

Drake & Scull

تقرير الحوكمة ANNUAL CORPORATE
السنوي للشركة GOVERNANCE REPORT
2018

Reviewed by

OBAID KHADIM BIN TOUQ AL MARRI
Chairman

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1. Company's Governance Practices

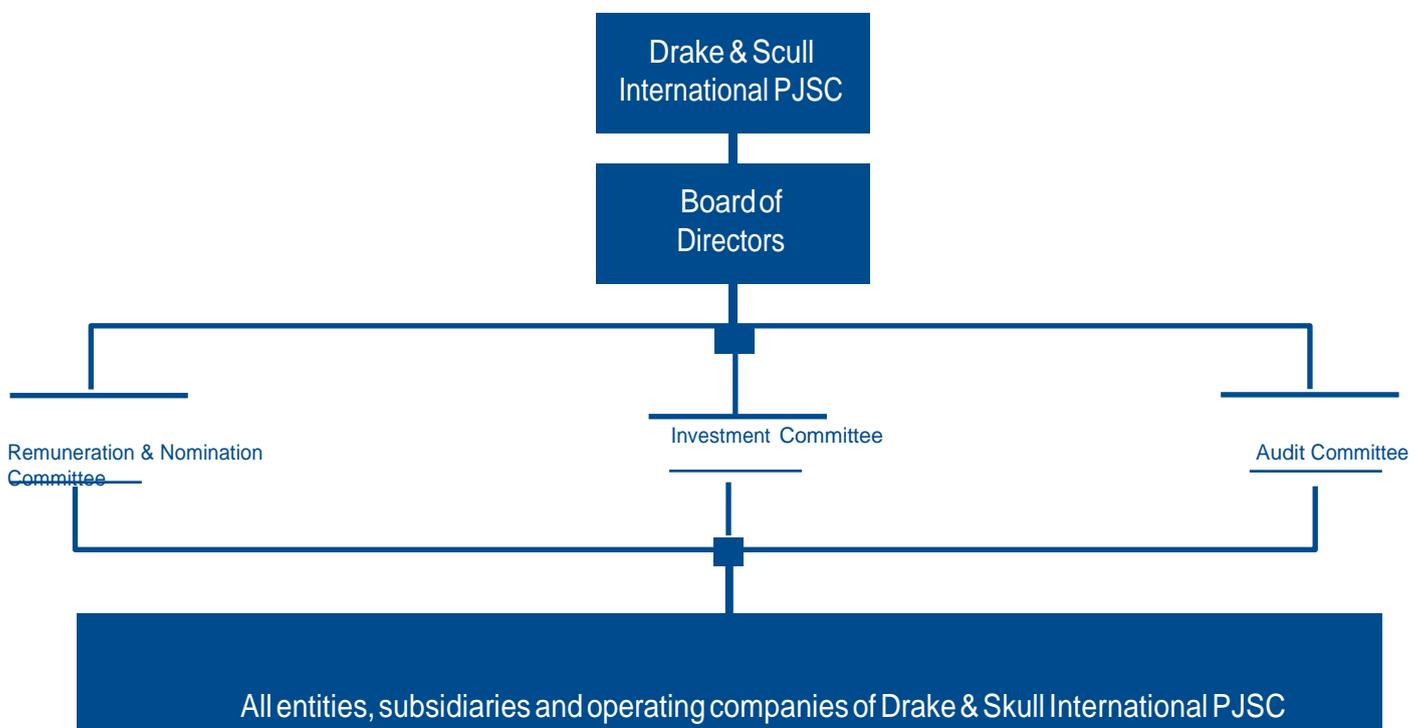
Drake & Scull International PJSC [DSI] is committed to the highest level of corporate governance, and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working ethos of the company, its management and Board of Directors.

The Corporate Governance framework takes into account the principles espoused and standards set by the Securities & Commodities Authority (SCA), Dubai Financial Market (DFM) and Commercial Companies Law Federal Law No (2) of 2015 in setting the direction and requirements for DSI.

The company has applied the ESCA Resolution No. (7 R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies in conjunction with the Company's Articles of Association.

Depicted below is the governance structure devised and in practice at DSI which aims to enhance the good governance practices in the Board and the executive management of the company

Governance Structure



All entities, subsidiaries and operating companies within Drake & Scull International PJSC have independent management for operational delivery, but are overseen in terms of strategy, compliance, governance, risk and audit by a single structure.

2. Board of Directors Disclosure

In practicing their duties, the Board of Directors is fully aware of, and clearly understands all applicable laws, rules, and regulations in order that they can comply with them under all circumstances.

Directors fulfil their responsibilities diligently and in accordance with the principles of integrity, fairness, and in conformity to the professional standards.

Director and Employee Trading:

Therefore the Directors and Employees may trade in DSI PJSC's shares under restricted conditions. They must notify the Securities and Commodities Authority and the Company Secretary prior to entering into a trade in DSI's shares.

Applicants undertaking insider trade are required to advise DSI Management before or at the same time as lodgment of their applications with DFM for an insider trade regardless of the value of the trade (Buy or Sell). DSI has the right to impose restrictions for periods

During which no insider trade will be allowed by Board of Directors and the Executive Management. Any such restrictions shall be approved in writing by the Chairman and the Group Chief Executive Officer of DSI.

DFM does not allow Insider trading fifteen days (15) before the date of submission of quarterly reporting to DFM and (10) Ten Working days prior to the announcement of any significant information which effects the share price by way of an increase or decrease in value, unless the information came about as a result of a sudden adventitious events.

In accordance with DFM requirements all trading undertaken by Board members and Executive Management is required to be reported to DFM on an annual basis or where appropriate more regularly.

There were no transactions by the Board of Directors or their first degree relatives in the company's shares for the year 2018.

Name	Positon/Relationship	Shares owned as of 31/12/2018	Total Sales in 2018	Total Purchases in 2018
Obaid Khadim Bin Touq Al Marri	Chairman	Nil	Nil	Nil
Ahmed Saeed Al Hamiri	Vice Chairman	Nil	Nil	Nil
Abdulla Subhi Atatreh	Board Member	Nil	Nil	Nil
Ahmad Al Kilani	Board Member	Nil	Nil	Nil
Khamis Juma Buamim	Board Member	Nil	Nil	Nil
Abdullah Al Matrooshi	Board Member	Nil	Nil	Nil
Mansour Al-Muhairi	Board Member	Nil	Nil	Nil

3. Composition of the Board of Directors and the statement of qualification of the board

The composition of the BOD for the year 2018

Name	Membership/Position in any other Joint Stock Companies	Duration of his membership in DSI's Board	Qualifications	Year of Experience	Category Executive/Non Executive	Position in any other important regulatory, government or Commercial Entity
Mr. Obaid Khadim Bin Touq	N/A	1 year	Masters of Science in Leadership & Innovation. Bachelor of Law & Political Science	15	Non-Executive	Founder of BTT (Bin Touq Transport LLC) and BTFS (Bin Touq Fire and Safety)
Mr. Ahmed Saeed Al Hamiri	Member of Board of Directors of Takaful Emarat	2 years	Bachelor of Political Science	15	Non-Executive	Member of the Board of Trustees Al Falah University
Mr. Abdulla Subhi Atatreh	Deputy Chairman of Takful Emarat PJSC	2 years	Bachelor of Civil Engineering, MBA	19	Non-Executive	Member of the Board of Trustees Al Ain University of Science & Technology
Mr. Ahmed Al Kilani	Board Member of Gulf Navigation PJSC and Takaful Emarat.	2 years	Bachelor of Finance and Banking, Business Administration in Finance	16	Non-Executive	Vice President of Finance and Investments at Prime Holding
Mr. Khamis Juma Buamim	Group Chief Executive Officer and Managing Director of Gulf Navigation Holding PJSC.	2 years	Bachelor of Management and Economics	27	Non-Executive	Member of the Advisory Board of Emirates Classification Society, Vice Chairman of the Federal Transportation Authority - Technical Committee.
Mr. Abdullah Al Matrooshi	Managing Partner of Al Owais & Al Matrooshi Advocates & Legal Consultants	1 year		01	Non-Executive	
Mr. Mohammad Atatreh	Board Member of Bonyan International Investment Group LLC	2 years	Bachelor of Accounting, MBA	14	Executive	Member of the Board of Trustees Al Falah University
Mr. Abdulla Fareed AlGurg	Board Member of National Bank of Fujairah and Board of Director of Al Gurg FOSROC LLC	1 Year	Bachelor of Marketing, MSc Project Management	16	Non-Executive	General Manager and Board Member Easa Saleh Al Gurg Group

- Mohammad Atatreh resigned from DSI PJSC Board on October 22, 2018. He was replaced with Abdullah Al Matrooshi
- Abdulla Fareed AlGurg resigned from DSI PJSC Board on October 09, 2018. He was replaced by Mr. Obaid Khadim Bin Touq.

3A) BODs membership in other PJSC companies and their titles in other prominent entities (Government and Private sector)



OBAID BAID KHADIM BIN TOUQ AL MARRI

CHAIRMAN - DSI BOARD

Mr. Obaid Bin Touq is a widely respected and experienced Emirati entrepreneur and business leader, and serves as DSI's chairman. He has been recognized for his contributions to UAE's economy, and was recently conferred the "Young Business Leader" award by Sheikh Hamdan bin Mohammed Al Maktoum at Mohammed Bin Rashid Award for Young Business Leaders.

He was also Ranked 11th on Forbes Business Leader UAE in 2015, as well as Emirati of the year at Gulf Capital SME Awards in 2015. The best businessman in UAE for 2018 at the Mohammed Bin Rashid International Awards.



Mr. Ahmed Saeed Al Hamiri

VICE CHAIRMAN - DSI BOARD

Mr. Ahmed Saeed Al Hamiri serves on the Board of Directors of Takaful Emarat PJSC and is also a member of the Board of Trustees of Al Falah University.

Mr. Al Hamiri is also an active investor in the UAE with investments in public and private companies in Dubai and Abu Dhabi.



MR. ABDULLA SUBHI AHMAD ATATREH

BOARD MEMBER- DSI BOARD

Mr. Abdulla Subhi Ahmad Atatreh is the Vice Chairman and Managing Director of Tabarak Investment. He is also the Chairman of Bonyan International Investment Group.

Mr. Atatreh is also on the Board of Trustees of Al Ain University and is the Deputy Chairman of Takaful Emarat PJSC.



Mr. Ahmad Al Kilani

BOARD MEMBER- DSI BOARD

Mr. Ahmad Al Kilani is the Chief Executive Officer of Tabarak Investment LLC. He serves as a board member in Gulf Navigation PJSC and Takaful Emarat.

Mr. Kilani was previously the Vice President of Finance and Investments at Prime Investments, Dubai.



Mr. Khamis Juma Buamim

BOARD MEMBER- DSI BOARD

Mr. Khamis Juma Buamim is the Group Chief Executive Officer and Managing Director of Gulf Navigation Holding PJSC. He is also the Chairman of Dubai Council for Marine & Maritime Industries and Federal Committee for the Revision and Update of the Maritime Law.

He also serves as the Member of the Dubai Government Crises and Disasters Management Team, Member of the Advisory Board of Emirates Classification Society, Vice Chairman of the Federal Transportation Authority - Technical Committee, Advisor to the Career Gulf Development, and Senior Advisor in the MENA – Business Strategies and International Energy.



Mr. Abdullah Al Matrooshi

BOARD MEMBER- DSI BOARD

Mr. Al Matrooshi is the Managing Partner of Al Owais & Al Matrooshi Advocates and Legal Consultants, he is active as lawyer since 2006 and has the right of audience before all UAE courts. Mr. Al Matrooshi has extensive experience as lawyer and he has represented notable clients from the UAE and abroad, individuals and companies, private as well as public both as complainants and as defendants.

3B) Women Representation on DSI PJSC Board for 2018 (in case of non-representation please mention that)

There is no women representation on the Board of Directors in 2018.

3C) A statements on the reasons why no female candidates were nominated for membership on the Board of Directors

Three women candidates were nominated for the membership on the Board of Directors, but they were not elected by shareholders.

3D) Board Members Remunerations

It is the responsibility of the Nomination & Remuneration Committee to determine the value of rewards for members of the Board of Directors taking into consideration the following:

- i. Securities & Commodities Authority requirements: The remuneration of board members shall be a percentage of net profit. Moreover, the Company may pay ancillary expenses or fees or a monthly salary in the amount fixed by the board of directors to any member if such a member works in any committee, exerts special efforts or undertakes additional duties for the Company beyond his/her normal duties as a member of the board of directors of the company.
- ii. Dubai Financial Market requirements.
- iii. Drake & Scull's Articles of Association.
- iv. UAE Commercial Companies Federal Law # 2 of 2015. In all cases, the remunerations of board members may not exceed ten percent (10%) of net profits, having deducted depreciation and reserve.
- v. Level of fees paid to Directors, Non-Executive Directors and Independent Directors by other companies of similar size and stature.

3.D.1) Board Members Remunerations paid for the year 2017

The Board of Directors have not received any allowances for attending Board Meetings for the year 2017.

3.D.2) Total Remunerations of the Board Members proposed for the year 2018 which will be presented at the AGM for approval

The Board of Directors have not received any allowances for attending Board Meetings for the year 2018.

3.D.3) A statement of the attendance fees of the Board of Directors' meetings for the fiscal year 2018 according to the following table:

	Name	Attendance fees for meetings of committees emanating from the Council		
		Name of the committee	Allowance	Number of meetings
1	Mr. Khamis Juma Buamim	Nomination & Remuneration Committee	-	One meeting
2	Mr. Ahmed Said Al Hamiri	Nomination & Remuneration Committee	-	One meeting
3	Mr. Ahmad Al Kilani	Nomination & Remuneration Committee	-	One meeting
4	Mr. Ahmed Said Al Humairi	The Audit Committee	-	Four meetings
5	Mr. Khamis Juma Buamim	The Audit Committee	-	Four meetings
6	Mr. Ahmad Al Kilani	The Audit Committee	-	Four meetings

4A) Board Meetings convened during the Year 2018 with the dates of the meeting, the number of times of personal attendance of all members and the members present by proxy

Name	BOD Meeting 1	BOD Meeting 2	BOD Meeting 3	BOD Meeting 4	BOD Meeting 5	BOD Meeting 6	BOD Meeting 7	BOD Meeting 8
	27-Mar-18	26-Apr-18	14-May-18	13-Aug-18	3-Sep-18	22-Oct-18	13-Nov-18	25-Dec-18
Obaid Khadim Bin Touq	Not Applicable	Attended	Not Attended	Attended				
Ahmed Saeed Al Hamiri	Attended							
Abdulla Subhi Atatreh	Attended							
Ahmed Al Kilani	Attended							
Khamis Juma Buamim	Attended							
Abdullah Al Matrooshi	Not Applicable							
Mansour Almheiri	Not Applicable	Not Applicable	Attended	Attended	Attended	Not Attended	Not Attended	Not Applicable
Mohammad Subhi Atatreh	Attended	Not Applicable						
Abdulla Fareed Algurg	Attended	Not Attended	Attended	Not Attended	Not Attended	Not Applicable	Not Applicable	Not Applicable

- Mohammad Atatreh resigned from DSI PJSC Board on October 22, 2018. He was replaced with Abdullah Al Matrooshi
- Abdulla Fareed Algurg resigned from DSI PJSC Board on October 09, 2018. He was replaced by Mr. Obaid Khadim Bin Touq

4B) A statement of the BOD's tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the Management, stating the period and validity of the delegation.

S.No	Authorized person	Delegation authority	Duration of Delegation
1	Mohammad Subhi Atatreh	Financial, management and operational powers	From 14/5/2018 to 25/12/2018
2	Dr. Fadi Feghali	Administrative and operational powers	From 14/5/2018 to 31/12/2018
3	Muin El Saleh	Administrative and operational powers	From 17/10/2017 to 17/9/2018
4	Yousef Al Mulla	Financial, administrative and operational powers to represent Drake & Scull PJSC and its subsidiaries	From 13/8/2018 to 25/12/2018

4c) Details of transactions with related parties (stakeholders) and highlights on the nature of relation and type of transaction

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

Due from related parties:

	2018 AED'000	2017 AED'000
Joint arrangements	57,191	61,995
Affiliates	6,112	2,631
Related to Assets held as discontinued operations (Note 31)	(179)	-
Related to Assets lost Subsidiary (Note 32)	(160)	-
	62,964	64,626

Due to related parties:

	2018 AED'000	2017 AED'000
Joint arrangements	52,451	106,231
Affiliates	203,579	119,072
Related to Assets held as discontinued operations (Note 31)	(159,751)	-
Related to Assets lost Subsidiary (Note 32)	(16,222)	-
	80,057	225,303

Significant related party transactions:

Significant related party transactions during the year with affiliates amounted to AED 92 million (2017: AED 8.386 million) that mainly represent funds received to meet working capital requirements.

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

	2018 AED'000	2017 AED'000
Short term benefits	16,049	28,379
Employees' end of service benefits	3,812	473
	19,861	28,852

4D) The organizational structure of the company including at least the first and second grades, such as the General Manager and/or the Chief Executive Officer, the Deputy General Manager, and other Managers such as the Financial Director..



4e) A detailed statement of the senior executive management of first and second grades according to the corporate organizational structure along with their functions, dates of appointment and total salaries and bonuses paid to them:

Position	Date of Joining	Remuneration AED	Bonus AED	Any Other Remuneration AED
Group Chief Executive Officer	24 Aug 2018	469,499	NIL	NIL
Group Chief Financial Officer	1 July 2018	670,712	NIL	NIL
CEO -UAE Business	5 June 2017	1,743,852	NIL	NIL
CEO Passavant and Oil & Gas	22 Oct 2010	1,563,055	NIL	NIL
Chief Strategy Officer	5 Sep 2017	2,012,137	NIL	NIL
Chief Operating Officer	1 Nov 2017	1,244,353	NIL	NIL
General Council & Board Secretary	12 Aug 2010	1,237,000	NIL	NIL

5. External Auditors

Details of the external auditor of the Company:

Ernst & Young a multinational professional services firm headquartered in London, England, United Kingdom. EY is one of the largest professional services firms in the world and is one of the "Big Four" accounting firms.	
Number of years as external Auditor	1 year
Total auditing fees for financial statements of 2018	1,298,000 (AED)
Fees and costs of other special services other than the financial statements auditing of 2018 (if any), if no other fees, please expressly state that.	AUP 1 : USD 7,500 Approx. – AED 27,525 AUP 2 : USD 15,000 Approx. – AED 55,050
Details and nature of the other provided services (if any), if no other services, please expressly state that.	AUP performed by E&Y were in respect of the following AUP 1 : Report to ESCA on Provisions AUP 2 : Report to ESCA on utilization of AED 500 Million invested in DSI PJSC
Statement of other services provided by another external auditor to the company	We have appointed Grant Thornton for IFRS Engagement
Please kindly add a statement listing the reservations made by the Company's auditor in the interim and annual financial statements for 2018. In the absence of any reservations, this should be stated explicitly.	<input type="checkbox"/> Review of opening balances and working papers of the predecessor auditor <input type="checkbox"/> Intercompany reconciliations and related consolidation differences <input type="checkbox"/> Audit of material subsidiaries <input type="checkbox"/> Audits of the Group entities in the UAE <input type="checkbox"/> Reporting of a material subsidiary in Qatar <input type="checkbox"/> External lawyers' confirmations <input type="checkbox"/> Bank confirmations <input type="checkbox"/> Impairment assessment of Property and equipment <input type="checkbox"/> IFRS 15 adjustments <input type="checkbox"/> Going concern assessment

6. Audit Committee

Composition of Audits Committee:

Responsibilities of the Audit Committee:

- i. Shortlist and recommend the appointment of external auditors and issue a report to the board of directors to set forth the issues in respect of which an action shall be adopted together with recommendations on necessary steps to be adopted
- ii. Oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of auditing pursuant to approved audit standards
- iii. Oversee the integrity of and review the Company's financial statements and annual, semi-annual and quarterly reports in the course of its operations during the year and shall, in particular, focus on:
 - any changes of accounting policies and practices
 - highlighting matters that are subject to the management's judgment
 - material amendments emerging out of auditing
 - assumption of the Company's going concern
 - adherence to the accounting criteria set by the Authority
 - adherence to listing and disclosure rules as well as other financial reporting legal requirements
- iv. Shortlist and recommend the appointment of external auditors and issue a report to the board of directors to set forth the issues in respect of which an action shall be adopted together with recommendations on necessary steps to be adopted

NAME	TITLE	1 st AC Meeting 22Mar1	2 nd AC Meeting 17Apr18	3 rd AC Meeting 14May18	4 th AC Meeting 13Aug18	5 th AC Meeting 13Nov18
Mr. Ahmed Said Al-Humairi	Chairman	Attended	Attended	Attended	Attended	Attended
Mr. Khamis Bouamim	Member	Attended	Attended	Attended	Attended	Attended
Mr. Ahmed Al-Kilani	Member	Attended	Attended	Attended	Attended	Attended

Responsibilities of the Audit Committee:

- v. Oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of auditing pursuant to approved audit standards
- vi. Oversee the integrity of and review the Company's financial statements and annual, semi-annual and quarterly reports in the course of its operations during the year and shall, in particular, focus on:
 - any changes of accounting policies and practices
 - highlighting matters that are subject to the management's judgment
 - material amendments emerging out of auditing
 - assumption of the Company's going concern
 - adherence to the accounting criteria set by the Authority
 - adherence to listing and disclosure rules as well as other financial reporting legal requirements
- vii. Adherence to listing and disclosure rules as well as other financial reporting legal requirements
- viii. Coordinate with the board of directors, the executive management and the financial manager or the manager assuming the same duties in the company in order to duly fulfil its duties. The Committee shall hold a meeting with the company's external auditor at least once per annum
- ix. Consider any outstanding unconventional issues that are or have to be reflected in these reports and accounts and shall pay necessary attention to any issues raised by the financial manager of the Company, the manager assuming the same duties, the compliance officer or the external auditor
- x. Review the Company's financial control, internal control and risk management systems
- xi. Discuss the internal control system with management and make sure that it fulfils its duty to develop an effective internal control system
- xii. Consider findings of main investigations into internal control issues to be assigned thereto by the board of directors or at the initiative of the Committee upon the approval of the board of directors.
- xiii. Ensure coordination between internal and external auditors, ensure availability of necessary resources for internal audit body, review and control the efficiency of this body
- xiv. Review the Company's financial and accounting policies and procedures
- xv. Review the mission and action plan of the external auditor and any material inquiries raised by the auditor to the management in respect of accounting records, financial accounts or control systems, respond thereto and approve the same
- xvi. Ensure that the board of directors responds on a timely basis to inquiries and material issues raised in the external auditor's mission
- xvii. Develop rules that enable the employees of the Company to secretly report any potential violations in financial reports, internal control or other issues and adequate steps to conduct independent, fair investigations into these violations
- xviii. Oversee the scope of the Company's compliance with its code of conduct
- xix. Ensure application of rules of operation in connection with their duties and powers assigned thereto by the board of directors
- xx. Issue a report to the board of directors
- xxi. Consider any other issues as the board of directors may determine

7 Remuneration & Nomination Committee

Remuneration & Nomination Committee Composition:

NAME	TITLE	NRC Meeting 25 Dec 2018
Mr. Mohammad Atatreh	Member	Attended
Mr. Ahmed Said Al-Humairi	Member	Attended
Mr. Ahmed Al-Kilani	Member	Attended

Responsibilities of the Remuneration Committee:

- Approve Policies and Procedures related to Human Resource Management, as proposed by the Corporate HR Director, and monitor the same on an annual basis
- Determine the company's need for suitably qualified and experienced personnel who will be either members of the Board of Directors or the Executive Committee, and for recommending the criteria for selecting the same
- Approve the Policy prepared by the Corporate HR Director pertinent to the remuneration, privileges, incentives and salaries to the Members of the Company's Board of Directors and the Executive Committee and to review the same on an annual basis
- Ensure that the remuneration, privileges, incentives and salaries granted to the members of the Board of Directors and Executive Committee are rational and proportionate with the performance of the Company and are in accordance with the provisions set out in Section 3.B.I and 3.B.II of this report
- Arrange and follow up on the procedures pertaining to the proposal for membership of the Board of Directors in accordance with the provisions of the applicable laws, regulations and company policies
- Continuously ensure the independence of the Independent and non-Executive Members of the Board of Directors

8. Insider Share Dealing (Disclosure Committee)

For 2018 and beyond, the company has established a new Committee which will focus on the effective monitoring and control of share dealings by all Members of the Board of Directors and the Executive Committee.

Insider Share Dealing (Disclosure) Committee Composition:

NAME	TITLE
Yousef Al Mulla	Group Chief Executive Officer
Prabhakar G Raut	Group Chief Financial Officer
Rabih Abou Diwan	Investor Relations Director
Imran Saeed	Chief Compliance Officer
Hani Hirzallah	Head of Human Resource

Note that the day-to-day management and monitoring of the relevant Policies and Procedures pertaining to insider share dealing will be undertaken by the Investor Relations Director and will be overseen by the Chief Compliance Officer on behalf of the Disclosure Committee

Responsibilities of the Disclosure Committee:

- a. Develop and recommend for approval appropriate Policies and Procedures that will manage the risks to the company from uncontrolled or unauthorized share dealings by individuals that have access to company privileged information
- b. Maintain a register of all insider share dealings by the members of the Board of Directors, the Executive Committee or any other person that may have legitimate access to privileged information either as a DSI employee or an external party engaged by DSI such as a consultant
- c. To monitor, review and approve or otherwise any share dealings by members of the Board of Directors, Executive Committee or other party that may have access to company privileged information

9. The BOD’s acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness

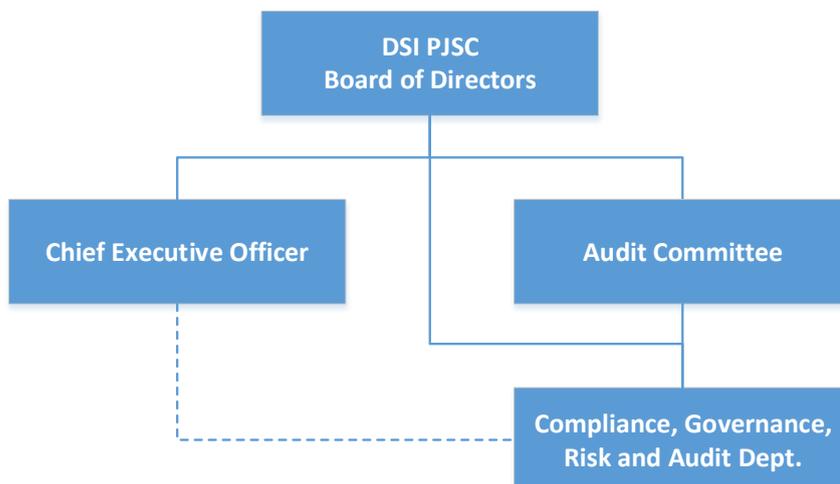
The Board of Directors acknowledges its responsibility towards the application, review and efficiency of the Company's internal control system by maintaining an effective and robust Internal Control mechanism. The Board has obligated upon itself to promote and deploy the best risk management practices, 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.

The Internal Control Management performs its duties according to the governance requirements and corporate discipline standards detailed in the Internal Control Department charter and manual, including ensuring the operating effectiveness of the company’s risk management structure, compliance standards and internal Control system. The internal control department reports to the board and its employees are sufficiently independent to perform their duties and obligations.

The Internal Control Management reports all material violations or non-compliances to the Board through the audit committee.

9A Structure

Internal Control is an independent Department reporting directly to the Board of Directors through the Internal Audit Committee & administratively to the CEO as depicted below



9B Internal Control Director & Compliance officer

Name: Imran Saeed

Title: Head of Internal Control Director & Compliance Officer

Date of appointment

Head of Internal Control Department: February 25, 2018

Compliance Officer: August 13, 2018

Qualifications: Member of Institute of Chartered Accountants of Pakistan

Experience: Mr. Imran has over 17 years of entrepreneurial experience. He has experience of working with the Capital Market Regulators and Industrial Conglomerate in the fields of Controls & Governance. He is a Chartered Accountant and brings with him professional experience of over 13 years. The Corporate Compliance Manager reports to the Internal Control Director on all compliance and regulatory matters,

His extensive experience in these areas makes him the ideal person to lead the corporate governance, risk and compliance approach, and lead the internal audit function within Drake & Scull.

9C Internal Control Department dealing with major problems

Internal Control department refers all unresolved control gaps posing major risks to the internally formulated DSI governance committee seeking resolution. In case the issue remains unresolved, the matter is elevated to the attention of Audit Committee and finally to the Board of Directors.

10. Non-conformity during the year 2018

During the year 2018, DSI PJSC has not incurred any penalties neither were any strictures imposed on the company by ESCA or any statutory authority, on any matter in relation to capital markets.

There were no Non-compliances noted during the year.

11. Community development & Environmental Conservation contribution during 2018

The Company recognizes its responsibility as a member of the society in which it operates.

The Company has devised Policies, procedures and has systems which have been put in place to address health, safety and environmental concerns. The Company complies with all applicable Government environmental laws and regulations with particular focus on efficient management of resources and the reduction of waste.



12. Shareholders' Communication

The Company ensures that shareholders and the market receive high quality, relevant and accurate information in a timely manner. There is a dedicated Investor relation team for shareholders as well as a dedicated index on the website for shareholders.

The General Assembly is the primary opportunity for shareholders to meet with the Board and Senior Executives face-to-face.

A copy of the Annual Report, as well as the report of the Chairman of the Board of Directors, is made available to the shareholders along with the agenda for the Annual Ordinary General Assembly. Also the Corporate Governance report is available on the ESCA website prior to the Annual General Meeting for the Shareholders to review.

Shareholders attending the venue are given the opportunity to ask questions during the course of the meeting.

The External Auditor also attends the General Assembly Meeting to present the audit report and is available to answer questions or clarification.

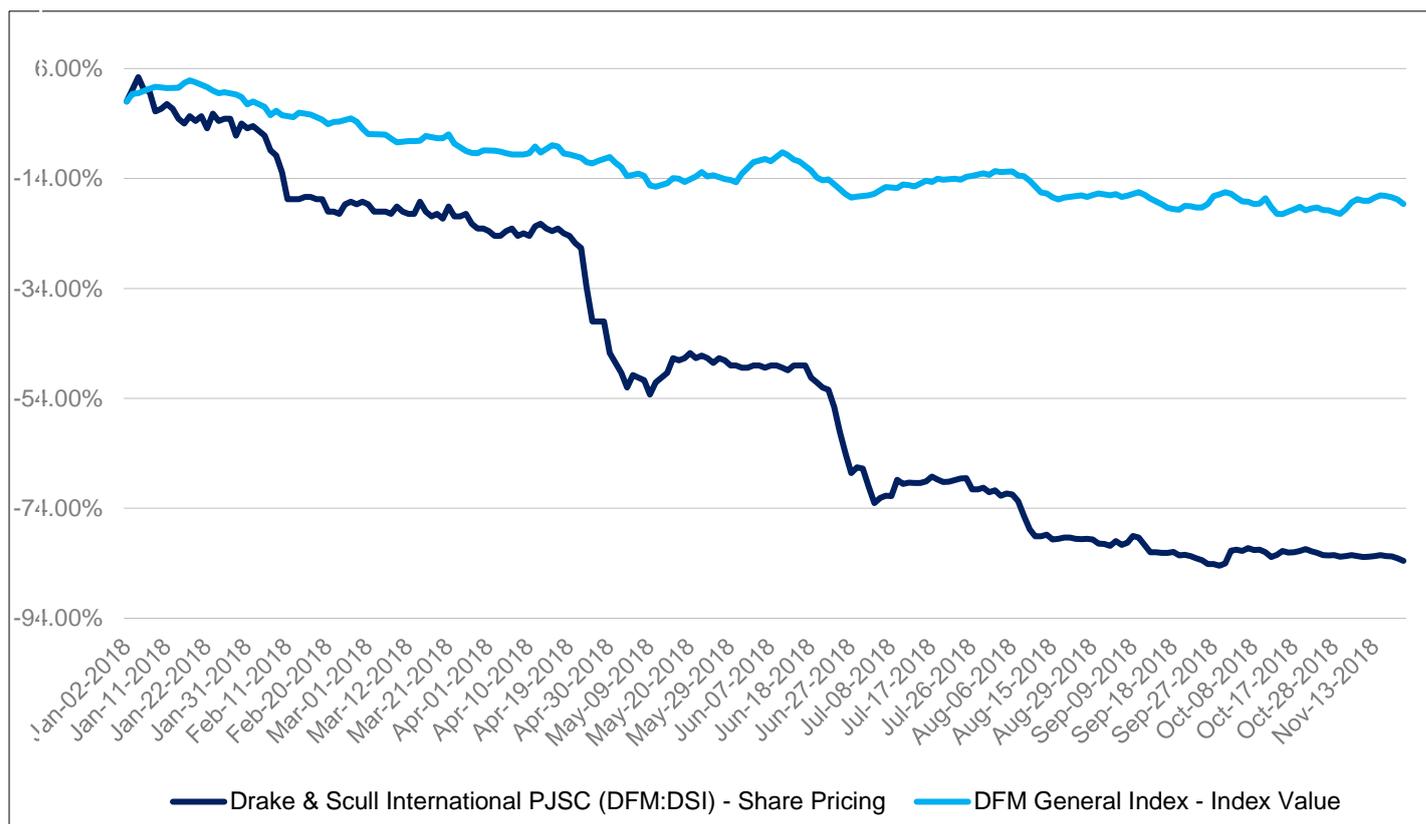
13. General Information

13A) Share price at the end of each month of 2018 comparative with market index and industry

Month	Close Price at End of the Month	Maximum Price during the Month	Minimum Price during the Month	Market Index	Sector Index
January	2.14	2.16	2.13	3,394	6,760
February	1.84	1.84	1.80	3,244	6,232
March	1.73	1.75	1.71	3,109	6,021
April	1.22	1.43	1.22	3,066	5,885
May	1.16	1.19	1.14	2,964	5,394
June	0.75	0.78	0.66	2,821	5,089
July	0.65	0.66	0.65	2,956	5,292
August	0.44	0.46	0.44	2,840	5,045
September	0.35	0.36	0.35	2,835	4,979
October	0.39	0.40	0.39	2,785	4,974
November	0.37	0.38	0.37	2,776	4,944
December	-	-	-	-	-

**Last Trading date 13 November 2018 as suspended by SCA*

13B) Company's share performance



* The above information is till 13 November 2018 as DSI Trading were suspended by SCA

13C) Shares Distributions as of December 31, 2018

Statement	National	GCC	Arab	Foreign	Total	%age
Individual	579,726,212	19,200,936	128,695,117	66,904,392	794,526,657	74.19%
Companies	241,789,959	20,342,277	5,418,151	-	267,550,387	24.98%
Banks	6,017,590	404,951	133,324	469,338	7,025,203	0.66%
Governments	518,442	-	-	-	518,442	0.05%
Institution (Sole Property)	1,367,058	-	-	-	1,367,058	0.13%
Total	829,419,261	39,948,164	134,246,592	67,373,730	1,070,987,747	100%
% Share Capital	77.4%	3.7%	12.5%	6.3%	100.0%	

13D) Share Holders with 5% or more shares as on December 31, 2018

Share holders Name	Number of owned shares	Percentage of the owned shares from the company's capital
Ajman Bank	139,900,000	13.06%

13E) A statement of shareholders distribution by the size of equity as of 31/12/2018 using the table below

S.	Shares ownerships	Number of shareholders	Number of owned shares	Percentage of owned shares from the company's capital
1	Less than 50,000	16,731	46,045,309	4.58 %
2	From 50,000 to less than 500,000	1,409	238,585,311	22.28 %
3	From 500,000 to less than 5,000,000	327	411,468,097	38.42 %
4	More than 5,000,000	23	374,889,030	35.01

13F) Investor Relations Function

The Director of Investor Relations, Mr. Rabih Abou Diwan manages the Investor relations department. The DSI Investor Relations Team primary role is to develop an effective outreach and communications program to engage with the Investor Community at large. To contact the mobile phone number 0528003412 you can find below the investor relations page link on the company's website. <http://www.drakescull.com/internethome/en/irhome>. The responsibility of the Investor Relations Team is strategic and integrates strategy, finance, communication, marketing and compliance with corporate governance to enable the most effective interaction between DSI, the shareholders, the Investors, the financial community and other stakeholders to ultimately contribute to a fair valuation of the company. The DSI Investor Relations communicates the strategy and the investment proposition of the company throughout the fiscal year.

Key roles included but not limited to:

- i. Formulating the Investment Story
- ii. Development of value proposition and key messaging
- iii. Engagement with the Investor Community (Shareholders, Retail & Institutional Investors Sell side & Buy Side Analysts)
- iv. Shareholder identification and Investor targeting
- v. Handles inquiries from shareholders, Investors, as well as others stakeholders
- vi. Competitive and market analysis
- vii. Development of Investor communications and disclosure material (Investor Presentations, Annual Report, Financial Press releases)
- viii. Plan and implement Investor events & road shows
- ix. Plan & manage the AGM
- x. Manage Financial media
- xi. Raises Feedback and strategic input to management on market perception
- xii. Facilitate Investor access to Executive Management

13G) Statement of the decisions that have been presented in the General Assembly, held during the year 2018 and the actions taken on them

The General Assembly unanimously approved to absolve the members of the Board of Directors who were elected after the entrance of the strategic partner for the financial Year ended on 31st December 2017.

The General Assembly approved by majority to absolve the previous Board members before the entrance of the strategic partner for the financial year ended on December 31, 2017 except for the following former members which the General Assembly did not absolve:

- Mr. Khaldoun Rashid Al-Tabari
- Mrs. Zeina Khaldoun Al Tabari.

13H) The name of the board secretary and the date of his/her appointment.

Name: Fadi Saba

Title: General Council & Board Secretary

Date of appointment

General Council: August 12, 2010

Board Secretary: April 29, 2018

13I) A statement of the significant events that took place in the Company in 2018

Drake & Scull International shares were suspended by SCA on November 13, 2018.

13J) A statement of the Emiratisation percentage in the Company as of 2018.

- GTCC: 1 employee (UAE Nationals)
- Dubai: 7 employees (UAE Nationals)
- Abu Dhabi: 4 employees (UAE Nationals)

In % terms it is close to 0.22% .

13K) A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2018.

In 2018, we continued the global "Because We Care" HSE initiative, a collaboration between the QHSE and Corporate Communications department, wherein the importance of physical and mental health was conveyed across the organization hierarchy. Based on three pillars – Healthy People, Healthy Places, and Communication & Promotion, we provided timely information, updates, and monthly themes such as "Safe Workplace", "Stay Hydrated", and "Don't panic, go organic!" to ensure an engaging experience for our employees.