

**Drake and Scull International (P.J.S.C.)  
and its subsidiaries**

Interim Condensed Consolidated  
Financial Statements  
For the period ended September 30, 2024

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**  
**For the period ended September 30, 2024**

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## **Report on Review of the Interim Condensed Consolidated Financial Statements To the Shareholders of Drake and Scull International (P.J.S.C.)**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Drake and Scull International (P.J.S.C) (the “Company”) and its subsidiaries (collectively referred to as “the Group”), comprising the interim consolidated statement of financial position as at September 30, 2024, and the related interim consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

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* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

#### *Opening balances*

We were unable to satisfy ourselves with regards to the opening balances as at January 1, 2024 and whether any adjustments to the opening balances are required, which would have possible impact on the interim consolidated statements of profit or loss, other comprehensive income and cash flows for the period ended September 30, 2024.

The consolidated financial statements of the Group as at and for the year ended December 31, 2023 were audited by another auditor who expressed a disclaimer of opinion on those statements on March 28, 2024 due to the inability to receive confirmations from certain bankers, creditors and lawyers as well as due to the existence of significant doubt about the Group’s ability to continue as a going concern. Notwithstanding, as a result of the events disclosed in Note 2 to the interim condensed consolidated financial statements, our review conclusion on the September 30, 2024 interim condensed consolidated financial statements has not been further modified with respect to the matters for which the predecessor auditor expressed a disclaimer of opinion.

#### *Bank balances*

We were not provided with sufficient appropriate audit evidence to verify the existence of bank balances carried at AED 15,865 thousand in the interim consolidated financial position as at September 30, 2024. Accordingly, we were unable to determine whether any adjustments were necessary with regards to these balances.

## Report on Review of the Interim Condensed Consolidated Financial Statements To the Shareholders of Drake and Scull International (P.J.S.C.) (continued)

### Qualified Conclusion

Based on our review, with the exception of the matters referred to in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### Material Uncertainty Related to Going Concern

We draw attention to Note 3(b) to the interim condensed consolidated financial statements, which indicates that, as at September 30, 2024, the Group's accumulated losses exceeded 50% of the share capital. As stated in Note 3(b), this event or condition, along with other matters as set forth in Note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

### Other Matter

The interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2023 were reviewed by another auditor who expressed a disclaimer of conclusion on those statements on November 9, 2023 as a result of a number of significant and pervasive matters.



GRANT THORNTON UAE

Dr. Osama El Bakry  
Registration No. 935  
Dubai, United Arab Emirates

November 11, 2024

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Interim consolidated statement of financial position**  
**As at September 30, 2024**

		September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	14,884	13,058
Investment property	5	73,136	77,370
Right-of-use assets		7,698	6,156
Deferred tax assets	15	16,566	15,852
Retention receivables	6	6,440	5,861
		118,724	118,297
<b>Current assets</b>			
Trade and other receivables	6	95,409	75,881
Contract assets	17	12,063	16,593
Due from a related party	14	-	14,824
Financial asset at fair value through profit or loss		986	986
Bank balances and cash	7	436,857	71,905
		545,315	180,189
Assets classified as held-for-sale	23	51,588	51,946
		596,903	232,135
<b>TOTAL ASSETS</b>		<b>715,627</b>	<b>350,432</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	2,886,697	1,070,988
Share (discount)/premium	8	(1,355,538)	3,026
Treasury shares	9	(16,276)	-
Statutory reserve		125,760	125,760
Mandatory convertible Sukuks	10	368,130	-
Foreign currency translation reserve		(24,011)	(24,459)
Accumulated losses		(1,674,515)	(5,466,288)
<b>Total equity/ (deficiency of assets) attributable to equity holders of the Parent</b>		<b>310,247</b>	<b>(4,290,973)</b>
Non-controlling interests		(136,127)	(140,601)
<b>Total equity/ (deficiency of assets)</b>		<b>174,120</b>	<b>(4,431,574)</b>

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

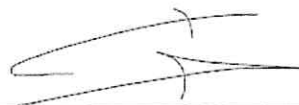
**Interim consolidated statement of financial position (continued)**  
**As at September 30, 2024**

		September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		11,990	12,348
Lease liabilities		7,303	6,218
		<u>19,293</u>	<u>18,566</u>
<b>Current liabilities</b>			
Provisions	11	21,315	1,558,444
Bank borrowings	12	8,912	2,057,688
Trade and other payables	13	195,879	588,372
Contract liabilities	17	38,926	32,095
Due to related parties	14	18,731	41,224
Provision for income tax		3,908	405
Lease liabilities		1,308	877
		<u>288,979</u>	<u>4,279,105</u>
Liabilities directly associated with assets classified as held-for-sale	23	233,235	484,335
		<u>522,214</u>	<u>4,763,440</u>
<b>Total liabilities</b>		<u>541,507</u>	<u>4,782,006</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>715,627</u>	<u>350,432</u>

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 11, 2024 and were signed on its behalf by:



**Dr. Abdulrahman Mahmoud Alafeefi**  
Director



**Ahmad M. F. A. Al Kilani**  
Director



**Fadi Baraki**  
Chief Financial Officer

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries  
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of profit or loss  
For the period ended September 30, 2024

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
<b>Continuing operations:</b>					
Revenue	17	21,471	18,942	72,412	64,202
Cost of revenue		(21,741)	(16,689)	(72,015)	(57,026)
<b>Gross (loss)/profit</b>		<b>(270)</b>	<b>2,253</b>	<b>397</b>	<b>7,176</b>
Administrative, selling and distribution expenses	18	(32,744)	(7,663)	(74,512)	(23,252)
Other operating expenses	19	-	(1,805)	-	(74,607)
Allowance for expected credit losses		(399)	(7,245)	(399)	(10,948)
<b>Operating loss</b>		<b>(33,413)</b>	<b>(14,460)</b>	<b>(74,514)</b>	<b>(101,631)</b>
Other non-operating income, net	20	43,782	18,706	99,831	17,936
(Loss)/gain resulting from approved restructuring settlement plan	24	(10,460)	-	3,749,620	-
Finance income		5,190	299	7,827	452
Finance cost		(922)	(37,176)	(1,382)	(111,657)
Loss on disposal of subsidiaries and associates		-	(73)	-	(73)
<b>Profit/(loss) before tax from continuing operations</b>		<b>4,177</b>	<b>(32,704)</b>	<b>3,781,382</b>	<b>(194,973)</b>
Income tax credit/(expense)	15	1,648	68	(3,655)	(247)
<b>Profit/(loss) for the period from continuing operations</b>		<b>5,825</b>	<b>(32,636)</b>	<b>3,777,727</b>	<b>(195,220)</b>
<b>Discontinued operations:</b>					
Profit/(loss) from discontinued operations	23	92	(2,281)	17,851	(2,278)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>5,917</b>	<b>(34,917)</b>	<b>3,795,578</b>	<b>(197,498)</b>
<b>Attributable to:</b>					
Equity holders of the Parent		5,916	(34,986)	3,791,773	(197,569)
Non-controlling interests		1	69	3,805	71
		<b>5,917</b>	<b>(34,917)</b>	<b>3,795,578</b>	<b>(197,498)</b>

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries  
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of profit or loss (continued)  
For the period ended September 30, 2024

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2024 (Unaudited) AED	2023 (Unaudited) AED	2024 (Unaudited) AED	2023 (Unaudited) AED
<b>Earnings per share:</b>					
<b>Basic earnings per share</b>	21				
- From continuing operations		-	(0.03)	1.87	(0.18)
- From discontinued operations		-	-	0.01	-
<b>Earnings per share</b>		-	(0.03)	1.88	(0.18)
<b>Diluted earnings per share</b>	21				
- From continuing operations		-	(0.01)	1.06	(0.07)
- From discontinued operations		-	-	-	-
<b>Diluted earnings per share</b>		-	(0.01)	1.06	(0.07)

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.



**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Interim consolidated statement of other comprehensive income**  
**For the period ended September 30, 2024**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>5,917</b>	<b>(34,917)</b>	<b>3,795,578</b>	<b>(197,498)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of continuing foreign operations	2,231	(524)	3,114	18,631
Exchange differences on translation of discontinued foreign operations	(599)	6	(1,997)	35
Other comprehensive income/(loss) for the period	1,632	(518)	1,117	18,666
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>7,549</b>	<b>(35,435)</b>	<b>3,796,695</b>	<b>(178,832)</b>
<b>Attributable to:</b>				
Equity holders of the Parent	7,565	(35,505)	3,792,221	(178,918)
Non-controlling interests	(16)	70	4,474	86
	7,549	(35,435)	3,796,695	(178,832)

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Interim consolidated statement of changes in equity**  
**For the period ended September 30, 2024**

	Attributable to equity holders of the Parent									
	Share capital AED'000	Share (discount)/ premium AED'000	Treasury shares AED'000	Statutory reserve AED'000	Mandatory convertible Sukuks AED'000	Foreign currency translation reserve AED'000	Accumulated losses AED'000	Total AED'000	Non- controlling interests AED'000	Total equity/ (deficiency of assets) AED'000
At January 1, 2024 (audited)	1,070,988	3,026	-	125,760	-	(24,459)	(5,466,288)	(4,290,973)	(140,601)	(4,431,574)
Profit for the period	-	-	-	-	-	-	3,791,773	3,791,773	3,805	3,795,578
Other comprehensive income for the period	-	-	-	-	-	448	-	448	669	1,117
Total comprehensive income for the period	-	-	-	-	-	448	3,791,773	3,792,221	4,474	3,796,695
Issuance of Mandatory convertible Sukuks (Note 10)	-	-	-	-	368,130	-	-	368,130	-	368,130
Treasury shares (Note 9)	-	3,218	(16,276)	-	-	-	-	(13,058)	-	(13,058)
Issuance of share capital (Note 8)	1,815,709	(1,361,782)	-	-	-	-	-	453,927	-	453,927
<b>At September 30, 2024</b> <b>(unaudited)</b>	<b>2,886,697</b>	<b>(1,355,538)</b>	<b>(16,276)</b>	<b>125,760</b>	<b>368,130</b>	<b>(24,011)</b>	<b>(1,674,515)</b>	<b>310,247</b>	<b>(136,127)</b>	<b>174,120</b>
At January 1, 2023 (audited)	1,070,988	3,026	-	125,760	-	(43,456)	(5,098,172)	(3,941,854)	(140,671)	(4,082,525)
(Loss)/profit for the period	-	-	-	-	-	-	(197,569)	(197,569)	71	(197,498)
Other comprehensive income for the period	-	-	-	-	-	18,651	-	18,651	15	18,666
Total comprehensive (loss)/ income for the period	-	-	-	-	-	18,651	(197,569)	(178,918)	86	(178,832)
At September 30, 2023 (unaudited)	1,070,988	3,026	-	125,760	-	(24,805)	(5,295,741)	(4,120,772)	(140,585)	(4,261,357)

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Interim consolidated statement of cash flows**  
**For the period ended September 30, 2024**

	Notes	Nine-month period ended September 30	
		2024 (Unaudited) AED '000	2023 (Unaudited) AED '000
<b>OPERATING ACTIVITIES</b>			
Profit/(loss) before tax from continuing operations		3,781,382	(194,973)
Profit/(loss) from discontinued operations		17,851	(2,278)
Profit/(loss) before tax		3,799,233	(197,251)
<i>Adjustments for:</i>			
Depreciation of property and equipment	4	335	303
Depreciation of investment property		4,234	4,222
Depreciation of right-of-use assets		557	959
Provisions for bond encashment		-	56,456
Provision for employees' end of service benefits		445	687
Write back of provisions and other liabilities	20	(97,789)	10,135
Finance cost		1,382	112,033
Write back of liabilities under approved restructuring settlement plan	24	(3,749,620)	-
Allowance for expected credit losses		399	10,948
Finance income		(7,827)	(452)
Interest on lease liabilities		297	266
		(48,354)	(1,694)
<i>Changes in working capital:</i>			
Trade and other receivables		(11,233)	32,721
Trade and other payables		(43,122)	(107,527)
Due from a related party		14,824	(12,989)
Due to related parties		18,731	-
<b>Cash used in operations</b>		<b>(69,154)</b>	<b>(89,489)</b>
Payment of employees' end of service benefits		(803)	(226)
Net cash used in continuing operations		(69,957)	(89,715)
Net cash used in discontinued operations		(175)	(51,358)
<b>Net cash flows used in operating activities</b>		<b>(70,132)</b>	<b>(141,073)</b>

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Interim consolidated statement of cash flows (continued)**  
**For the period ended September 30, 2024**

	Notes	Nine-month period ended September 30	
		2024 (Unaudited) AED '000	2023 (Unaudited) AED '000
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(2,216)	(107)
Interest income received		6,301	452
<b>Net cash flows from investing activities</b>		<b>4,085</b>	<b>345</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		453,927	-
Repayment of term loan		(304)	(93,679)
Acquisition of treasury shares		(16,276)	-
Finance cost paid		(1,382)	-
Payment of lease liabilities		(886)	(995)
<b>Net cash flows from financing activities</b>		<b>435,079</b>	<b>(94,674)</b>
<b>Net change in cash and cash equivalents</b>		<b>369,032</b>	<b>(235,402)</b>
Net foreign exchange difference		444	18,332
Write back of overdraft due to restructuring settlement plan		545,730	-
Cash and cash equivalents at the beginning of the period		(625,710)	(401,485)
<b>Cash and cash equivalents at the end of the period</b>	7	<b>289,496</b>	<b>(618,555)</b>

The accompanying notes from 1 to 25 form an integral part of these interim condensed consolidated financial statements.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Notes to the interim condensed consolidated financial statements**  
**For the period ended September 30, 2024**

**1 Legal status and principal activities**

Drake and Scull International P.J.S.C (the “Company” or the “Parent”) was incorporated on November 16, 2008 and registered on January 21, 2009 as a Public Joint Stock Company. The Company is listed on the Dubai Financial Market. The Company operates in accordance with the provisions of the UAE Federal Law No. 32 of 2021. The registered address of the Company is P.O Box 65794, Dubai, United Arab Emirates. The Company together with its subsidiaries, as listed below, are referred to as the “Group”.

The Group is engaged in carrying out contracting work within the construction industry which mainly includes electrical, plumbing, oil and gas, air conditioning, water & waste-water treatment.

These interim condensed consolidated financial statements as at September 30, 2024 include the financial performance and position of the Company and its subsidiaries.

The details of the subsidiaries held by the Group as at September 30, 2024 and December 31, 2023 are as follows:

Subsidiaries	Principal activities	Country of incorporation	Ownership interest (%)	
			September 30, 2024	December 31, 2023
Drake & Scull International LLC.	Contracting work related to mechanical, electrical and sanitary engineering	UAE	100	100
Drake & Scull Engineering LLC	Engineering, procurement and construction of Water and Power Infrastructure projects	UAE	100	100
Drake & Scull Oil & Gas	Oil & Gas Contracting	UAE	100	100
Passavant Energy & Environment GmbH and its subsidiaries	Contracting for wastewater, water and sludge treatment plants	Germany	100	100
Drake & Scull International for Electrical Contracting WLL*	Mechanical, Electrical contracting and repairing work relating to the construction industry	Kuwait	100	100
Drake & Scull International for Contracting SAE*	Contracting work relating to mechanical, electrical and sanitary engineering	Egypt	100	100
Effective International Investment LLC	Investment in commercial, agricultural or industrial enterprises & management	UAE	100	100
1996 Advanced Investments LLC	Investment in commercial, agricultural or industrial enterprises & management	UAE	100	100
1881 Advanced Investments LLC	Investment in commercial, agricultural or industrial enterprises & management	UAE	100	100
Drake & Scull International LLC (Oman)*	Contracting work related to mechanical, electrical and sanitary engineering	Oman	51	51

\*Classified within disposal group classified as held-for-sale.

The Group’s operations extend to various jurisdictions including Germany, India, Saudi Arabia, Algeria, Jordan, Iraq, and Tunisia. These are conducted through subsidiaries, branches and joint ventures.

## Drake and Scull International (P.J.S.C.) and its subsidiaries Interim Condensed Consolidated Financial Statements

### Notes to the interim condensed consolidated financial statements (continued) For the period ended September 30, 2024

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#### **1 Legal status and principal activities (continued)**

##### **Investments in joint venture and joint operations:**

###### *Investment through Drake and Scull International for Contracting SAE*

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 July 21, 2011. The joint venture has been classified as a joint operation in the interim condensed consolidated financial statements.

###### *Investment through Drake and Scull International – LLC*

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

###### *Investment through Drake and Scull Engineering LLC*

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 August 9, 2014 for Jewels of Creek Project and 49% interest in a jointly controlled entity with Al Habtoor Specon LLC (HLS-DSE Joint Venture) under a joint arrangement agreement dated July 23, 2013 for Habtoor City Hotels. These have been classified as joint operations in the interim condensed consolidated financial statements.

###### *Investments through Passavant Energy & Environment GmbH*

- 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 December 9, 2012. The investment has been classified as joint operation in the 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 October 31, 2013. This has been 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 June 01, 2017. This has been 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 October 12, 2016. This has been 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.

#### **2 Significant events and transactions**

As part of restructuring plan approved by the Court on November 23, 2023, the General Assembly on April 1, 2024 approved a capital increase by way of rights issue and on May 10, 2024, the Company successfully raised capital amounting to AED 453 million.

## Drake and Scull International (P.J.S.C.) and its subsidiaries Interim Condensed Consolidated Financial Statements

### Notes to the interim condensed consolidated financial statements (continued) For the period ended September 30, 2024

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#### **2 Significant events and transactions (continued)**

Furthermore, in accordance with the Court order and approved restructuring settlement plan, June 3, 2024 was deemed to be the effective restructuring date for settlement of all qualified financial lenders' and trade creditors' balances.

Significant provisions of the restructuring settlement plan include following:

- Categorization of qualified creditors between large and small creditors based on criteria laid down in the restructuring settlement plan;
- Write back of 90% of the balances owed to both large and small creditors;
- Settlement of the remaining 10% balances owed to large creditors by way of issuance of Mandatory Convertible Sukuks ("MCSs"); and
- Settlement of the remaining 10% balances owed to small creditors through payment in cash.

The implementation of the restructuring settlement plan as approved by the Dubai Court of appeal has been implemented and resulted in write-back of liabilities and conversion of liabilities to Mandatory Convertible Sukuks in the amount of AED 3,749,620 thousand and AED 368,130 thousand, respectively (Note 24).

The capital injection and implementation of the restructuring settlement plan have significantly improved the financial position and liquidity of the Group as at September 30, 2024 as well as concluded the significant legal claims against the Group and their related uncertainties.

During the third quarter 2024, financial settlements have been initiated with ex-employees and commercial creditors in accordance with the restructuring plan.

#### **3 Basis of preparation and material accounting policies**

##### **a) Basis of preparation**

The interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2024 have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2023.

In addition, the results for the nine-month period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of these interim condensed consolidated financial statements are the same as those applied in the preparation of the audited consolidated financial statements as at and for the year ended December 31, 2023.

The interim condensed consolidated financial statements have been prepared on an accruals basis under the historical cost convention except for financial assets at fair value through profit or loss (FVTPL) and investment property, which have been measured at fair value.

##### **b) Going concern**

As at September 30, 2024 the accumulated losses exceeded 50% of the Company's share capital. Notwithstanding, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis taking into consideration the recent implementation of the restructuring plan and equity injection by way of issuance of right shares resulting in the injection of AED 453 million cash in the Group.

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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

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**3 Basis of preparation and material accounting policies (continued)**

**b) Going concern (continued)**

Following the implementation of restructuring plan as approved by the Court, the Group's management and the Board of Directors have reassessed the Group's ability to continue as a going concern. The assessment is based on the following factors:

- At September 30, 2024, the Group has a positive equity of AED 174 million.
- Availability of liquidity by way of recent equity injection in the form of right shares issuance.
- The Group, based on its future contractual commitments, has forecasted positive operating cash flows with expected growth in revenue and profit for the year 2024 and onwards.

Further, management and the Board of Directors are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Management has also taken into consideration that any future claims that have not yet been made by creditors are not expected to be material as well as not to have any material impact on the Group given that the Court's decision for the 90/10 settlement basis will apply on such claims.

On the basis of the above, the interim condensed consolidated financial statements have been prepared on a going concern basis.

**c) Functional and presentation currency**

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Company's functional currency. All values are rounded to the nearest thousand ('000) except where otherwise indicated.

**d) Basis of consolidation**

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Group has the 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.

The 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 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.

**e) Significant accounting estimates and judgments**

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 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.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2023.

**f) New Standards, Interpretations and Amendments adopted as at January 1, 2024**

Certain accounting pronouncements have become effective from January 1, 2024 and have therefore been adopted by the Group. However, these standards do not have any significant impact on the interim condensed consolidated financial statements therefore further disclosures have not been made.



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**3 Basis of preparation and material accounting policies (continued)**

**g) Financial risk management**

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

The interim condensed consolidated financial statements do 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 consolidated financial statements as at December 31, 2023.

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

**4 Property and equipment**

During the nine-month period ended September 30, 2024, the Group acquired property and equipment amounting to AED 2.216 million (September 30, 2023: AED 0.107 million).

Depreciation charge on property and equipment for the nine-month period ended September 30, 2024 amounted to AED 0.335 million (September 30, 2023: AED 0.303 million).

**5 Investment property**

Investment property of AED 73 million (December 31, 2023: AED 77 million) comprise a labour accommodation camp in Abu Dhabi that is leased to third parties under operating lease arrangements.

The fair value of investment property was determined by an external independent property valuer as at December 31, 2023, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Based on the market assessment and available comparable market data as at September 30, 2024, the management assessed that there have been no significant changes in the fair value of investment property from December 31, 2023, and therefore fair value of investment property remain unchanged.

The fair value measurement of investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The recent fair value determined as on December 31, 2023 amounted to AED 77 million.

**6 Trade and other receivables**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
Trade and retention receivables, gross	465,687	476,091
Less: allowance for expected credit losses	(429,512)	(441,817)
Trade and retention receivables, net	<u>36,175</u>	<u>34,274</u>
Prepayments and other receivables	55,453	53,010
Advance given to third-party licensed Market Maker	15,728	-
Less: allowance for expected credit losses of other receivables	(5,507)	(5,542)
	<u>65,674</u>	<u>47,468</u>
	<u>101,849</u>	<u>81,742</u>
Less: non-current portion of retention receivables	(6,440)	(5,861)
	<u>95,409</u>	<u>75,881</u>

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**For the period ended September 30, 2024**

**7 Cash and cash equivalents**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
Cash in hand	651	1,185
Bank balances*	436,206	70,720
<b>Bank balances and cash</b>	<b>436,857</b>	<b>71,905</b>
Less: bank overdrafts (Note 12)	(8,811)	(471,515)
Less: term deposits under lien*	(45,125)	(49,981)
Less: bank overdrafts related to discontinued operations, net of cash (Note 23)	(93,425)	(176,119)
<b>Cash and cash equivalents</b>	<b>289,496</b>	<b>(625,710)</b>

\*Bank balances include fixed deposits under lien of AED 45,125 thousand (December 31, 2023: AED 49,981 thousand) that carry interest rates ranging between 4.0 % to 7.7% per annum (2023: 4% to 7% per annum).

**8 Share capital**

During the period ended September 30, 2024, the Company raised additional capital of AED 453 million by issuance of rights shares at a discount of 75% (AED 0.25 per share against a par value of AED 1 per share) resulting in a share discount of AED 1,361,782 thousand. The rights were fully subscribed and resulted in an increase in the number of shares by 1,816 million to 2,887 million shares and an increase in the share capital by AED 1,815,709 thousand.

**9 Treasury shares**

The Company engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. The appointment of the Market Maker was approved by the shareholders in their meeting held on May 14, 2024. As at September 30, 2024, the Market Maker held 43,058,058 of the Company's shares on behalf of the Company, which are classified under equity as treasury shares at an acquisition cost of AED 16,276 thousand. A cumulative gain on disposals of AED 3,218 thousand has been recognised for the period ended September 30, 2024 under share premium.

**10 Mandatory convertible Sukuks**

Following the implementation of the restructuring settlement plan, the Company issued 73,626 Mandatory Convertible Sukuks ("MCSs") to its qualified creditors at the rate of AED 5,000 per MCSs.

MCSs are convertible into ordinary shares of the Company after a period of 5 years from the date of their issuance. In accordance with the MCSs agreement, the overall converted shares shall be 35% of the overall issued capital of the Company post conversion. Therefore, any further issuance would dilute the holding percentage of existing MCSs holders.

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**For the period ended September 30, 2024**

**11 Provisions**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
Provision related to bank liabilities	-	1,385,360
Provision for legal cases	21,315	142,470
Provision related to disposed off subsidiaries	-	9,512
Provision related to a subsidiary with loss of control	-	21,102
	<u>21,315</u>	<u>1,558,444</u>

Following the implementation of the restructuring settlement plan, provisions of AED 1,246,824 thousand have been written back in profit or loss and of AED 138,536 thousand were converted into MCSs (Note 24).

**12 Bank borrowings**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
Trust receipts	-	142,209
Bank overdrafts	8,811	471,515
Term loans	101	1,443,964
	<u>8,912</u>	<u>2,057,688</u>

Following the implementation of the restructuring settlement plan, bank borrowings of AED 1,547,653 thousand have been written back in profit or loss and of AED 174,882 thousand were converted into MCSs (Note 24).

**13 Trade and other payables**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
Trade payables	78,471	403,326
Accruals and other payables	117,408	160,960
Bond encashment	-	24,086
	<u>195,879</u>	<u>588,372</u>

Following the implementation of the restructuring plan, trade payables of AED 322,437 thousand and bond encashment of AED 21,969 thousand have been written back in profit or loss and trade payables of AED 23,956 thousand and bond encashment of AED 2,441 thousand have been converted into MCSs (Note 24).

**14 Related party balances and transactions**

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management in line with the approval of the Group's board of directors.

Transactions with related parties are entered into on mutually agreed terms and conditions.

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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

**14 Related party balances and transactions (continued)**

**Compensation of key management personnel**

The remuneration of directors and other key members of management during the period were as follows:

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Short-term benefits	752	455	2,133	1,187
End of service benefits	27	17	83	41
	<u>779</u>	<u>472</u>	<u>2,216</u>	<u>1,228</u>

**Due from a related party**

	September 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
	AED'000	AED'000
Entity controlled by key management personnel	-	14,824

**Due to related parties**

	September 30,	December 31,
	2024	2023
	(Unaudited)	(Audited)
	AED'000	AED'000
Joint arrangements	-	24,909
Other related parties	46,053	43,607
Less: liabilities directly associated with assets held-for-sale (Note 23)	(27,322)	(27,292)
	<u>18,731</u>	<u>41,224</u>

As part of the restructuring settlement plan, due to related parties of AED 37,102 thousand have been written back in profit or loss and of AED 4,122 thousand have been converted into MCSs (Note 24).

**15 Taxation**

**Tax expense**

Effective January 1, 2024 the UAE Corporate tax became into effect. Based on the applicable provisions of UAE tax law, management has made a provision for income tax at the rate of 9% on the taxable profit of the Company and its UAE subsidiaries for the period ended September 30, 2024.

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

	Nine-month period ended	
	September 30,	
	(Unaudited)	(Unaudited)
	2024	2023
	AED'000	AED'000
Current tax expense	<u>3,655</u>	<u>247</u>

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**15 Taxation (continued)**

**Deferred tax assets**

The movement in the deferred tax assets is as follows:

	September 30, 2024 AED'000 (Unaudited)	December 31, 2023 AED'000 (Audited)
At January 1,	15,852	14,431
Effect of foreign exchange differences	714	1,421
As at period/year end	<u>16,566</u>	<u>15,852</u>

**16 Contingencies and commitments**

**Commitments and contingencies**

	September 30, 2024 (Unaudited) AED'000	December 31, 2023 (Audited) AED'000
<b>Commitments</b>		
Letters of credit	<u>3,586</u>	-
<b>Contingencies</b>		
Letters of guarantee	<u>317,070</u>	406,265
Performance bonds	<u>300,511</u>	<u>339,598</u>

**Legal cases - the Group as plaintiff**

During the year 2018, the Group informed DFM that there were suspicious material financial violations by the previous management of the Group which are currently under investigation by the designated authorities in the UAE. Accordingly, the Company has filed in civil and criminal cases against the previous management and others with respect of these violations whereby criminal complaints were filed with the Abu Dhabi Public Funds Prosecutor's office. These legal cases are ongoing, and the Company is continuously following up with their status with the objective to return and protect the rights of the investors and the shareholders of the Company.

**Legal cases - the Group as defendant**

Due to severe liquidity issues, the Group is facing multiple civil cases from ex-employees mainly related to non-payment of their dues. Management assessed and concluded that in respect of the employee cases, sufficient provisions are recognised by the Group at the reporting date.

The Group is also facing several civil legal cases with suppliers and subcontractors for non-payment of their dues. On the basis that any such claims that may be approved by the expert appointed by the Court will be subject to the settlement criteria of 90% write-back and 10% settlement in cash or Sukuk, management has concluded that no additional provisions are required to be recognised by the Group. Nonetheless, and given that all major lenders and creditors have already made their claims, management does not expect that such future claims will be material.

The Company has commenced the settlement of legal cases with ex-employees and commercial creditors according to the restructuring plan during the third quarter 2024.

**Taxation**

The Group has not recognised income tax expense against the income on write back of liabilities under approved restructuring settlement plan recognised in the interim consolidated statement of profit or loss for the period ended September 30, 2024 based on management's assessment, that such income does not attract tax under the UAE tax laws and falls under the category of 'business restructuring relief'.

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**16 Contingencies and commitments (continued)**

**Taxation (continued)**

At the date of the issuance of these interim condensed consolidated financial statements, management is in the process of corresponding with the Tax authority to obtain the necessary approvals for such tax treatment and is confident to receive a favourable response from the Authority in this regard. Any tax liability to be recognised in subsequent periods with relation to these write backs is dependent on the outcome of such correspondence and the Authority's final decision.

**17 Revenue from contract with customers**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
<b>Geographical market</b>				
India	8,733	9,305	38,961	25,540
Romania	5,688	4,470	14,772	13,628
Tunisia	5,581	3,168	11,578	4,392
United Arab Emirates	734	1,396	3,845	6,674
Moldova	-	9	-	3,662
Other countries	735	594	3,256	10,306
	<u>21,471</u>	<u>18,942</u>	<u>72,412</u>	<u>64,202</u>
<b>Timing of revenue recognition</b>				
Over time	21,471	18,942	72,412	64,202

**17.1 Contract balances**

	September 30,	December 31,
	2024	2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Trade and retention receivables, net (Note 6)	36,175	34,274
Contract assets, net (see below)	12,063	16,593
Contract liabilities (see below)	38,926	32,095

**Contract assets**

	September 30,	December 31,
	2024	2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Amount due from contracts with customers	186,093	190,590
Less: allowance for expected credit losses on amount due from contract with customers	(174,030)	(173,997)
	<u>12,063</u>	<u>16,593</u>

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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

**17 Revenue from contract with customers (continued)**

**17.1 Contract balances (continued)**

**Contract liabilities**

Contract liabilities include the following:

	September 30, 2024 AED'000 (Unaudited)	December 31, 2023 AED'000 (Audited)
Due to customers for contract work	18,726	5,209
Short-term customer advances	20,200	26,886
	<u>38,926</u>	<u>32,095</u>

**18 Administrative, selling and distribution expenses**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
Restructuring cost	21,464	24	40,894	253
Staff costs	5,346	4,609	15,275	14,211
Legal and professional fees	4,039	2,099	10,396	5,112
Repair and maintenance	803	90	2,646	758
Leases	509	332	1,398	824
Utilities	274	143	749	397
Depreciation	222	253	453	888
Bank charges	17	169	83	547
Other expenses	70	(56)	2,618	262
	<u>32,744</u>	<u>7,663</u>	<u>74,512</u>	<u>23,252</u>

**19 Other operating expenses**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
Provision for expense related to bond encashment	-	-	-	(56,456)
Foreign currency exchange losses	-	(1,805)	-	(18,151)
	<u>-</u>	<u>(1,805)</u>	<u>-</u>	<u>(74,607)</u>

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**20 Other non-operating income/(expenses), net**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
Write-back of provision for legal cases (1)	30,000	(5,569)	56,390	(11,033)
Write-back of provision related to a subsidiary with loss of control (2)	(6)	-	13,667	-
Liabilities written back (3)	10,688	145	13,451	898
Reversal of provision related to disposal groups	-	-	9,511	-
Recovery of receivables written-off in previous periods	-	23,888	1,854	27,201
Others	3,100	242	4,958	870
	<b>43,782</b>	<b>18,706</b>	<b>99,831</b>	<b>17,936</b>

1. Management identified excess provisions that have been accounted for previously and reversed these amounts in profit or loss based on its assessment that such provisions are no more required.
2. Management assessed that, based on legal advice received from internal and external legal counsels, additional provisions related to the subsidiary with loss of control is no more required, and accordingly, it has been reversed in profit or loss.
3. These liabilities have been reversed as the related dues have been settled and the Group does not see any outflow of economic resources with relation to these balances.

**21 Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000	2024 (Unaudited) AED'000	2023 (Unaudited) AED'000
Profit attributable to ordinary equity holders of the Parent:				
Continuing operations	5,824	(32,705)	3,773,922	(195,291)
Discontinued operations	92	(2,281)	17,851	(2,278)
<b>Profit/(loss) attributable to ordinary equity holders of the Parent for basic and diluted earnings</b>	<b>5,916</b>	<b>(34,986)</b>	<b>3,791,773</b>	<b>(197,569)</b>



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**21 Earnings per share (continued)**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) Thousands	2023 (Unaudited) Thousands	2024 (Unaudited) Thousands	2023 (Unaudited) Thousands
Weighted average number of ordinary shares for basic EPS*	2,015,913	1,070,988	2,015,913	1,070,988
Add: Effect of dilution from MCSs	1,554,375	1,554,375	1,554,375	1,554,375
Total weighted average number of ordinary shares adjusted for the effect of dilution*	3,570,288	2,625,363	3,570,288	2,625,363
	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024 (Unaudited) AED	2023 (Unaudited) AED	2024 (Unaudited) AED	2023 (Unaudited) AED
<b>Earnings per share:</b>				
<b>Basic earnings per share</b>				
- From continuing operations	-	(0.03)	1.87	(0.18)
- From discontinued operations	-	-	0.01	-
<b>Earnings per share</b>	-	(0.03)	1.88	(0.18)
<b>Diluted earnings per share</b>				
- From continuing operations	-	(0.01)	1.06	(0.07)
- From discontinued operations	-	-	-	-
<b>Diluted earnings per share</b>	-	(0.01)	1.06	(0.07)

\*The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

**22 Segment reporting**

Information regarding the Group's operating segments set out below is 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 statement of profit or loss.

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**22 Segment reporting (continued)**

**Geographical segments**

Executive management considers the geographical distribution of the Group's operations into the following main segments: UAE, European countries 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 business segments**

	Nine-months ended September 30, 2024 (unaudited)			Nine-months ended September 30, 2023 (unaudited)					
	Engineering AED'000	Others AED'000	Adjustments and eliminations AED'000	Total AED'000	Engineering AED'000	Others AED'000	Adjustments and eliminations AED'000	Total AED'000	
Revenue from external customers	1,833	70,579	-	72,412	14,320	49,882	-	64,202	
Segment profit/(loss) for the period	531,600	3,246,127	-	3,777,727	(100,386)	(94,834)	-	(195,220)	
Depreciation and amortisation	235	4,891	-	5,126	228	5,257	-	5,485	
Capital expenditure	2,131	85	-	2,216	36	71	-	107	
	Nine-months ended September 30, 2024 (unaudited)			As at December 31, 2023 (Audited)					
	Engineering AED'000	Others AED'000	Adjustments and eliminations AED'000	Total AED'000	Engineering AED'000	Others AED'000	Adjustments and eliminations AED'000	Total AED'000	
Segment total assets	250,383	1,081,426	(667,770)	664,039	331,475	686,735	(719,724)	298,486	
Segment total liabilities	226,745	327,035	(245,508)	308,272	1,170,045	2,331,881	795,745	4,297,671	

*Major customers*

During the nine-month period ended September 30, 2024, the Group's customer with revenue greater than 10% of the total revenue of the Group amounted to AED 61,644 thousand (September 30, 2023: AED 29,842 thousand).

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

**22 Segment reporting (continued)**

**Reconciliation of assets and liabilities:**

	September 30, 2024 AED'000 (Unaudited)	December 31, 2023 AED'000 (Audited)
Segment assets	664,039	298,486
Assets held for sale	51,588	51,946
Total assets in the interim consolidated statement of financial position	<u>715,627</u>	<u>350,432</u>
Segment liabilities	308,272	4,297,671
Liabilities directly associated with assets held for sale	233,235	484,335
Total liabilities in the interim consolidated statement of financial position	<u>541,507</u>	<u>4,782,006</u>

**23 Discontinued operations and subsidiary with a loss of control**

**Drake & Scull Construction LLC, Algeria and Drake & Scull Engineering Algeria**

On July 20, 2023, Drake & Scull Construction LLC, Algeria received a termination notice 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, was not able to continue 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 their operations completely in Algeria and management does not have the intent to bid for new projects in the country.

Based on the above facts, management decided to treat its operations in Algeria as discontinued operations.

**Drake & Scull International for Contracting SAE**

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 of USD 2,259,718 and performance guarantee of USD 12,895,500 on March 28, 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 favorable opportunities within this territory to keep the operation alive and profitable

Accordingly, management decided to treat its operations in Egypt as discontinued operations.

**Drake & Scull International Oman**

During 2018, Drake & Scull International Oman went into liquidation. The liquidation of the entity is expected to be completed during the year ending December 31, 2024.

**DSWE India**

In the year 2021, after classifying the subsidiary as discontinued operations, the Group changed its position with regards to the disposal of DSWE India and made a bid to acquire the entity. The bid is still pending approval by the relevant authorities within the jurisdiction as of the date of authorization of these interim condensed consolidated financial statements. DSWE India is currently under liquidation whereby the proceedings are managed, supervised, and controlled by the relevant regulator in India. The subsidiary does not have any assets and liabilities and the Group has recorded reversal of contract liabilities during the current period.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

**23 Discontinued operations and subsidiary with a loss of control (continued)**

**Other operations**

In the year 2023, the Group's management decided to treat its operations in the following regions as discontinued operations due to inactive/completed projects and lack of favorable opportunities within these territories to keep the operations active 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)

The results of the discontinued operations are presented below:

	Nine-month period ended September 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	AED'000	AED'000
<b>Statement of comprehensive income</b>		
Other income	18,468	22
General and administrative expenses	(617)	(2,300)
<b>Profit from discontinued operations</b>	<u>17,851</u>	<u>(2,278)</u>

The major classes of assets and liabilities of discontinued operations as at the reporting date are as follows:

	September 30, 2024	December 31, 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
<b>Assets</b>		
Property and equipment	30	278
Cash and bank balances	1,869	2,045
Trade and other receivables	49,689	49,623
	<u>51,588</u>	<u>51,946</u>
<b>Liabilities</b>		
Trade and other payables	110,619	129,011
Bank borrowings	95,294	328,032
Due to related parties (Note 14)	27,322	27,292
	<u>233,235</u>	<u>484,335</u>

Liabilities amounting to AED 14,500 thousand have been written back during the period, which mainly include contract liabilities.

Following the implementation of the restructuring plan, bank borrowings of AED 217,740 thousand have been written-back in profit or loss and of AED 24,193 thousand have been converted into MCSs (Note 24). The remaining bank borrowings at September 30, 2024 relate to the non-controlling interests and will be settled against the balance of the non-controlling interests in the consolidated statement of financial position upon liquidation of the Oman subsidiary.

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the period ended September 30, 2024**

**23 Discontinued operations and subsidiary with a loss of control (continued)**

Cash and cash equivalent related to discontinued operations are as follows:

	September 30, 2024 (Unaudited) AED'000	September 30, 2023 (Unaudited) AED'000
Cash and bank balances	1,869	1,705
(Less): bank overdrafts	(95,294)	(175,757)
<b>Cash and cash equivalents related to discontinued operations</b>	<b>(93,425)</b>	<b>(174,052)</b>

**24 Restructuring**

As stated in Note 2, in accordance with the Court order and approved restructuring settlement plan, June 3, 2024 has been deemed to be the effective restructuring date for settlement of all qualified financial lenders' and trade creditors' balances. The impact of the restructuring on the interim condensed consolidated financial statements was as follows:

	Carrying amount (1) AED'000 (Unaudited)	Written-back (2) AED'000 (Unaudited)	Converted to MCSs (3) AED'000 (Unaudited)	To be settled in cash (4) AED'000 (Unaudited)
<i>Financial lenders</i>				
Provisions	1,385,360	1,246,824	138,536	-
Bank borrowings	1,729,298	1,547,653	174,882	36
Bank borrowings (discontinued operations)	241,933	217,740	24,193	-
Bond encashment	24,410	21,969	2,441	-
	<b>3,381,001</b>	<b>3,034,186</b>	<b>340,052</b>	<b>36</b>
<i>Trade creditors</i>				
Related party balances	41,224	37,102	4,122	-
Trade payables	359,974	322,437	23,956	13,472
	<b>401,198</b>	<b>359,539</b>	<b>28,078</b>	<b>13,472</b>
<b>Total</b>	<b>3,782,199</b>	<b>3,393,725</b>	<b>368,130</b>	<b>13,508</b>

(1) Based on the approved list of lenders and creditors by the Court.

(2) The amounts written-back represent 90% of the balances subject to restructuring as approved by the Court.

(3) The amounts converted to MCSs represent 10% of all large creditor balances (i.e. those exceeding AED 1 million) as approved by the Court.

(4) The amounts that will be settled in cash represent 10% of all small creditor balances (i.e. those below AED 1 million) as approved by the Court.

In addition to the write back of liabilities disclosed in the above table, the Group wrote back excess liabilities in the amount of AED 355,895 thousand that are directly related to the restructuring resulting in a total write back of liabilities under approved restructuring settlement plan of AED 3,749,620 thousand, which was recognized in profit or loss.

**25 Comparative information**

Certain comparative information has been reclassified in order to conform to current period's presentation. Such reclassifications did not have any impact on the previously reported results and net assets of the Group.