies and market conditions.

6 SEGMENT REPORTING

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. Executive management assesses the performance of the operating segments based on revenue.

Business segments
For management purpose, the Group is organised into business units based on their services and has two reportable business segments; Engineering (Mechanical, Electrical and Plumbing) and Others.

The Engineering segment carries out contracting work relating to the construction industry, such as mechanical, electrical, plumbing and sanitation work and contracting work relating to the construction industry, such as infrastructure, district cooling plants and power plants.

Others segment represents a subsidiary carrying out contracting work in energy and environment industry and the corporate office which carries out strategic planning, management of all subsidiaries, treasury management, mergers and acquisition, corporate branding and investor relations.

For segment information disclosure, goodwill and other intangible assets and their amortisation are disclosed under the relevant segment. Sales between segments are carried out at agreed terms. The revenue from external parties reported to the Executive management is measured in a manner consistent with that in the interim condensed consolidated income statement.

Geographical segments
Executive management considers the geographical distribution of the Group's operations into following main segments; UAE, Europe and Others. The Group is presently engaged in carrying out contracting work relating to the mechanical, electrical and plumbing mainly in the United Arab Emirates, Kuwait, Egypt, Germany, Algeria, India, Iraq and Jordan.

Finance cost, finance income, and other income are not allocated to individual segment as the underlying instruments are managed by the Group.

Information about geographical segments (unaudited)

All figures in AED'000

	UAE	*Europe*	*Others*	*Adjustments and eliminations*	*Total*
	For the three months ended 31 March 2024 (Unaudited)				
Revenue from external customers	**1,705**	**28,909**	**-**	**-**	**30,614**
	For the three months ended 31 March 2023 (Unaudited)				
Revenue from external customers	2,971	11,447	5,291	-	19,709
	As at 31 March 2024 (unaudited)				
Non-current operating Assets	**510,876**	**23,381**	**-**	**(413,045)**	**121,212**
	As at 31 December 2023 (audited)				
Non-current operating Assets	508,069	23,421	-	(413,193)	118,297

6 SEGMENT REPORTING (continued)

Information about business segments

All figures in AED’000

	Three-months ended 31 March 2024 (unaudited)				*Three-months ended 31 March 2023 (unaudited)*			
	Engineering	***Others***	***Adjustments and eliminations***	***Total***	*Engineering*	*Others*	*Adjustments and eliminations*	*Total*
*Revenue External customers	**1,049**	**29,565**	**-**	**30,614**	7,440	12,269	-	19,709
Segment profit/(loss)	**6,499**	**(1,570)**	**(48,666)**	**(43,737)**	(66,183)	(3,057)	(49,944)	(119,184)
Depreciation and amortisation	**48**	**1,603**	**-**	**1,651**	80	1,760	-	1,840
Capital expenditure	**-**	**39**	**-**	**39**	22	16	-	38
	As at 31 March 2024 (unaudited)				*As at 31 December 2023 (Audited)*			
Segment total assets	**327,438**	**703,018**	**(723,079)**	**307,377**	331,475	692,401	(719,724)	304,152
Segment total liabilities	**1,177,629**	**119,720**	**3,054,464**	**4,351,813**	1,170,045	2,337,547	795,745	4,303,337

*The Group has recognised its entire revenue over a period of time.

6 SEGMENT REPORTING (continued)

Reconciliation of assets:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Segment assets	**307,377**	304,152
Assets held for sale	**51,456**	51,946
	358,833	356,098

Reconciliation of liabilities:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Segment liabilities	**4,351,813**	4,303,337
Liabilities associated with discontinued operations	**480,718**	484,335
	4,832,531	4,787,672

7 PROPERTY AND EQUIPMENT

The Group acquired property and equipment during the three months period ended 31 March 2024 amounting to AED 39 thousand (31 March 2023: AED 38 thousand). During the three months period ended 31 March 2024 the Group has written off property and equipment having gross value of AED 18,480 thousand and net book value of AED Nil thousand (31 March 2023: AED Nil thousand), depreciation charged to the interim consolidated income statement amounted to AED 100 thousand (31 March 2023: AED 101 thousand) and exchange rate differences of AED 302 thousand (31 March 2023: AED 4 thousand).

The depreciation charge has been allocated in the consolidated income statement as follows:

	Three-month period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Cost of sales	**42**	49
General and administrative expenses (Note 16)	**58**	52
	100	101

8 TRADE AND OTHER RECEIVABLES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Non-current		
Trade receivables and retentions *	**6,772**	6,779
Less: fair value adjustment *	**(776)**	(918)
	5,996	5,861
Current		
Trade receivables and retentions *	**468,579**	470,230
Prepayments and other receivables #	**51,972**	53,010
Amount due from customers on contracts	**189,730**	181,199
	710,281	704,439
Less: Allowance for expected credit loss on:		
- Trade receivables and retentions	**(442,817)**	(441,817)
- Prepayments and other receivables	**(5,507)**	(5,542)
- Amount due from customers on contracts	**(164,605)**	(164,606)
	97,352	92,474

* Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the non-current trade receivables and retentions, the fair values were calculated based on cash flows discounted at discount rate of 7.42% (2023: 7.63%) per annum. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Other receivables include an amount of AED 31 thousand deposited with an external party (2023: AED 31 thousand).

Movement in lifetime expected credit loss of trade receivables and retentions:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
At 1 January	**441,817**	519,435
Provision for expected credit loss	-	21,173
Reclassified from non-current	**142**	583
Exchange rate difference	**858**	(10,182)
Related to discontinued operations	-	(89,192)
At 31 March 2024 / 31 December 2023	**442,817**	441,817

8 TRADE AND OTHER RECEIVABLES (continued)

Movement in provision for prepayments and other receivables:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
At 1 January	**5,542**	7,052
Provision for expected credit loss	-	7,486
Exchange rate difference	**(35)**	(125)
Related to discontinued operations	-	(8,871)
At 31 March 2024 / 31 December 2023	**5,507**	5,542

Movement in provision for amounts due from customers on contracts:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
At 1 January	**164,606**	230,503
Reversal of provision	-	(3,932)
Exchange rate difference	(1)	(5,840)
Related to discontinued operations	-	(56,125)
At 31 March 2024 / 31 December 2023	**164,605**	164,606

9 RELATED PARTY TRANSACTIONS

Related parties include shareholders, key management personnel, joint venture partners, directors and businesses which are controlled directly or indirectly by the major shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates").

In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group management or its Board of Directors.

Balances with related parties included in the interim condensed consolidated financial statements are as follows:

Due from related parties:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Affiliates	**13,162**	14,824

9 RELATED PARTY TRANSACTIONS (continued)

Due to related parties:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Joint arrangements	**24,909**	24,909
Affiliates	**61,659**	43,607
Related to assets held as discontinued operations	**(26,904)**	(27,292)
	59,664	41,224

Amount due from affiliates include AED 13,162 thousand relating to consideration received from recovery of balances written off (2023: AED 14,763 thousand) which is used to meet working capital requirements.

There were no related party transactions during the period which have impact on interim consolidated income statement (2023: Nil).

The remuneration of key members of the management are as follows:

	Three-month period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Short term benefits	**871**	277
Employees' end of service benefits	**34**	8
	905	285

During the period, the Group has not provided for amounts due from related parties (2023: Nil). The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received by/from a related party.

10 CASH AND BANK BALANCES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Cash on hand	**1,069**	1,185
Cash at bank	**24,063**	26,405
Term deposits	**49,533**	49,981
Cash and bank balances	**74,665**	77,571

Term deposits carry an average interest rate of 4% to 7% (2023: 4% to 7%) per annum.

10 CASH AND BANK BALANCES (continued)

For the purpose of interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2024 AED'000 (Unaudited)	*31 March 2023 AED'000 (unaudited)*
Cash and bank balances	**74,665**	72,775
Less: term deposits under lien	**(49,533)**	(50,541)
Less: bank overdrafts (Note 11)	**(471,292)**	(555,197)
Less: cash and cash equivalent related to discontinued operations	**(174,026)**	(92,110)
Cash and cash equivalents	**(620,186)**	(625,073)

11 BANK BORROWINGS

The Group has obtained bank borrowings (including bank overdrafts) from several commercial banks, mainly to fund working capital and project requirements.

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Current		
Term loan	**1,475,985**	1,443,964
Trust receipts and other borrowings	**148,092**	142,209
Bank overdrafts (Note 10)	**471,292**	471,515
	2,095,369	2,057,688

The carrying amount of the Group's borrowings is primarily denominated in AED, USD or other currencies pegged to USD.

Interest rates on the term loans were at variable rates and ranging between 2% to 12% (2023: 2% to 12%) per annum. Contractual re-pricing dates are set on the basis of 3 months LIBOR/EIBOR.

The nature of securities provided in respect of certain bank borrowings by the Group, are set out below:

- Lien on motor vehicles and equipment purchased and on certain receivables;
- Mortgage over certain property and equipment;
- Pledge of assets acquired through utilisation of credit facilities; and
- Term deposits of AED 49,533 thousand (2023: AED 49,981 thousand).

The carrying amount of current borrowings approximates their fair value at the reporting date. Term loans are at market linked variable interest rates and therefore the carrying amounts of term loans approximate their fair value at the reporting date.

The Group was in breach of the financial covenants in relation to the syndicated Sukuk facility and certain other borrowing facilities. These breaches have rendered the loans to be technically payable on demand and consequently these have been classified as current liabilities.

12 TRADE AND OTHER PAYABLES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Trade payables and accruals	**553,270**	562,560
Provision for tax	**7,395**	7,798
Amount due to customers on contracts	**10,055**	5,209
Advances from customers	**23,921**	26,886
	594,641	602,453
Provision for legal cases	**145,798**	142,470
Provision against bond encashment	**24,410**	24,086
Provision for additional cost relating to disposal of subsidiaries	**9,511**	9,511
	774,360	778,520

13 PROVISION FOR BANK LIABILITIES OF SUBSIDIARIES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Provision for bank liabilities relating to disposed of subsidiaries *	**1,116,515**	1,117,903
Provision for bond encashment relating to disposed of subsidiaries	**168,061**	168,303
Provision for bank liabilities of discontinued operations *	**97,693**	99,154
	1,382,269	1,385,360

These represents provisions made against corporate guarantees and bonds reflected in the books of various entities, which are guaranteed by the Group.

* Interest rates on these loans were at a variable rate between 2% to 18% (2023: 2% to 18%) per annum.

14 PROVISION FOR LOSS OF CONTROL OVER SUBSIDIARIES

During 2021 DSWE India, investments in this subsidiary was classified as investment carried at fair value through profit or loss.

DSWE India has been going through insolvency procedure. Passavant Energy & Environment Gmbh has been the successful applicant during the process and is currently implementing the approved restructuring plan. Upon successful restructuring plan implementation and clearance from court, DSWE India would be consolidated within Passavant Energy & Environment Gmbh financials. At the current moment, the company is stated at nil value excluding for the costs incurred by Passavant Energy & Environment Gmbh to realize the restructuring plan.

Despite of the nil value of the company, management decided to keep the liability without any change until the successful closure of the acquisition transaction.

14 PROVISION FOR LOSS OF CONTROL OVER SUBSIDIARIES (continued)

Amounts recognized in the interim condensed consolidated financial statements of the Group are as follows:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
	DSWE, India	*DSWE, India*
At January	**21,102**	21,229
Fair value loss	**(3)**	(127)
At 31 March 2024 / 31 December 2023	**21,099**	21,102

Management is of the opinion that the above would be resolved within 12 months from the date of authorisation of these interim condensed consolidated financial statements.

15 OTHER INCOME

	Three-month period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Recovery of balances written off (a)	**1,854**	-
Rental income	**241**	207
Write back of liabilities (b)	**98**	299
Sale of scrap	**-**	59
Others	**189**	78
	2,382	643

(a) During the three-month period ended 31 March 2024 recovery of balances written off represents amounts received from trade receivables written off in the prior periods.

(b) During the three-month period ended 31 March 2024, the Group assessed that certain employee related liabilities are no longer payable and has, accordingly, written back such amounts under other income.

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended 31 March (Unaudited)	
	2024	*2023*
	AED'000	*AED'000*
Staff costs	**4,954**	4,405
Repair and maintenance	**3,863**	334
Restructuring cost	**1,560**	188
Business development, legal and professional fees	**1,008**	2,085
Expenses related to lease of short term and low value assets	**461**	287
Employees' end of service benefits	**127**	110
Utilities	**105**	125
Depreciation on right-of-use assets	**66**	257
Depreciation on property and equipment (Note 7)	**58**	52
Bank charges	**48**	211
Other expenses	**490**	-
	12,740	8,054

17 FINANCE COSTS

	Three-month period ended 31 March (Unaudited)	
	2024	*2023*
	AED'000	*AED'000*
Finance costs	**38,923**	36,448
Less: Finance costs charged to cost of sales	**(65)**	(118)
	38,858	36,330

18 INCOME TAX

The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	Three-month period ended 31 March (Unaudited)	
	2024	*2023*
	AED'000	*AED'000*
Current income tax expense:		
Current income tax	**27**	73
Deferred income tax:		
Addition to deferred tax during the period	**(4,368)**	-
Income tax (reversal)/ expense recognised in the statement of profit or loss	**(4,336)**	73

18 INCOME TAX EXPENSE (continued)

The gross movement on the deferred income tax assets is as follows:

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Deferred income tax assets:		
At 1 January	**15,852**	14,431
Addition during the period	**4,368**	-
Exchange differences	**18**	1,421
At 31 March 2024 / 31 December 2023	**20,238**	15,852

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law is applicable to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period). The UAE CT Law is applicable to the Group with effect from 1 January 2024. The UAE CT Law is subject to further clarification by supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group. Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate.

19 EARNINGS / (LOSS) PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Group by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased and held as treasury shares.

	Three-month period ended 31 March (Unaudited)	
	2024	*2023*
Loss (AED'000)		
Loss for the purposes of basic earnings per share being Loss attributable to owners of the Parent	**(46,332)**	(119,179)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,070,987,748**	1,070,987,748
Basic and diluted Loss per share (AED)	**(0.04)**	(0.11)

(b) Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

20 GUARANTEES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Performance bonds *	**311,217**	339,598
Letter of guarantees *	**329,684**	406,265
	640,901	745,863

* Group has also provided corporate guarantees on behalf of subsidiaries disposed of in prior years. Group has recognised adequate provision against these guarantees. Refer Note 13.

The various bank guarantees disclosed above were issued by the Group's bankers in the ordinary course of business.

21 COMMITMENTS AND CONTINGENCIES

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Letters of credit for purchase of materials and operating equipment	**2,330**	-

Legal contingencies
During 2018, the Group informed DFM that there were suspicious of material financial violations by the previous management of the Group which are under investigation by the designated authorities in the UAE. The Company is now engaged in civil and criminal cases against the previous management and others. Criminal complaints were filed with the Abu Dhabi Public Funds Prosecutor's office. The company is still following up with these cases to return and protect the investors and the shareholders' rights.

Further, due to severe liquidity issues, the Group is facing multiple civil cases from ex-employees mainly related to non-payment of their dues and similarly, the Group is also facing many civil legal cases with suppliers and subcontractors for non-payment of their dues.

Management has assessed and concluded that in respect of above, sufficient provisions are considered in these interim condensed consolidated financial statements.

22 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade and other receivables, other financial assets and due from related parties. Financial liabilities consist of bank borrowings, lease liabilities, trade and other payables and due to related parties.

The fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and bank balances, trade receivables, other financial assets, due from related parties, trade and other payables and due to related parties and income tax payable approximate their carrying amounts, largely due to the short-term maturities of these instruments.
- Long term receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual credit worthiness of the customer and the risk characteristics of the

22 FAIR VALUES (continued)

financed project. Based on this evaluation, provisions are taken to account for the expected losses of these receivables. As at 31 March 2024, the carrying amounts of such receivables, net of provisions, are not materially different from their fair values.

- Fair value of non-current receivable, lease liabilities, bank borrowings and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2024:

	Level 1 AED'000 Unaudited	***Level 2 AED'000 Unaudited***	***Level 3 AED'000 Unaudited***	***Total AED'000 Unaudited***
Assets				
Financial assets at fair value through profit or loss	-	**986**	-	**986**
Total assets	-	**986**	**-**	**986**

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023.

	Level 1 AED'000 Audited	*Level 2 AED'000 Audited*	*Level 3 AED'000 Audited*	*Total AED'000 Audited*
Assets				
Financial assets at fair value through profit or loss	-	986	-	986
Total assets	-	986	-	986

The Group has no liabilities measured at fair value as at 31 March 2024 (2023: Nil).

There were no transfers between Levels 1, 2 and 3 during the period.

(a) Valuation techniques used to derive Level 2 fair values

(i) Investments carried at fair value through profit or loss

Level 2 investments carried at fair value through profit or loss comprise of investments in funds for which fair value is estimated using net assets value approach. Fair values of investments in funds are determined using the net assets value provided by the fund managers based on the observable market prices of the assets managed by the fund.

At 31 December 2023 and 31 March 2024, the fair values of all other financial assets and liabilities, which are measured at amortised cost approximate their carrying values.

(b) Group's valuation processes

Changes in Level 2 and 3 fair values are analysed at each reporting date during quarterly valuation discussions. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

There were no changes in the valuation techniques during the period.

23 DISCONTINUED OPERATIONS

On 20 July 2023, Drake & Scull Construction LLC, Algeria received a termination letter from its client in Algeria (Emiral) for its project Zone -1 (consisting of four residential high rise buildings) and Zone 4 (consisting of fifteen villas) of the Multipurpose real property complex, located in the Town of Staoueli, Wilaya of Algiers. In addition, due to the termination of the main contract with Emiral, Drake & Scull Engineering Algeria as MEP sub-contractor of the project working under Drake & Scull Construction LLC Algeria umbrella, would not be able to proceed in its operations in Algeria.

As the contract with Emiral is the only business in Algeria for Drake & Scull Construction LLC, Algeria and Drake & Scull Engineering Algeria, both subsidiaries stopped the operations completely in Algeria and do not have the intent to bid for new projects in the country.

Based on the above facts on 31 December 2023, DSI PJSC management decided to treat its operations in Algeria as discontinued operations (freeze till further notice).

During 2023, the Group's management decided to treat its operations in the following regions as discontinued operations until further notice due to inactive/ completed projects and lack of good opportunities within these territories to keep the operations alive and profitable:

- DSI Kuwait (Drake & Scull International for Electrical Contracting Company - WLL)
- Drake & Scull Jordan (Drake and Scull Engineering LLC)
- Drake & Scull Thailand (Drake and Scull International Thailand Company Limited)
- DSWP KSA (DSWP – Saudi Arabia)
- Orient (Orient Corner Contracting Company)
- Drake & Scull Development
- Drake & Scull Syria (Drake and Scull Syria Limited Liability Company)
- DSWP Qatar (Drake and Scull Water & Power)
- Drake & Scull Egypt
- Drake & Scull Algeria
- Drake & Scull DSC Algeria

Drake & Scull International for Contracting SAE (DSIC) had one project only in Egypt (Nile Corniche Project). Although the project was successfully completed and handed over in 2020, the main contractor liquidated DSIC's advance payment guarantee (USD 2,259,718) and performance guarantee (USD 12,895,500) on 28 March 2023, years after DSIC's successful works & project delivery. DSI PJSC is resorting to the dispute resolution clauses in the subcontract agreement that will ultimately lead to taking the main contractor to arbitration as per the subcontract agreement terms and conditions. In addition, DSIC did not find good opportunities within this territory to keep the operation alive and profitable.

On 30 June 2023, Group's management decided to treat its operations in Egypt as discontinued operations until further notice.

During 2018, two subsidiaries of the Group namely Drake & Scull International Oman & DSWE India went into liquidation. The liquidation of these entities was expected to be completed within a year from the reporting date.

During 2021, the Group changed its position with regards to the disposal of DSWE India and has made a bid to acquire the entity. The bid is still pending approval by the relevant authorities as of the date of authorization of these consolidated financial statements. DSWE India is currently under liquidation whereby the proceedings are managed, supervised, and controlled by the relevant regulator in India. Accordingly, the investment has been classified under loss of control over subsidiary under Note 14.

23 DISCONTINUED OPERATIONS (continued)

Balances relating to above mentioned operations are as follows:

	Three-month period ended 31 March (Unaudited)	
	2024	*2023*
	AED'000	*AED'000*
Income statement		
Other income	**350**	10
General and administrative expenses	**(2,818)**	-
(Loss)/ profit from discontinued operations	**(2,468)**	**10**

	31 March 2024 AED'000 (Unaudited)	*31 December 2023 AED'000 (Audited)*
Financial position		
ASSETS		
Property and equipment	**275**	278
Cash and bank balances	**1,728**	2,045
Trade and other receivables	**49,453**	49,623
	51,456	51,946
LIABILITIES		
Trade and other payables	**124,934**	129,011
Bank borrowings	**328,880**	328,032
Due to related parties (Note 9)	**26,904**	27,292
	480,718	484,335

Cash and cash equivalent related to discontinued operations:

	Three-month period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Cash and bank balances	**1,728**	225
(Less): bank overdrafts	**(175,754)**	(92,334)
	(174,026)	(92,109)

23 DISCONTINUED OPERATIONS (continued)

	Three-month period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Net cash flows from discontinued operations		
Operating	**(2,855)**	(37)
Investing	**-**	-
Financing	-	-
Exchange difference	-	-
	(2,855)	(37)