



Governance Report Form for 2024

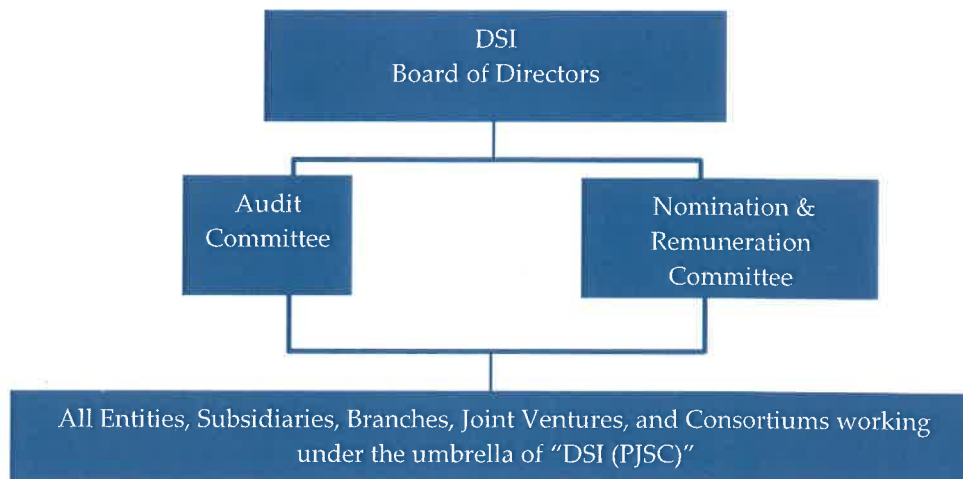
1. **Statement of procedures taken to complete the Corporate Governance System during 2024 and method of implementing thereof.**

Drake & Scull International PJSC [DSI] is committed to the highest level of Corporate Governance and has derived its values from a system that integrates ethics, corporate integrity, and leading compliant practices. Transparency, fairness, disclosure, and accountability have been central to the working ethos of the Company, Board of Directors, Senior Management, and Employees.

The Corporate Governance Framework takes into account the principles espoused and standards set by the Securities & Commodities Authority (SCA), Dubai Financial Market (DFM), Commercial Companies Law Federal Law No (32) of 2021 and its amendments, if any, and the Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law) in setting the direction and requirements for DSI.

DSI is committed to implementing the decision of the Chairman of the Securities & Commodities Authority No. (3 / RM) of 2020 concerning approving the Corporate Governance Guide for Public Joint Stock Companies and its amendments from time to time to the latest standards and the Governance Guide issued accordingly ("The Governance Guide").

Depicted below is the Corporate Governance Structure developed and implemented by DSI which aims to enhance the good governance practices followed by the Board and the Executive Management of the Company.



****** All above Mentioned Divisions within Drake & Scull International PJSC have independent management for operational delivery but are overseen and monitored in terms of strategy, compliance, governance, risk, and audit by a single structure.

Board of Directors (Article 6, of the Governance Guide)

The roles and responsibilities of the Board of Directors of DSI (the “Board” or “Board of Directors”) are outlined in DSI’s Articles of Association (AOA). It was taken into consideration that the Chairman and the majority of the Board of Directors would hold the UAE nationality during 2024, in order to fulfill the criteria specified by the Governance Guide as per order (3/2020) in relation to executive and non-executive, and independent members of the Board with an appropriate level of skills, experience, and capabilities across the membership.

Board Committees (Article 53, of the Governance Guide)

The Board is empowered to establish Board Committees and to delegate powers to such committees as deemed necessary or appropriate. The Board also delegates certain functions to these committees but without abdicating its own responsibilities from the activities, tasks and powers that the committee has been delegated to perform. Board committees are an effective way to distribute work between Board Members and allow for more detailed consideration of specific matters. All the Board Committees are functioning on behalf of the Board and the Board will be responsible for constituting, assigning, selecting, and determining the term of membership of such committees.

Nomination and Remuneration Committee (Article 59, of the Governance Guide)

The Board of Directors forms a permanent committee called the Nominations and Remuneration Committee, which holds a meeting once a year or whenever needed. The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company’s Directors and key management personnel. The Committee oversees the Company’s nomination process for the Board of Directors and its policy in line with the Federal Law No. (32) of 2021 and its amendments, if any, and implementing the decisions of the Chairman of the Securities & Communities Authority No. (3/R.M) for the year 2020 concerning approving the Corporate Governance Guide for Public Joint Stock Companies and the articles of the associated companies and its amendments from time to time. In addition, the Committee works continuously to monitor the independency of the independent members of the Board.

Audit Committee (Article 60 - 63, of the Governance Guide)

The Board of Directors has formed a permanent committee called the Audit Committee. All members of the Committee must have the knowledge and expertise in financial and accounting matters and shall monitor the integrity of the Company’s financial statements. Moreover, the Committee will make recommendations regarding the changes in the accounting policies and procedures that is necessary for the company’s control and financial system, in addition to appointing external auditors and ensuring that they meet the conditions stipulated by the laws and the articles of association of the Company. Furthermore, the Committee is responsible to meet with



the external auditors to discuss the nature and scope of the audit process and its effectiveness in accordance with the international auditing standards, international accounting standards, and international financial reporting standards. In addition, the Committee is responsible to meet with the external auditors to discuss all qualifications in the audit report to find out the solutions necessary to achieve clean external audit report. Furthermore, the Committee is responsible to monitor the accuracy and compliance of all internal management reports to ensure they are meeting all requirements of unqualified opinion by external auditors.

2. Statement of Ownership and transactions of Board of Directors (Board), their spouses and their children in the company securities during 2024, according to the following schedule:

Sr.	Name	Position	Owned Shares as on 31/12/2024	Total Sale	Total Purchase
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman	182,291	-	-
2	Eng. Abdulla Subhi Ahmed Atatreh	Vice-Chairman	-	-	-
3	Dr. Abdulrahman Mahmoud Abdulrahman Alafeefi	Board Member	-	-	-
4	Mr. Ahmad M F A Al Kilani	Board Member	-	-	-
5	Mr. Mustafa Ghazi Kheriba	Board Member	-	-	-
6	Mr. Abdulrahman Mohammed Al Ali	Board Member	-	-	-
7	Ms. Mia Zecevic	Board Member	-	-	-
Members whose term has expired (resignation)					
1	Mr. Shafiq Abdel Hamid Resigned on July 30, 2024	Chairman	-	-	-
2	Mr. Ahmed Al Sarkal Resigned on July 30, 2024	Board Member	-	-	-
3	Mr. Saqr Hasan Resigned on July 30, 2024	Board Member	-	-	-
4	Mr. Abdel Hadi Al-Sadi Resigned on May 14, 2024	Board Member	-	-	-
5	Mr. Ahmed Saeed Al-Hamairi Resigned on May 14, 2024	Board Member	-	-	-
6	Mr. Ahmed Abdullah Kankzar For the period from May 14, 2024 until his resignation on July 30, 2024	Board Member	-	-	-
Transactions of the sons and wives of board members in the company's securities during the year 2024					
1	Khaled Abdulla Subhi Atatreh	Son of a board member	-	529,000	529,000
2	Mohammed Abdulla Subhi Atatreh	Son of a board member	-	765,000	765,000
3	Noura Abdulla Subhi Atatreh	Daughter of a board member	-	530,000	530,000
4	Aylah Abdulla Subhi Atatreh	Daughter of a board member	-	528,000	528,000
5	Yasmin Mukhtar Al-Babaa	Wife of a board member	-	2,995,000	2,995,000

The balance of owned shares shall be shown regardless there are transactions during the year or not.



3. Board of Directors Formation:

A. Statement of the current Board formation (along with the names of both the resigned and appointed Board members) according to the following schedule:

Sr.	Name	Category (executive, non-executive, and independent)	Experience and Qualifications	The period spent as a Board member from the date of first election Till 31/12/2024	Their membership and positions at any other joint-stock companies	Their positions in any other important regulatory, government or commercial positions.
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Independent	More than twenty years of experience. Bachelor degree in Architecture in 2003 from the United Arab Emirates University.	Five months from July 30, 2024	- Vice Chairman of the Board of Directors of Abu Dhabi National Insurance Company. - Chairman of the Board of Directors of Gulf Navigation Holding Company.	-Position, Chairman of City Land Company, a diversified investment company. - Presidency of the Board of Trustees of Al Ain University
2	Abdulla Atatreh	Independent	More than Twenty years of experience. Bachelor of Civil Engineering and Master degree of Business Administration	Seven years and three months from 09/09/2017	- Vice Chairman of Tabarak - Vice Chairman of Core International Investment Group Holding PJSC - Board Member of Anan Investment Holding PJSC	- Vice Chairman of Tabarak Investment Company LLC.
3	Dr.Abdulrahman Mahmoud Abdulrahman Alafeefi	Independent	More than ten years of experience. Doctorate in project management from the British University in Dubai	Five months from July 30, 2024	Member of the Board of Directors of Gulf Navigation Holding Company	- Executive Director of Tmkn Group. - CEO of the private office of H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan
4	Ahmad Al-Kilani	Independent	More than nineteen years of experience. Bachelor of Banking, Finance and Business Administration	Seven years and three months from 09/09/2017	CEO of Gulf Navigation Holding PJSC.	-

Sr.	Name	Category (executive, non-executive, and independent)	Experiences and qualifications	The period spent as a Board member from the date of first election Till 31/12/2024	Their membership and positions at any other joint-stock companies	Their positions in any other important regulatory, government or commercial positions.
5	Mustafa Ghazi Kheriba	Independent	More than twenty five years of experience. Master's degree in Business Administration	Five months from July 30, 2024	Member of the Board of Directors of Mira bank.	- CEO of Iceberg Capital. - CEO and General Manager of Arithma Capital
6	Abdulrahman Mohammed Al Ali	Independent	More than ten years of experience. Certificate in international tourism and marketing	Seven months and half from May 14, 2024	-	-
7	Mia Zecevic	Independent	More than twenty years of experience in the real estate market sector	Seven months and half from May 14, 2024	-	-
Members whose term has expired (resignation)						
1	Shafiq Abdel Hamid	Independent	More than thirty three years of experience. Bachelors and Master degrees in civil engineering.	Five years and Four months from 24/03/2019 to July 30, 2024	-	Founding President & CEO of "City Engineering & Contracting LTD". Chairman of "City Plaza Real Estate & City Living Property".
2	Ahmed Al Sarkal	Independent	More than twenty five years of experience. Master's degree in Development Management from Western Michigan University, USA.	Three years from 29/04/2021 to May 14, 2024	- Managing partner at Flag Holding - Chairman of the Board of Directors at Technogym, Fix Pro and Hubland Investments. - Member of the Board of Directors at BD Swiss	Chairman of the Board of Directors at Technogym, Fix Pro & Hub Land Investments.

Sr.	Name	Category (executive, non- executive, and independent)	Experiences and qualifications	The period spent as a Board member from the date of first election Till 31/12/2024	Their membership and positions at any other joint- stock companies	Their positions in any other important regulatory, government or commercial positions.
3	Abdel Hadi Al-Sadi	Independent	More than twenty years of experience. Bachelor degree in Computer Science, Banking and Finance. Master of Project Management from George Washington University.	Three years and four months from 19/01/2021 to May 14, 2024	CEO of BHM Capital	28 years of management and leadership experience at Regional and international financial institutions.
4	Ahmed Saeed Al-Hamairi	Independent	More than twenty years of experience. Bachelor degree in political science. Master's degree in Business Administration.	Seven years and Four months since 09/09/2017 to May 14, 2024	-	-
5	Saqr Hasan	Independent	More than twenty years of experience. Bachelor degree in Computer IT	Two years from 21/06/2022 to July 30, 2024	-	Chairman and CEO of SKH Limited
6	Ahmed Abdulla Kankzar	Independent	More than twenty years of experience. Master's degree in law	Two and half months from May 14, 2024 to July 30, 2024	-	-

B. Statement of the percentage of female representation in the Board for 2024 (In case of non-representation, please state that there is no representation).

There is female representation.

C. Statement of the reasons for the absence of any female candidate for the Board membership. (Explanatory example: No female candidate is nominated in the Board elections).

Not applicable.



D. Statement of the following:

1- The total remunerations paid to Board Members for 2024.

No remunerations or allowances were paid to the Board of Directors for attending the Board meetings or its committees during the year 2024.

2- The total remunerations of Board Members, which are proposed for 2024, and will be presented in the annual general assembly meeting for approval.

Any proposal from the Board of Directors will be presented during the annual general assembly meeting planned in April 2025 for deliberation and decision making.

3- Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2024 fiscal year, according to the following schedule:

No additional allowances, salaries, or fees were paid to any Board member during the year 2024.

Sr.	Name	Allowances for attending sessions of the committees emanating from the Board		
		Committee name	Allowance Value	Meetings Nos.
1	Dr. Abdulrahman Alafeefi	Nomination & Remuneration Committee	-	1
2	Abdulla Atatreh	Nomination & Remuneration Committee	-	1
3	Ahmad Al-Kilani	Nomination & Remuneration Committee	-	1
4	Mustafa Kheriba	Audit Committee	-	1
5	Ahmed Al-Kilani	Audit Committee	-	5
6	Mia Zecevic	Audit Committee	-	2
7	Abdel Hadi Al-Sadi	Audit Committee	-	3
8	Sagr Hasan	Audit Committee	-	4

4- Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees and their reasons.

No additional allowances, salaries, or fees were paid to any Board member during the year 2024.

E. Number of the Board meetings held during 2024 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy.

Sr.	Date of meeting	Number of attendees	Number of attendees by proxy	Names of absent members
1	26/02/2024	7	-	-
2	28/03/2024	7	-	-
3	08/05/2024	7	-	-
4	16/05/2024	6	-	Mrs. Mia Zecevic
5	24/06/2024	6	-	Mrs. Mia Zecevic
6	26/07/2024	7	-	-
7	02/08/2024	7	-	-
8	11/11/2024	7	-	-

Evidence: The Company's disclosures on DFM website about Board of Directors meetings

F. Number of the Board resolutions passed during the 2024 fiscal year, along with its meeting convention dates.

The Board of Directors passed resolutions on 29/04/2024 and 06/09/2024 during the fiscal year ending on 31/12/2024

Evidence: The Company's disclosures on DFM website about Board of Directors meetings

4. Board committees :

Audit Committee:

A. The Chairman of the Audit Committee, Mr. Mustafa Kheriba, acknowledges his responsibility for the committee's system in the company, reviewing its work mechanism and ensuring its effectiveness.

B. Names of the Audit Committee members and clarifying their competencies and tasks assigned to them.

- Mr. Mustafa Kheriba (Chairman)
- Mr. Ahmad Al-Kilani (Member)
- Mrs. Mia Zecevic (Member)

Responsibilities of the Audit Committee:

The Audit Committee undertakes the responsibility for the following tasks and duties:

- 1- Reviewing the Company's Financial and Accounting Policies and Procedures.

- 2- Monitoring the integrity of the financial statements and reports (annual, semi-annual, and quarterly) in addition to the Company's internal controls related to all financial affairs at all subsidiaries, branches, joint ventures, and consortiums throughout the year. In particular, it shall focus on:
 - a. Any changes in the accounting policies and practices.
 - b. Highlighting matters that are subject to the Management's judgment.
 - c. Ensuring that the Company is updating its financial policies, procedures, and control systems on annual basis.
 - d. Material amendments resulting from the audit process.
 - e. Reviewing and validating the Qualifications in the external auditor reports.
 - f. Reviewing and validating all issues raised by the controlling bodies in the Company.
 - g. Assumption of the Company's going concern.
 - h. Adherence to the accounting criteria set by the SCA.
 - i. Adherence to the listing and disclosure rules as well as other legal requirements related to the preparation of financial reports.
- 3- Coordinating with the Board of Directors, Executive Management, and the Chief Financial Officer to fulfill its duties.
- 4- Submitting a recommendation to the Board of Directors regarding the selection, resignation, or terminating the external auditors. In the event of the absence of the Board of Directors' approval of the recommendations of the Audit Committee, the Board of Directors must include a statement in the Governance Report explaining the recommendations of the Audit Committee and the reasons that led the Board of Directors to decline the recommendations.
- 5- Establishing and implementing the contracting policy with the auditor, and submitting a report to the Board of Directors identifying the matters of importance that require immediate action, and recommending the steps to be taken in this regard.
- 6- Ensuring that the auditor fulfills the conditions stipulated in the laws, regulations, and decisions in force, the Company's Articles of Association, and following up and monitoring his independence.
- 7- Meeting the Company's auditor without the presence of any of the senior executive Management or its representative, to discuss the scope of the audit process and its effectiveness in accordance with the approved auditing standards.
- 8- Approving any additional work carried out by the external auditor, subject to absence of any conflict of interest, for the benefit of the Company and the fees charged for such work.
- 9- Discussing all matters related to the auditor's job, work plan, correspondence with the Company, notes, proposals, reservations, and any fundamental inquiries that the auditor raises to the higher executive management regarding accounting records, financial accounts or control systems, and



following up on the Company's management response to it and providing them with the necessary facilities to carry out his work.

- 10- Ensuring that the Board of Directors responds promptly to the inquiries and essential issues raised in the auditor's letter.
- 11- Reviewing and evaluating the Company's internal audit and risk management systems.
- 12- Discussing the internal audit system with the Board of Directors and making sure that it fulfills its duty to develop an effective internal control system.
- 13- Considering results of the main investigations into internal control issues that the Board of Directors has assigned or initiated by the committee with the approval of the Board of Directors.
- 14- Reviewing auditor's evaluation of the internal audit procedures and ensuring the coordination between the internal auditor and the external auditor.
- 15- Ensuring the availability of the necessary resources for the internal audit process and follow up on the implementation of corrective measures for the observations contained therein.
- 16- Studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- 17- Setting regulations upon which the Company's employees may confidentially report any potential violations in financial reports, internal audits, or other issues in confidence, as well as the steps required to ensure independent and fair investigations of these violations.
- 18- Monitoring the Company's compliance with the rules of professional conduct.
- 19- Reviewing related party transactions with the Company and ensuring that there are no conflicts of interest and recommending those transactions to the Board of Directors before concluding them.
- 20- Ensuring implementation of business rules related to its duties and the powers entrusted to it by the Board of Directors.
- 21- Submitting reports and recommendations to the Board of Directors on the aforementioned issues in this article.
- 22- Considering any other issues determined by the Board of Directors.



C. Number of meetings held by the Audit Committee during 2024 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings.

Name	Title	1 st Meeting	2 nd Meeting	3 rd Meeting	4 th Meeting	5 th Meeting
		26/03/2024	29/04/2024	06/05/2024	26/07/2024	07/11/2024
Ahmad Al-Kilani	Member	Attended	Attended	Attended	Attended	Attended
Abdel Hadi Al-Sadi *	Member	Attended	Attended	Attended	N/A	N/A
Saqr Hasan*	Member	Attended	Attended	Attended	Attended	N/A
Mia Zecevic*	Member	N/A	N/A	N/A	Attended	Attended
Mustafa Kheriba	Member	N/A	N/A	N/A	N/A	Attended

Mr. Abdel Hadi Al-Sadi resigned from his memberships in the Board of Directors and in Audit Committee on May 14, 2024.

Mr. Saqr Hasan submitted his resignation from his memberships in the Board of Directors and in Audit Committee on July 30, 2024.

Ms. Mia Zecevic was appointed as a member of the Audit Committee on May 16, 2024.

D. Annual Audit Committee Report for the year 2024:

The Internal Audit Committee of Drake & Scull International PJSC has prepared the annual report for the year 2024:

1- First Axis: Supervising the Restructuring Process

The Committee conducted a comprehensive review of the company's financial statements, especially the items related to the restructuring process, in order to ensure the accuracy and validity of the financial statements parameters that will be subject to the restructuring process and their impact on the company's financial position upon completion of the restructuring process, and accordingly :-

- All significant financial and commercial creditors' balances, their financial settlements, and relevant legal documents were reviewed.
- Follow up and supervise the work of financial advisors regarding the restructuring process and audit the validity of the procedures followed in accordance with the restructuring plan.
- Audit the process of issuing Mandatory Convertible Sukuk into shares in accordance with the restructuring plan.
- Audit all financial, legal and administrative procedures related to the subscription of the new capital raise in accordance with the restructuring plan and the applicable laws of the Securities and Commodities Authority and the Dubai Financial Market.

- Audit the offers related to the lead receiving bank of the IPO and appointing an external auditor for the subscription process in the new capital, to ensure the validity of the subscription process of the new capital and the allocation of shares in accordance with the laws in force at Securities and Commodities Authority and the Dubai Financial Market.

2- Second Axis: Supervision and audit of financial statements after the completion of the restructuring process

The completion of the company's restructuring process and capital increase had a material impact on the financial statements and the Audit Committee took the following steps:

- Reviewing substantial amounts resulting from restructuring process completion in coordination with the company's external auditor.
- Review financial statements related to shareholders' equity to ensure the effectiveness and efficiency of the company's capital in implementing the required business plan after the completion of the restructuring process.
- Review statement of cash flow resulting from subscription to new capital.

3- Third Axis: Periodic Internal Audit

The Internal Audit Committee has fulfilled the following actions:

- Review the unaudited interim financial statements and discuss them with the company's external auditor.
- Review all related party transactions and ensure their validity.
- Review the adopted accounting policies and ensure their effectiveness.
- Review and audit estimated financial statements of any investment projects that may be carried out by the company.
- Periodic follow-up of cash flow statement and working capital

4- Fourth Axis: External Audit

Internal Audit Committee has completed the following steps:

- Obtaining external audit quotes from 9 international audit institutions, with the aim of obtaining the best Quote to ensure that an external audit is conducted within international standards and at the lowest possible cost.
- Ensure that there is no conflict of interest with all audit institutions that may be contracted with.
- Ensure the approval of the Board of Directors and the General Assembly of Shareholders to appoint the new external auditor.
- Discuss unaudited interim financial statements and external auditor's report with company's executive management and external auditor to ensure the accuracy of all procedures followed in preparing the financial statements.
- Discuss the qualifications contained in external auditor's report and develop a detailed work plan to ensure that an audit report is obtained without any qualifications.



Nomination and Remuneration Committee:

- A. "Dr. Abdulrahman Alafeefi, of the Nominations and Remuneration Committee, acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness."
- B. Names of the Nomination and Remuneration Committee members and clarifying their competencies and tasks assigned to them.
- Dr. Abdulrahman Alafeefi (Chairman of the Committee)
 - Mr. Abdulla Atatreh (Member)
 - Mr. Ahmad Al-Kilani (Member)

Responsibilities of the Nomination and Remuneration Committee:

- 1- Establishing membership policy of the Board of Directors and executive management, aiming at taking into account the diversification of the genders within the formation and encouraging women through benefits, incentives and training programs, and providing the SCA with a copy of this policy and any amendments thereto.
- 2- Managing and overseeing the procedures for membership nomination of the Board of Directors in accordance with the laws and regulations in force and the provisions of this resolution.
- 3- Ensuring continued availability of membership conditions for members of the Board of Directors on an annual basis.
- 4- Ensuring independency of independent members on an ongoing basis.
- 5- If it appears to the committee that one of the members has lost the conditions of independence, it must present the matter to the board to notify the member; by means of a registered letter at his fixed address in the Company; of the justifications for losing the status of independence. The member must respond to the Board of Directors within fifteen days from the date of his notification, and the Board of Directors shall issue a decision considering the member as independent or not independent at the first meeting following the response of the member or the expiration of the period referred to in the previous paragraph without a response.
- 6- Subject to Article 145 of the Companies Law, should the Board decision affirming the absence of reasons or justifications for the independence of the member affect the minimum percentage required for independent members; as a Result, the Board of Directors shall appoint an independent member to replace this member if the latter submits his resignation due to the lack of Independence status about him, or in the event that a member refuses to resign, the board of directors must present the matter to the General Assembly to take a decision approving the appointment of another member to replace him or to call for elections to a new member.
- 7- Preparing the policy for granting rewards, benefits, incentives, and salaries for the Board of Directors and the Company's employees, and reviewing it annually. The Committee must ensure



that the rewards and benefits granted to the senior executive management are reasonable and in proportion with the Company's performance.

- 8- Ensuring that rewards and bonuses, including options and other deferred bonuses, and benefits offered to senior executive management are linked to the Company's performance in the medium and long term.
- 9- Annual review of the required needs of appropriate skills for membership of the Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time required to be allocated by each member to perform his duties in the Board of Directors.
- 10- Reviewing the structure of the Board of Directors and making recommendations regarding the changes that can be made.
- 11- Determining the Company's needs for competencies at the level of senior executive management and the staff and the basis of their choice.
- 12- Preparing the Human Resources and Training Policy, monitoring its implementation, and reviewing it on an annual basis.
- 13- Any other topics determined by the Board of Directors.

C. Statement of number of meetings held by the Committee during 2024, their dates, and statement of all Committee members' personal attendance of times.

Name	Title	One meeting on 19/08/2024
Dr. Abdulrahman Alafeefi	Chairman of the Committee	Attended
Mr. Abdulla Atatreh	Member	Attended
Mr. Ahmad Al-Kilani	Member	Attended

The Supervision and Follow-up Committee of insiders' transactions

A. Acknowledgment by the Committee Chairman or the authorized person of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

(The name) acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

The company did not appoint any follow-up and supervision committees due to the difficult financial circumstances that the company was going through during the first half of the year 2024. This issue will be taken into consideration during the year 2025

- B. Names of members of the Supervision and Follow-up Committee of insiders' transactions and clarifying their competencies and tasks assigned to them.**

Not applicable. Please check above Section A.

- C. A summary of the committee's work report during 2024. (In case the committee was not formed, the reasons should be explained).**

Not applicable. Please check above Section A.

Any other committee (s) approved by the Board.

- A. "The Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness."**

Committee Chairman acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

Not Applicable.

- B. Name of Committee (s).**

Not Applicable.

- C. Names of each committee members, clarifying its competencies and tasks assigned thereto.**

Not Applicable.

- D. Statement of number of meetings held by the Committee during 2024 and their dates, and all Committee members' personal attendance times.**

Not Applicable.



E. Statement of Board duties and powers exercised by Board members or the executive management members during 2024 based on the authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:

Sr.	Name of the authorized person	Power of authorization	Duration of authorization
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman of the Board, representing the company and acting on its behalf on all financial, administrative, legal and operational matters.	From 29/08/2024 to 31/07/2027
2	Any two members of the Board of Directors, one of whom must be Dr. Abdul Rahman Alafeefi or Ahmed Kilani	Financial, administrative, and operational powers to represent Drake & Scull PJSC and its subsidiaries.	From 29/08/2024 to 31/07/2027
3	Muin Abdul Raof El Saleh	The CEO of the company has been granted financial, administrative and operational powers to represent Drake & Scull International PJSC and its subsidiaries.	From 03/09/2024 to 31/07/2027
4	Shafiq Abdel Hamid	Chairman of the Board of Directors, represents the company and acts on its behalf in all financial, administrative, legal and operational matters.	From 10/06/2021 to 31/07/2024
5	Ahmad Al-Kilani	Financial, administrative, and operational powers to represent Drake & Scull PJSC and its subsidiaries.	From 15/06/2022 to 31/07/2024
6	Fares Al-Khatib	Group CEO with Financial, administrative, and operational powers to represent Drake & Scull PJSC and its subsidiaries.	From 29/08/2023 to 31/07/2024

F. Statement of the details of transactions made with the related parties (Stakeholders) during 2024, provided that it shall include the following:

Year	2024	2023
Due From Related parties	AED 000	AED 000
Affiliates	0	14,824
Total	0	14,824

Year	2024	2023
Due To Related parties	AED 000	AED 000
Joint Arrangements	0	24,909
Affiliates	46,343	43,607
Related to Assets Held as discontinued Operations	(27,322)	(27,292)
Total	19,021	41,224

Evidence: A copy of the subsidiaries' balance as of 31/12/2024



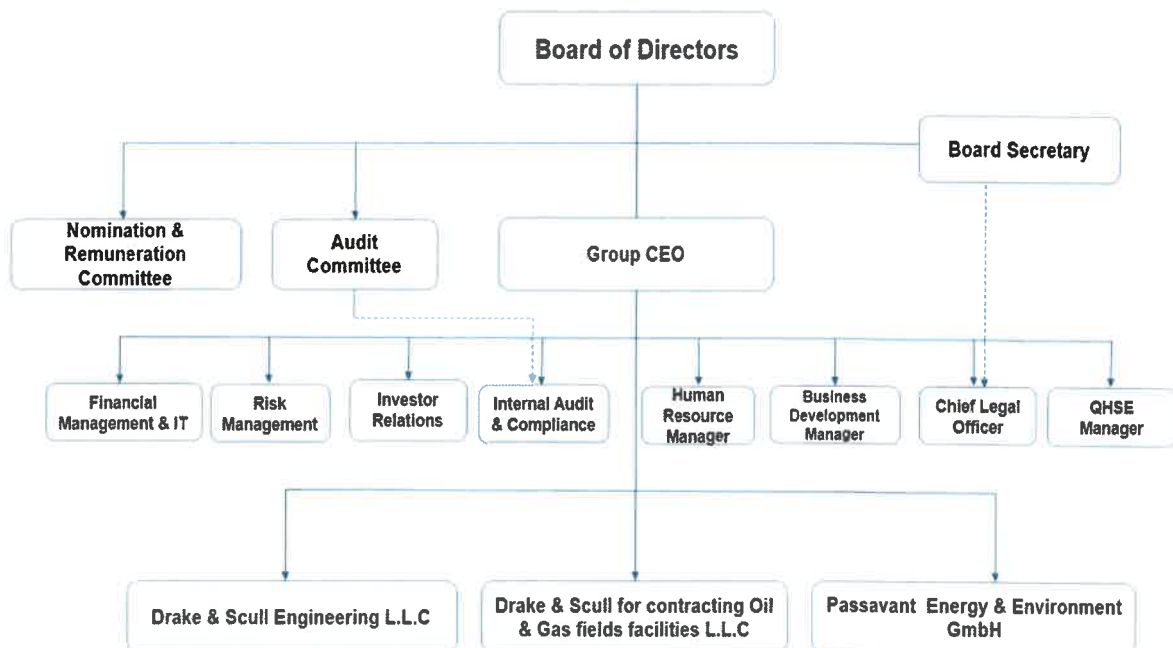
5. Evaluating the performance of the Board of Directors:

The Nominations and Remuneration Committee of Drake & Scull International conducted annual evaluation of the performance of the Board of Directors and its committees. The evaluations conducted this year provided valuable insights into the performance of the Board and its committees throughout the year, as in 2024 the Board of Directors achieved important achievements for Drake & Scull, as the restructuring plan for the company and its subsidiaries was successfully implemented, ensuring business continuity and preserving shareholders' rights. Thus, it became the first company in the UAE to achieve this success in restructuring. The evaluation included several main aspects, including but not limited to:

1. The organizational structure of the Board
2. The extent of the Board's commitment to governance
3. Board performance

In General, the 2024 Board Evaluation indicated that the Board and its committees have performed their duties and responsibilities carefully, efficiently and diligently, consistent with an effective organizational structure. The evaluation results also contributed to identifying areas that require training and improvement in the coming year, in order to ensure the continued development of the Board and its committees and enhance their capabilities in the field of governance.

6. The complete Organizational Structure of the company is clarifying the CEO, the General Managers and the managers working in the company.



Evidence: A sealed copy of company's complete organizational structure is enclosed.

A detailed statement of the senior executives in the first and second grade according to the company organizational structure (according to 3-I), their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following schedule:

Sr.	Position	Appointment date	Total salaries and allowances paid for 2024 (AED)	Total bonuses paid for 2024 (AED)	Any other cash / in-kind bonuses for 2024 or due in the future
1	Group Chief Executive Officer	02/09/2024	595,000	-	-
2	Passavant Chief Executive Officer	21/05/2012	924,000	-	-
3	Chief Legal Officer	28/12/2021	996,000	-	-
4	Group CFO	05/01/2022	1,032,000	-	-
5	MEP CEO	15/02/2003	1,008,000	-	-
6	Business Development Manager	16/09/2020	306,583	-	-
7	Human Resource Manager	06/10/2012	31,013	-	-
8	Quality, Health & Environment Safety Director.	01/10/2009	306,000	-	-
9	Investor Relation Manager	04/01/2022	50,000	-	-

7. External Auditor:

A. Submit an overview of the company auditor to shareholders.

Grant Thornton is globally recognized firm spanning over 150 countries with more than 73,000 professionals working in member firms. In the UAE, Grant Thornton has been supporting businesses over 55 years, with offices in 3 emirates and over 700 employee, making it one of the leading professional services firms in the country.

Grant Thornton professionals deliver tailored audit, advisory and tax related services to a wide range of clients including high-growth emerging companies, privately owned businesses and large enterprises across various industries.

B. Statement of fees and costs for the audit or services provided by the external auditor, according to the following schedule:

Name of the audit office and partner auditor	Grant Thornton UAE Partner: Dr. Osama El-Bakry
Number of years he served as the company external auditor	1 Year
The number of years that the partner auditor spent auditing the company's accounts	1 Year
Total audit fees for 2024 in (AED)	700,000 + VAT



Fees and costs of other private services other than auditing the financial statements for 2024 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	AED 77,500 + VAT
Details and nature of other services (if any). If there are no other services, this matter shall be stated expressly.	1. Agreed upon Procedures- Pro Forma Balance sheet submitted to SCA for Q1-2024. 2. Agreed Upon procedure- Unclaimed Dividend as requested by SCA.
Statement of other services that <u>an external auditor</u> other than the company accounts auditor provided during 2024 (if any). In the absence of another external auditor, this matter is explicitly stated.	Mazars Chartered Accountants: Unaudited interim financial statements for the first quarter of the year 2024

C. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2024 and in case of the absence of any reservations, this matter must be mentioned explicitly.

- Opening Balances
- Bank Balances
- Emphasis of Matter (Going Concern Assessment)

8. Internal Control System:

A. Acknowledgment by the Board of its responsibility for the Company internal control system, review of its work mechanism and ensuring its effectiveness.

The Board of Directors acknowledges the responsibility toward the application, review and efficiency of the Company's internal control system by maintaining an effective and robust Internal Control Mechanism. The Board has committed itself to promote and deploy best practices in risk management, sound application of governance rules, verification of compliance by the Company and its employees with applicable laws, regulations and resolutions that govern its operations, as well as internal procedures and policies and review of financial information that is forwarded to the Company's senior management, investors and all stakeholders at large.

B. Name of the Department Director, his qualifications and date of appointment.

The Company is planning to activate this position during 2025.

C. Name of Compliance Officer, his qualifications and date of appointment.

The Company is planning to activate this position during 2025.

D. How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in the annual reports and accounts (in case of the absence of major problems, it must be mentioned that the Company did not face any problems).

Not applicable.



E. Number of reports issued by the Internal Control Department to the Company's Board of Directors.

Not applicable.

9. Details of the violations committed during 2024, explaining their causes, how to address them and avoid their recurrence in the future.

According to our records, the company had no violations or penalties during the year 2024.

10. Statement of the cash and in-kind contributions made by the Company during 2024 in developing the local community and preserving the environment. (In case of the absence of contributions, it must be mentioned that the Company has not made any contributions.)

The Company did not make any cash or in-kind contributions during 2024. This subject will be taken into consideration during 2025.

11. General Information:

A. Statement of the company share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2024.

Month	Highest price	Lowest price	Closing price
Jan-24	Suspended from trading	Suspended from trading	0.37
Feb-24	Suspended from trading	Suspended from trading	0.37
Mar-24	Suspended from trading	Suspended from trading	0.37
Apr-24	Suspended from trading	Suspended from trading	0.37
May-24	0.328	0.295	0.304
Jun-24	0.402	0.307	0.381
Jul-24	0.423	0.376	0.406
Aug-24	0.411	0.350	0.395
Sep-24	0.419	0.368	0.378
Oct-24	0.384	0.342	0.355
Nov-24	0.368	0.334	0.345
Dec-24	0.384	0.348	0.351

B. Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2024.

Month	Drake & Scull International PJSC	General Index DFM	Industrial index
Jan-24	0.370	4169.08	3095.97
Feb-24	0.370	4308.77	3027.81
Mar-24	0.370	4246.27	3038.92
Apr-24	0.370	4155.77	2980.92
May-24	0.304	3977.93	2836.77
Jun-24	0.381	4030.00	2797.74
Jul-24	0.406	4268.05	2868.77
Aug-24	0.395	4325.45	2979.10
Sep-24	0.378	4503.48	3095.03
Oct-24	0.355	4591.05	3285.89
Nov-24	0.345	4847.34	3439.65
Dec-24	0.351	5158.67	3444.08

C. Statement of the shareholders ownership distribution as on 31/12/2024 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign

Shareholder classification	Shares Ownership							
	Individuals	Companies	Gov.	Banks	Institution	Market Maker	Total	%
Local	1,866,595,124	165,505,215	47,268	14,232,155	191,189	1,226,412	2,047,797,363	70.94%
Gulf	103,811,351	66,392,359	-	322,951	-	-	170,526,661	5.91%
Arab	353,942,313	13,398,392	-	78,713	-	-	367,419,418	12.73%
Foreign	203,709,333	97,239,716	-	4,531	-	-	300,953,580	10.43%
Total	2,528,058,121	342,535,682	47,268	14,638,350	191,189	1,226,412	2,886,697,022	100%
Percentage	87.58%	11.87%	0%	0.51%	0.01%	0.04%	100%	

D. Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2024 according to the following schedule:

Not applicable



E. Statement of how shareholders are distributed according to the volume of property as on 31/12/2024 according to the following schedule:

Sr.	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	16,732	50,515,042	1.750%
2	From 50,000 to less than 500,000	1,991	353,153,068	12.234%
3	From 500,000 to less than 5,000,000	874	1,184,385,658	41.029%
4	More than 5,000,000	96	1,298,643,254	44.987%

F. Statement of measures taken regarding the controls of investor relationships and an indication of the following:-

- Name of the investor relationships officer.

After Mrs. Sadeen Ghosheh submitted her resignation as Investor Relations Officer, the company is currently seeking to appoint an Investor Relations Officer in accordance with Article 51 of Resolution (3/R.M of 2020)

- Data of communication with the investor relationships (e-mail- phone- mobile- fax).

- Email: IR@drakescull.com
- Phone No.: +971 4 528 3444
- The link of investor relationships page on the Company's website.
- <http://www.drakescull.com/internethome/irteam>

G. Statement of the special decisions presented in the General assembly held during 2024 and the procedures taken in their regard.

1. Special Resolution No. (1) approving an increase in the company's capital to a value of up to 600,000,000 (six hundred million) UAE dirhams.
2. Special Resolution No. (2) approving the company's commitment to issuing mandatory bonds for conversion into shares according to certain conditions.
3. Special Resolution No. (3) authorizing the Board of Directors of the company, or any person authorized by the Board of Directors, jointly or individually to adopt any decision or take any action on behalf of the company as may be necessary to implement any of the special decisions approved at the General Assembly meeting on April 1, 2024 and authorizing the Board of Directors, or any person authorized by it, to approve any change in the documents that the company must conclude in relation to the sukuk, which may be required by SCA or any other regulatory authorities.

4. Special Resolution No. (4) approving the amendment of Article (5) of the company's articles of association to reflect the change in the company's capital (i.e., the increase in capital). This article has been amended.

H. Rapporteur of the Board meetings.

- **Name of the rapporteur of the Board meetings.**
 - Mrs. Dana Abu Al Ghanam / Senior Legal Counsel and Board Secretary.
- **Her appointment Date.**
 - Appointed as a Board Secretary in January 24, 2022
- **Her qualifications and experiences.**
 - Bachelor of Law – University of Jordan (2013).
- **Statement of her duties during the year.**
 - Providing legal support and advice on relevant legal issues.
 - Following up and monitoring the compliance of the law regularly.
 - Maintaining records of cases, internal and external investigation committees, and ensuring their confidentiality.
 - Organizing board meetings and preparing official minutes of the meeting.
 - Carried out all former communications, notifications, and disclosures between the company, the Dubai Financial Market and SCA.

I. Detailed statement of major events and important disclosures that the Company encountered during 2024.

1. Share subscription for the new capital increase of Drake & Scull International PJSC on April 25, 2024.
2. The acquisition of the project to design and build a wastewater treatment plant in Saudi Arabia by Passavant, a subsidiary of Drake & Scull International, disclosed on April 29, 2024.
3. Successfully closing the subscription for the new capital increase and subscription exceeding 150% of the requirements required to complete the restructuring process and disclose it on May 20, 2024.
4. The stock was resumed trading with a reference price set at 0.25 dirhams and was disclosed on May 28, 2024.
5. BHM Capital was appointed as a liquidity provider for its shares, disclosed on May 28, 2024.

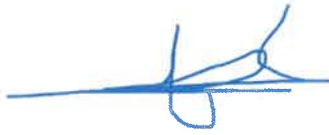




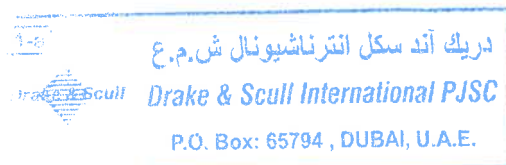
K. Statement of innovative projects and initiatives carried out by the company or being developed during 2024.

Not applicable.

L. Statement of transactions made by the company with related parties during the year, 2024, which are equal to 5% or more of the company's capital.

Not applicable

Signature of the Chairman of Board of Directors	Signature of the Chairman of Audit Committee	Signature of the Chairman of Nomination and Remuneration Committee
		
Date: 20/03/2025	Date: 20/03/2025	Date: 20/03/2025



Company Official Seal

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

Consolidated Financial Statements
For the year ended December 31, 2024

Drake and Scull International (P.J.S.C.) and its subsidiaries
Consolidated Financial Statements
For the year ended December 31, 2024

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors present their report and the consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

Drake & Scull International PJSC is preliminary engaged in construction disciplines of engineering, MEP, civil contracting and water and power infrastructure.

RESULTS

For the year ended 31 December 2024, the Group recorded revenue of AED 104 million (2023: AED 86 million) and net profit of AED 3,759 million (2023: net loss AED 367 million).

The Group restructuring effective date was 3 June 2024 led to write back of liabilities of AED 3,793 million and issuance of Mandatory Convertible Sukuk AED 368 million.

The Group equity improved to AED 152 million as at 31 December 2024 compared to negative equity of AED 4,432 million in 2023.

AUDITORS

Recommendation to recruit external auditor for the year 2025 at the Annual General Meeting.

For and on Behalf of the Board of Directors



Chairman

March 26, 2025

Dubai, United Arab Emirates

Independent Auditor's Report

To the Shareholders of Drake and Scull International (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Drake and Scull (P.J.S.C.) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

Basis for Qualified Opinion

a) Bank Confirmations

We have requested but not received confirmations from several banks with which the Group holds bank balances with a gross carrying amount of AED 12,683 thousand as at December 31, 2024 and AED 27,649 thousand as at December 31, 2023 and guarantees and bonds of AED 453,330 thousand as at December 31, 2024 and AED 690,598 thousand as at December 31, 2023. We were unable to satisfy ourselves by alternative means with regards to the completeness and accuracy of these bank balances, the accuracy of the related expected credit loss of AED 12,683 thousand recognized during the year, the accuracy and completeness of guarantees and bonds, and the existence and completeness of any special arrangements or restrictions arising from the relationships with these banks, commitments held with these banks, and any additional obligations or liabilities to these banks as at December 31, 2024 and 2023.

Independent Auditor's Report

To the Shareholders of Drake and Scull International (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements (continued)

Basis for Qualified Opinion (continued)

b) Discontinued Operations

As disclosed in Note 35 to the consolidated financial statements, the Group has operations in various geographical locations that have been classified as discontinued operations and the related assets and liabilities with a carrying amount of AED 46,975 thousand and AED 233,242 thousand, respectively, have been classified as held for sale on the consolidated statement of financial position. We were unable to obtain sufficient appropriate audit evidence with regards to the existence, accuracy and completeness of these balances and the completeness of any contingencies that may arise as a result of the liquidation of these operations due to lack of accounting records and lack of access to these locations. Consequently, we were unable to determine whether any adjustments were necessary to these balances and whether there were any unrecorded liabilities and undisclosed contingencies related to these discontinued operations.

c) Legal Confirmations

We have requested but not received confirmations from number of lawyers engaged with the Group as well as register of legal cases obtained from local courts in the certain foreign jurisdictions where the Group operates. We were unable to satisfy ourselves by alternative means with regards to the completeness of provisions and contingent liabilities related to legal cases. Accordingly, we were unable to determine whether any adjustments were necessary with regards to the provision for legal cases and to verify the completeness of contingent liabilities disclosed in Note 24 to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 33 to the consolidated financial statements, which describes that the Group has not recognized income tax expense against the write back of liabilities under approved restructuring settlement plan amounting to AED 3,792,884 thousand recognized in the consolidated statement of profit or loss for the year ended December 31, 2024, based on the advice received from an independent tax expert and management's interpretation of the Corporate Tax Law ("CT Law") as further described in Note 33 to the consolidated financial statements. The Group has requested for a private clarification from the Federal Tax Authority ("FTA") to support such tax treatment, which is under review by the FTA at the date of the issuance of the consolidated financial statements. Any tax liability that may arise on the write-back amount is contingent on the final response of the FTA. Our audit opinion is not further modified with respect of this matter.

Other Matter

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, trade and other creditors and lawyers, inability to verify opening balances, and the existence of significant doubt about the Group's ability to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Drake and Scull International (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Write-back of liabilities under approved restructuring settlement plan</p> <p>As stated in Note 2 to the consolidated financial statements, 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 in the amount of AED 3,792,884 thousand in the consolidated statement of profit or loss and in the conversion of liabilities to Mandatory Convertible Sukuks in the amount of AED 368,130 thousand.</p> <p>This matter was considered a key audit matter due to its significance to the consolidated financial statements.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained and reviewed the court order approving the restructuring plan and all related documentation; • Assessed the legal documentation related to the restructuring and the issuance of mandatory convertible sukuku; • Evaluated management's assessment of the accounting treatment for the debt write-back, including the recognition of the gain; • Verified the accuracy of the calculations related to the write-back and the Mandatory Convertible of Sukuku; and • Assessed the adequacy of the disclosures in the consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Board of Directors' Report.

Our opinion on the consolidated financial statements does not cover the other information except for the financial information given in the Board of Directors' Report, and accordingly, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We conclude that the other information is materially misstated as a result of the matters described in the *Basis for Qualified Opinion* section of our report.

Independent Auditor's Report

To the Shareholders of Drake and Scull International (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Drake and Scull International (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliances with the UAE Federal Decree-Law No. (32) of 2021

The Company has not yet amended its Articles of Association to reflect the changes required due to application of the UAE Federal Decree-Law No. (32) of 2021.

Further, as required by the UAE Federal Decree-Law No. (32) of 2021, except for the matters described in the *Basis for Qualified Opinion* section of our report and subject to the above, we report that, for the year ended December 31, 2024:

- The Company has maintained proper books of account;
- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. (32) of 2021;
- The financial information included in the Board of Directors' report is consistent with the books of account of the Company;
- There were no investments in shares and stocks during the year ended December 31, 2024;
- Note 23 reflects material related party transactions and the terms under which they were conducted;

Independent Auditor's Report**To the Shareholders of Drake and Scull International (P.J.S.C.)****Report on Other Legal and Regulatory Requirements (continued)**

- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended December 31, 2024, any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at December 31, 2024; and
- There were no social contributions made during the year ended December 31, 2024.

GRANT THORNTON UAE

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

March 26, 2025

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

Consolidated statement of financial position
As at December 31, 2024

		December 31, 2024	December 31, 2023	January 1, 2023
	Notes	AED'000	(Restated) AED'000	(Restated) AED'000
ASSETS				
Non-current assets				
Property and equipment	7	582	771	13,147
Right-of-use assets	8	6,433	2,161	2,966
Deferred tax assets	33	17,324	15,852	14,431
Retentions receivable	11	7,386	5,861	14,023
		31,725	24,645	44,567
Current assets				
Trade and other receivables	11	108,481	89,226	125,879
Contract assets	26	14,718	16,593	40,164
Due from related parties	23	53,247	67,756	58,350
Financial assets at fair value through profit or loss	12	1,351	986	979
Cash and bank balances	13	390,529	71,905	72,088
		568,326	246,466	297,460
Assets held for sale	35	46,975	44,251	473
		615,301	290,717	297,933
TOTAL ASSETS		647,026	315,362	342,500
EQUITY AND LIABILITIES				
Equity				
Share capital	14	2,886,697	1,070,988	1,070,988
Share (discount)/premium		(1,356,204)	3,026	3,026
Treasury shares	15	(433)	-	-
Statutory reserve	16	479,454	125,760	125,760
Mandatory Convertible Sukuks	17	368,130	-	-
Foreign currency translation reserve		(23,378)	(24,459)	(43,456)
Accumulated losses		(2,079,873)	(5,480,960)	(5,114,089)
Total equity/(deficiency of assets) attributable to equity holders of the Parent		274,393	(4,305,645)	(3,957,771)
Non-controlling interest	18	(122,658)	(126,458)	(126,528)
Total equity/(deficiency of assets)		151,735	(4,432,103)	(4,084,299)
Non-current liabilities				
Employees' end of service benefits	19	9,129	12,045	14,008
Lease liabilities	8	5,164	1,944	2,088
		14,293	13,989	16,096
Current liabilities				
Provisions	20	47,902	1,545,181	1,421,828
Lease liabilities	8	1,323	163	1,124
Bank borrowings	21	8,732	2,084,041	2,104,025
Trade and other payables	22	150,504	546,032	611,047
Contract liabilities	26	36,093	32,095	64,341
Due to related parties	23	-	41,224	41,224
Income tax payable		3,202	405	7,562
		247,756	4,249,141	4,251,151
Liabilities directly associated with the assets held for sale	35	233,242	484,335	159,552
		480,998	4,733,476	4,410,703
Total liabilities		495,291	4,747,465	4,426,799
TOTAL EQUITY AND LIABILITIES		647,026	315,362	342,500

These consolidated financial statements were approved and authorised for issue by the Board of Directors on March 26, 2025 and were signed on their behalf by:

			
Dr. Abdulrahman Mahmoud Alafeefi	Ahmad M.F.A. Al Kilani	Mr. Muin El-Saleh	Fadi Baraki
Director	Director	Chief Executive Officer	Chief Financial Officer

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries
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Consolidated statement of profit or loss
For the year ended December 31, 2024

		2024	2023
	Notes	AED'000	(Restated) AED'000
Continuing operations:			
Revenue from contracts with customers	26	103,672	86,286
Cost of revenue	28	(98,394)	(81,216)
GROSS PROFIT		5,278	5,070
General and administrative expenses	29	(39,750)	(36,145)
Provisions	30	(28,651)	(121,807)
Expected credit losses	11	(15,971)	(24,727)
Restructuring costs	36	(41,915)	(219)
Write back of liabilities under approved restructuring settlement plan	36	3,792,884	-
Other income	31	60,654	32,905
Finance income	32	12,598	653
Finance cost	32	(3,364)	(149,568)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		3,741,763	(293,838)
Income tax (expense)/credit	33	(709)	131
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		3,741,054	(293,707)
Discontinued operations:			
Profit/(loss) from discontinued operations	35	17,532	(73,100)
PROFIT/(LOSS) FOR THE YEAR		3,758,586	(366,807)
Attributable to:			
Equity holders of the Parent:			
Profit/(loss) from continuing operations		3,741,054	(293,707)
Profit/(loss) from discontinued operations		13,727	(73,164)
		3,754,781	(366,871)
Non-controlling interest:			
Profit from discontinued operations		3,805	64
Earnings per share:			
Basic earnings per share (AED)	34	1.685	(0.343)
Diluted earnings per share (AED)		0.993	(0.140)

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries
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Consolidated statement of other comprehensive income
For the year ended December 31, 2024

		2024	2023
	Note	AED'000	(Restated) AED'000
PROFIT/(LOSS) FOR THE YEAR		3,758,586	(366,807)
<i>Other comprehensive income(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of continuing foreign operations		1,081	18,997
Exchange differences on translation of discontinued foreign operations	18	(5)	6
Other comprehensive income for the year		1,076	19,003
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		3,759,662	(347,804)
Attributable to:			
Equity holders of the Parent		3,755,862	(347,874)
Non-controlling interest		3,800	70
		3,759,662	(347,804)

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries
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Consolidated statement of changes in equity
For the year ended December 31, 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 Sukus AED'000	Foreign currency translation reserve AED'000	Accumulated losses AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
At January 1, 2023	1,070,988	3,026	-	125,760	-	(43,456)	(5,098,172)	(3,941,854)	(140,671)	(4,082,525)
Adjustment on correction of errors (Note 40)	-	-	-	-	-	-	(15,917)	(15,917)	14,143	(1,774)
At January 1, 2023 – Restated	1,070,988	3,026	-	125,760	-	(43,456)	(5,114,089)	(3,957,771)	(126,528)	(4,084,299)
Loss for the year – Restated	-	-	-	-	-	-	(366,871)	(366,871)	64	(366,807)
Other comprehensive income	-	-	-	-	-	18,997	-	18,997	6	19,003
Total comprehensive loss – Restated	-	-	-	-	-	18,997	(366,871)	(347,874)	70	(347,804)
At December 31, 2023 - Restated	1,070,988	3,026	-	125,760	-	(24,459)	(5,480,960)	(4,305,645)	(126,458)	(4,432,103)
Profit for the year	-	-	-	-	-	-	3,754,781	3,754,781	3,805	3,758,586
Other comprehensive income/(loss)	-	-	-	-	-	1,081	-	1,081	(5)	1,076
Total comprehensive income	-	-	-	-	-	1,081	3,754,781	3,755,862	3,800	3,759,662
Issuance of Mandatory Convertible Sukus (Note 17)	-	-	-	-	368,130	-	-	368,130	-	368,130
Treasury shares (Note 15)	-	2,552	(433)	-	-	-	-	2,119	-	2,119
Transfer to statutory reserve (Note 15)	-	-	-	353,694	-	-	(353,694)	-	-	-
Issuance of share capital (Note 14)	1,815,709	(1,361,782)	-	-	-	-	-	453,927	-	453,927
At December 31, 2024	2,886,697	(1,356,204)	(433)	479,454	368,130	(23,378)	(2,079,873)	274,393	(122,658)	151,735

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Drake and Scull International (P.J.S.C.) and its subsidiaries
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Consolidated statement of cash flows
For the year ended December 31, 2024

		2024	2023
			(Restated)
	Notes	AED'000	AED'000
OPERATING ACTIVITIES			
Profit/(loss) before tax from continuing operations		3,741,763	(293,838)
Profit/(loss) before tax from discontinued operations	35	17,532	(73,100)
Profit/(loss) before tax		3,759,295	(366,938)
<i>Adjustments for:</i>			
Depreciation of property and equipment	7	252	285
Depreciation of right-of-use assets	8	579	833
Write-back of liabilities under approved restructuring settlement plan	36	(3,792,884)	-
Change in fair value of financial assets at FVTPL	31	(365)	(7)
Write-back of liabilities and provisions		(54,455)	(1,967)
Expected credit losses on trade receivables	11	397	24,727
Provisions	30	28,651	121,807
Loss on disposal of property and equipment		-	4,616
Finance cost	32	3,364	149,676
Provision for employees' end of service benefits	19	758	1,211
Finance income	32	(12,598)	(653)
		(67,006)	(66,410)
<i>Changes in working capital:</i>			
Trade and other receivables		(24,842)	51,354
Due from related parties		14,509	(9,406)
Trade and other payables		(47,967)	(98,698)
Cash used in operations		(125,306)	(123,160)
Payment of employees' end of service benefits	19	(1,579)	(298)
Net cash flows used in operating activities		(126,885)	(123,458)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(277)	(95)
Placement of fixed deposits		(180,030)	-
Interest income received		10,435	653
Net cash flows from investing activities		(169,872)	558
FINANCING ACTIVITIES			
Issuance of share capital	14	453,927	-
Repayment of bank borrowings		(404)	(19,984)
Acquisition of treasury shares, net	15	(433)	-
Payment of lease liabilities	8	(781)	(763)
Finance cost paid		(58)	(800)
Net cash flows from/(used in) financing activities		452,251	(21,547)
Net change in cash and cash equivalents		(155,494)	(144,447)
Net foreign exchange difference on translation of monetary items		557	1,405
Write-back of bank overdrafts	36	465,095	-
Cash and cash equivalents at the beginning of the year		(449,591)	(306,549)
Cash and cash equivalents at the end of the year	13	171,555	(449,591)

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

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

Consolidated Financial Statements

Notes to the consolidated financial statements

For the year ended December 31, 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 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 works.

These consolidated financial statements as at December 31, 2024 and 2023 include the financial performance and position of the Company and its subsidiaries as follows:

Component name	Principal activity	Ownership (%)		Country of incorporation
		2024	2023	
Passavant Energy and Environment GmbH (“Passavant”) **	Contracting for wastewater, water and sludge treatment plants	100%	100%	Federal Republic of Germany
Drake and Scull Cayman Island Limited*	Investment in commercial enterprise and management	100%	100%	British Overseas Territory
Effective International Investment LLC	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
1996 Advanced Investments LLC*	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
Emirates Utility Company LLC*	Investment in commercial enterprise and management	100%	100%	United Arab Emirates
1881 Advanced Investments LLC*	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
Drake and Scull Engineering LLC (DSE DXB)	Engineering, procurement and construction of Water and Power Infrastructure projects	100%	100%	United Arab Emirates
Drake and Scull for Contracting Oil and Gas Fields Facilities LLC	Oil & Gas Contracting	70%	70%	United Arab Emirates

The Company has a branch in Iraq under the name of “Drake and Scull International PJSC-Iraq Branch”.

The Group has investments in various other subsidiaries which are classified as discontinued operations (Note 35).

* Dormant entities

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

1 Legal status and principal activities (continued)

** Passavant has the following subsidiaries:

Component name	Principal activity	Ownership (%)		Country of incorporation
		2024	2023	
Passavant Energy and Environment India Private Limited	Engineering, procurement and construction	100%	100%	Republic of India
Balkanstek SRL former Passavant Energy & Environment SRL	Engineering, procurement and construction	100%	100%	Romania
Passavant Energy & Environment FZE	Engineering, procurement and construction	100%	100%	United Arab Emirates
Passavant Roediger Bulgaria EOOD	Engineering, procurement and construction	100%	100%	The Republic of Bulgaria
Passavant Engineering SRL	Engineering, procurement and construction	100%	100%	Romania
Passavant Engineering North Africa DSWE	Engineering, procurement and construction	100%	100%	The Republic of Tunisia
Passavant Engineering Limited-British Virgin Islands	Engineering, procurement and construction	100%	100%	Republic of India Virgin Island (British)

As at December 31, 2024 and 2023, Passavant has the following Joint Ventures and branches:

Joint Ventures:

- JV - Passavant Roediger & Sec Yapi Consortium – *Turkey*
- JV Passavant Energy & Environment GmbH, Equipment Sales and Service Company, Hinnawi Contracting Company - *Palestine*
- Acciona Agua Sau Passavant Roediger GmbH Ute (EUR) Joint Venture Egypt (EGP) - *Egypt*
- Consortium Passavant Energy and Environment GmbH and Arab Towers Contracting Company - *Jordan*
- The Consortium of Passavant Energy & Environmental GmbH and Masoud & Ali Partners Contracting - *Palestine*
- Consortium Passavant-Roediger GmbH & Hussein Atieh Establishment Contracting & Constructions - *Jordan*
- JV of Larsen & Toubro - Passavant Energy & Environment - *India*
- Consortium Passavant Energy and Environment GmbH & Ludwig Pfeiffer Hoch- und Tiefbau GmbH - *Moldova*
- Consortium 815129 STP, Tukucha Khola - *Nepal*

Branches:

- Passavant Energy & Environment Sucursala Bucuresti - *Romania*
- Passavant Energy & Environment - *Kosovo*
- Passavant Energy & Environment - *Egypt*
- Passavant Energy & Environment GmbH - *Moldova*
- Project office of Passavant Energy & Environment GmbH (Nathdwara & Allahabad) - *India*
- Passavant Energy & Environment GmbH - *Palestine*
- Passavant Energy & Environment - *Turkey*
- Passavant Energy & Environment GmbH - *Jordan*
- Passavant Energy & Environment - *Algeria*
- Passavant Energy & Environment GmbH - *Bulgaria*
- Passavant Engineering - *Tunisia*
- Passavant Energy & Environment Limited - *Kingdon of Saudi Arabia*

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

2 Significant events and transactions during the year

As part of the restructuring plan approved by the Dubai Court of appeal on November 23, 2023 (Note 36), the General Assembly on April 1, 2024 approved a capital increase by way of issuance of share capital and on May 10, 2024, the Company successfully raised capital amounting to AED 454 million. Furthermore, in accordance with the Dubai Court order and approved restructuring settlement plan, June 3, 2024 was deemed to be the effective restructuring date for the settlement of all qualified financial lenders' and trade creditors' balances.

Significant provisions of the restructuring settlement plan include the 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 ("MCS"); 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 3,792,884 thousand and AED 368,130 thousand, respectively (Note 36).

The capital injection and implementation of the restructuring settlement plan have significantly improved the financial position and liquidity of the Group as at December 31, 2024 as well as concluded the significant legal claims against the Group and their related uncertainties.

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

3 New or revised Standards or Interpretations

3.1 New Standards adopted as at 1 January 2024

Some accounting pronouncements that are listed below have become effective from January 1, 2024 and have therefore been adopted by the Group but do not have any significant impact on the Group's consolidated financial results or position.

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

3.2 Standards, amendments and Interpretations to existing Standards that are not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

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

Consolidated Financial Statements

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

3 New or revised Standards or Interpretations (continued)

3.3 Standards issued by the International Sustainability Standards Board (ISSB)

On June 26, 2023, the ISSB published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general-purpose financial reports in making decisions relating to providing resources to the entity;
- IFRS S2 Climate-related Disclosures - IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after January 1, 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements.

The Company did not adopt these standards on their effective date given that they have not yet been adopted by the United Arab Emirates.

4 Statement of compliance and basis of preparation

4.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis.

The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Decree-Law No. (32) of 2021. However, the Company is currently in the process of amending its Articles of Association to reflect the changes required due to application of the UAE Federal Decree-Law No. (32) of 2021.

4.2 Basis of preparation

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional consolidated statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements. An additional consolidated statement of financial position as at January 1, 2023 is presented in these consolidated financial statements due to the retrospective correction of errors (Note 40).

4.3 Going concern

For the year ended December 31, 2024, the Group generated negative cash flows from operations of AED 126,885 thousand (2023: AED 123,458 thousand) and, as of that date, the accumulated losses exceeded 50% of the Company's share capital. These events or conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. Notwithstanding, the consolidated financial statements of the Group have been prepared on a going concern basis taking into consideration several factors as further disclosed below.

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

Notes to the consolidated financial statements (continued) For the year ended December 31, 2024

4 Statement of compliance and basis of preparation (continued)

4.3 Going concern (continued)

Following the implementation of the 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 was based on the following factors:

- Availability of liquidity and significant cash balances at the disposal of the Group by way of the recent cash injection of AED 454 million in the form of shares issuance resulting in a positive equity of AED 151.7 million at December 31, 2024;
- Subsequent to the year-end, the Group was awarded several projects including a major project in the UAE with a total contract value of AED 1 billion;
- 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.

Furthermore, 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.

Based on the above, the consolidated financial statements have been prepared on a going concern basis.

4.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and sub-subsidiaries as at December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Consolidated Financial Statements

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

4 Statement of compliance and basis of preparation (continued)

4.4 Basis of consolidation (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5 Material accounting policies

5.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Consolidated Financial Statements

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.2 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures its financial assets at fair value through profit or loss, at fair value at each reporting date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

5.3 Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss, except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date).

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED are translated into AED upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities of foreign operations have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into AED at the average rate over the reporting period. Exchange differences on the Group's net investment in a foreign operation are charged to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

5 Material accounting policies (continued)

5.4 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Acquisition includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property and equipment. The following useful lives are applied:

- | | |
|-------------------------------------|---------------|
| • Buildings | 5 to 10 years |
| • Machinery | 2 to 5 years |
| • Furniture, fixtures and equipment | 2 to 5 years |
| • Motor vehicles | 3 to 5 years |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.5 Leased assets

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

- | | |
|-----------------|----------|
| • Offices space | 3 year |
| • Land | 18 years |
| • Vehicles | 3 years |

The Group also assesses the right-of-use asset for impairment when such indicators exist.

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For the year ended December 31, 2024

5 Material accounting policies (continued)

5.5 Leased assets (continued)

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised, as applicable.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its non-operating nature.

Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its non-operating nature.

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Notes to the consolidated financial statements (continued) For the year ended December 31, 2024

5 Material accounting policies (continued)

5.6 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment in associate is increased or decreased to recognise the Group's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Where the Group's share of losses in investment in associate equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "Share of results of associates" in the consolidated statement of profit or loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

5.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.7 Financial instruments

order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

- Financial assets at amortised cost;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This is the category most relevant to the Group. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include contract assets, retention, trade and other receivables, due from related a party and cash at bank.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes Financial assets at fair value through profit or loss. Dividends Financial assets at fair value through profit or loss investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Other categories of financial assets are not applicable to the Group.

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

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.7 Financial instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Group has transferred substantially all the risks and rewards of the asset; or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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Notes to the consolidated financial statements (continued)

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5 Material accounting policies (continued)

5.7 Financial instruments (continued)

Impairment of financial assets (continued)

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Refer to Note 6.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities, at initial recognition, as bank borrowings, trade and other payables contract liabilities and lease liabilities as appropriate.

All of the Group's financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial liabilities include bank borrowings, trade and other payables, contract liabilities, due to related parties and lease liabilities.

Subsequent measurement

Subsequently, bank borrowings, trade and other payables contract liabilities and lease liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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5 Material accounting policies (continued)

5.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

5.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and term deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included under liabilities due to their financing nature to the Group.

5.10 Revenue from contracts with customers

Revenue arises mainly from water Contracting for wastewater, water and sludge treatment plants.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations, and then
- 5 Recognising revenue when/as performance obligation(s) are satisfied

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

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Notes to the consolidated financial statements (continued)
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5 Material accounting policies (continued)

5.10 Revenue from contracts with customers (continued)

Wastewater, water and sludge treatment services

Revenue from contracts for wastewater, water and sludge treatment services is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., delivery of services or warranties etc.). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts with customers specify that the Group is liable to pay penalty or for liquidated damages if certain conditions specified in the contract are not met for reasons not attributable to the customer. This penalty amount may vary for different contracts and/or customers. When the Group identifies the existence of variable consideration, it will estimate the amount of the consideration at contract inception by using the expected value approach and recognise a liability for the expected future losses.

Contract modifications

Variation orders or modifications to original contracts are common to the Group considering the long-term contracting nature of business. The terms for variation orders are defined in each contract. Generally, variations are priced by reference to the per unit rates agreed in the contract and the revised quantities required for the completion of the contract. In accordance with IFRS 15, the Group will account for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified. Alternatively, the Group will account for a contract modification as a separate contract if the scope of contract increases due to addition of distinct goods or services and price of the contract increases by an amount that reflects the Group's standalone selling prices.

Warranty obligations

The Group provides its customers warranty against defects arising from normal and/or expected usage and maintenance for a period of 1 year from the date of taking over certificates. Management assessed that 1-year warranty for defects are considered as an assurance type warranty as this warranty is necessary to ensure that the delivered products/services are as specified in the contract for a minimum period. There is no separate performance obligation for this warranty.

The extended warranty which is given by the Group for a period longer than required by the normal practice, is usually for the purpose of detecting errors or defects in the work performed and is necessary to provide assurance that the goods or services comply with the agreed upon specifications, and accordingly, such warranties are treated as assurance type warranty. Otherwise, and in rare cases, such warranty will be treated as a service type warranty and thus will be considered as a separate performance obligation.

Where warranty is considered as an assurance type warranty, the Group accrues for the cost of satisfying the warranty liability on the basis of historical experiences in accordance with the provisions of IAS 37.

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Notes to the consolidated financial statements (continued) For the year ended December 31, 2024

5 Material accounting policies (continued)

5.10 Revenue from contracts with customers (continued)

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section in note 5.6 *Financial instruments*.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section in note 5.6 *Financial instruments*.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

5.11 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the goods or services, or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

5.12 Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital while a share discount reflects the amount for which shares are issued below par value. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share discount is recognized as a reduction of the share premium, or if insufficient premium exists, it is recognized as a separate component of equity. In cases where the issuance costs exceed the share premium, the excess is also treated as a reduction of equity.

Other components of equity include the following:

- Treasury shares – Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium (see Note 15)
- Statutory reserve – comprises annual transfers from the Group's profit (see Note 16)
- Mandatory convertible Sukuks – represent equity, that will be automatically converted into the Company's ordinary shares after a period of 5 years (see Note 17)
- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of the financial statements of the Group's foreign entities into AED.
- Retained earnings/(accumulated losses) include all current and prior period retained profits or losses.

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Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.12 Equity and reserves (continued)

- Basic earnings per share: Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weight average number of ordinary shares in issue during the year (excluding ordinary shares purchased by the Group and held as treasury shares).
- Diluted earnings per share: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

5.13 Provisions

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for legal cases

The Group recognizes a provision for legal cases when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

Provisions are determined based on management's best estimate of the probable outcome of the legal cases, considering legal counsel's advice and past experience. When time value of money is material, the estimates are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the legal obligations. The unwinding of the discount is recognized as a finance cost in the consolidated statement of profit or loss. Changes in the estimated outcome of the legal cases or in the discount rate are recognized in the consolidated statement of profit or loss in the period of the change.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

5.14 Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

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

Consolidated Financial Statements

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.15 Employees' end of service benefits

The Group provides end of service benefits to its employees in accordance with the applicable laws. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period of 1 year from the date of joining. The expected costs of these benefits are accrued over the period of employment. The provision for employees' end of service benefits is reported as separate line item under non-current liabilities in the consolidated statement of financial position.

5.16 Disposal groups and non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

5.17 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

5.18 Taxes

Tax expense recognised in consolidated statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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Consolidated Financial Statements

Notes to the consolidated financial statements (continued)

For the year ended December 31, 2024

5 Material accounting policies (continued)

5.18 Taxes (continued)

Current income tax (continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

6 Significant judgements and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

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6 Significant judgements and estimation uncertainty (continued)

6.1 Significant management judgements

The following are the significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Determining the timing of satisfaction of contract revenue

For some of the Group's contracts with customers significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. Specifically, for contracts that involve developing a customer-specific asset with no alternative use to the Group, judgement is needed to determine whether the Group is entitled to payment for its performance throughout the contract period if the customer sought to cancel the contract.

In making this assessment the Group compares the amount it is entitled to collect based on the agreed payment schedule to the estimated level of costs at all stages in the contract.

6.2 Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Allowance for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 38.2.

Estimated total contract costs

The Group determines the measurement of estimated total contract cost based on assessment of future activity of the contract. As the contract progresses, the Group reviews and, when necessary, revises the estimates of contract revenue and contract costs based on assessments of the outcome of future events. The estimates are revised as events occur and uncertainties are resolved. Any expected loss on a contract is recognised immediately.

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7 Property and equipment

	Land and buildings AED'000	Machinery AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Total AED'000
2024					
Cost					
As at January 1,	8,688	7,534	6,175	1,100	23,497
Additions	38	-	76	163	277
Currency translation differences	(6)	(98)	(172)	(243)	(519)
As at December 31,	8,720	7,436	6,079	1,020	23,255
Accumulated depreciation					
As at January 1,	8,627	7,534	6,050	515	22,726
Charge for the year	16	-	209	27	252
Disposals	19	(98)	(229)	3	(305)
As at December 31,	8,662	7,436	6,030	545	22,673
Net carrying amount as at December 31,	58	-	49	475	582
2023 (Restated)					
Cost					
As at January 1,	21,060	15,586	25,841	1,405	63,892
Additions	16	-	79	-	95
Disposals	(12,389)	(6,125)	(15,669)	-	(34,183)
Transfers out	-	-	(71)	-	(71)
Currency translation differences	3	59	90	51	203
Related to discontinued operations	(2)	(1,986)	(4,095)	(356)	(6,439)
As at December 31,	8,688	7,534	6,175	1,100	23,497
Accumulated depreciation					
As at January 1,	8,595	15,316	25,652	935	50,498
Charge for the year	4	6	255	20	285
Disposals	-	(6,125)	(15,669)	-	(21,794)
Transfers out	-	-	(18)	(174)	(192)
Currency translation differences	30	337	(110)	83	340
Related to discontinued operations	(2)	(2,000)	(4,060)	(349)	(6,411)
As at December 31,	8,627	7,534	6,050	515	22,726
Net carrying amount as at December 31,	61	-	125	585	771

Disposal of land in 2023 pertains to plots of land of the Group that were auctioned by the Dubai Court in respect of legal cases filed against the Company to which these properties were attached.

Depreciation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2024 AED'000	2023 (Restated) AED'000
General and administrative expenses (Note 29)	171	189
Cost of revenue (Note 28)	81	96
	252	285

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8 Leases

The Group has lease contracts for land, office premises and motor vehicles used in its operations.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2024	2023
	AED'000	(Restated) AED'000
As at January 1,	2,161	2,966
Additions	4,976	-
Depreciation (Note 29)	(579)	(833)
Currency translation differences	(125)	28
As at December 31,	6,433	2,161

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2024	2023
	AED'000	(Restated) AED'000
As at January 1,	2,107	3,212
Additions	4,976	-
Accretion of interest (Note 32)	142	108
Payments	(781)	(763)
Currency translation differences	43	(450)
As at December 31,	6,487	2,107

Disclosed in the consolidated statement of financial position at December 31 as follows:

	2024	2023
	AED'000	(Restated) AED'000
Non-current	5,164	1,944
Current	1,323	163
	6,487	2,107

Maturity analysis and undiscounted future contractual cash flows of lease liabilities are disclosed in Note 38.3.

The following are the amounts recognised in the consolidated statement of profit or loss with relation to leases:

	2024	2023
	AED'000	(Restated) AED'000
Depreciation of right-of-use assets (Note 29)	579	833
Interest on lease liabilities (Note 32)	142	142
Expense relating to short-term leases (Note 29)	1,809	573
	2,530	1,548

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8 Leases (continued)

The Group does not have lease contracts that contain variable payments. The Group's lease contracts contain extension and termination options, which have not been included in lease liabilities. The Group had total cash outflows for leases of AED 781 thousand in 2024 (2023: AED 763 thousand). The Group also had non-cash additions to right-of-use assets and lease liabilities of AED 4,976 thousand in 2024 (2023: AED Nil)

9 Investment in an associate

The Group has a 49% interest in Campco Properties LLC (Note 40), classified as associate and involved in the business of real estate lease and management services. The Group's interest in Campco Properties LLC is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its IFRS financial statements, is set out below:

Summarised statement of financial position

	2024	2023
	AED'000	(Restated) AED'000
Non-current assets	77,341	81,437
Current assets	327	2,123
Non-current liabilities	(5,018)	(5,291)
Current liabilities	(96,111)	(94,449)
Net assets	(23,461)	(16,180)
The Group's share in equity of the associate (40%)	-	-

Summarised statement of profit or loss

	2024	2023
	AED'000	(Restated) AED'000
Revenue	2,769	1,932
Cost of revenue	(9,049)	(7,433)
Gross loss	(6,280)	(5,501)
General and administrative expenses	(1,218)	(548)
Other income	219	188
Loss for the year	(7,279)	(5,861)

The Group has reduced the carrying amount of the investment in the associate to nil, and accordingly, has not accounted for and liability related to additional losses on the basis that it does not have any legal or constructive obligations towards such losses.

10 Investment property

Investment property represents the Group's fully depreciated labour camp building located in Dubai Investment Park (DIP), Dubai.

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of the investment property as at December 31, 2024 is estimated at AED 9.74 million (2023: AED 18.3 million).

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10 Investment property (continued)

The fair value is based on a valuation performed by an accredited independent valuer. The valuation is prepared in accordance with The Royal Institute of Chartered Surveyors (RICS) Valuation Professional Standards 2014 (the 'Red Book') as published by The Royal Institution of Chartered Surveyors ("RICS") which incorporate the International Valuation Standards Council's International Valuation Standards.

The above valuation of the property is determined on the basis of market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property subject to valuation including. The significant input, which is unobservable, is the price per square foot.

11 Trade and other receivables

	2024	2023
	AED'000	(Restated) AED'000
<i>Financial assets at amortized cost:</i>		
Trade receivables, gross	436,747	464,795
Less: allowance for expected credit losses	(422,120)	(435,040)
Trade receivables, net	14,627	29,755
Retentions receivable	11,156	10,139
Balance held with a third-party licensed Market Maker (Note 15)	30,907	-
Accrued interest	2,163	-
Refundable deposits	110	3,103
Other receivables	21,974	17,810
	80,937	60,807
<i>Non-financial assets at amortized cost:</i>		
Prepayments	1,473	1,422
Advance to suppliers	8,237	10,662
VAT receivable	25,220	22,196
	115,867	95,087
Less: non-current portion of retentions receivable	(7,386)	(5,861)
Trade and other receivables - current	108,481	89,226

The movement in the allowance for expected credit losses during the year is as follows.

	2024	2023
	AED'000	(Restated) AED'000
Balance as at January 1,	435,040	520,353
Charge for the year	397	21,173
Transfer to discontinued operations	-	(96,887)
Discounting impact	(249)	583
Write-offs	(13,979)	-
Currency translation differences	911	(10,182)
Balance as at December 31,	422,120	435,040

12 Financial asset at fair value through profit or loss

	2024	2023
	AED'000	AED'000
Investment in a real estate fund	1,351	986

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12 Financial asset at fair value through profit or loss (continued)

The fair value of the fund is based on the net asset value provided by the fund manager. It represents the liquidation/redemption value assessed by the fund manager based on observable market data.

During the year, the Group recognised a change in fair value gain of AED 365 thousand on the financial asset at fair value through profit or loss (2023: AED 7 thousand) (Note 31).

13 Cash and cash equivalents

	2024	2023
	AED'000	(Restated) AED'000
Bank balances*	405,502	70,720
Cash in hand	615	1,185
	<u>406,117</u>	<u>71,905</u>
Less: allowance for expected credit losses	(15,588)	-
Bank balances and cash	390,529	71,905
Less: bank overdrafts (Note 21)	(6,420)	(471,515)
Less: fixed deposits with original maturity of more than three months	(180,030)	-
Less: deposits under lien*	(32,524)	(49,981)
Cash and cash equivalents	171,555	(449,591)

*Bank balances include deposits under lien against bank guarantees amounting to AED 32,524 thousand (2023: AED 49,981 thousand) that carry an average interest ranging between 4.0% to 7.7% per annum (2023: 4.0% to 7% per annum).

14 Share capital

	2024	2023
	AED'000	AED'000
Authorized, issued and fully paid 2,886,697,023 shares of AED 1 each (2023: 1,070,987,748 shares of AED 1 each)	<u>2,886,697</u>	<u>1,070,988</u>

During the year ended December 31, 2024, the Company raised additional capital of AED 453,927 thousand through issuance of share capital 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 increase in share capital 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.

15 Treasury shares

During the year, 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 December 31, 2024, the Market Maker held 1,226,412 of the Company's shares on behalf of the Company, which are classified under equity as treasury shares at an acquisition cost of AED 433 thousand. A cumulative gain on disposal of AED 2,552 thousand has been recognised for the year ended December 31, 2024 under share premium. At December 31, 2024 the Company held a balance with the Market Maker to be utilised for the acquisition of treasury shares (Note 11).

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16 Statutory reserve

In accordance with the UAE Federal Law by Decree No. 32 of 2021, 10% of the net profit for year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. This reserve is non-distributable except in certain circumstances stipulated by the law. During the year, AED 353,694 thousand was transferred to statutory reserve (2023: no transfer has been made as the Group reported losses).

17 Mandatory convertible Sukuks

Following the implementation of the restructuring settlement plan (Note 36), the Company issued 73,626 Mandatory Convertible Sukuks ("MCSs") to its qualified creditors at the rate of AED 5,000 per MCS totalling AED 368,130 thousand.

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 MCS 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 MCS holders.

18 Partly owned subsidiary

	Proportion of interest and voting rights held by non- controlling interest	
<i>Subsidiary:</i>	2024	2023
Drake & Scull International LLC (Oman) (Note 35)	49%	49%

The movement in the non-controlling interest during the year was as follows:

	2024	2023
	AED'000	(Restated) AED'000
As at January 1	(126,458)	(126,528)
Share of profit	3,805	64
Share of other comprehensive income	(5)	6
As at December 31	(122,658)	(126,458)

Summarised financial information for Drake & Scull International LLC (Oman), before intragroup eliminations, is set out below:

Statement of financial position

	2024	2023
	AED'000	(Restated) AED'000
Cash at bank	105	378
Bank borrowing	(95,294)	(95,266)
Trade and other payable	(27,663)	(27,292)
Due to related party	(27,181)	(36,773)
Total liabilities	(150,138)	(159,331)
Deficiency of assets	(150,033)	(158,953)
Non-controlling interest	(122,658)	(126,458)

Bank borrowing amounting to AED 95 million relates entirely to the non-controlling interest given that the Company's share of the borrowing has been written-back and converted into MCSs as part of the approved restructuring settlement plan (Note 36).

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18 Partly owned subsidiary (continued)

Summarized statement of profit or loss

	2024 AED'000	2023 AED'000
Other income	7,765	274
General and administrative expenses	-	(143)
Profit for the year	7,765	131
Share of non-controlling interest at 49% (2023: 49%)	3,805	64

19 Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2024 AED'000	2023 (Restated) AED'000
As at January 1,	12,045	14,008
Charge for the year	758	1,211
Transferred to trade payables and accruals*	(1,186)	(2,983)
Paid during the year	(1,579)	(298)
Tranferred to discontinued operations	-	(352)
Currency translation differences	(909)	459
As at December 31,	9,129	12,045

*During the year, the Group reclassified provision for end of service benefits to trade payables and accruals being liabilities pertaining to individuals who are no longer engaged with the Group. This transaction has been eliminated in the consolidated statement of cash flows being a non-cash transaction.

20 Provisions

	2024 AED'000	2023 (Restated) AED'000
Provision for legal cases	33,885	114,321
Provision for bond encashment (Note 30)	14,017	-
Provision related to bank liabilities	-	1,385,360
Provision related to a subsidiary with loss of control	-	9,500
Provision related to overseas subsidiaries	-	36,000
	47,902	1,545,181

The movement in the provisions during the year is as follows:

	2024 AED'000	2023 (Restated) AED'000
Balance as at January 1,	1,545,181	1,421,828
Additional provisions made (Note 30)	28,651	123,353
Write-back of provision under approved restructuring plan (Note 36)	(1,246,824)	-
Conversion of provisions to MCSs (Note 36)	(138,536)	-
Reversal of provision for contingent liabilities of overseas operations (Note 31)	(36,000)	-
Transferred to trade and other payables	(53,005)	-
Reversal of provisions (Note 36)	(51,565)	-
	47,902	1,545,181

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21 Bank borrowings

	2024	2023 (Restated)
	AED'000	AED'000
Bank overdrafts (Note 13)	6,420	391,412
Bond encashment	2,312	106,456
Trust receipts	-	142,209
Term loans	-	1,443,964
	<u>8,732</u>	<u>2,084,041</u>

Following the implementation of the restructuring settlement plan, bank borrowings of AED 1,574,003 thousand have been written back in the consolidated statement of profit or loss and of AED 174,785 thousand were converted into MCSs (Note 36).

Bank overdrafts carry interest rate ranging between 2% to 12% per annum (2023: 2% to 12% per annum). One the overdraft facilities is secured against corporate guarantee from the Company amounting to Euro 4 million (2023: Euro 4 million).

22 Trade and other payables

	2024	2023 (Restated)
	AED'000	AED'000
<i>Financial liabilities at amortized cost:</i>		
Trade payables	65,195	405,646
Employee liabilities	69,004	87,436
Accrued expenses	10,546	22,799
Payable against bond encashment	-	24,086
	<u>144,745</u>	<u>539,967</u>
<i>Non-financial liabilities at amortized cost:</i>		
Withholding tax payable	5,751	5,746
Unearned income	8	319
	<u>150,504</u>	<u>546,032</u>

Following the implementation of the restructuring plan, trade payables of AED 339,360 thousand and payable against bond encashment of AED 21,969 thousand have been written back in the consolidated statement of profit or loss and trade payables of AED 24,053 thousand and payable against bond encashment of AED 2,441 thousand have been converted into MCSs (Note 36).

23 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.

Balances with related parties included in the consolidated statement of financial position are as follows:

Due from related parties

	2024	2023 (Restated)
	AED'000	AED'000
Campco Properties LLC – <i>Associate</i>	76,474	76,159
Less: allowance for expected credit loss	(23,227)	(23,227)
	<u>53,247</u>	<u>52,932</u>
International Avenue Investments LLC – <i>Affiliate</i>	-	14,824
	<u>53,247</u>	<u>67,756</u>

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23 Related party balances and transactions (continued)

Due to related parties

	2024 AED'000	2023 AED'000
<i>Affiliates:</i>		
Specon LLC	-	24,909
Tabarak Investments	-	16,315
	-	41,224

Following the implementation of the restructuring settlement plan, due to related parties of AED 37,102 thousand have been written back in the consolidated statement of profit or loss and of AED 4,122 thousand were converted into MCSs (Note 36).

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

Compensation of key management personnel

	2024 AED'000	2023 AED'000
Short-term benefits	3,173	2,442
End of service benefits	120	122
	3,293	2,564

24 Contingencies and commitments

	2024 AED'000	2023 AED'000
<i>Contingencies:</i>		
Letters of guarantee	281,182	406,265
Performance bonds	261,500	339,598
	542,682	745,863
<i>Commitments:</i>		
Letters of credit	4,653	-

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 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 protect the rights of the shareholders of the Company.

Legal cases - the Group as defendant

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 recognized 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 recognized 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 of 2024.

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24 Contingencies and commitments (continued)

Taxation

The Group has not recognized income tax expense against the gain on write-back of liabilities under approved restructuring settlement plan recognized in the consolidated statement of profit or loss for the year ended December 31, 2024 based on the tax advice received from an independent tax expert and management's interpretation of the UAE Corporate Tax Law that such income does not attract tax under the UAE tax laws (Note 33). Management has requested for a private clarification from the Federal Tax Authority ("FTA") with regards to such tax treatment, which is still under the review of the FTA at the date of the issuance of these consolidated financial statements, and is confident that it will receive a favourable response from FTA in this regard. Any tax liability to be recognized in subsequent periods with relation to this write-back is dependent on the final response from the FTA.

25 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	2024	2023
	AED'000	(Restated) AED'000
Financial assets at amortised cost:		
Non-current		
Retentions receivable	7,386	5,861
Current		
Trade and other receivables	73,551	54,946
Contract assets	14,718	16,593
Amounts due from related parties	53,247	67,756
Bank balances	405,502	70,720
	<u>547,018</u>	<u>210,015</u>
	<u>554,404</u>	<u>215,876</u>
Financial liabilities at amortised cost:		
Trade and other payables	144,745	539,967
Amounts due to related parties	-	41,224
Lease liabilities	7,219	3,040
Bank borrowings	8,732	2,084,041
	<u>160,696</u>	<u>2,668,272</u>

Note 5.6 provides a description of each category of financial assets and financial liabilities and the related accounting policies. A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 38.

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26 Revenue from contract with customers

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

	2024	2023
	AED'000	(Restated) AED'000
<i>Type of revenue:</i>		
Wastewater, water and sludge treatment projects	101,839	76,650
Plumbing projects	1,833	6,073
Contracting services	-	3,563
	103,672	86,286
<i>Geographical market:</i>		
Republic of India	47,091	36,169
Romania	28,999	26,568
Republic of Tunisia	20,312	8,015
Kingdom of Jordan	3,230	1,403
Kingdom of Saudia Arabia	2,129	70
United Arab Emirates	1,833	6,300
Republic of Moldova	-	3,597
Others	78	4,164
	103,672	86,286

All of the Group's revenue is recognized over time.

Information about segment reporting is disclosed in Note 27 of these consolidated financial statements.

Contract balances

	2024	2023
	AED'000	AED'000
Retentions receivable (Note 11)	11,156	10,139
Trade receivable, net (Note 11)	14,627	29,755
Contract assets, net (see below)	14,718	16,593
Contract liabilities (see below)	36,093	32,095

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 60 to 120 days from the date of billing. In 2024, AED 397 thousand was recognised as allowance for expected credit losses on trade receivables (2023: AED 21,173 thousand) (Note 11).

Contract assets

Contract assets relate to revenue earned from wastewater treatment and water sludge services contracts. As such, the balances of this account vary and depend on the number of ongoing contracts at the end of the year.

	2024	2023
	AED'000	AED'000
Amount due from contracts with customers	188,022	190,590
Less: allowance for expected credit losses	(173,304)	(173,997)
	14,718	16,593

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26 Revenue from contract with customers (continued)

Contract balances (continued)

Contract liabilities

	2024 AED'000	2023 AED'000
Due to customers for contract work	22,466	5,209
Short-term customer advances	13,627	26,886
	<u>36,093</u>	<u>32,095</u>

27 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 purposes, the Group is organised into business units based on their types of services and has three reportable business segments which are: (1) wastewater treatment and water sludge, (2) Mechanical Electrical and Plumbing (MEP), and (3) Corporate.

The wastewater treatment and water sludge business involves the construction of plants for purification of contaminated water through various treatment processes and the management of the resulting solid byproducts (sludge) for safe disposal or reuse.

The MEP segment carries out contracting work relating to the construction industry, such as mechanical, electrical, plumbing and sanitation work.

Corporate segment represents the corporate office of the Group.

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27 Segment reporting (continued)

Segment information for the year ended December 31 is as follows.

	For the year ended December 31, 2024				For the year ended December 31, 2023			
	Wastewater treatment and water sludge	MEP	Corporate	Total	Wastewater treatment and water sludge (Restated)	MEP (Restated)	Corporate (Restated)	Total (Restated)
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue								
External customers	101,839	1,833	-	103,672	76,650	9,636	-	86,286
Income/(expense)								
Sub-contracting cost	(39,280)	-	-	(39,280)	(36,554)	(1,001)	-	(37,555)
Material costs	(42,523)	(1,836)	-	(44,359)	(16,900)	-	-	(16,900)
Other direct costs	(14,755)	-	-	(14,755)	(18,795)	(7,966)	-	(26,761)
General and administrative expenses	(13,217)	(21,375)	(5,158)	(39,750)	(9,455)	(12,260)	(14,430)	(36,145)
Restructuring costs	-	-	(41,915)	(41,915)	-	-	(219)	(219)
Provisions	(24,307)	(3,460)	(884)	(28,651)	-	-	(121,807)	(121,807)
Expected credit losses	(387)	(10,054)	(5,530)	(15,971)	(1,579)	(23,148)	-	(24,727)
Write back of liabilities under approved restructuring settlement plan	-	528,817	3,264,067	3,792,884	-	-	-	-
Other income	334	31,170	29,150	60,654	273	2,674	29,951	32,898
Finance income	770	325	11,503	12,598	653	-	-	653
Finance cost	(1,841)	(152)	(1,371)	(3,364)	(1,464)	(26,407)	(121,690)	(149,561)
Segment (loss)/profit before tax	(33,367)	525,268	3,249,862	3,741,763	(7,171)	(58,472)	(228,195)	(293,838)

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27 Segment reporting (continued)

	Wastewater treatment and water sludge AED'000	MEP AED'000	Corporate AED'000	Elimination AED'000	Total AED'000
As at December 31, 2024					
Total assets	163,902	335,799	952,495	(805,170)	647,026
Total liabilities	148,271	233,795	505,396	(392,171)	495,291
As at December 31, 2023 (Restated)					
Total assets	158,460	342,686	533,940	(719,724)	315,362
Total liabilities	108,882	1,625,212	2,217,626	795,745	4,747,465

28 Cost of revenue

	2024 AED'000	2023 (Restated) AED'000
Sub-contracting costs	40,109	37,555
Material costs	42,523	16,900
Labour and staff cost	11,777	13,955
Depreciation of property and equipment (Note 7)	81	96
Other costs	3,904	12,710
	98,394	81,216

29 General and administrative expenses

	2024 AED'000	2023 (Restated) AED'000
Salaries and other employee benefits	20,503	18,748
Legal and professional fees	9,312	4,496
Short-term leases (Note 8)	1,809	573
Business development	1,121	1,328
Office expenses	1,018	895
Depreciation of right-of-use assets (Note 8)	579	833
IT related expenses	556	4
Business travel	487	222
Transportation	309	370
Depreciation of property and equipment (Note 7)	171	189
Bank charges	126	694
Loss on disposal of property and equipment	-	4,616
Others	3,759	3,177
	39,750	36,145

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30 Provisions	2024	2023
	AED'000	(Restated) AED'000
Bond encashment	14,017	-
Legal cases	14,634	12,042
Liabilities related to disposed subsidiaries	-	73,765
Contingent liabilities of overseas operations	-	36,000
	28,651	121,807

31 Other income	2024	2023
	AED'000	(Restated) AED'000
Reversal of provision for contingent liabilities of overseas operations (Note 30)	36,000	-
Liabilities written-back*	18,455	1,967
Recovery of receivables written off in prior periods	1,854	29,937
Rental income	1,212	937
Change in fair value of financial assets at FVTPL (Note 12)	365	7
Others	2,768	57
	60,654	32,905

* These liabilities have been written-back as the related dues have been settled with the respective parties and the Group does not expect any further outflow of economic resources with relation to these parties.

32 Finance income and finance cost

	2024	2023
	AED'000	AED'000
<i>Finance income:</i>		
Interest income on bank deposits	12,598	653
	2024	2023
	AED'000	(Restated) AED'000
<i>Finance cost:</i>		
Interest expense on bank borrowings	3,222	149,460
Interest expense on lease liabilities (Note 8)	142	108
	3,364	149,568

33 Income tax

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax ("CT") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. Accordingly, the Company and its UAE subsidiaries became taxable effective January 1, 2024 at the rate of 9% applicable to taxable income exceeding AED 375,000.

In addition to the UAE CT, the Group's subsidiaries in various jurisdiction are subject to taxation at different rates of their taxable income. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the Group operates and any adjustment to tax in respect of previous periods.

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33 Income tax (continued)

The major components of income tax expense or reversal for the years ended December 31, 2024 and 2023 are as follows:

	2024 AED'000	2023 AED'000
<i>Current income tax</i>		
Current income tax (charge) / credit	(2,509)	131
<i>Deferred tax</i>		
Relating to origination of temporary differences	1,800	-
Income tax (expense)/credit reported in profit or loss	(709)	131

Reconciliation of tax expense and the accounting profit multiplied by UAE's domestic tax rate is as follows.

	2024 AED'000
Accounting profit before tax from continuing operations	3,741,763
Profit before tax from discontinued operations	17,532
Accounting profit before income tax	3,759,295
Less: income taxable at the rate of 0%	(1,125)
Taxable accounting profit before income tax	3,758,170
At the UAE's statutory tax rate of 9%	338,235
Non-taxable write back of liabilities under approved restructuring settlement plan* (Note 24)	(341,360)
Effect of higher tax rate in foreign jurisdictions	87
Effect of non-taxable losses of loss-making entities within the Group	3,747
At the effective tax rate of 0.02%	(709)

* Based on the tax advice received from the Group's independent tax expert and management's interpretation of the UAE Corporate Tax Law, the write-back of liabilities under approved restructuring settlement plan of AED 3,792,884 thousand has been excluded from the taxable profit by reference to the provisions of the Ministerial Decision No. 120 of 2023 on Adjustments Under the Transitional Rules for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses. The Group is also seeking for a private clarification from the FTA with regards to such tax treatment (Note 24).

Deferred tax

Deferred tax relates to the following:

	2024 AED'000	2023 AED'000
Carry forward losses*	15,524	15,852
Provisions	400	-
Expected credit losses	1,400	-
Net deferred tax asset	17,324	15,852

* Relates to previous period losses of Passavant carried forward, which are available indefinitely to be offset against future taxable profit

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33 Income tax (continued)

Deferred tax (continued)

The movement in the deferred tax asset is as follows:

	2024 AED'000	2023 AED'000
As at January 1,	15,852	14,431
Relating to origination of temporary differences	1,800	-
Foreign exchange differences	(328)	1,421
As at December 31,	17,324	15,852

34 Earnings per share

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

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent after adjusting for interest on the Mandatory Convertible Sukuks by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2024	2023 (Restated)
Profit attributable to ordinary equity holders of the Parent:		
- Continuing operations (AED'000)	3,741,054	(293,707)
- Discontinued operations (AED'000)	13,727	(73,164)
Profit/(loss) attributable to ordinary equity holders of the Parent for basic and diluted earnings (AED'000)	3,754,781	(366,871)
Weighted average number of ordinary shares for basic EPS	2,228,390	1,070,988
Add: effect of dilution from MCSs	1,554,375	1,554,375
Total weighted average number of ordinary shares adjusted for the effect of dilution	3,782,765	2,625,363
Earnings per share:		
Basic earnings per share (AED)		
- From continuing operations	1.679	(0.274)
- From discontinued operations	0.006	(0.068)
Earnings per share	1.685	(0.343)
Diluted earnings per share (AED)		
- From continuing operations	0.99	(0.11)
- From discontinued operations	0.004	(0.028)
Diluted earnings per share	0.993	(0.140)

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

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35 Discontinued operations and subsidiary with a loss of control

The Group has the following entities classified as discontinued operations.

- Drake & Scull International for Contracting SAE (D&S Egypt)
- Drake & Scull International for Electrical for Electrical Contracting WLL (D&S Kuwait)
- Drake & Scull Construction LLC - Algeria (DSC Algeria)
- Drake & Scull Engineering - Algeria (DSE Algeria)
- Drake & Scull Engineering LLC (D&S Jordan)
- Drake & Scull International (DSI Jordan)
- Drake & Scull International Thailand Company Limited (D&S Thailand)
- Drake & Scull International ASIA (DSI ASIA)
- Orient Corner Contracting Company
- Drake & Scull Syria Limited Liability Company - (D&S Syria)
- DSWP - Saudi Arabia (DSWP KSA)
- Drake and Scull Water & Power - (DSWP Qatar)
- International Center for Contracting
- Drake & Scull International LLC (Branch)
- DS International FOR General Contracting
- Drake & Scull International Construction Company LLC
- Drake & Scull International LLC (Oman)
- Oil and Gas Egypt
- Misr Sons Development S.A.E
- DSI-HLS Joint Venture (AUH)
- HLS-DSE Joint Venture (DXB) – JOC
- HLS-DSE Joint Venture (DXB) – Habtoor

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 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.

The management did not find favorable opportunities within this territory to keep the operation alive and profitable, and accordingly, management decided to treat its operations in Egypt as discontinued operations.

Drake & Scull International Oman

During 2018, management initiated the liquidation of Drake & Scull International Oman, which has reached advanced stages and is expected to be completed during 2025.

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

DSWE India

On October 30, 2018, DSWE was admitted under Insolvency and Bankruptcy Code of India and underwent resolution process. A Resolution Plan submitted by Passavant Energy & Environment GmbH was approved by National Company Law Tribunal on December 3, 2020. The Resolution Plan of PEE was completed, and a Certificate of Completion was issued by a Monitoring Committee appointed by NCLT on May 10, 2024. All the admitted liabilities proposed to be paid have been paid off and balance liabilities prior to admission under insolvency have been written off.

Financial information of discontinued operations:

The results of the discontinued operations are presented below:

	2024 AED'000	2023 AED'000
Statement of comprehensive income		
Revenue	-	5,851
Cost of revenue	-	(1,608)
Gross profit	-	4,243
Other income	62,659	2,166
Bond encashment	-	(56,455)
Foreign exchange loss	-	(16,566)
General and administrative expenses	(45,127)	(6,488)
Profit/(loss) from discontinued operations	17,532	(73,100)

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

	2024 AED'000	2023 (Restated) AED'000
<i>Assets:</i>		
Property and equipment	30	278
Trade and other receivables	45,091	41,928
Cash and bank balances	1,854	2,045
	46,975	44,251
<i>Liabilities:</i>		
Trade and other payables	138,000	129,011
Bank borrowings	95,242	328,032
Due to related parties	-	27,292
	233,242	484,335

Liabilities amounting to AED 9,160 have been written back during the year, which mainly include contract liabilities.

Following the implementation of the restructuring plan, bank borrowings of AED 217,740 thousand have been written-back in the consolidated statement of profit or loss and of AED 24,193 thousand have been converted into MCSs (Note 17). The remaining bank borrowings at December 31, 2024 relate to the non-controlling interest of Drake & Scull International Oman and will be settled against the balance of the non-controlling interest in the consolidated statement of financial position upon liquidation of the subsidiary.

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

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

	2024 AED'000	2023 AED'000
Cash and bank balances	1,854	2,045
Less: bank overdrafts	(95,242)	(178,164)
Bank overdrafts related to discontinued operations, net of cash	(93,388)	(176,119)

36 Restructuring settlement plan

As stated in Note 2 to the consolidated financial statements, in accordance with the Dubai Court of appeal 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 consolidated financial statements was as follows:

	Carrying amount (1) AED'000	Write-back (2) AED'000	Conversion to MCSs (3) AED'000	Payable in cash AED'000
<i>Financial lenders:</i>				
Provisions	1,385,360	1,246,824	138,536	-
Bank borrowings	1,748,824	1,574,003	174,785	36
Bank borrowing (discontinued operations)	241,933	217,740	24,193	-
Bond encashment	24,410	21,969	2,441	-
	3,400,527	3,060,536	339,955	36
<i>Trade creditors</i>				
Related party balances	41,224	37,102	4,122	-
Trade payables	376,885	339,360	24,053	13,472
	418,109	376,462	28,175	13,472
Total	3,818,636	3,436,998	368,130	13,508

- (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 356 million that are directly related to the restructuring resulting in a total write-back of liabilities under approved restructuring settlement plan of AED 3,792,884 thousand as follows, which was recognized in the consolidated statement of profit or loss.

	2024 AED'000
Writeback of liabilities resulted under approved restructuring settlement plan (see above)	3,436,998
Reversal of provisions	41,000
Reversal of accrued interest	314,886
	3,792,884

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36 Restructuring settlement plan (continued)

Costs related to the restructuring incurred by the Group are as follows:

	2024 AED'000	2023 AED'000
Success fees	20,063	-
Underwriting commission	16,212	-
Consultancy fees	5,640	219
	41,915	219

37 Fair value measurement

Management assessed that the fair values of cash and bank balances, trade and other receivables, trade and other payables, due from and to related parties as at December 31, 2024 and 2023 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amounts of long-term borrowings as at December 31, 2024 and 2023 approximate their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels as disclosed in the Group's accounting policies (Refer Note 5.2).

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	2024 AED'000	2023 AED'000
<i>Level 2</i>		
Financial assets at fair value through profit or loss	1,351	986

There have been no transfers made between the valuation levels during the current year and the previous year.

38 Financial instruments risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarised in Note 25. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

38.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Most of the Group's transactions are carried out in AED and Euro. Exposures to currency exchange rates arise from the Group's overseas contracts which are primarily denominated in Euro (EUR).

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38 Financial instruments risk management objectives and policies (continued)

38.1 Market risk analysis (continued)

Foreign currency risk (continued)

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are translated into AED at the closing rate:

	2024 AED'000	2023 AED'000
Financial assets	117,611	117,860
Financial liabilities	(132,636)	(96,942)
Net exposure	(15,025)	20,918

Sensitivity to foreign currency risk

The following illustrates the sensitivity of profit and equity in relating to the Group's financial assets and financial liabilities and the EUR/AED exchange rate assuming 'all other things being equal'. It assumes a +/- 5% change of the AED/Euro exchange rate for the year ended at December 31, 2024 (2023: 5%). The above percentage has been determined based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the AED had strengthened against the EUR by 5% (2023: 5%), then this would have had increased the result for the year and equity by AED 751 thousand (2023: AED 1,046 thousand)

If the AED had weakened against the EUR by 5% (2023: 5%), then this would have had a similar reverse impact.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with variable interest rates.

Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2023: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Impact on profit		Impact on equity	
	+1%	-1%	+1%	-1%
	AED'000	AED'000	AED'000	AED'000
December 31, 2024	87	(87)	87	(87)
December 31, 2023	20,577	(20,577)	20,577	(20,577)

38.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, contract assets and trade and other receivables.

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38 Financial instruments risk management objectives and policies (continued)

38.2 Credit risk analysis (continued)

Credit risk management

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at December 31, 2024 and 2023 as per the carrying amounts of the financial assets disclosed in Note 25.

Trade receivables and contract assets

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 60 and 120 days. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables are written off (i.e derecognised) when there is no reasonable expectation of recovery. Generally, trade receivables are provided if past due for more than one year and are not subject to enforcement activity.

On the above basis the expected credit loss for trade receivables and contract assets was determined as follows:

	Contract assets		Trade receivables			
	Current	Past due	Current	Past due up to 30 days	Past due more than	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
December 31, 2024						
Gross carrying amount	14,718	173,304	20,336	6,664	420,903	447,903
Expected credit loss	-	(173,304)	-	(2,990)	(419,130)	(422,120)
Expected credit loss rate	-	100%	-	44.9%	99.9%	-
Net carrying amount	14,718	-	20,336	3,674	1,773	25,783
December 31, 2023						
Gross carrying amount	16,593	173,997	21,977	5,571	447,386	474,934
Expected credit loss	-	(173,997)	-	-	(435,040)	(435,040)
Expected credit loss rate	-	100%	-	-	97.3%	-
Net carrying amount	16,593	-	21,977	5,571	12,346	39,894

Bank balances

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

38 Financial instruments risk management objectives and policies (continued)

38.2 Credit risk analysis (continued)

Due from related parties

Balances due from related parties mainly relate to a balance due from the associate in relation to the construction of a labour camp in Abu Dhabi funded by the Group. The Group expects the balance to be settled from the net rental proceeds that will be generated from the property over an estimated period, and accordingly, has stated the balance net of the impact of the time value of money.

38.3 Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for bank borrowing as well as forecast cash inflows and outflows due in day-to-day business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within six months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand AED'000	0-180 Days AED'000	181-360 days AED'000	Above 360 days AED'000	Total AED'000
December 31, 2024					
Bank borrowings	9,693	-	-	-	9,693
Lease liabilities	-	-	1,482	5,737	7,219
Trade and other payables	-	144,745	-	-	144,745
	9,693	144,745	1,482	5,737	161,657
December 31, 2023					
Bank borrowings	2,334,126	-	-	-	2,334,126
Lease liabilities	-	-	386	2,654	3,040
Trade and other payables	-	539,967	-	-	539,967
Due to related parties	41,224	-	-	-	41,224
	2,375,350	539,967	386	2,654	2,918,357

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. The credit terms require the Group to settle its liabilities within 90 days.

39 Capital management policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders to maintain the confidence of its investors, creditors and the market and to sustain future development of the business. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

39 Capital management policies and procedures (continued)

For the purpose of the Group's capital management, capital comprises share capital, share (discount)/premium, treasury shares, statutory reserve, mandatory convertible Sukuks, foreign currency translation reserve, accumulated losses and non-controlling interest amounting to AED 151,735 thousand (2023: deficiency of AED 4,432,103 thousand).

40 Correction of errors

During the year ended December 31, 2023, certain plots of land of the Group under property and equipment were auctioned and sold by the Dubai Court against settlement of debts to which these properties were attached. However, the disposal of these properties was not recognized in 2023 (Note 7). The Group restated the consolidated financial statements to reflect the impact of such disposal in the correct period.

In previous years, the Group was consolidating the assets, liabilities, income and expenses of Campco Properties LLC on the basis that the Group had control over the investee, although holding 40% shareholding only. During the year, management reassessed the power the Group has over the investee and concluded that, based on contractual agreements and other factors, the Group only exercises significant influence over the investee. Accordingly, the Group restated the comparative information to account for the investee as an investment in associate rather than a subsidiary.

In previous years, the Group did not correctly measure the non-controlling interest related to Drake & Scull International Oman, and accordingly, the Group restated the comparative information to reflect the impact of the error.

During the year, the Group identified liabilities with a carrying amount of AED 54,492 thousand that do not exist but had been recognized on the consolidated statement of financial position since previous years. Accordingly, the Group restated the comparative information to reflect the impact of the error in previous periods.

The above errors have been corrected by restating the each of the affected consolidated financial statements line item for the prior periods as follows:

	December 31, 2023 AED'000	January 1, 2023 AED'000
Impact on equity (increase/(decrease) in equity		
Property and equipment	(12,287)	(247)
Investment properties	(77,370)	(83,000)
Right-of-use assets	(3,995)	(4,291)
Trade and other receivable	13,345	(2,949)
Due from related parties	52,932	53,108
Cash and cash equivalents	-	(117)
Assets held for sale	(7,695)	-
Net impact on assets	(35,070)	(37,496)
Employees' end-of-service benefits	(303)	(304)
Lease liabilities	(4,988)	(4,994)
Bank borrowings	26,353	26,353
Provisions	(49,263)	(49,263)
Trade and other payables	(6,340)	(7,514)
Net impact on liabilities	(34,541)	(35,722)
Net impact on equity	(529)	(1,774)
The impact on equity is as follows:		
Accumulated losses	(14,102)	(15,917)
Non-controlling interest	13,573	14,143
	(529)	(1,774)

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

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2024

40 Correction of errors (continued)

Impact on consolidated statement of profit or loss
(increase/(decrease) in profit or loss)

	2023 AED'000
<i>From continuing operations:</i>	
Revenue	(7,783)
Direct cost	9,041
General and administrative expenses	(2,912)
Provision	73,022
Other income	(654)
Finance cost	3
Net impact on loss for the year from continuing operations	70,717
Loss from discontinued operations	(69,472)
Net impact on loss for the year	1,245

41 Subsequent events

There were no material events after the reporting date which could require adjustments or disclosures in these consolidated financial statements.



Drake & Scull

Drake & Scull International PJSC
Sustainability Report
2024

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ABOUT THIS REPORT

REPORTING SCOPE

We are pleased to share with you our Sustainability Report for the fiscal year 2024, reflecting the continued progress of Drake & Scull International PJSC (DSI) on its sustainability journey, which began in 2021, and our ongoing transition towards a brighter, more sustainable future.

For all forthcoming reports, it is anticipated that the release date will be within 90 days after the end of our fiscal year, which ends on March 31 or before our Annual General Meeting, whichever occurs first.

This report encompasses DSI's activities from January 1, 2024 to December 31, 2024, unless otherwise specified. Quantitative data for the previous two years (2023 and 2024) is included for most sections of the quantitative information, facilitating for comparison and thorough assessment.

This report has been prepared in accordance with the GRI Standards: Core option.

Furthermore, and in line with best practices, the report content incorporates our alignment with the Sustainable Development Goals (SDGs) and Dubai Financial Market (DFM) ESG Disclosure Guidance. References to the GRI Standards and DFM ESG disclosures are integrated into each section.

REPORTING BOUNDARY

Headquartered in Dubai, DSI operates across multiple regions via its wholly-owned subsidiaries. In accordance with our consolidated financial statements, the below listed active subsidiaries and their branches fall within the scope of this report.

Major Subsidiaries	Principal Activities	Shareholding Percentage	Country Incorporation
Drake & Scull Engineering LLC (Dubai)	Engineering, Procurement, and construction of waste and power infrastructure projects	100%	UAE
Drake & Scull International LLC (Abu Dhabi)	Contracting work related to mechanical, electrical and sanitary engineering	100%	UAE
Drake & Scull for Contracting Oil & Gas Fields Facilities LLC	Oil and Natural Gas pipelines construction contracting, oil and gas fields building contracting and onshore / offshore oil and gas field and facilities services	100%	UAE
Passavant Energy & Environment and its Subsidiaries	Developing wastewater, water and sludge treatment plants	100%	Germany

EXTERNAL ASSURANCE

All financial data presented in this report and extracted from our audited financial statements has been independently audited by one of the recognized international audit firms. Detailed information about our financial performance can be found in our 2024 Consolidated Financial Statements.

As for the remaining content of the Sustainability Report, it has been reviewed internally by our executive team. For future reports, data will be validated by our executive and marketing team initially, however, in time we will move towards external independent assurance so as to give greater credibility to the report.

FORWARD-LOOKING STATEMENTS

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the company is operating. To that end, the company holds no obligation to publicly update or revise its forward looking statements throughout the coming fiscal year except as required by applicable laws and regulations.

FEEDBACK

Readers are invited to share their feedback and comments with us:

Name: Investor Relations & Corporate Communications Manager

Email: IR@drakescull.com

Phone: +971 4 5283444

OUR CORE

OUR HISTORY

Foundations

The Drake & Scull Company was born in 1964 from the union of two great engineering firms founded in Victorian England. Bernard Drake and Marshall Gorham formed Drake & Gorham in 1886, to support the electrification of Great Britain. By the early 1960s, the company had successfully established itself in the UK and overseas. Seeking to continue its expansion and with the ambition of becoming a multi-service contracting company, Drake & Gorham joined forces with Arthur Scull & Son, a plumbing, heating and ventilation specialist founded in 1881, and a company it had previously collaborated with on numerous projects. It was the perfect fit.

The newly-formed company embarked on a global expansion drive, absorbing a number of other companies along the way, and by the end of the 1960s, Drake & Scull employed over 10,000 workers in the UK alone. It began work on major projects in territories around the world and in 1966 the company established its first operational base outside the UK, in Abu Dhabi, UAE, followed in 1977 by offices in the Kingdom of Saudi Arabia and Dubai, UAE. In the 1990s, the company shifted its headquarters permanently to the Middle East.

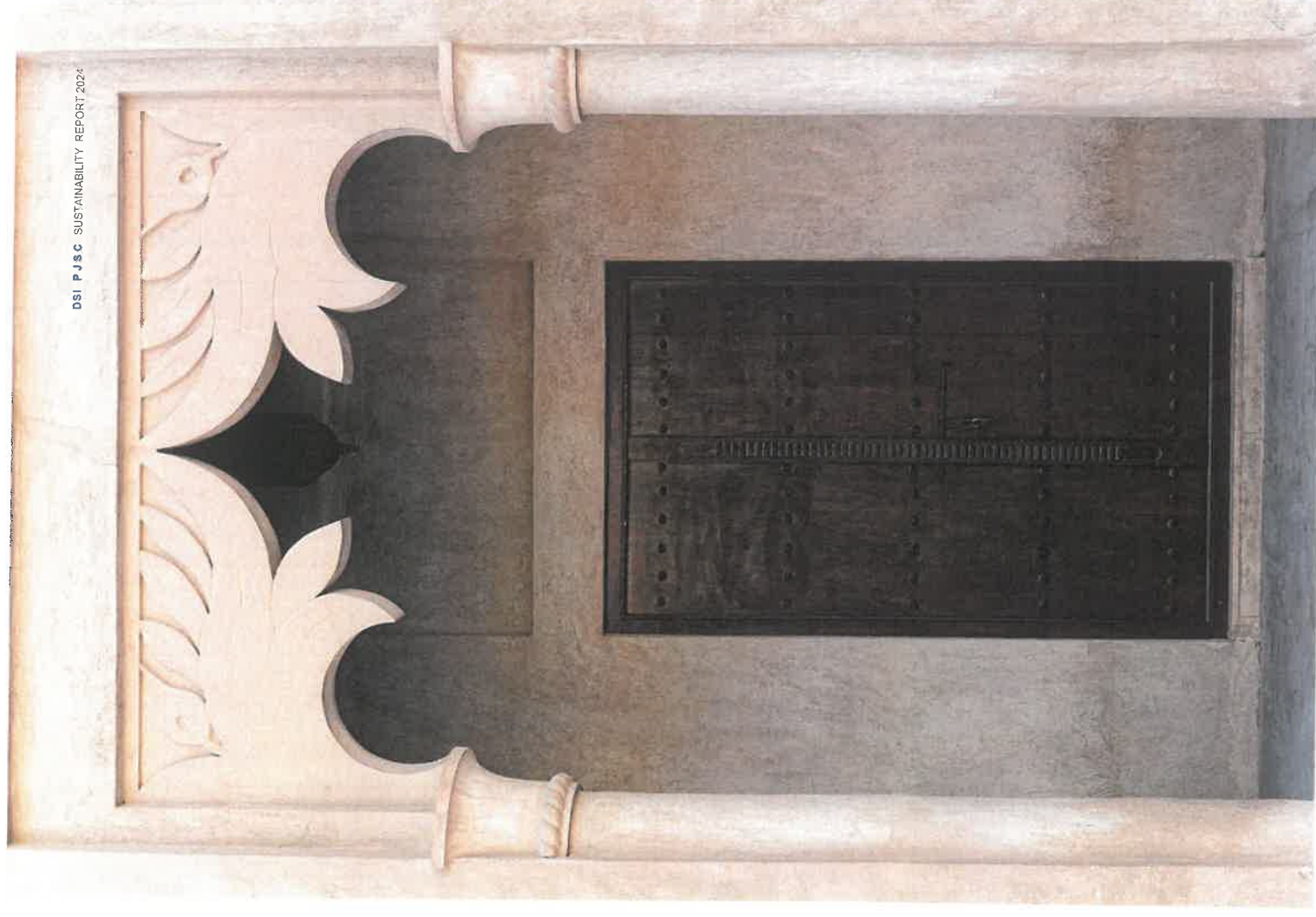
DSI Goes Public and Expands its Reach

In 2008, the renamed Drake & Scull International (DSI) offered 55% of its shares in a highly successful Initial Public Offering (IPO) on the DFM. The IPO was oversubscribed 101 times and was ranked by Ernst & Young among the top 20 globally in 2008.

The company expanded throughout the MENASA region, opening offices in Kuwait, Oman, Qatar, Egypt, Jordan, Algeria, and India amongst others. It consolidated its leading position within the Middle East construction space with the launch of a number of new verticals, including Drake & Scull Engineering, Drake & Scull Construction, Drake & Scull Rail & Infrastructure, Drake & Scull Oil & Gas, and Drake & Scull Development. DSI also expanded through the acquisitions of Germany-based Passavant Energy and Environment, Gulf Technical Construction Company and the International Centre for Contracting Company.

Unrivaled Experience

To date, DSI has completed work on more than 700 projects around the world, many of which have become local landmarks, and has won a number of prestigious awards along the way. As a result, DSI holds unrivaled experience across multiple sectors, including aviation, rail, petrochemicals, power and water, district cooling, renewable energy, data centres, as well as residential, commercial, hospitality, healthcare, government, and leisure real estate projects. Moving forward, DSI will continue to lead the market through its people, passion, innovation and the expertise acquired over more than 139 years.





LOCAL EXPERIENCE

- Louvre (Abu Dhabi)
- Bayanah Tower (Abu Dhabi)
- Dubai Chamber of Commerce and Industry
- Jumeirah Beach Hotel (Dubai)
- Dubai Festival City
- Jumeirah Beach Residence District Cooling (Dubai)
- Presidential Palace (Abu Dhabi)
- Nad Al Sheba District Cooling (Dubai)
- The Royal Amraj Resorts & Spa (Dubai)
- Movenpick Hotel & Oceana Residences (Dubai)
- Shangri-La Abu Dhabi Hotel



GULF AREA & MEA

- King Abdullah University of Science & Technology (KAUST) (KSA)
- King Abdullah Petroleum Studies and Research Centre (KAPSARC) (KSA)
- Lamar Towers (KSA)
- Kuwait State Audit Bureau headquarters
- Sultan Qaboos Grand Mosque (Oman)
- The Four Seasons Hotel (Qatar)
- DohaLand (Qatar)
- College of Arts (Kuwait)
- EPC of Water Injection and Gas supply Systems (Iraq)
- Zubair Oil Field Development (Iraq)
- Low Density Ammonium Nitrate Plant (Egypt)



GLOBAL REACH

- Hong Kong Air Cargo Terminals Limited (HACTL) Super-terminal
- Castle Peak Power Station (Hong Kong)
- Dar es Salaam International Airport (Tanzania)
- The Promenade complex (Singapore)
- Ducat Place (Moscow)
- Shenzhen International Trade Center (China)
- Nitrogen Generation Plant (Germany)
- Dupont Nomex Expansion Project (Spain)
- Holiday Inn Hotel (Grenada)
- Queen Victoria Hospital (Barbados)



OUR RECENT AWARDS

- 2018: Drake & Scull Oil & Gas was conferred the ENI Safety award, under the Best Performer in the Construction Upstream category, for its exceptional QHSE commitment and track record.
- 2017: DSI's IT Department won Collaboration Project of the Year under Project Enterprise transformation in the End User category at the Network World Middle East Awards by CNME.
- DSI won the Best CSR Campaign award at the 2017 Construction Business News Awards in Dubai, for its Because We Care HSE initiative, focusing on physical and mental health awareness.
- 2016: DSI's work on the KAPSARC project is declared National Winner (KSA) under the Sustainable Project of the Year category at the 2016 MEED Quality Awards.

DSI TODAY

Headquartered in Dubai, DSI is a regional market leader in world-class integrated design, engineering, and construction projects. DSI's main business streams include engineering (MEP), construction, oil & gas, and water & wastewater. The Company operates across the GCC and the rest of the Middle East as well as Europe.

Today, DSI has 09 live projects in the MEP and Energy & Environment business streams. These business streams, along with the Oil and Gas unit, will form the of strategic core focus the company's plan moving forward. Please refer to the "Restructuring and Outlook" section for more details.

Mission, Vision and Corporate Values

DSI was founded on corporate values that have sustained the company on its global journey over more than a century.

OUR MISSION

Our aim is to safely deliver world-class projects providing integrated design and engineering in procurement, construction, and commissioning to achieve customer recognition and satisfaction by committing to the highest level of performance with integrity, creativity, and a passion for results.

OUR VISION

By capitalizing on our heritage and brand values, we will invest in growing organically and inorganically to become a global market leader, providing engineering excellence to clients, while achieving optimum shareholder value through a commitment to best practices in corporate governance and transparency.

OUR VALUES

We are proud to be a company driven by vision and fuelled by our passion. Core to our success is our people, and the four values at the heart of our business:



PEOPLE We recognise that our people are the heart of our organisation. We strive to provide an environment that attracts, motivates, and develops individuals. We encourage cooperative efforts at every level and across all activities within the company. We create and implement a succession/career- progression planning programme that articulates corporate expectations clearly, while charting a well-defined course for employee development.



INNOVATION We encourage innovation in order to cultivate originality and pursue new ideas and technologies, while introducing the right processes and models to put this to work safely, quickly, and efficiently, in order to improve the standards and diversity of our services continuously, all for the common benefit of our stakeholders.



PASSION We believe that great success requires heart and dedication. We embrace and foster passion in every aspect of our business, from innovation and learning, to management and client satisfaction, employee and skills development.



INTEGRITY We are committed to promoting and enforcing the highest standards of ethical behaviour, and require all of our employees, suppliers, and business partners to act in accordance with our ethical principles. All forms of bribery corruption, misleading information and similar unethical behaviour and activities are not tolerated.

Our Certifications

As a market leader in the construction sector, we are committed to achieving the highest standards of quality, health & safety, and environment (QHSE) outcomes across all of our projects at all times. Our ISO certifications enable us to deliver on that promise. Below is a list of our current certifications for the following registered entities: Drake & Scull International (PJSC), Drake & Scull International LLC (Abu Dhabi), Drake & Scull Engineering LLC, Drake & Scull Oil and Gas and Passavant Energy and Environment.

- **ISO 45001:** 2018 Occupational Health and Safety Management system To enable our organisation to provide a safe and healthy workplace by preventing work-related injury and ill health, as well as by proactively improving our OH&S performance.
- **ISO 14001:** 2015 Environmental Management Systems To enhance our environmental performance and manage our environmental responsibilities in an efficient and impactful manner.
- **ISO 9001:** 2015 Quality Management Systems To set the standards for quality and strong customer focus and continually seek improvement, ensuring that our customers get consistent, good-quality products and services.

OUR OWNERSHIP STRUCTURE

Our current ownership structure, based on DSI's 2024 Corporate Governance Report, includes:

S. No.	Shareholder classification	Individuals	Companies	Gov.	Banks	Institution	Market Maker	Total	%
1	Local	1,866,595,124	165,505,215	47,268	14,232,155	191,189	1,226,412	2,047,797,363	70.94%
2	Gulf	103,811,351	66,392,359	-	322,951	-	-	170,526,661	5.91%
3	Arab	353,942,313	13,398,392	-	78,713	-	-	367,419,418	12.73%
4	Foreign	203,709,333	97,239,716	-	4,531	-	-	300,953,580	10.43%
	Total	2,528,058,121	342,535,682	47,268	14,638,350	191,189	1,226,412	2,886,697,022	100%
	Percentage	87.58%	11.87%	0.00%	0.51%	0.01%	0.04%	100%	

RESTRUCTURING AND OUTLOOK

Financial Restructuring

The most prominent achievements can be summarized as follows:

- Completion of the restructuring process after 6 years of its inception.
- Increase of Company's equity from a deficit of AED 4.4 billion as at 31st December 2023 to a positive value of AED 144 million as at 31st December 2024.
- Re-trading the company's shares on the Dubai Financial Market.
- Increasing the company's capital by 150% above the required percentage for restructuring plan, which led to enhancing the company's liquidity and providing the necessary bank guarantees to win new projects.
- Returning the company to achieving net profits in record time before the previously announced target date, which was estimated at two years after the completion of the restructuring process.
- Successful issuance of Mandatory Convertible Sukuk into shares after five years, worth AED 364 million in favour of qualified financial and commercial creditors, equivalent to 10% of their indebtedness and writing off 90% of the remaining debt amount.

Outlook

Post-completion of the restructuring plan, DSI kick-started the implementation of an ambitious business plan that will return the company to a market-leading position within its areas of focus. DSI will look to leverage its industry expertise and existing relationships and generate value by focusing on its core strengths and capabilities. These would include:

1. Mechanical, Electrical and Plumbing (MEP)

MEP works for large-scale projects, including turnkey, design and build. Construction management as well as post-handover operations and maintenance. The target markets include the UAE, Kuwait, and North Africa.

2. Water & Environment

Waste/wastewater, drinking water structures, and sewage treatment as well as waste-to-energy plants across multiple geographies.

3. Energy (O&G)

Pipeline solutions including turnkey process plants for the oil & gas sector. DSI is pre-qualified with ADNOC Group to carry out major activities such as mechanical, electrical, HVAC, MEP, EPC onshore pipelines, EPC storage tanks, and oil & gas plants. Target markets include Iraq, the UAE and the wider MENA region.

Diversification will be a strategic priority and will entail operating in high margin segments across its business lines while focusing geographically on the UAE and opportunistically considering other markets depending on capabilities (particularly in relation to Passavant whose operation is currently global).

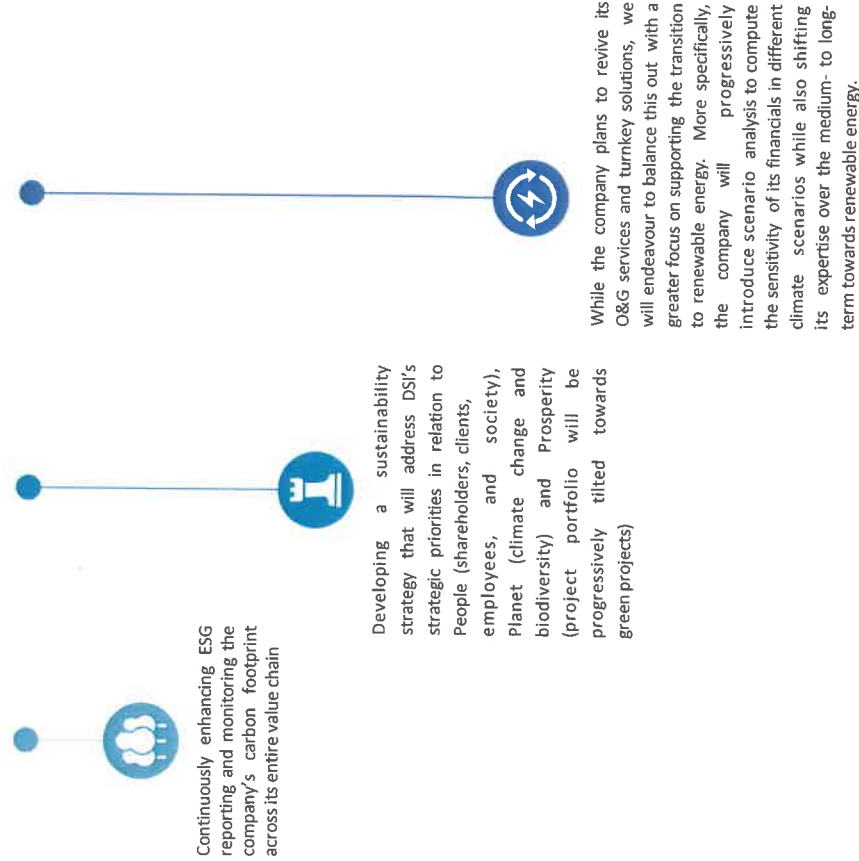
In addition, DSI will also be focusing on being part of PPP consortiums which would secure stable annuity income and provide overall operational and financial stability.

OUR SUSTAINABILITY JOURNEY

A DYNAMIC APPROACH TO SUSTAINABILITY

DSI has taken a dynamic approach to embedding sustainability in its business model and throughout its operations. We will be proactive in embracing sustainable practices and be at the forefront of innovation in our industry, especially where climate change is concerned. We believe that change is inevitable and that early movers will be rewarded with a competitive edge while those that resist risk being left behind. It makes sound business sense to be ahead of the curve, making incremental changes rather than being forced later on into making a sudden, dramatic, and costly shift in business operations.

DSI's roadmap towards a more sustainable future will include:



A primary pillar of DSI's sustainability strategy will be to embed sustainability principles in the governance model. This will involve:

- Designating a 'sustainability champion' within DSI in the short-term with a view to eventually appointing a full-time senior sustainability officer
- Forming a sustainability committee that reports directly to the board of directors
- Ensuring that sustainability is on the agenda at each board meeting
- Ensuring that the committee closely oversees the development of a sustainability strategy while monitoring progress on various sustainability goals and KPI's
- Creating company wide ESG/sustainability awareness around DSI's activities and business goals
- Participating in global, private sector sustainability initiatives such as the UN Global Compact
- Enhancing DSI's alignment with the SDG's and integrating the key material goals as part of the company's business model
- Engaging with the communities in which we are active on climate-related matters

OUR ALIGNMENT WITH THE UN AGENDA 2030 The UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development (2030 Agenda) and its 17 Sustainable Development Goals (SDGs) were adopted by 193 members of the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure peace and prosperity for all people, leaving no one behind. All stakeholders, including global organisations, governments, businesses, civil society, and academia, must play a critical role in achieving the SDGs, which are integrated and indivisible. The private sector can be a catalyst for the economic, social and environmental transformation called for in the 2030 Agenda by delivering economic prosperity, creating jobs, driving innovation and technological advances, providing investment, and participating in multi-stakeholder partnerships.

Our Contribution to the Goals

Using the SDGs as a framework and with the guidance of SDG Compass, a tool developed by the Global Reporting Initiative (GRI), the UN Global Compact, and the World Business Council for Sustainable Development (WBCSD), we have determined which goals DSI has the potential to impact the most.

Goals were assessed in terms of materiality, both to our company objectives and business operations. As part of this report, only the most relevant goals were selected – those that are considered as priorities for the construction sector and for DSI's business strategy. Going forward, we will look to strengthen our commitment towards these goals by implementing KPIs and relevant targets to monitor progress. We will also assess and integrate other goals that DSI can potentially impact, but with a medium to lower significance.



GOAL 6
Clean Water and Sanitisation
Ensure availability & sustainable management of water and sanitation for all

DSI contributes to achieving Goal 6 through Passavant Energy & Environment's expertise in developing water and wastewater treatment plants in Europe, the Middle East and Asia. Using Passavant's proprietary filtration technology, the plants recycle 100% of the treated water, which can then be discharged safely into the environment or used for municipal water systems as well as irrigation. Examples include a 60,000 m³ per day wastewater treatment plant in Gaza that serves around one million inhabitants living in a water-scarce region and a 300,000 m³ per day plant in Vietnam that makes river water safe enough to drink for a district of Ho Chi Min City.



GOAL 9
Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

DSI contributes to Goal 9 in a number of ways. Historically, the company has a long track record of building resilient infrastructure, most recently in the energy sector and water treatment plants. Passavant is an innovative company whose patented filtration technology is deployed in water treatment plants worldwide, some of which are also equipped with technology to convert biogas (a waste product) into clean energy. Today, our plants contribute to resilient infrastructure in many developing countries. Through our expertise in designing and developing efficient MEP systems, DSI also ensures energy efficiency and sustainability in buildings. Moving forward, innovation and digitalisation will be a key focus of DSI's business strategy.



GOAL 11
Sustainable Cities and Communities
Make cities and human settlements inclusive, safe, resilient and sustainable

DSI contributes to sustainable cities through the incorporation of its designs and patented technologies in buildings and infrastructure. MEP systems are optimised to create more sustainable buildings, using energy-saving technologies such as smart lighting and HVAC systems. Water, wastewater and waste treatment systems provide smart solutions to build more sustainable cities and more resilient communities. DSI has the technical knowhow to expand its renewable project portfolio and contribute to solar-power infrastructure.



GOAL 13
Climate Action
Take urgent action to combat climate change & its impacts

Climate Action is a very important underlying goal for DSI and one that will be integral to the company's business model moving forward. SDG 13 is embedded in our strategic decision-making process and filters through to the way we conduct all our operations and engage with our stakeholders.

WHAT MATTERS THE MOST

Used a dual approach to evaluate and select the ESG topics that are most significant to the company:

a) DSI's Business Model and the Construction Sector

Based on peer benchmarking and an analysis of the construction and engineering sector, our process started by developing a clear understanding of the global trends and sustainability impacts related to our industry. The materiality map of the Sustainability Accounting Standards Board (SASB) allowed us to further incorporate material sustainability topics that are specific to our industry. To that end, we used the SASB 'infrastructure – engineering & construction services' category.

In alignment with our strategic outlook, our post-restructuring priorities, and our operational processes, we then followed a ranking methodology to produce a list of priority topics that are material to DSI's business model and in-line with our industry's main impact on the environment, society, and the economy.

b) DSI's Stakeholders

Engagement with our stakeholders plays an important part in our materiality assessment and is a core element of our strategic priorities. As we are in the process of completing our restructuring plan, we based our inaugural Sustainability Report on internal engagements only while also assessing the Economic and ESG priorities of our external key stakeholders via existing communication channels.

In line with the recommendations of the AA1000 Stakeholder Engagement Standards framework, we applied the criteria of dependency, influence, and interest to identify our key stakeholder groups. The below table lists the key categories along with corresponding existing methods of engagement.

KEY STAKEHOLDER GROUPS



CUSTOMERS

Existing Methods Of Engagement:

- Customer Satisfaction Surveys
- Website, Press Releases and Public Reports
- Marketing Material
- Online Customer Reviews
- Trade Fairs



EMPLOYEES

Existing Methods Of Engagement:

- Employee Satisfaction Surveys
- Performance Reviews and Exit Interviews
- Intranet
- Internal Announcements
- Company Events



BOD & SENIOR EXECUTIVES

Existing Methods Of Engagement:

- Regular Meetings, both in Person and via Virtual Platforms, including BOD's meeting and related committees
- Regular Executive Meetings
- Company Events



SHAREHOLDERS

Existing Methods Of Engagement:

- Annual General Assembly
- Regular Meetings, Both in Person and via Virtual Platforms
- Regular Corporate Regulatory Disclosures



GOVERNMENT/REGULATORY AUTHORITIES (SCA, DEM, FRC, Dubai Courts, ETA)

Existing Methods Of Engagement:

- Direct Engagement through emails and meetings
- Local Forums
- Regular Corporate Regulatory Disclosures



COMMUNITY

Existing Methods Of Engagement:

- Local Initiatives and Volunteering Activities



SUPPLIERS/ SUBCONTRACTORS

Existing Methods Of Engagement:

- Supplier Code of Conduct
- Contractual Relations
- Assessment and Audits



BANKS & CREDITORS

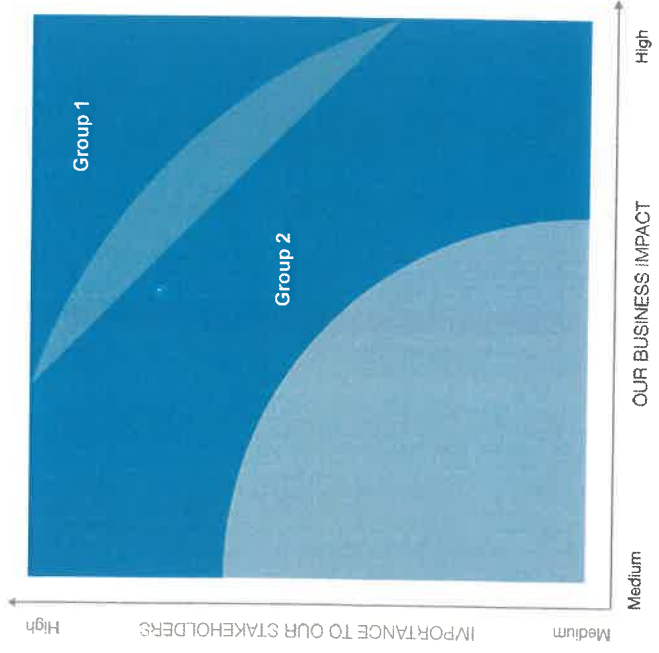
Existing Methods Of Engagement:

- Highly active communication through emails and meetings due to the current restructuring process

The analysis of these engagement channels allowed us to better understand what matters most to our stakeholders and include those material topics as part of our assessment.

Based on the duality approach, a final list of nine material topics was identified and categorised into two groups, presented in the below matrix. These constitute the basis of our report. The different key topics have been included along with the alignment with corresponding GRI and DFM disclosures.

Moving forward, and upon the successful completion of our restructuring plan, we intend to enhance our process and ensure that we directly engage with our stakeholders on specific sustainability topics.



OUR ENVIRONMENTAL PRIORITIES

OUR IMPACT TODAY

Our Environmental Focus

At DSI and our subsidiaries, we strive to be an environmentally responsible company and recognise the impact that our activities may have on the environment, people, and communities in which we operate, our customers, our supply chain and broader society. With that comes a responsibility to constantly monitor and assess our environmental impact and to adopt more sustainable solutions and processes wherever possible.

DSI is committed to embedding sustainable development and environmental protection as essential components of our operations and strategy moving forward. Our strategic outlook and business plan will ensure that financial growth is not achieved at the expense of our responsibility towards the environment and society.

DSI is certified ISO 14001:2015, which ensures the organisation has a robust Environmental Management System in place to enhance environmental performance. The system incorporates measurement, monitoring and reporting of environmental impacts and regular audits to ensure compliance and continuous improvement.

Our new Group Sustainability Policy ensures that all of our stakeholders are included in our efforts to minimise our impact on the environment and nearby communities.

In particular, we are committed to:

- Conserving materials and energy by minimising waste production while maximising re-use and recycling
- Avoiding hazardous materials where more eco-friendly alternatives are available
- Minimising the impact of Group activities on surrounding ecosystems

To that end, we have developed relevant policies and implemented appropriate KPIs to help track and guide our progress. Reducing environmental incident occurrence and maintaining high rates of first-time inspection approvals are just two of the many KPIs we have introduced across our projects. We have also started aligning our priorities with relevant SDGs and will start tracking our progress to better integrate sustainability into our everyday activities. Please refer to [page 09](#) for more information on our alignment with the SDGs.

The key focus areas of our Environmental Management System include:



CARBON FOOTPRINT



WASTE MANAGEMENT



WATER USAGE

A Sustainable Workplace

To support our sustainability goals, we have introduced a number of initiatives and programmes in the workplace and are pleased to report significant progress on these:






1. Paperless Environment

The initiative launched in 2020 to automate the document archiving process to limit the need to print and cut back on paper waste. Processes introduced to achieve this include: reusing single-sided printed paper; using erasable boards; avoiding printing with banners or cover pages; and using electronic signatures.

This initiative resulted in a 15 % saving in paper usage between December 2023 and December 2024. The result and impact created during the same period are presented below.



RESULTING IMPACT 2023 & 2024

 <div>1.5* TREES SAVED</div> <div>*The methodology does not include the forest residues left behind during pulpwood harvest in the forests</div>	 <div>ENERGY SAVED WORTH 9.4 RESIDENTIAL REFRIGERATORS/ YEAR</div>	 <div>CO2 Kg EQUIV. SAVED, EQUIVALENT TO APPROX. 5 CAR/YEAR</div>	 <div>CUBIC M of WATER SAVED, EQUIVALENT TO APPROX. 120 CLOTHES WASHERS/YEAR</div>	 <div>SOLID WASTE SAVED AS OF 2024, OR APPRX. 97 PEOPLE GENERATING SOLID WASTE/DAY</div>
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The initiative has many benefits: (1) Reduce paper consumption at the workplace and hence decrease our environmental impact (2) cost savings from a reduction in the purchasing of paper, printers, and ink (3) creating awareness in the workplace and strengthening our environmental stewardship.

2. Energy Reduction Programme

We reduced overall fuel consumption at our office more than 50% compared to previous years. We implemented by introducing a series of simple measures, like instructing office workers and camp residents to turn off electrical equipment when not in use; setting appliances such as computers, monitors and copiers on sleep mode when not in use; substituting regular incandescent light bulbs with fluorescent tube lights; and setting room temperatures at 25 degrees Celsius.

Our Carbon Footprint and Energy Management

1. Our Energy Re-Use System

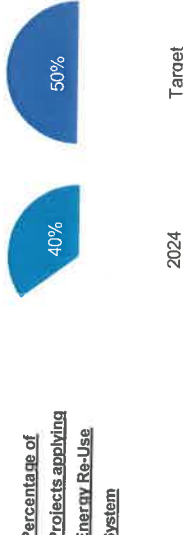
DSI contributes to a more sustainable and cleaner planet through its subsidiary, Passavant Energy & Environment (PE&E) which has developed groundbreaking technologies and processes in municipal wastewater, sludge, water and industrial wastewater treatment. In addition to the environmental benefits of Water Re-Use, Passavant's Energy Re-Use concept captures biogas produced as a by-product of the wastewater treatment process and recycles it into a biogas cogeneration (CHP) plant to produce electricity and heat (hot water or steam).

The electricity can be used to power the surrounding equipment or supplied to the national grid, maximising the efficiency of the wastewater treatment plant and producing green energy from the biogas. CHP maximises the fuel and converts it into electricity with 35% efficiency and into heat with 50% efficiency.

Additional benefits include:

- No external heat supply needed
- Protection of natural resources by utilisation of the produced biogas
- Reduction of CO² emissions
- Production of valuable, homogenous, nutrient rich fertiliser
- Reduction of waste to landfill
- Rendering of waste gas as harmless

The share of Passavant's projects using the Energy Re-Use technology increased from 25% in 2019 to 40% in 2024 with a target of eventually reaching 50% by 2030



2. GHG Emissions and Energy Consumption

Our 2020 Sustainability Report inaugurates our GHG emissions calculation, which is now an integral part of our reporting process and will be regularly monitored and managed.

The GHG emissions calculation has been done in accordance with the GHG Protocol (Corporate Standard). The organizational boundary has been set in agreement with the "control approach", through which 100% of the GHG emissions from operations over which we have full control are accounted for.

As per our reporting boundary, the data of all our active subsidiaries and their respective branches has been accounted for.

While our inaugural process accounts solely for Scope 1 and Scope 2 emissions, we aim to gradually provide elements of our Scope 3 moving forward.

Total Energy Consumption (DSI and all subsidiaries, incl. PE&E)

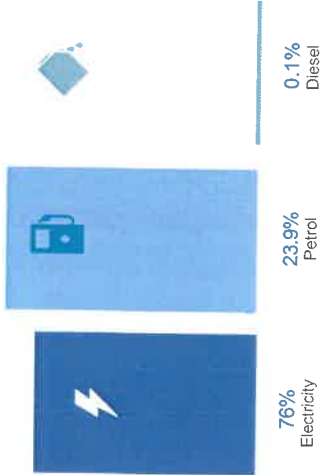
Energy Consumption (TJ)		2023	2024
Energy Consumption	Fuel Consumption	0.58	0.24
	Petrol		0.001
	Diesel	0.002	0.762
Electric Consumption		0.456	0.241
Total Fuel Consumption		0.582	0.762
Total Electricity Consumption		1.038	1.003
Total Energy Consumption			
Energy Intensity Against Revenue (M1/AED Thousand)		2023	2024
Direct Energy Intensity		6.20	2.32
Indirect Energy Intensity		4.86	7.35
Total Energy Intensity		11.06	9.67

GHG Emissions (DSI and all subsidiaries, incl. PE&E)

GHG Emissions (MT CO2e)	2023	2024
Direct (Scope 1)	35.63	14.75
Indirect (Scope 2)	64.29	84.87
Total	99.92	99.62

GHG Emissions Intensity Against Revenue (Kg CO2e/AED Thousand)	2023	2024
Direct Emissions Intensity (Scope 1)	0.38	0.14
Indirect Emissions Intensity (Scope 2)	0.69	0.82
Total	1.07	0.96

2024 Energy Mix (DSI and all subsidiaries, incl. PE&E)



Waste Management

Effective waste management forms an integral part of our Environmental Management System and is essential to our business operations. In alignment with ISO 14001 requirements, current legislation and company policies, we have developed the necessary procedures and policies to achieve efficient waste management across all our project sites.

The HSE management team is responsible for implementing our Waste Management Procedure and monitoring construction activities to ensure compliance. The procedure is applicable to all DSI employees and sub-contractors.

In accordance with best environmental operating practices, our waste management process follows a four-step approach:

- 1.Reduction:** Waste generation shall be reduced primarily at source through suitable operating practices rather than managing at later stages
- 2.Reuse, Recycle and Recovery:** Where waste generation is unavoidable, attempts are made to reuse, recycle or recover as much of it as possible
- 3. Treatment:** Treatment shall only be considered after all reuse, recycle and recovery options have been exhausted
- 4. Disposal:** Disposal is a last resort and should be confined to designated and approved areas

Prior to the disposal of any waste material, waste segregation shall be practiced in accordance with the type of waste and hazard classification.

All personnel shall be briefed on the contents of our Waste Management Procedure through HSE awareness meetings and site induction.

The table below shows the total amount of waste generated from our MEP & Passavant operations and the main types of waste produced at our sites. The reductions witnessed in previous years are mainly due to a slowdown in operations caused by the ongoing restructuring. However, once this process is complete, we will ensure that proper KPIs and targets are in place and will strive to reduce our environmental impact.

	Total Weight of Waste Generated, exc Passavant (approx. in MT)	
	Non-Hazardous Weight	Hazardous Weight
2023	780.00	1.2
2024	26.5	0

	Paper/Cardboard	Aluminum	Used Filters and Oily Waste
2023	6.60 bin	0.10 bin	1.10 bin
2024	0.20 bin	0.05 bin	0.06 bin

Water Usage

As an engineering and construction company that often operates in water-scarce regions of the world, we have a responsibility to limit water stress through effective and sustainable water management systems.

1. Water Consumption

Responsible water consumption is a key part of this process. We strive to raise awareness among our staff of the importance of water conservation at our offices and on site. We will look into integrating efficient water management as part of our environmental strategy through the introduction of KPIs and targets to ensure monitoring and reduction of water usage. Compared to 2023, our water consumption was reduced by 60% in 2024. However, this was mainly caused by the slowdown in our operations.

Water Consumption (DSI and all subsidiaries incl. PE&E)

Total Water Consumption in m³



Water Consumption per Revenue in m³/AED million



2. Water Re-Use Technologies

Today, water scarcity is a growing concern in many parts of the world and the challenge is being exacerbated by climate change. Scarcity may be caused by physical shortages or by inadequate infrastructure. Through Passavant Energy & Environment's Water Re-Use technologies, we play a crucial role in finding solutions to water challenges in our countries experiencing scarcity or difficult access to water. To minimise water consumption at an industrial site, for example, 100% reuse of the treated wastewater can be achieved by building a "Zero Liquid Discharge"(ZLD) wastewater treatment plant where 40% of the treated wastewater can be recycled back to the processing facilities for reuse and 60% of the treated wastewater is used for irrigation of green areas. The addition of a rainwater harvesting system boosts the capacity of the site to retain and absorb rainwater.

Advanced technologies, including Membranes and Tertiary Treatment, can also lead to substantial water re-use. Passavant has not only incorporated tertiary treatment systems in its solutions, but worked with technology providers to enhance and optimise performance.

Benefits include:

- Zero Liquid Discharge as a solution for projects in countries with water scarcity
- Wastewater reuse reduces water pollution discharges and protects water resources
- Expensive seawater desalination can be avoided by re-introducing treated wastewater into the system
- Wastewater can be treated and re-used for irrigation or sanitary facilities
- Protecting water, a valuable resource

Passavant Case Studies

a) Solving Gaza's Water Crisis

The population of Gaza in Palestine depends almost exclusively on groundwater reserves for drinking water supply that is under severe pressure due to a combination of overuse and falling precipitation levels due to climate change.

Until recently, almost 100,000 m³ per day of untreated wastewater flowed into the ground or the sea, polluting the environment and the groundwater. Gaza was in urgent need of a new wastewater treatment plant to help address the twin problems of water scarcity and prevent pollution.

In April 2021, a new wastewater treatment plant in the town of Bureij began treating the wastewater produced by 11 communities with around one million inhabitants, significantly improving resource protection and water supply. The 60,000 m³ per day Bureij WWTP is also self-sufficient in energy thanks to a biogas plant and a solar power plant that were built on the site. In fact, the biogas and solar power plant produce more energy than the treatment plant requires, resulting in a surplus of

5,301 kWh/d, providing critical energy for the local population.

Wastewater Treatment Plant in Gaza

Passavant Energy & Environment was responsible for the process design, procurement and transport of process related electro-mechanical equipment, supervision of installation, commissioning and operation of the plant for 2 years.

b) Providing Drinking Water for a City of 9 Million

The Thu Duc Water Supply Plant – Phase III, with a capacity to produce 300,000 m³ per day of clean water, supports the huge demand for drinking water in Ho Chi Minh City, Vietnam's largest urban area with a population of 9 million.

Passavant Energy & Environment was contracted to provide turnkey design, construction, mechanical and electrical works including commissioning and trial operation of the water treatment plant and also provided its patented Turbo-LME technology for the facility.

The plant treats water from the Dong Nai river and provides potable quality water to the people living in the district. Passavant also constructed a river water intake pumping station and pressure main pipes to supply feed water to the facility which became operational in 2017.



WHAT'S NEXT

Moving forward, environmental stewardship will be an integral part of the company's strategy and will be incorporated in everything we do post-restructuring. The focus areas will be:

- To further enhance our GHG computation to include Scope 3 emissions
- Develop a clear environmental strategy and implementation plan with KPIs and targets to monitor progress

Type of activities under consideration include:

- Take further steps to optimise energy usage and initiate a step-by-step plan to reduce emissions
- Further explore how we can develop innovative solutions to global challenges, in particular, water supply and energy reuse
- Expand our renewable project portfolio, particularly solar-related projects, and use our engineering expertise to contribute to a more sustainable world
- Optimise our waste management system and strive for increased circularity to fully minimise discharges and waste generated by our activities
- Integrate effective and smarter designs to provide a more accurate and efficient assessment of the resources needed to reduce our impact on the environment



OUR PEOPLE

EMPLOYEE WELLBEING

As a market leader operating in a labor-intensive skills-based industry, we recognize human capital as the essence of our business. Managing the wellbeing of all of our employees is always at the forefront of our thinking and will be essential to ensuring the long-term success of the company as we look to emerge from restructuring as a stronger, more resilient business. Recruiting people with the right blend of experience and skills in an industry where competition for qualified workers is stiff, will also be key to driving growth. The rebirth of DSI will come with a robust framework for people management, that prioritizes employee engagement, inclusion, training and development.

Employment

Working conditions in the jurisdictions in which we mainly operate can often be challenging for construction workers due to the physical nature of the work combined with high average daily temperatures during much of the year. It is our duty to ensure we make life as comfortable as possible for workers by managing workloads, providing quality equipment, and monitoring hydration levels.

The nature of the construction sector means DSI often hires workers on a project-basis. In 2024, 10% of our total workforce, were hired on temporary contracts while 2% were also employed on a part-time basis. We are committed to providing the same working conditions to all our employees, whether full-time, temporary, or part-time.

Our workforce has shrunk considerably since we scaled back our civil activities, disposed of important entities, and entered the restructuring phase in 2018 while COVID-19 has also contributed to a number of employees leaving the company. Nevertheless, during this period we made a series of important new hires in order to ensure we fulfilled all of our obligations. In 2024, a total of 27 employees joined the company, of which 67% were between the ages of 30 to 50 years old.

Post-restructuring, we expect to carry out a recruitment drive to build a team capable of taking advantage of opportunities in the market and moving the company forward. We will implement a robust employment strategy with (1) the processes in place to hire and retain the best talent, (2) a competitive and attractive compensation scheme, and (3) continuous training and development opportunities for all our employees.

We will revive employee satisfaction procedures and put in place KPIs and targets to monitor progress. One important KPI will be the turnover rate. Today, a range of benefits and incentives are offered to both permanent and temporary employees including, but not limited to, healthcare coverage, parental leave, retirement provision (for UAE nationals) and stock ownership.

Year	DSI Abu Dhabi	DSOG	DS Engineering	Passavant	TOTAL
2023	107	17	156	164	444
2024	53	0	113	170	336

Permanent Contract



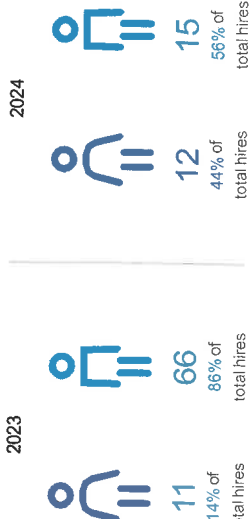
Temporary Contract



Full-Time



Part-Time



Total New Hires

	Below 30 years old		Between 30-50 years old		Over 50 years old	
Year	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2023	41	53%	30	39%	6	8%
2024	6	22%	18	65%	3	11%

Diversity and Inclusion

With activities spanning a wide geographical area, and with over 25 nationalities currently employed by the company, our workforce comprises a diverse mix of cultures. We believe that embracing and fostering an inclusive and harmonious working environment is key to successful business operations.

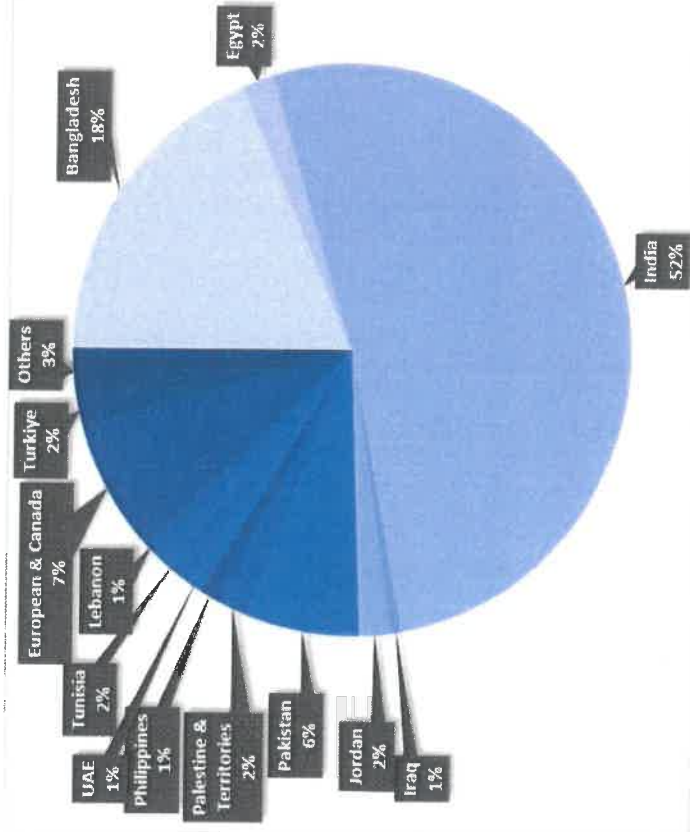
17 Nationalities

in our UAE and majorsubsidiaries

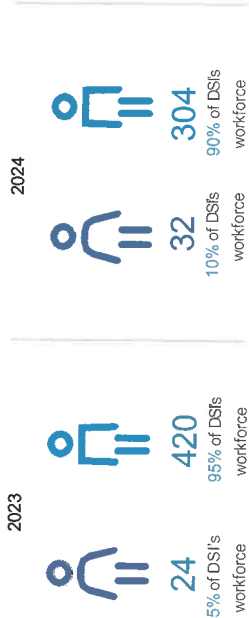
14 Nationalities

in Passavant Energy & Environment

Workforce Overview - DSI UAE, DSOG & Passavant Subsidiaries in 2024



Due to the nature of the construction sector, DSI's workforce is predominantly male, especially labourers, which constitute by far the largest category of employees. We strive to promote female representation across all workforce categories and encourage women to apply to all open positions.



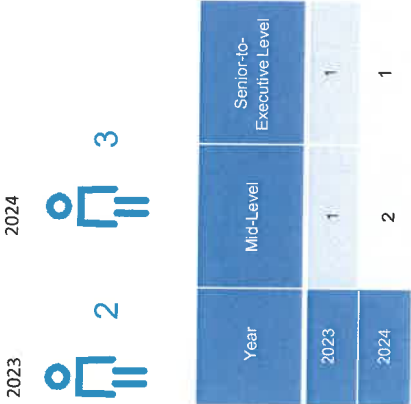
Governance Body

Though there are currently no women serving on the Governance body, which comprises the board of directors, and all committees directly reporting to the board, the company plans to redress this imbalance post-restructuring by having at least one female representative.

The Code of Business Conduct and Ethics represents the company's core values and ensures an inclusive, non-discriminatory environment for all employees. Once the restructuring is complete, we will organise awareness sessions to promote greater female participation in the construction sector, especially amongst engineers, and introduce KPIs and targets to ensure we are monitoring progress and improving performance in this area.

Emiratisation

Currently, the company employs two Emiratis. Post-restructuring, there will be a clear strategy in place to expand the Emirati workforce in line with the requirements of the UAE Ministry of Human Resources & Emiratisation (MOHRE).



SAFETY FOR ALL

Managing operating in the construction sector, DSI operates according to the highest standards of occupational health and safety. We are committed to eliminating workplace injury and illness to the greatest extent possible and to ensuring that our employees, sub-contractors and suppliers can go to work each day feeling confident they are safe.

Our risk management procedures ensure the right processes are in place to identify and manage work-related hazards and in turn minimise incidents, damage and losses. A hierarchy of control approach is implemented for the elimination and reduction of all work-related health and safety risks of on-site operations is critical to the success and reputation of any company risks.

Each and every task is completed in compliance with strict protocols enforced by the QHSE department, which is responsible for keeping up to date with regulations and applicable international ISO certifications. DSI is ISO 45001 certified. As part of our Integrated Management System Manual, and in compliance with the requirements of our ISO certifications, we have developed the necessary QHSE procedures and processes to guide employees and instill a strong safety culture throughout the company.

The DSI Safety, Health & Environmental Policy provides the foundation that underpins all our on-site activities. We conduct regular audits and routine inspections to ensure compliance and we constantly review and improve our procedures. We encourage employees to participate in the development, implementation and evaluation of the OH&S management system, taking all suggestions for improvement into consideration.

Mandatory induction and training sessions are routinely conducted for all employees, supervisors, visitors, and sub-contractors on site. These ensure that employees are able to carry out their responsibilities effectively, efficiently and competently.

Different training course plans are offered:

- Induction training: Every person, without exception, visiting or working on site must attend an induction training which covers the basic HSE rules of being on site.
- Tool box talks: Tool box talks are delivered at least once per week throughout the project lifecycle covering HSE information relevant to specific on-site activities.
- Basic Training: Personnel working permanently on site and "in the field" (as opposed to office workers) receive Basic Training to ensure they can competently carry out their duties.
- Position Training: Position Training is provided to personnel identified as needing to carry out special tasks.
- Specialised Task Specific OSH Training: Specialised training covering a wide range of subject areas such as ESG risks and controls.
- Refresher Training: HSE/Training staff identify the types of refresher training. It will be the responsibility of the HSE Trainer/Auditor to develop a schedule for all field personnel.

Recent training sessions have covered excavation safety procedures, lifting/rigging safety procedures, firefighting and emergency response.

Post-restructuring, we will continue to comply with the latest standards and regulations while constantly seeking to strengthen our systems and procedures to ensure consistency and reliability across all project sites.

QHSE Data for all Employees (DSI and all subsidiaries excl. PE&E)

Year	Number of Fatalities	Number of Lost Time Injuries	Number of Work Days Lost Due to Injury	Number of Other Occupational Injuries	Number of High Potential Incidents	Number of Near Miss Incidents	Number of Hours Worked
2023	0	2	0	0	0	0	453,006
2024	0	0	0	0	0	0	170,224

Rates have been calculated on 1,000,000 hours worked

QHSE Data for all Employees (PE&E)

Year	Number of Fatalities	Loss of Incident > 3 days	First Aid Cases	Medical Treatment Non Accident Cases	Number of High Potential Incidents	Number of Near Miss Incidents	Number of Hours Worked
2023	0	0	0	0	0	0	288,640
2024	0	0	0	0	0	7	483,513

A PROSPEROUS AND SMART FUTURE

ECONOMIC PROSPERITY

(GRI 201-1)

Sustainable development calls for the creation of economic prosperity in a way that does not compromise the ability of future generations to meet their own needs. Sustainability means doing away with short-term thinking and laying the foundations for a fairer and more inclusive global economy that delivers benefits for people and the planet. Only when economic growth takes place in harmony with responsible environmental stewardship can it be truly sustainable over the longer term and result in healthier societies.

The GRI's Economic Performance Standard (GRI 201) underlines how a company generates economic value both for itself as well as its various stakeholders. The company generates economic value through its revenues and distributes some of that value to stakeholders in the form of operating costs, employee wages & benefits, payments to providers of capital, and payment to government and community investments. What's left over after distribution is the value retained by the company.

Looking beyond the company's financial restructuring, DSI plans to deliver sustainable growth by focusing on core sectors to generate consistent revenue streams while managing its ESG risks, allowing for sustainable prosperity and the creation of stakeholder value.

This approach is in line with the general shift in recent years towards a focus on creating long-term value for all stakeholders, and society at large, rather than purely generating short-term profit for shareholders. Moving forward, DSI intends to adopt this mindset and align itself more closely with the interests of all stakeholders for the wider benefit of the economy.

OUR COMMITMENT TO QUALITY

(GRI 102-9, GRI 102-11, GRI 204-1, G5)

Quality Management System

Quality management is a top priority at DSI where we strive to always deliver over and above our client's expectations. Consistent execution of projects to the highest standards of quality is crucial to safeguarding our reputation in the market and maintaining the trust of our clients. This will be a particular priority as we emerge from the restructuring process and re-enter the market to bid for new contracts. We believe the long-term wellbeing of the company depends not only on meeting our contractual obligations but also on the implied needs of our clients. To this end, a dedicated team of engineers, managers, and inspectors oversees and monitors quality assurance and control of all activities.

It is vital to maintain frequent communication with clients, which can be done through a number of channels. Conducting regular customer satisfaction surveys, for example, enables us to obtain valuable feedback which is shared with the Quality team and all relevant internal departments. This important practice ensures we continuously assess our performance, can improve our service when needed, and execute projects more efficiently and effectively.

Delivering consistent performance depends on having the right blend of quality assurance policies, processes, and procedures in place. DSI is ISO 9001: 2015 certified, which sets out the company's criteria for a Quality Management System that details the processes and procedures required for delivering the best customer service.

The company's QHSE Policy Statement ensures the commitment of all subsidiaries and employees to the highest quality standards. More specifically, we are committed to:

- Design, develop, build and maintain projects of the highest standards of quality for our clients
- Train, develop and equip all staff with the tools and skills needed to perform to the highest level
- Continually improve processes and systems to deliver optimum results

DSI's Integrated Management System Manual outlines the company's quality control processes and ensures their consistent application throughout the organisation. Strict criteria and methods governing effective operation and control of these procedures are included in the manual. An example of this is the mandatory Inspection Test Plan (ITP) which is conducted after each and every main task in order to maintain quality control across all ongoing projects. Procedures to achieve planned outcomes and make continual improvements are also included. The resources required to implement and maintain the effectiveness of the IMS and enhance customer satisfaction are:

- People: DSI Management is responsible for ensuring that the workforce is competent, well-trained and skilled enough to perform their tasks.
- Infrastructure: Management is also responsible for providing the following infrastructure to achieve quality:
 - Buildings, workspaces and associated assets
 - Tools, process equipment, hardware and information systems (software) and Enterprise Resource Planning (ERP)
 - Support services such as transportation and communication channels

Documented procedures ensure that all departments and project sites are regularly audited and that the requirements of the IMS manual are being met. Post-restructuring, we will also re-establish IMS audits by independent and training auditors.

Procurement Practices

DSI strives to build strong, long-term partnerships with all its suppliers. As a responsible and sustainable company, we prioritize partnerships with local suppliers wherever possible, allowing us to support local economic development, resilience, and value creation. In 2024, 45 % of our suppliers were local based on the Project locations. The impact is due to slow-down in operations and focus on the restructuring plan.

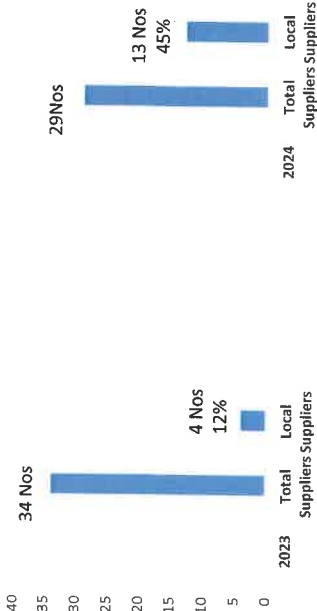
Our supplier management system follows best practices and contains relevant processes and procedures to ensure transparent and effective procurement. We consider cost, technical expertise, quality, and safety performance as the main criteria for selecting local suppliers.

Responsible procurement practices dictate that all major suppliers must sign the Supplier’s Code of Conduct, committing them to adhere by DSI’s code of conduct and HSE standards. Induction and training are delivered to ensure alignment from the beginning.

Finally, we conduct frequent assessments and audits to monitor and evaluate the performance of suppliers. The Supplier/Subcontractors selection & Evaluation procedure guides the selection, evaluation, approval and monitoring of suppliers and subcontractors at DSI and all its subsidiaries.

Percentage of Procurement Budget Spent on Local Suppliers- PEEI

Suppliers Data



INNOVATION & DIGITALISATION

(G7)

The world is in the midst of a technological revolution that is having a profound effect on every aspect of life and work. Innovation and digitalisation are at the heart of this rapid change. DSI is exploring ways to harness digital technologies to transform our business, particularly around the gathering and processing of data to enhance business operations and improve customer service. We are also considering how new technologies could enable the company to build on its existing expertise and diversify into new sectors in the future.

The IT department plays a key role in equipping the company with the technology to meet current as well as future challenges and opportunities. We have allocated a budget to upgrade IT systems post- restructuring, starting with a fully integrated Enterprise Resource Planning (ERP) system to manage business processes and ensure coordination between departments. We have partnered with an industry intelligence platform to support decision-making by ensuring we are always up-to-date with the latest developments in the market. We are upgrading our intranet, which supports communication with and between employees across all geographies, to integrate more advanced tools and to include all the company’s policies and procedures.

Security of both physical and digital assets is a top priority for DSI and the company has robust IT systems and data protection policies in place to manage this. We will renew our ISO 27001 (Information Security Management) certification once the restructuring is complete. In the meantime, our internal audit system ensures that relevant policies and procedures are in place and enforced consistently. Processes ensure on-site protection of all files and documents with back-up systems to prevent data loss. This includes shadow copying (back-up of all data after working hours), back-up on both on-site servers and on the cloud, in addition to disaster recovery in a separate location. A sonic firewall monitors and filters incoming and outgoing online data traffic.

Other innovations and initiatives by the IT department

include:

- Physical data storage areas are monitored with CCTV cameras connected via mobile phones to the relevant department.
- Facial recognition technology manages access to office buildings and monitors the attendance of employees.
- IT systems are key to the company’s initiative to go paperless (please refer to [page 16](#) to view the impact of this initiative and the results achieved).

The IT department is exploring how Integrated Management software can enhance their ERP to better integrate business processes in real-time and across offices, project sites and regions.

ETHICAL RESPONSIBILITY

OUR CORPORATE GOVERNANCE

Corporate governance is a shared stakeholder responsibility. It is a system by which companies are effectively controlled and one that is responsible for embedding accountability and transparency across the organization.

The principal role of shareholders in the corporate governance process is to elect the company's directors and auditors. The Board of Directors is then responsible for applying governance and for directing management to carry out their duties.

A sustainable business must have a robust corporate governance system which provides assurance that accountability and transparency are integral to the corporate culture. The board must ensure that the company is engaging with all stakeholders and that key stakeholder value creation is at the heart of the company's purpose.

DSI is committed to the highest standards of corporate governance which integrates ethics, corporate integrity, and best practices. Transparency, fairness, disclosure, and accountability are values that are central to the ethos of the company, Board of Directors, senior management, and employees.

The corporate governance framework follows the guidelines set by the Securities & Commodities Authority (SCA), DFM, and the Commercial Companies Law No 2 of 2015 and its amendments related to commercial companies. In addition, DSI is committed to implementing the decision of the Chairman of the Securities & Commodities Authority No. (3/RM) of 2020.

In tandem with the restructuring plan, we have prioritised the development of a robust corporate governance structure. The current board is comprised of seven experienced, independent individuals, who are qualified to lead the company through its restructuring plan and onwards to revive its core business segments.

At present, two committees report to the board: the Audit Committee and the Nomination & Remuneration Committee. With the company's shares now being traded again on the DFM, we will also establish a committee to monitor insider transactions.

The table below lists the number of board and committee meetings held and the level of attendance.

Corporate Governance Body	Number of Meetings 2024	Level of Attendance by Committee / Board Members
Board of Directors	8	6 meetings - 100% 2 meeting - 85%
Audit Committee	5	100%
Nomination & Remuneration Committee	1	100%

More details about DSI's corporate governance structure are available in the company's [2024 Corporate Governance Report](#).

RISK MANAGEMENT AND INTERNAL CONTROL

DSI is committed to the highest standards of business ethics, professionalism, and corporate integrity and to acting in strict compliance with applicable laws at all times. Transparency, fairness, disclosure, and accountability are central to the ethos of the company.

Our Code of Business Conduct and Ethics includes policies and procedures governing ethical conduct which apply to all employees. Such policies and practices cover "Conflict of Interest", "Acceptance of Gifts and Entertainment", and "Corporate Opportunities", among other important topics. The Code applies to all employees, including officers and directors of DSI as well as all subsidiaries, divisions, and businesses wholly or substantially owned or controlled by DSI, including, but not limited to, joint ventures.

Enforcing the Code of Business Conduct and Ethics is something the company takes extremely seriously in light of the accusations of financial impropriety against the previous management, and which are currently being investigated by the designated UAE authorities. The company is engaged in civil and criminal cases against the ex-major shareholder, former CEO and vice-chairman, and others.

The current Board of Directors and senior management acknowledge their responsibility to instill ethics, accountability, and compliance at the core of the company and to re-establish a culture of honesty and trust. To that end, DSI will ensure that all current and future employees (post-restructuring), including the CEO and senior management are carefully interviewed and undergo detailed background checks before being hired. Upon joining they will also be required to sign the Code of Business Conduct and Ethics to ensure they fully understand their responsibilities and commitment. We intend to update all policies and procedures related to business ethics and compliance.

DSI will maintain an open-door policy and encourage employees to report suspected violations of the Code. The company has put in place a hotline and an email address for any person who wants to report anonymously and in strict confidence.

ETHICS AND COMPLIANCE

New global challenges and macro trends impacting the construction and engineering sector have given rise to new risks and opportunities. Moving forward: DSI will equip itself with strong Risk Management to grow Framework the business while managing challenges and mitigating risks in a structured and controlled manner.

Amid the ongoing restructuring process, the Board of Directors acknowledges its responsibility to re-establish an effective and robust Internal Control System to ensure efficient and effective risk management. The Board anticipates strengthening the team with new recruits as soon as possible upon completion of the restructuring. The Board is committed to deploying the best risk management practices and internal control mechanisms to achieve the company's objectives. The Risk Management Framework will address risk management both at the project and enterprise level and will include procedures for business continuity management.

APPENDIX

SUSTAINABILITY
DATA SHEET

ENVIRONMENTAL DATA

DSI PJSC and Subsidiaries

Energy Consumption (TJ)

Energy Consumption	2023		2024	
	Fuel Consumption	Petrol	Diesel	Electricity Consumption
Total Fuel Consumption		0.58	0.001	0.762
Total Electricity Consumption		0.582	0.456	0.241
Total Energy Consumption		1.038	0.456	1.003

Energy Intensity Against Revenue (MJ/AED Thousand)

Direct Energy Intensity	6.20	2.32
Indirect Energy Intensity	4.86	7.35
Total Energy Intensity	11.06	9.67

GHG Emissions in MT CO2e

Direct (Scope 1)	35.63	14.75
Indirect (Scope 2)	64.29	84.87
Total	99.92	99.62

GHG Emissions Intensity Against Revenue (kg Co2e/ AED Thousand)

Direct Emissions Intensity (Scope 1)	0.38	0.14
Indirect Emissions Intensity (Scope 2)	0.69	0.82
Total	1.07	0.96

SUSTAINABILITY DATA SHEET

ENVIRONMENTAL DATA

Water Consumption -DSI

	2023	2024
Total Water Consumption in m3	850	110
Water Consumption per Revenue in m3/AED million	49.44	60.01

Water Consumption -PEEI

	2023	2024
Total Water Consumption in m3	150	296
Water Consumption per Revenue in m3/AED million	1.96	2.86

Water Consumption

Total Water Consumption in m3	1000	406
Water Consumption per Revenue in m3/AED million	10.66	3.92

Waste Generation (MT)

	Non-Hazardous Weight	Hazardous Weight
2023	780.00	1.2
2024	26.50	0

	Paper/Cardboard	Aluminum	Used Filters and Oily Waste
2023	0.60	0.10	1.1
2024	0.20	0.05	0.06

HR DATA

DSI PJSC and Subsidiaries, excl. PE&E

Total Workforce

	DSI Abu Dhabi	DSOG	DSE Dubai	Total
2023	107	17	166	280
2024	53	0	113	166

	Permanent Contract		Temporary Contract	
	Female	Male	Female	Male
2023	9	271	0	0
2024	6	160	0	0

	Permanent Contract		Temporary Contract	
	UAE	IRAQ	UAE	IRAQ
2023	263	17	0	0
2024	166	0	0	0

	Full-Time		Part-Time	
	Female	Male	Female	Male
2023	9	271	0	0
2024	6	160	0	0

HR DATA

DSI PJSC and Subsidiaries, excl. PE&E

Diversity & Inclusion

Governance Body

	Female	Male
2023	0%	100%
2024	14%	84%

Governance Body

	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	0%	25%	75%
2024	0%	86%	14 %

Total Employees By Job Category And By Gender

	Labor		Entry-Level		Mid-Level		Senior-to-Executive	
	Male	Female	Male	Female	Male	Female	Male	Female
2023	100%	0%	96%	4%	85%	15%	93%	7%
2024	100%	0%	100%	0%	85%	15%	100%	0%

Total Employees By Job Category And By Gender

	Labor		Entry-Level		Mid-Level		Senior-to-Executive	
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Over 50 years old	Between 30-50 years old	Below 30 years old	Over 50 years old
2023	5%	74%	21%	77%	23%	72%	0%	28%
2024	2%	76%	22%	23%	6%	62%	0%	38%

HR DATA

DSI PJSC and Subsidiaries, excl. PE&E

Employment

Total New Hires by Gender				
	Female (#)	Female (%)	Male (#)	Male (%)
2023	1	20%	4	80%
2024	1	8 %	12	92 %

Total New Hires by Age Group					
	Below 30 years old		Below 30- 50 years old		Over 50 years old
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number Total Percentage
2023	0	0%	3	60%	2 40%
2024	1	8%	10	77%	2 15 %

Total Employees that Left by Gender			
	Female (#)	Female (%)	Male (%)
2023	3	3%	105 97%
2024	1	1%	122 99 %

Total Employees that Left by Age Group					
	Below 30 years old		Between 30-50 years old		Over 50 years old
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number Total Percentage
2023	6	6%	82	76%	20 18%
2024	2	2%	87	70%	34 28 %

Turnover Rate (%)	
2023	38%
2024	74%

HR DATA

Passavant Energy & Environment (PE&E)

Total Workforce

Total	
2023	164
2024	170

	Permanent Contract		Temporary Contract	
	Female	Male	Female	Male
2023	15	98	46	5
2024	24	113	25	8

Permanent Contract		Temporary Contract	
2023	113	51	
2024	137	33	

	Full-Time		Part-Time	
	Female	Male	Female	Male
2023	14	144	1	5
2024	24	140	2	4

HR DATA

Passavant Energy & Environment (PE&E)

Diversity & Inclusion

		Governance Body		Governance Body		
		Female	Male	Below 30 years old	Between 30-50 years old	Over 50 years old
2023		0%	100%	0%	100%	0%
2024		14%	86%	0%	43 %	57%

Total Employees By Job Category And By Gender

	Entry-Level		Mid-Level		Senior-to-Executive	
	Male	Female	Male	Female	Male	Female
2023	92%	8%	93%	7%	81%	19%
2024	87%	13%	88%	12%	83%	17%

Total Employees By Job Category And By Gender

	Entry-Level		Mid-Level		Senior-to-Executive		
	Below 30 years old	Between 30-50 years old	Below 30 years old	Between 30-50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	100%	0%	43%	57%	0%	75%	25%
2024	100 %	0%	50 %	50 %	0 %	59 %	41%

HR DATA

Passavant Energy & Environment (PE&E)

Employment

	Total New Hires by Gender			
	Female (#)	Female (%)	Male (#)	Male (%)
2023	10	14%	62	86%
2024	11	78%	3	22%

	Total New Hires by Age Group					
	Below 30 years old		Between 30-50 years old		Over 50 years old	
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2023	41	57%	27	37%	4	6%
2024	5	36 %	8	57%	1	7 %

	Total Employees that Left by Gender			
	Female (#)	Female (%)	Male (#)	Male (%)
2023	7	23%	24	77%
2024	2	25 %	6	75 %

	Total Employees that Left by Age Group					
	Below 30 years old		Between 30-50 years old		Over 50 years old	
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2023	9	29%	20	65%	2	6%
2024	3	38%	4	50%	1	12%

Turnover Rate (%)		
2023		19%
2024		5%

HR DATA

DSI PJSC and Subsidiaries

Total Workforce

	DSI Abu Dhabi	DSOG	DSI Engineering	Passavant	Total
2023	107	17	156	164	444
2024	53	0	113	170	336

Permanent ContractTemporary Contract

	Permanent Contract		Temporary Contract	
	Female	Male	Female	Male
2023	24	369	46	5
2024	30	273	25	8

Permanent ContractTemporary Contract

	Permanent Contract		Temporary Contract	
	UAE	DSOG	UAE	DSOG
2023	263	17	0	0
2024	166	0	0	0

Full-TimePart-Time

	Full-Time		Part-Time	
	Female	Male	Female	Male
2023	23	415	1	5
2024	30	300	2	4

Diversity & Inclusion

Governance Body

	Female	Male
2023	0%	100%
2024	14%	86%

Governance Body

	Below 30 years old	Between 30-50 years old	Over 50 years old
2023	0%	50%	50%
2024	0%	64%	36%

	Female (#)	Female (%)	Male (#)	Male (%)
2023	70	16%	374	84%
2024	55	16%	281	84%

Employment

Total New Hires by Gender

	Female (#)	Female (%)	Male (#)	Male (%)
2023	11	14%	66	86%
2024	12	44%	15	56%

Total New Hires by Age Group

	Below 30 years old		Between 30-50 years old		Over 50 years old	
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2023	41	53%	30	39%	6	8%
2024	6	22%	18	67%	3	11%

HR DATA

DSI PJSC and Subsidiaries

Total Employees that Left by Gender

	Female (#)	Female (%)	Male (#)	Male (%)
2023	10	7%	129	93%
2024	3	2%	128	98%

Total Employees that Left by Age Group

	Below 30 years old		Between 30-50 years old		Over 50 years old	
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2023	15	11%	102	73%	22	16%
2024	5	4%	91	69%	35	27%

Turnover Rate (%)

2023	31%
2024	39%

QHSE Data

DSI PJSC and Subsidiaries

All Employees

	Number of Fatalities	Number of Lost Time Injuries	Number of Work Days Lost Due to Injury	Number of Other Occupational Injuries	Number of High Potential Incidents	Number of Near Miss Incidents	Number of Hours Worked
2023	0	0	0	0	0	0	435,006
2024	0	0	0	0	0	7	653,737

GRI & DFM CONTENT INDEX

GRI STANDARDS				
GENERAL DISCLOSURES				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
Organizational profile				
102-1	Name of the organization		3, 4	
102-2	Activities, brands, products, and services		3, 6, 8	
102-3	Location of headquarters		3	
102-4	Location of operations		3	
102-5	Ownership and legal form		7	
102-6	Markets served		8	
102-7	Scale of the organization		19	
102-8	Information on employees and other workers	S4: Gender Diversity S5: Temporary Worker Ratio	19, 20, 21	
102-9	Supply Chain		24	
102-10	Significant changes to the organization and its supply chain		8	
102-11	Precautionary Principle or approach		24, 25	
102-12	External initiatives		-	DSI currently is not part of any external initiatives
102-13	Membership of associations		-	DSI currently does not hold any memberships
Strategy				
102-14	About This Report		3	
Ethics & Integrity				
102-16	Describe your organization's values, principles, standards and norms of behavior		6, 19, 26	
Governance				
102-18	Governance structure	G1: Board Diversity G2: Board Independence	25	
102-20	Executive-level responsibility for economic, environmental, and social topics	E8, E9: Environmental Oversight	9	

GRI & DFM CONTENT INDEX

GRI STANDARDS				
GENERAL DISCLOSURES				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
Stakeholder Engagement				
102-40	List of stakeholder groups		11	
102-41	Collective bargaining agreements	G4: Collective Bargaining	-	Not applicable for companies operating in UAE
102-42	Identifying and selecting stakeholders		11	
102-43	Approach to stakeholder engagement		11	
102-44	Key topics and concerns raised		12	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		3	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting G9: Disclosure Practices	3	
102-47	List of material topics		12	
102-48	Restatements of information		3	
102-49	Changes in reporting		3	
102-50	Reporting period		3	
102-51	Date of the most recent report		3	
102-52	Reporting cycle		3	
102-53	Contact point for questions regarding the report		3	
102-54	Claims of reporting in accordance with the GRI standards		3	
102-55	GRI content index		38	
102-56	External assurance	G10: External Assurance	3	

GRI & DFM CONTENT INDEX

GRI STANDARDS				
MATERIAL TOPICS				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
GRI 200: Economic Standard Series				
GRI 201: Economic Performance 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,23	
103-2	The management approach and its components		9,10,23	
103-3	Evaluation of the management approach		9,10,23	
GRI 201 Topic Specific				
201-1	Direct economic value generated and distributed		Refer to our 2024 Consolidated Financial Statements	
GRI 204: Procurement Practices 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,11,23,24	
103-2	The management approach and its components		9,11,23,24	
103-3	Evaluation of the management approach		9,11,23,24	
GRI 204 Topic Specific				
204-1	Proportion of spending on local suppliers	G5: Supplier Code of Conduct	23, 24	
GRI 205: Anti-Corruption 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		12,25,26	
103-2	The management approach and its components		12,25,26	
103-3	Evaluation of the management approach		12,25,26	

GRI & DFM CONTENT INDEX

GRI STANDARDS				
MATERIAL TOPICS				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
GRI 205 Topic Specific				
205-3	Confirmed incidents of corruption and actions taken	G1: Board Diversity G2: Board Independence G6: Ethics and Anti-Corruption	25, 26	
GRI 300: Environmental Standard Series				
GRI 302: Energy 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,13,14,15,16	
103-2	The management approach and its components		9,10,13,14,15,16	
103-3	Evaluation of the management approach	E7: Environmental Operations	9,10,13,14,15,16	
GRI 302 Topic Specific				
302-1	Energy consumption within the organization	E3: Energy Usage E5: Energy Mix	9,10,13,14,15,16	
302-3	Energy intensity	E6: Water Usage E4: Energy Intensity	28, 29 9,10,13,14,15,16 28, 29	
GRI 305: Emissions 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,13,14,15	
103-2	The management approach and its components		9,10,13,14,15	
103-3	Evaluation of the management approach		9,10,13,14,15	
GRI 305 Topic Specific				
305-1	Direct (Scope 1) GHG emissions		9,10,13,15,16 28, 29	
305-2	Energy indirect (Scope 2) GHG emissions		9,10,13,15,16 28, 29	
305-4	GHG emissions intensity		9,10,13,15,16 28, 29	

GRI & DFM CONTENT INDEX

GRI STANDARDS				
MATERIAL TOPICS				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
GRI 306: Effluents and Waste 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,13,15	
103-2	The management approach and its components		9,10,13,15	
103-3	Evaluation of the management approach		9,10,13,15	
GRI 305 Topic Specific				
306-2	Waste by type and disposal method		9,10,13,15,29	
GRI 400: Social Standard Series				
GRI 401: Employment 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,11,19,20	
103-2	The management approach and its components		9,10,11,19,20	
103-3	Evaluation of the management approach		9,10,11,19,20	
GRI 401 Topic Specific				
401-1	New employee hires and employee turnover	S3: Employee Turnover	32,35,37,38	
401-2	Benefits provided to full-time employees that are not provided to part-time employees		19	
GRI 403: Occupational Health & Safety 2018				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		6,9,10,22	
103-2	The management approach and its components		6,9,10,22	
103-3	Evaluation of the management approach		6,9,10,22	

GRI & DFM CONTENT INDEX

GRI STANDARDS				
MATERIAL TOPICS				
GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE PAGE	NOTES
403-1	Occupational health and safety management system	S8: Global Health & Safety	6,9,10,22	
403-2	Hazard identification, risk assessment, and incident investigation		6,9,10,22	
403-3	Occupational health services		6,9,10,22	
403-4	Worker participation, consultation, and communication on Occupational health and safety		6,9,10,22	
403-5	Worker training on occupational health and safety		6,9,10,22	
403-6	Promotion of worker health		6,9,10,22	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		6,9,10,22	
GRI 403 Topic Specific				
403-8	Workers covered by an occupational health and safety management system	S8: Global Health & Safety	22,38	
403-9	Work-related injuries	S7: Injury Rate	22,38	
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103 Management Approach				
103-1	Explanation of the material topic and its boundary		9,10,11,19,20,21	
103-2	The management approach and its components		9,10,11,19,20,21	
103-3	Evaluation of the management approach		9,10,11,19,20,21	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S2: Gender Pay Ratio	19,20,21	
		S4: Gender Diversity	30,31,32,,33,	
		S6: Non-Discrimination	34,35,36,37,	
		S11: Nationalisation	38,	

GRI & DFM CONTENT INDEX

ADDITIONAL DFM DISCLOSURES			
DFM DISCLOSURE	CONTENT	REFERENCE PAGE	NOTES
Environmental			
E10	Climate Risk Mitigation Total amount invested, annually, in climate-related infrastructure, resilience, and product development	Not Available	We will be including this metric in our Environmental Strategy upon successful completion of our restructuring plan
Social			
S1	CEO Pay Ratio Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation Does your company report this metric in regulatory filings?	Not Available Yes	The CEO's salary along with that of the executive team is currently disclosed in our Corporate Governance Report
S9	Child & Forced Labor Does your company follow a child and/or forced labor policy? If yes, does your child and/or forced labor policy also cover suppliers and vendors?	N/A N/A	We are in full support of combating child and/or forced labor, this risk is less applicable to the insurance sector
S9	Human Rights Does your company follow a human rights policy? If yes, does your human rights policy also cover suppliers and vendors?	Yes N/A	Or Code of Business Conduct and Ethics include Human Rights clauses
S12	Community Investment Amount invested in the community, as a percentage of company revenues	Workplace	Due to the restructuring process, all community investments have been paused and will be reinstalled once the process has been successfully completed
Governance			
G3	Incentivized Pay Are executives formally incentivized to perform on sustainability?	No	This will be considered as part of our Sustainability Strategy
G7	Data Privacy Does your company follow a Data Privacy policy? Has your company taken steps to comply with GDPR rules?	25	



Embarking on the
path to a sustainable
tomorrow.