

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

Interim Condensed Consolidated  
Financial Statements  
For the period ended March 31, 2026

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
**Interim Condensed Consolidated Financial Statements**  
**For the three-month period ended March 31, 2026**

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

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Drake and Scull International (P.J.S.C) (the “Company”) and its subsidiaries (collectively referred to as “the Group”), comprising the interim consolidated statement of financial position as at March 31, 2026, and the related interim consolidated statement of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

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

### Basis for Qualified Conclusion

*i. Bank Balances*

We were not provided with sufficient appropriate audit evidence to verify the existence of bank balances with a gross carrying amount of AED 10,298 thousand as at March 31, 2026 and AED 10,402 thousand as at December 31, 2025 and completeness and accuracy of guarantees and bonds of AED 114,926 thousand as at March 31, 2026 and AED 143,255 thousand as at December 31, 2025. Consequently, we were unable to determine whether any adjustments were necessary to the related amounts and disclosures in the interim condensed consolidated financial statements as at March 31, 2026. Our opinion on the Group’s consolidated financial statements as at and for the year ended December 31, 2025 was also modified in respect of this matter.

*ii. Discontinued Operations*

We were not provided with sufficient appropriate audit evidence to verify the existence, completeness and accuracy of the transactions and balances disclosed in Note 26 to the interim condensed consolidated financial statements in connection with the discontinued operations. Consequently, we were unable to determine whether any adjustments were necessary in respect of amounts and disclosures concerning discontinued operations included in the interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2026. Our opinion on the Group’s consolidated financial statements as at and for the year ended December 31, 2025 was also modified in respect of this matter.



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

### Basis for Qualified Conclusion (continued)

#### iii. *Legal Status*

We were not provided with sufficient appropriate audit evidence to verify the completeness and accuracy of the potential financial impact that may result from legal matters as at March 31, 2026. Consequently, we were unable to determine whether any adjustments or additional disclosures might have been necessary in relation to legal matters in the interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2026. Our opinion on the Group's consolidated financial statements as at and for the year ended December 31, 2025 was also modified in respect of this matter.


### Qualified Conclusion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the interim condensed consolidated financial statements, which indicates that, as at March 31, 2026, the Group's accumulated losses exceeded 50% of the share capital. As stated in Note 2(b), this event or condition, along with other matters as set forth in Note 2(b), indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

### GRANT THORNTON UAE

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



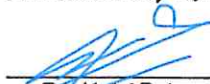
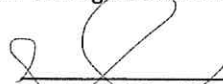


May 13, 2026

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

**Interim consolidated statement of financial position**  
**As at March 31, 2026**

	Notes	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	2,462	2,756
Development property	4	34,281	24,863
Right-of-use assets	6	7,561	7,968
Deferred tax assets	23	17,193	17,543
Trade receivables	7	37,410	22,875
Retentions receivable	7	17,152	13,119
		<u>116,059</u>	<u>89,124</u>
<b>Current assets</b>			
Trade and other receivables	7	184,920	178,681
Contract assets	19	25,805	35,497
Due from a related party	9	-	25,068
Financial assets at fair value through profit or loss	8	525	644
Cash and bank balances	10	209,372	235,092
		<u>420,622</u>	<u>474,982</u>
Assets held-for-sale	26	46,681	46,703
		<u>467,303</u>	<u>521,685</u>
<b>TOTAL ASSETS</b>		<u>583,362</u>	<u>610,809</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	2,886,697	2,886,697
Share discount		(1,359,345)	(1,358,069)
Treasury shares	12	(9,264)	(4,094)
Mandatory convertible sukuk	13	370,470	370,470
Foreign currency translation reserve		(25,128)	(23,538)
Accumulated losses		(1,671,603)	(1,676,028)
<b>Total equity</b>		<u>191,827</u>	<u>195,438</u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		6,473	7,868
Lease liabilities	15	4,696	6,947
		<u>11,169</u>	<u>14,815</u>
<b>Current liabilities</b>			
Provisions	14	74,137	108,408
Lease liabilities	15	3,329	1,342
Bank borrowings	16	9,846	9,859
Trade and other payables	17	152,417	137,821
Contract liabilities	19	56,937	59,793
Income tax payable		1,045	435
		<u>297,711</u>	<u>317,658</u>
Liabilities directly associated with the assets held-for-sale	26	82,655	82,898
		<u>380,366</u>	<u>400,556</u>
<b>Total liabilities</b>		<u>391,535</u>	<u>415,371</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>583,362</u>	<u>610,809</u>

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on May 13, 2026 and were signed on their behalf by:

 Dr. Abdul Rahman Mahmoud Al Afifi Board Member	 Khaled Owaidat Board Member	 Muin El-Saleh Chief Executive Officer	 Khalid Sukhon Chief Financial Officer
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The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements.

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

**Interim consolidated statement of profit or loss**  
**For the three-month period ended March 31, 2026**

	Notes	Three-month period ended March 31,	
		2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
<b>Continuing operations:</b>			
Revenue from contract with customers	19	76,609	30,369
Cost of revenue	20	(68,366)	(28,180)
<b>GROSS PROFIT</b>		<b>8,243</b>	<b>2,189</b>
General and administrative expenses	21	(12,410)	(11,448)
Impact of discounting on trade and retention receivables		(1,772)	-
Restructuring costs		(866)	(1,306)
Allowance for expected credit losses of trade receivables		-	(153)
Allowance for expected credit losses of due from a related party		(25,151)	-
Finance income		2,264	4,049
Finance cost		(205)	(362)
Other income	22	34,781	10,382
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>4,884</b>	<b>3,351</b>
Income tax expense	23	(787)	(897)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>4,097</b>	<b>2,454</b>
<b>Discontinued operations:</b>			
Profit from discontinued operations	26	328	-
<b>PROFIT FOR THE PERIOD</b>		<b>4,425</b>	<b>2,454</b>
<b>Attributable to:</b>			
<b>Equity holders of the Parent:</b>			
Profit from continuing operations		4,097	2,454
Profit from discontinued operations		328	-
		<b>4,425</b>	<b>2,454</b>
<b>Earnings per share:</b>			
Basic earnings per share (AED)	24	<b>0.0015</b>	<b>0.0009</b>
Diluted earnings per share (AED)	24	<b>0.0010</b>	<b>0.0006</b>

The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements.

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

**Interim consolidated statement of other comprehensive income**  
**For the three-month period ended March 31, 2026**

	<b>Three-month period</b>	
	<b>ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>PROFIT FOR THE PERIOD</b>	<b>4,425</b>	<b>2,454</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of continuing foreign operations	(1,484)	384
Exchange differences on translation of discontinued foreign operations	(106)	(207)
<b>Other comprehensive (loss)/income for the period</b>	<b>(1,590)</b>	<b>177</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,835</b>	<b>2,631</b>
<b>Attributable to:</b>		
Equity holders of the Parent	2,835	2,838
Non-controlling interest	-	(207)
	<b>2,835</b>	<b>2,631</b>

The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements.

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

**Interim consolidated statement of changes in equity**  
**For the three-month period ended March 31, 2026**

	Attributable to equity holders of the Parent							Total equity AED'000
	Share capital AED'000	Share discount AED'000	Treasury shares AED'000	Statutory reserve AED'000	Mandatory convertible Sukuks AED'000	Foreign currency translation reserve AED'000	Accumulated losses AED'000	
At January 1, 2026 (audited)	2,886,697	(1,358,069)	(4,094)	-	370,470	(23,538)	(1,676,028)	195,438
Profit for the period	-	-	-	-	-	-	4,425	4,425
Other comprehensive loss for the period	-	-	-	-	-	(1,590)	-	(1,590)
Total comprehensive income for the period	-	-	-	-	-	(1,590)	4,425	2,835
Treasury shares	-	(1,276)	(5,170)	-	-	-	-	(6,446)
<b>At March 31, 2026 (unaudited)</b>	<b>2,886,697</b>	<b>(1,359,345)</b>	<b>(9,264)</b>	<b>-</b>	<b>370,470</b>	<b>(25,128)</b>	<b>(1,671,603)</b>	<b>191,827</b>

	Attributable to equity holders of the Parent							Total equity AED'000
	Share capital AED'000	Share discount AED'000	Treasury shares AED'000	Statutory reserve AED'000	Mandatory convertible Sukuks AED'000	Foreign currency translation reserve AED'000	Accumulated losses AED'000	
At January 1, 2025 (audited)	2,886,697	(1,356,204)	(433)	479,454	368,130	(23,378)	(2,079,873)	274,393
Profit for the period	-	-	-	-	-	-	2,454	2,454
Other comprehensive income for the period	-	-	-	-	-	384	-	384
Total comprehensive income for the period	-	-	-	-	-	384	2,454	2,838
Treasury shares	-	(106)	(8,663)	-	-	-	-	(8,769)
<b>At March 31, 2025 (unaudited)</b>	<b>2,886,697</b>	<b>(1,356,310)</b>	<b>(9,096)</b>	<b>479,454</b>	<b>368,130</b>	<b>(22,994)</b>	<b>(2,077,419)</b>	<b>268,462</b>

The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements.

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

**Interim consolidated statement of cash flows**  
**For the three-month period ended March 31, 2026**

	Notes	Three-month period ended March 31	
		2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		4,884	3,351
Profit from discontinued operations	26	328	-
Profit before tax		5,212	3,351
<i>Adjustments for:</i>			
Depreciation of property and equipment	3	260	68
Depreciation of right-of-use assets	6	380	235
Write back of liabilities and provisions	22	(34,545)	(10,020)
Change in fair value of financial assets at FVTPL	22	119	-
Impact resulting from the discounting of receivables		1,772	-
Provision for employees' end-of-service benefits		159	131
Finance cost		205	362
Allowance for expected credit losses of trade receivables		-	153
Allowance for expected credit losses of due from a related party		25,151	-
Finance income		(2,264)	(4,049)
		(3,551)	(9,769)
<i>Changes in working capital:</i>			
Trade and other receivables		(23,195)	(16,467)
Amounts due from related parties		(83)	(143)
Trade and other payables		12,410	3,056
<b>Cash used in operations</b>		(14,419)	(23,323)
Income tax paid		(160)	(601)
Payment of employees' end of service benefits		(1,466)	(143)
<b>Net cash flows used in operating activities</b>		(16,045)	(24,067)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	3	(7)	(313)
Purchase of development property	4	(9,418)	(21,111)
Interest income received		2,356	383
<b>Net cash flows used in investing activities</b>		(7,069)	(21,041)
<b>FINANCING ACTIVITIES</b>			
Loan paid during the period		-	(3,000)
Loan received during the period		-	2,981
Acquisition of treasury shares, net		-	(8,663)
Payment of lease liabilities		(359)	(369)
Finance cost paid		(80)	(362)
<b>Net cash flows used in financing activities</b>		(439)	(9,413)
<b>Net change in cash and cash equivalents</b>		(23,553)	(54,521)
Net foreign exchange difference on translation of monetary items		(872)	1,452
Cash and cash equivalents at the beginning of the period		151,953	171,555
<b>Cash and cash equivalents at the end of the period</b>	10	127,528	118,486

The accompanying notes from 1 to 28 form an integral part of these interim condensed consolidated financial statements.

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

**Notes to the interim condensed consolidated financial statements**  
**For the three-month period ended March 31, 2026**

**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, infrastructure development work, real estate development, air conditioning, water & waste-water treatment works.

These interim condensed consolidated financial statements as at March 31, 2026 include the financial performance and position of the Company and its subsidiaries.

The details of the subsidiaries held by the Group as at March 31, 2026 and December 31, 2025 are as follows:

Component name	Principal activity	Ownership (%)		Country of incorporation
		March 31, 2026	December 31, 2025	
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 & Scull International LLC (Abu Dhabi)	Contracting work related to mechanical, electrical and sanitary engineering	100%	100%	United Arab Emirates
Drake and Scull for Contracting Oil and Gas Fields Facilities LLC	Oil & Gas Contracting	70%	70%	United Arab Emirates
Drake and Scull Real Estate Development L.L.C	Real estate development	100%	100%	United Arab Emirates

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

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

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

Component name	Principal activity	Ownership (%)		Country of incorporation
		March 31, 2026	December 31, 2025	
Drake and Scull Building Contracting L.L.C	3D printing building construction contracting and building contracting	100%	100%	United Arab Emirates
Passavant Engineering Limited-British Virgin Islands	Engineering, procurement and construction	100%	100%	Virgin Island (British)
Passavant Energy and Environment Contracting L.L.C	Construction and demolition waste recycling, organic and garbage treatment, sewage and drainage contracting, water pipelines and stations contracting and recycling of waste electrical and electronic	100%	100%	United Arab Emirates

The Company has a branch in Abu Dhabi under the name of "Drake and Scull Engineering LLC-Abu Dhabi branch" and 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 26).

\* Passavant has the following subsidiaries:

Component name	Principal activity	Ownership (%)		Country of incorporation
		March 31, 2026	December 31, 2025	
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	Engineering, procurement and construction	100%	100%	The Republic of Tunisia
DSWE	Engineering, procurement and construction	100%	100%	Republic of India
Passavant Engineering Specialist Solutions GmbH	Supply of water treatment plants	100%	100%	Federal Republic of Germany

As at March 31, 2026 and December 31, 2025, 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*

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

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

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

*Joint Ventures (continued):*

- 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 of Passavant Energy & Environmental GmbH & Hussein Atieh & Sons Co LLC - *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 - *Kingdom of Saudi Arabia*

**2 Statement of compliance and material accounting policies**

**a) Basis of preparation**

The interim condensed consolidated financial statements of the Group for the three-month period ended March 31, 2026 have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board.

The interim condensed consolidated financial statements do not include all the information required in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2025.

In addition, the results for the three-month period ended March 31, 2026 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2026.

Accounting policies, estimates and assumptions adopted for the preparation of these interim condensed consolidated financial statements are the same as those applied in the preparation of the audited consolidated financial statements as at and for the year ended December 31, 2025.

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

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

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

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**2 Statement of compliance and material accounting policies (continued)**

**b) Going concern**

As at March 31, 2026, the accumulated losses exceed 50% of the Company's share capital. Furthermore, for the three-month period ended March 31, 2026, the Group reported negative cash flows from operating activities of AED 16,045 thousand (March 31, 2025: Negative of AED 24,067 thousand). 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 realise its assets and discharge its liabilities in the normal course of business. Notwithstanding, these interim condensed consolidated financial statements have been prepared on a going concern basis, taking into consideration several factors as further disclosed below:

The Group's management and the Board of Directors have reassessed the Group's ability to continue as a going concern. The reassessment was based on the following factors:

- Availability of liquidity in the form of a sufficient bank balance to service its operating activities and debt; and
- Projected inflows from projects in the pipeline are expected to be realised during the year.

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 interim condensed consolidated financial statements have been prepared on a going concern basis.

**c) Functional and presentation currency**

The interim condensed consolidated financial statements are presented in 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.

**d) Basis of consolidation**

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2026. 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; and
- 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; and
- 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 period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

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**2 Statement of compliance and material accounting policies (continued)**

**d) Basis of consolidation (continued)**

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.

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.

**e) Significant accounting estimates and judgments**

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates, assumptions and judgements.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2025.

**f) New or revised Standards or Interpretations**

***New Standards, Interpretations and Amendments adopted as at January 1, 2026***

There are no accounting pronouncements which have become effective from January 1, 2026 that have a significant impact on the Group's interim condensed consolidated financial statements.

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

At the date of authorisation of these interim condensed consolidated financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and interpretations have been published by the IASB and IFRS Interpretations Committee (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 the reporting date.

The new Standards, amendments and interpretations not adopted in the current period are not expected to have a material impact on the Group's interim condensed consolidated financial statements, except for IFRS 18 'Presentation and Disclosure in Financial Statements', which has an effective date of January 1, 2027. The Group is currently working to identify all of the impacts that IFRS 18 will have on the interim condensed consolidated financial statements and notes to the interim condensed consolidated financial statements. IFRS 18 will be applied retrospectively with specific transitional provisions.

**g) Financial risk management**

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, these should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2025.

There have been no changes in the risk management policies and processes since the year ended December 31, 2025.

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**Notes to the interim condensed consolidated financial statements (continued)**  
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**3 Property and equipment**

During the three-month period ended March 31, 2026, the Group acquired property and equipment amounting to AED 7 thousand (March 31, 2025: AED 312 thousand).

Depreciation charge on property and equipment for the three-month period ended March 31, 2026 amounts to AED 260 thousand (March 31, 2025: AED 68 thousand).

Furthermore, an impact resulting from foreign currency translation amounts to AED 41 thousand (March 31, 2025: AED 45 thousand).

**4 Development property**

Development property represents cost of land located in Majan, Dubai and other development-related costs.

During the three-month period ended March 31, 2026, the Group incurred a development cost of AED 9,418 thousand (March 31, 2025: AED Nil).

**5 Investment property**

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

The fair value of the investment property as at March 31, 2026 was determined to be the same as at year end i.e. AED 9.5 million (December 31, 2025: AED 9.5 million).

The fair values of investment property was determined by an external independent property valuer as at December 31, 2025, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Based on the market assessment and available comparable market data as at March 31, 2026, the management assessed that there have been no significant changes in the fair value of investment property from December 31, 2025, and therefore no change in fair value has been recognised during the period (2025: Nil). The fair value measurement of investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

**6 Right-of-use assets**

During the three-month period ended March 31, 2026 and March 31, 2025, the Group did not enter into new lease agreements.

Depreciation charge on right-of-use assets for the three-month period ended March 31, 2026 amounts to AED 380 thousand (March 31, 2025: AED 235 thousand).

Furthermore, an impact resulting from foreign currency translation amounts to AED 27 thousand (March 31, 2025: AED 123 thousand).

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**For the three-month period ended March 31, 2026**

**7 Trade and other receivables**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<i>Financial assets at amortised cost:</i>		
Trade and retention receivables, gross	506,731	473,438
Less: allowance for expected credit losses	(424,100)	(424,330)
Trade and retention receivables, net	<u>82,631</u>	<u>49,108</u>
Balance held with a third-party licensed Market Maker (Note 12)	18,935	25,380
Accrued interest	5,818	5,910
Other receivables, gross	31,489	32,945
Less: allowance for expected credit losses on other receivables	(7,773)	(7,773)
	<u>131,100</u>	<u>105,570</u>
<i>Non-financial assets at amortised cost:</i>		
Prepayments	2,029	1,793
Advance to suppliers	19,817	24,964
Advance to sub-contractors	37,316	37,316
VAT receivable	49,220	45,032
	<u>239,482</u>	<u>214,675</u>
Less: non-current portion of trade receivable	(37,410)	(22,875)
Less: non-current portion of retentions receivable	(17,152)	(13,119)
Trade and other receivables	<u>184,920</u>	<u>178,681</u>

During the period ended March 31, 2026, the Group did not record an allowance for expected credit losses (March 31, 2025: AED 153 thousand).

Furthermore, an impact resulting from foreign currency translation amounts to AED 230 thousand (March 31, 2025: AED 409 thousand).

Other receivables include a deposit amount of AED 15 million made to a real estate broker for the acquisition of a plot of land located in the city of Al Ain.

**8 Financial asset at fair value through profit or loss**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Investment in a real estate fund	<u>525</u>	<u>644</u>

During the period, the Group recognised a fair value loss of AED 119 thousand (March 31, 2025: AED Nil). The fair value of the fund represents liquidation/redemption value assessed by the fund manager based on observable market data.

**9 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.

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**For the three-month period ended March 31, 2026**

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

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

**Due from a related party**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Campco Properties LLC – <i>Associate</i>	77,349	77,266
Less: allowance for expected credit losses	<u>(77,349)</u>	<u>(52,198)</u>
	<u>-</u>	<u>25,068</u>

**Related party transactions**

Transactions with related parties included in the interim consolidated statement of comprehensive income are as follows:

	Three-month period ended March 31,	
	2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
Campco Properties LLC – <i>Associate</i>		
Salaries and other expense	<u>83</u>	<u>143</u>

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

**Compensation of key management personnel**

	Three-month period ended March 31,	
	2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
Short-term benefits	3,684	1,446
End of service benefits	84	37
	<u>3,768</u>	<u>1,483</u>

**10 Cash and cash equivalents**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Bank balances	28,439	21,451
Fixed deposits*	195,282	227,616
Cash in hand	170	544
	<u>223,891</u>	<u>249,611</u>
Less: allowance for expected credit losses	<u>(14,519)</u>	<u>(14,519)</u>
<b>Bank balances and deposits</b>	<b>209,372</b>	<b>235,092</b>
Less: bank overdrafts (Note 16)	<u>(7,286)</u>	<u>(7,247)</u>
Less: fixed deposits with original maturity of more than three months	<u>(40,000)</u>	<u>(40,000)</u>
Less: deposits under lien*	<u>(34,558)</u>	<u>(35,892)</u>
<b>Cash and cash equivalents</b>	<b><u>127,528</u></b>	<b><u>151,953</u></b>

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**10 Cash and cash equivalents (continued)**

\*Fixed deposits include a deposit of AED 88,879 thousand as at March 31, 2026 (December 31, 2025: AED 88,879 thousand) with a local incorporated financial investment and brokerage entity. These carry an interest ranging between 6% to 6.5% per annum (December 31, 2025: 6% to 6.5% per annum). During the period, an interest income of AED 1,489 thousand (March 31, 2025: AED 1,427 thousand) was recorded in the interim consolidated statement of profit or loss.

The deposits also include deposits under lien against bank guarantees amounting to AED 34,558 thousand (December 31, 2025: AED 35,892 thousand) that carry an average interest ranging between 2.25% to 7.30% per annum (December 31, 2025: 2.25% to 7.65% per annum).

**11 Share capital**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Authorised, issued and fully paid 2,886,697,023 shares of AED 1 each (2025: 2,886,697,023 shares of AED 1 each)	2,886,697	2,886,697

**12 Treasury shares**

This represents the acquisition cost of the Company's own shares traded by the Market Maker. As at March 31, 2026, the Market Maker held 35,902,579 (December 31, 2025: 13,939,207) of the Company's own shares on behalf of the Company. As at March 31, 2026 and December 31, 2025 the Company also held a balance amounting to AED 18,935 thousand (December 31, 2025: AED 25,380 thousand) with the Market Maker to be utilised for the acquisition of further treasury shares (Note 7).

**13 Mandatory Convertible Sukuks ("MCSs")**

As at March 31, 2026, the Group has issued 74,094 Mandatory Convertible Sukuks ("MCSs") (December 31, 2025: 74,094) to its qualified creditors each having carry value of AED 5,000 per MCS. MCSs are convertible into ordinary shares of the Company after a period of 5 years from the date of their initial issuance.

In accordance with the MCSs agreement, the overall converted shares shall be 35% of the overall issued capital of the Company post conversion. Consequently, any further issuance as a result of acceptance of late claims by the court expert would dilute the holding percentage of the existing MCSs holders. Movement during the period/year is as follows:

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
As at the beginning of the period/year	370,470	368,130
Issued during the period/year	-	2,340
As at the end of the period/year	370,470	370,470

**14 Provisions**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Provision for legal cases	26,082	32,066
Provision for bond encashment	31,471	56,622
Provision for late claims	16,584	19,720
	74,137	108,408

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**15 Lease liabilities**

During the three-month period ended March 31, 2026, the Group made payments of AED 359 thousand (March 31, 2025: AED 369 thousand). Interest charged on leases for the three-month period ended March 31, 2026 amounts to AED 125 thousand (March 31, 2025: AED 81 thousand).

Furthermore, an impact resulting from foreign currency translation amounts to AED 30 thousand (March 31, 2025: AED 62 thousand).

**16 Bank borrowings**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Bank overdrafts (Note 10)	7,286	7,247
Bond encashment	2,560	2,612
	<u>9,846</u>	<u>9,859</u>

Bank overdrafts carry interest rate 8.51% per annum (December 31, 2025: 8.51% to 10.65% per annum). One of the overdraft facilities of Euro 4 million (December 31, 2025: Euro 4 million) is secured against corporate guarantee from the Company.

**17 Trade and other payables**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<i>Financial liabilities at amortised cost:</i>		
Trade payables*	87,467	72,282
Accrued expenses	30,511	28,847
Employee liabilities	28,689	30,942
	<u>146,667</u>	<u>132,071</u>
<i>Non-financial liabilities at amortised cost:</i>		
Withholding tax payable	5,750	5,750
	<u>152,417</u>	<u>137,821</u>

\*Includes an amount of AED 9,020 thousand as at March 31, 2026 (December 31, 2025: AED 9,020 thousand) payable to small creditors under approved restructuring settlement plan.

**18 Contingencies and commitments**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<i>Contingencies:</i>		
Letters of guarantee	265,929	266,380
Performance bonds	231,999	233,661
	<u>497,928</u>	<u>500,041</u>
<i>Commitments:</i>		
Letters of credit	<u>79</u>	<u>-</u>

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**18 Contingencies and commitments (continued)**

**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 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, the liabilities recorded by the Group in these interim condensed consolidated financial statements are sufficient to cover such claims.

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, save as set out in these interim condensed consolidated financial statements, no additional provisions are required to be recognised by the Group. Furthermore, the Group continues the settlement of legal cases with ex-employees and commercial creditors according to the approved restructuring settlement plan.

Given the settlement of all major lenders and creditors in the year 2024, the management does not expect that any late claims will be material.

**19 Revenue from contract with customers**

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

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED'000</b>	<b>AED'000</b>
<i>Type of revenue:</i>		
Wastewater, water and sludge treatment projects	64,748	30,369
Contracting	11,861	-
	<b>76,609</b>	<b>30,369</b>
<b>Geographical market</b>		
Kingdom of Jordan	22,463	1,213
Republic of India	21,119	22,533
United Arab Emirates	11,861	-
Kingdom of Saudi Arabia	8,765	266
Romania	6,194	1,758
Republic of Tunisia	5,485	4,398
Republic of Moldova	-	201
Others	722	-
	<b>76,609</b>	<b>30,369</b>

All the Group's revenue is recognised over time.

Revenue for the three-month period ended March 31, 2026 includes AED 3,416 thousand (March 31, 2025: AED 5,520 thousand) from the contract liabilities balance at the beginning of the period.

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

Information about segment reporting is disclosed in Note 25 of these interim condensed consolidated financial statements.

**Contract balances**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<i>Non-current</i>		
Retentions receivable (Note 7)	17,152	13,119
Trade receivables (Note 7)	37,410	22,875
<i>Current</i>		
Trade receivable, net (Note 7)	28,069	13,114
Contract assets, net (see below)	25,805	35,497
Contract liabilities (see below)	56,937	59,793

**Contract assets**

Contract assets relate to revenue earned from the provision of wastewater treatment, water sludge service contracts and contracting services.

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Amount due from contracts with customers	199,996	209,883
Less: allowance for expected credit losses	(174,191)	(174,386)
	25,805	35,497

**Contract liabilities**

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Due to customers for contract work	44,469	45,675
Short-term customer advances	12,468	14,118
	56,937	59,793

**20 Cost of revenue**

	Three-month period ended March 31,	
	2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
Material costs	32,384	20,768
Sub-contracting costs	30,307	4,080
Labour and staff cost	3,453	1,866
Depreciation of property and equipment (Note 3)	161	18
Other costs	2,061	1,448
	68,366	28,180

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**21 General and administrative expenses**

	Three-month period ended March 31,	
	2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
Salaries and other employee benefits	9,035	7,161
Legal and professional fees	1,413	1,926
Depreciation of right-of-use assets (Note 6)	380	235
Short-term leases	312	138
Business development	304	718
Office expenses	218	250
IT related expenses	137	164
Depreciation of property and equipment (Note 3)	99	50
Transportation	57	75
Business travel	35	35
Bank charges	35	27
Others	385	669
	<b>12,410</b>	<b>11,448</b>

**22 Other income**

	Three-month period ended March 31,	
	2026 (Unaudited) AED'000	2025 (Unaudited) AED'000
Reversal of provision for bond encashment	25,151	-
Reversal of provision for legal cases	4,200	-
Reversal of provision related to additional MCSs claims	3,136	-
Liabilities written back*	2,058	10,020
Rental income	328	328
Change in fair value of financial assets at FVTPL (Note 8)	(119)	-
Others	27	34
	<b>34,781</b>	<b>10,382</b>

\*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 in relation to these obligations.

**23 Income tax**

This represents provision for income tax recorded in accordance with the provisions of UAE Corporate Tax and Corporate Tax Laws applicable in respective foreign jurisdictions of operations. Income tax for the current period has been provided on the basis of estimated taxable income computed by the Group using tax rates, 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.

On March 13, 2026, the Group received private clarifications from the Federal Tax Authority (“FTA”) in respect of the remaining two entities (i.e. Drake & Scull International PJSC and Drake & Scull International – Abu Dhabi LLC) involved in the restructuring settlement plan. The FTA has maintained the same conclusion which was previously issued under clarification dated July 2, 2025. Based on which, the management had concluded that the gain resulting from write-back of liabilities was not subject to corporate tax as certain conditions outlined in the clarification were met. Consequently, and upon satisfaction of conditions outlined in the clarification, management excluded such gain while computing the taxable income for the year ended December 31, 2024.

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**Notes to the interim condensed consolidated financial statements (continued)**  
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**23 Income tax (continued)**

The income tax expense in the interim condensed consolidated financial statements is as follows:

	Three-month period ended	
	March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
	AED'000	AED'000
Income tax expense reported in profit or loss	<u>(787)</u>	<u>(897)</u>

**Deferred tax**

The deferred tax relates to brought forward losses of Passavant which are available indefinitely to be offset against future taxable profit.

**24 Earnings per share**

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

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

	Three-month period ended	
	March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Parent:		
Continuing operations (AED'000)	4,097	2,454
Discontinued operations (AED'000)	328	-
<b>Profit attributable to ordinary equity holders of the Parent for basic and diluted earnings (AED'000)</b>	<u>4,425</u>	<u>2,454</u>
Weighted average number of ordinary shares for basic EPS	2,855,462	2,875,663
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	<u>4,409,837</u>	<u>4,430,038</u>
<b>Earnings per share:</b>		
<b>Basic earnings per share (AED)</b>		
From continuing operations	0.0014	0.0009
From discontinued operations	0.0001	-
	<u>0.0015</u>	<u>0.0009</u>
<b>Diluted earnings per share (AED)</b>		
- From continuing operations	0.0009	0.0006
- From discontinued operations	0.0001	-
	<u>0.0010</u>	<u>0.0006</u>

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

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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

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**25 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 Infrastructure development work, and (3) Corporate.

The wastewater treatment and water sludge business involve the construction of plants for purification of contaminated water through various treatment processes and the management of the resulting solid by-products (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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**25 Segment reporting (continued)**

**Business segments (continued)**

During the three-month period to March 31, 2026, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. Segment information for the period ended March 31 is as follows:

	2026 (Unaudited)			2025 (Unaudited)				
	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Total AED'000	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Total AED'000
<b>Revenue</b>								
External customers	64,748	11,861	-	76,609	30,369	-	-	30,369
<b>Expense</b>								
Sub-contracting cost	(21,157)	(9,150)	-	(30,307)	(4,080)	-	-	(4,080)
Material costs	(32,384)	-	-	(32,384)	(20,768)	-	-	(20,768)
Other direct costs	(4,587)	(1,088)	-	(5,675)	(3,332)	-	-	(3,332)
General and administrative expenses	(3,684)	(2,519)	(6,207)	(12,410)	(4,854)	(1,981)	(4,613)	(11,448)
Operating income/(loss)	2,936	(896)	(6,207)	(4,167)	(2,665)	(1,981)	(4,613)	(9,259)
Restructuring costs	-	-	(866)	(866)	-	-	(1,306)	(1,306)
Allowance for expected credit losses	-	(25,151)	-	(25,151)	-	(153)	-	(153)
Impact of discounting of receivables	(804)	(968)	-	(1,772)	-	-	-	-
Other income	(1)	5,355	29,427	34,781	24	8,977	1,381	10,382
Finance income	110	-	2,154	2,264	189	-	3,860	4,049
Finance cost	(94)	(22)	(89)	(205)	(298)	(25)	(39)	(362)
<b>Segment profit/(loss) before tax</b>	<b>2,147</b>	<b>(21,682)</b>	<b>24,419</b>	<b>4,884</b>	<b>(2,750)</b>	<b>6,818</b>	<b>(717)</b>	<b>3,351</b>

**Drake and Scull International (P.J.S.C.) and its subsidiaries**  
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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

**25 Segment reporting (continued)**

**Reconciliation of assets and liabilities:**

	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Elimination AED'000	Total AED'000
<b>As at March 31, 2026 (unaudited)</b>					
Total assets	226,456	339,415	875,045	(904,235)	536,681
Total liabilities	213,962	279,087	175,197	(359,366)	308,880
<b>As at Dec 31, 2025 (audited)</b>					
Total assets	217,737	352,363	889,130	(895,124)	564,106
Total liabilities	205,090	270,021	207,580	(350,218)	332,473

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Segment assets	536,681	564,106
Assets held-for-sale (Note 26)	46,681	46,703
Total assets in the interim consolidated statement of financial position	583,362	610,809
Segment liabilities	308,880	332,473
Liabilities directly associated with assets held-for-sale (Note 26)	82,655	82,898
Total liabilities in the interim consolidated statement of financial position	391,535	415,371

**26 Discontinued operations**

The Group has following entities/ventures classified as discontinued operations.

*Egypt*

- Drake & Scull International for Contracting SAE (D&S Egypt)
- Oil and Gas Egypt
- Misr Sons Development S.A.E

*Kuwait*

- Drake & Scull International for Electrical Contracting WLL (D&S Kuwait)

*People's Democratic Republic of Algeria*

- DSC CCC JV (DSC Algeria)
- Drake & Scull Engineering - Algeria (DSE Algeria)

*Hashemite Kingdom of Jordan*

- Drake & Scull Engineering LLC (D&S Jordan)
- Drake & Scull International (DSI Jordan)

*Thailand*

- Drake & Scull International (Thailand) Company Limited (D&S Thailand)
- Drake & Scull International (Asia) Limited (DSI ASIA)

*Syrian Arab Republic*

- Drake & Scull Syria Limited Liability Company - (D&S Syria)

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**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

**26 Discontinued operations (continued)**

*Kingdom of Saudi Arabia*

- Drake & Scull International PJSC (Branch - DSWP KSA)
- DSWP - Saudi Arabia (DSWP KSA)
- Orient Corner Contracting Company
- International Center for Contracting

*Qatar*

- Drake and Scull Water & Power - (DSWP Qatar)

*State of Libya*

- DS International FOR General Contracting

*United Arab Emirates*

- Drake & Scull International Construction Company LLC
- DSI-HLS Joint Venture (AUH)
- HLS-DSE Joint Venture (DXB) – JOC
- HLS-DSE Joint Venture (DXB) – Habtoor

**DSC CCC JV (DSC Algeria) and Drake & Scull Engineering - Algeria (DSE Algeria)**

On July 20, 2023, DSC CCC JV (DSC Algeria) 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 DSC CCC JV (DSC Algeria) umbrella, was not able to continue its operations in Algeria. As the contract with Emiral is the only business in Algeria for DSC CCC JV (DSC Algeria), 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 and 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.

**Financial information of discontinued operations:**

The results of the discontinued operations are presented below:

	<b>Three-month period ended</b>	
	<b>March 31,</b>	
	<b>2026</b>	<b>2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>AED’000</b>	<b>AED’000</b>
<b>Statement of comprehensive income</b>		
Other income	328	-
<b>Profit from discontinued operations</b>	<b>328</b>	<b>-</b>

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**Interim Condensed Consolidated Financial Statements**

**Notes to the interim condensed consolidated financial statements (continued)**  
**For the three-month period ended March 31, 2026**

**26 Discontinued operations (continued)**

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

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
<i>Assets:</i>		
Property and equipment	30	30
Trade and other receivables	44,907	44,922
Cash and bank balances	1,744	1,751
	<u>46,681</u>	<u>46,703</u>
<i>Liabilities:</i>		
Trade and other payables	<u>82,655</u>	<u>82,898</u>

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

	March 31, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
Cash and bank balances	<u>1,744</u>	<u>1,751</u>

**27 Restructuring**

In the year 2024, the Group in accordance with the Dubai Court order and approved restructuring settlement plan wrote back its liabilities payable to all qualified financial lenders and trade creditors. Consequently, the implementation of the restructuring settlement plan as approved by the Dubai Court of appeal resulted in write-back of liabilities and conversion of liabilities to Mandatory Convertible Sukuks ("MCSs") in the amount of AED 3,792,884 thousand and AED 368,130 thousand, respectively.

During the period ended March 31, 2026 the Group issued AED Nil (December 31, 2025: AED 2,340 thousand) MCSs on account of late claims filed and accepted by the court expert.

**28 Significant event during the period**

During the period, geopolitical dynamics in the Middle East have remained unstable, characterised by ongoing regional conflicts and elevated political uncertainty. These circumstances have contributed to increased volatility across both global and regional markets and may influence economic conditions within the region over time. As of the date of approval of these interim condensed consolidated financial statements, the management of the Group is closely assessing the regional developments and is evaluating the potential impact that these events may cause on future reporting periods.