DRAKE AND SCULL INTERNATIONAL (P.J.S.C.) AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2026

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended September 30, 2026

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219 - 220 Al Nasr Plaza,
Oud Metha, Dubai,
United Arab Emirates
Tel +971 4 357 3111
forvismazars.com/ae

٢١٩ - ٢٢٠ النصر بلازا،
عود ميثاء، دبي،
الإمارات العربية المتحدة
هاتف: ٩٧١٤٣٥٧٣١١١+

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Drake and Scull International (P.J.S.C.)** (the **"Company"**) **and its subsidiaries** (collectively referred to as the **"Group"**), comprising the interim consolidated statement of financial position as at September 30, 2026, and the related interim consolidated statement of profit or loss, interim consolidated statement of other comprehensive income for three-month and nine-month periods then ended, and the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-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 evidence to verify the existence of bank balances with a gross carrying amount of AED 10,298 thousand as at September 30, 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 September 30, 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 September 30, 2026.

ii. Discontinued Operations

We were not provided with sufficient appropriate 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 nine-month period ended September 30, 2026.

Forvis Mazars Chartered Accountants - L.L.C - Dubai Branch
Registered with the Department of Economic Development, License No. 519083

فورفز مزارز محاسبون قانونيون - ذ.م.م - فرع دبي
مسجل لدى دائرة التنمية الاقتصادية، رخصة رقم 519083

Basis for Qualified Conclusion (continued)

iii. Legal Matters

We were not provided with sufficient appropriate evidence to verify the completeness and accuracy of the potential financial impact that may result from legal matters as at September 30, 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 nine-month period ended September 30, 2026.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described 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 September 30, 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.

Other Matter

The comparative interim condensed consolidated financial information for the nine-month period ended September 30, 2025 and the comparative consolidated statement of financial position as at December 31, 2025 were reviewed and audited, respectively, by the predecessor auditor, who expressed a modified conclusion on November 12, 2025 and issued a modified audit opinion on March 16, 2026, respectively. Accordingly, we do not express a review conclusion or an audit opinion on the comparative information.

Forvis Mazars
Chartered Accountants -L.L.C - Dubai Branch



Mohammed Abu Hijleh
Registered Auditor Number: 1010

November 11, 2026
Dubai, United Arab Emirates

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2026

	Notes	September 30, 2026 (Unaudited) AED'000	December 31, 2025 (Audited) AED'000
ASSETS			
Non-current assets			
Property and equipment	3	4,915	2,756
Development property	4	38,076	24,863
Right-of-use assets	6	6,798	7,968
Deferred tax assets	23	16,951	17,543
Trade receivables	7	-	22,875
Retentions receivable	7	21,957	13,119
		88,697	**89,124**
Current assets			
Trade and other receivables	7	218,802	178,681
Contract assets	19	24,671	35,497
Due from a related party	9	-	25,068
Inventories		1,272	-
Financial assets at fair value through profit or loss	8	525	644
Cash and bank balances	10	176,062	235,092
		421,332	**474,982**
Assets held-for-sale	26	46,674	46,703
		468,006	**521,685**
TOTAL ASSETS		**556,703**	**610,809**
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2,886,697	2,886,697
Share discount	12.2	(1,360,291)	(1,358,069)
Treasury shares	12.1	(1,732)	(4,094)
Mandatory convertible sukuks	13	370,470	370,470
Foreign currency translation reserve		(25,171)	(23,538)
Accumulated losses		(1,656,659)	(1,676,028)
Total equity		**213,314**	**195,438**
Liabilities			
Non-current liabilities			
Employees' end of service benefits		6,321	7,868
Lease liabilities	15	5,568	6,947
		11,889	**14,815**
Current liabilities			
Provisions	14	73,134	108,408
Lease liabilities	15	1,616	1,342
Bank borrowings	16	-	9,859
Trade and other payables	17	108,658	137,821
Contract liabilities	19	63,219	59,793
Income tax payable		2,275	435
		248,902	**317,658**
Liabilities directly associated with the assets held-for-sale	26	82,598	82,898
		331,500	**400,556**
Total liabilities		**343,389**	**415,371**
TOTAL EQUITY AND LIABILITIES		**556,703**	**610,809**

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on November 11, 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 Al Sukhon** Chief Financial Officer

The accompanying notes from 1 to 29 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 STATEMENT OF PROFIT OR LOSS

For the period ended September 30, 2026

	Notes	*Three-month period ended September 30,*		*Nine-month period ended September 30,*	
		2026	***2025***	***2026***	***2025***
		(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
		AED'000	***AED'000***	***AED'000***	***AED'000***
Continuing operations					
Revenue from contracts with customers	*19*	116,159	57,016	270,338	134,918
Cost of revenue	*20*	(93,474)	(51,897)	(231,280)	(123,862)
GROSS PROFIT		**22,685**	**5,119**	**39,058**	**11,056**
General and administrative expenses	*21*	(13,056)	(10,166)	(37,530)	(34,674)
Impact of discounting on trade and retention receivables		(660)	-	835	-
Restructuring costs		(1,061)	(1,079)	(2,527)	(3,603)
Loss resulting from approved restructuring settlement plan		-	-	-	(2,340)
Allowance for expected credit losses of trade receivables		-	-	-	(1,128)
Allowance for expected credit losses of due from a related party	*9*	-	-	(25,151)	-
Finance income		2,317	3,585	7,344	11,052
Finance cost		(424)	(353)	(821)	(1,004)
Other income	*22*	1,068	8,048	40,537	34,385
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**10,869**	**5,154**	**21,745**	**13,744**
Income tax expense	*23*	(774)	(639)	(2,252)	(2,571)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**10,095**	**4,515**	**19,493**	**11,173**
Discontinued operations					
Profit/ (loss) from discontinued operations	*26*	245	-	(124)	(125)
PROFIT FOR THE PERIOD		**10,340**	**4,515**	**19,369**	**11,048**
Attributable to:					
Equity holders of the parent					
Profit from continuing operations		10,095	4,515	19,493	11,173
Profit/ (loss) from discontinued operations		245	-	(124)	(66)
		10,340	**4,515**	**19,369**	**11,107**
Non-controlling interest:					
Loss from discontinued operations		**-**	**-**	**-**	**(59)**
Earnings per share:					
Basic earnings per share (AED)	*24*	**0.004**	**0.002**	**0.007**	**0.004**
Diluted earnings per share (AED)	*24*	**0.002**	**0.001**	**0.004**	**0.003**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2026

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026	***2025***	***2026***	***2025***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Profit for the period	**10,340**	**4,515**	**19,369**	**11,048**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of continuing foreign operations	(741)	37	(1,442)	(293)
Exchange differences on translation of discontinued foreign operations	(40)	-	(191)	(101)
Other comprehensive (loss)/ income for the period	**(781)**	**37**	**(1,633)**	**(394)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**9,559**	**4,552**	**17,736**	**10,654**
Attributable to:				
Equity holders of the parent	9,559	4,552	17,736	10,814
Non-controlling interests	-	-	-	(160)
	9,559	**4,552**	**17,736**	**10,654**

The accompanying notes from 1 to 29 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 STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2026

	Attributable to equity holders of the Parent									
	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***	***Total*** ***AED'000***	***Non-controlling interest*** ***AED'000***	***Total equity*** ***AED'000***
At January 1, 2026 (audited)	2,886,697	(1,358,069)	(4,094)	-	370,470	(23,538)	(1,676,028)	195,438	-	195,438
Profit for the period	-	-	-	-	-	-	19,369	19,369	-	19,369
Other comprehensive loss for the period	-	-	-	-	-	(1,633)	-	(1,633)	-	(1,633)
Total comprehensive income for the period	*-*	*-*	*-*	*-*	*-*	*(1,633)*	*19,369*	*17,736*	*-*	*17,736*
Treasury shares	-	(2,222)	2,362	-	-	-	-	140	-	140
At September 30, 2026 (unaudited)	**2,886,697**	**(1,360,291)**	**(1,732)**	**-**	**370,470**	**(25,171)**	**(1,656,659)**	**213,314**	**-**	**213,314**
At January 1, 2025 (audited)	2,886,697	(1,356,204)	(433)	479,454	368,130	(23,378)	(2,079,873)	274,393	(122,658)	151,735
Profit/ (loss) for the period	-	-	-	-	-	-	11,107	11,107	(59)	11,048
Other comprehensive loss for the period	-	-	-	-	-	(293)	-	(293)	(101)	(394)
Total comprehensive income for the period	*-*	*-*	*-*	*-*	*-*	*(293)*	*11,107*	*10,814*	*(160)*	*10,654*
Issuance of Mandatory convertible Sukuks	-	-	-	-	2,340	-	-	2,340	-	2,340
Absorption of accumulated losses	-	-	-	(479,454)	-	-	479,454	-	-	-
Treasury shares	-	(1,072)	(7,049)	-	-	-	-	(8,121)	-	(8,121)
At September 30, 2025 (unaudited)	**2,886,697**	**(1,357,276)**	**(7,482)**	**-**	**370,470**	**(23,671)**	**(1,589,312)**	**279,426**	**(122,818)**	**156,608**

The accompanying notes from 1 to 29 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 STATEMENT OF CASH FLOWS

For the period ended September 30, 2026

	Notes	Nine-month period ended September 30, 2026 (Unaudited) AED'000	Nine-month period ended September 30, 2025 (Unaudited) AED'000
Operating activities			
Profit before tax from continuing operations		21,745	13,744
Loss from discontinued operations	26	(124)	(125)
Profit before tax		**21,621**	**13,619**
Adjustments for:			
Depreciation of property and equipment	3	843	370
Depreciation of right-of-use assets	6	1,163	1,028
Write back of liabilities and provisions	22	(38,727)	(27,742)
Change in fair value of financial assets at FVTPL	22	119	(543)
Impact resulting from the discounting of receivables		(835)	-
Reversal of allowance for expected credit losses on bank balances		(149)	(1,069)
Provision for employees' end of service benefits		548	629
Finance cost		821	1,004
Adjustments resulting from approved restructuring settlement plan		-	2,340
Allowance for expected credit losses of trade receivables and due from a related party		25,151	1,128
Finance income		(7,344)	(11,052)
		3,211	**(20,288)**
Changes in working capital:			
Trade and other receivables		(17,257)	(94,247)
Due from a related party		(83)	(565)
Trade and other payables		(22,598)	10,843
Cash used in operations		**(36,727)**	**(104,257)**
Income tax paid		(412)	(2,118)
Payment of employees' end of service benefits		(2,038)	(1,651)
Net cash flows used in operating activities		**(39,177)**	**(108,026)**
Investing activities			
Purchase of property and equipment	3	(519)	(2,311)
Purchase of development property	4	(13,213)	(24,495)
Interest income received		6,916	10,281
Proceeds from release of deposits under lien		12,191	-
Proceeds from fixed deposits		-	140,030
Net cash flows generated from investing activities		**5,375**	**123,505**
Financing activities			
Bond encashment settled during the year		(2,612)	-
Payment of lease liabilities		(1,388)	(1,422)
Finance cost paid		(519)	(1,004)
Net cash flows used in financing activities		**(4,519)**	**(2,426)**
Net change in cash and cash equivalents		**(38,321)**	**13,053**
Net foreign exchange difference on translation of monetary items		(1,421)	(529)
Reversal of allowance for expected credit losses on bank balances		149	-
Cash and cash equivalents at the beginning of the period		151,953	171,555
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**112,360**	**184,079**

The accompanying notes from 1 to 29 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the period ended September 30, 2026

	Nine-month period ended September 30,	
	2026	***2025***
	(Unaudited)	***(Unaudited)***
	AED'000	***AED'000***
Non-cash transactions:		
Inventory acquired as a result of subcontractors' settlement	1,272	-
Property and equipment acquired as a result of subcontractors' settlement	2,521	-
	3,793	**-**

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 September 30, 2026 include the financial performance and position of the Company and its subsidiaries.

The details of the subsidiaries held by the Group as at September 30, 2026 and December 31, 2025 are as follows:

		Ownership %		
Component name	***Principal activities***	***September 30, 2026***	***December 31, 2025***	***Country of incorporation***
Passavant Energy and Environment GmbH ("Passavant") (note 1.1)	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 and management	100%	100%	United Arab Emirates
1996 Advanced Investments LLC	Investment in commercial, agricultural or industrial enterprises and 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 and 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 and 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 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

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES (CONTINUED)

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).

1.1 Passavant has the following subsidiaries:

		Ownership %		
Component name	***Principal activities***	***September 30, 2026***	***December 31, 2025***	***Country of incorporation***
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 September 30, 2026 and December 31, 2025, Passavant has the following Joint operations and branches:

Joint operations:

- JV - Passavant Roediger & Sec Yapi Consortium – *Turkey*
- JV Passavant Energy & Environment GmbH, Equipment Sales and Service Company, Hinnawi Contracting Company – *Palestine*
- Acciona Agua Sau Passavant Roediger GmbH Ute (EUR) Joint Venture Egypt (EGP) – *Egypt*
- Consortium Passavant Energy and Environment GmbH and Arab Towers Contracting Company – *Jordan*
- The Consortium of Passavant Energy & Environmental GmbH and Masoud & Ali Partners Contracting – *Palestine*
- Consortium 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 nine-month period ended September 30, 2026 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards 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 nine-month period ended September 30, 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.

b) Going concern

As at September 30, 2026, the accumulated losses exceed 50% of the Company's share capital. Furthermore, for the period ended September 30, 2026, the Group reported negative cash flows from operating activities of AED -39,177 thousand (September 30, 2025: Negative of AED 108,026 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.
- Projected cash 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 other than stated above 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 United 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 September 30, 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.
- The ability to use its power over the investee to affect its returns.

2 STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Basis of consolidation (continued)

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

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

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

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 losses 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 IFRS Accounting Standards, Interpretations and Amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of new standards effective as of January 1, 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments applies for the first time in 2026 but does not have an impact on the interim condensed consolidated financial statements of the Group.

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.

2 STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) New or revised Standards or Interpretations (continued)

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (continued)

- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

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

Annual Improvements to IFRS accounting Standards - Volume 11
In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

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

Contracts Referencing Nature -dependent Electricity - Amendments to IFRS 9 and IFRS 7
In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts.
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in -scope contracts.
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

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

New and amended IFRS Accounting Standards issued but not yet effective
The IASB has issued new standards and amendments that are not yet effective for the reporting period ended September 30, 2026 and have not been early adopted by the Group. These include IFRS 18 Presentation and Disclosure in Financial Statements, which introduces new requirements for presentation and disclosure in the financial statements, including specified subtotals in the statement of profit or loss, classification of income and expenses into defined categories and disclosures of management-defined performance measures. IFRS 18 also includes consequential amendments to other standards, including IAS 7 and IFRS 7. The Group is currently assessing the impact of IFRS 18 on the interim condensed consolidated financial statements.

Other new standards and amendments issued but not yet effective are not expected to have a material impact on the Group's interim condensed consolidated financial statements.

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.

3 PROPERTY AND EQUIPMENT

During the nine-month period ended September 30, 2026, the Group acquired property and equipment amounting to AED 519 thousand and AED 2,521 thousand acquired as a result of subcontractor settlement (September 30, 2025: AED 2,311 thousand).

Depreciation charge on property and equipment for the nine-month period ended September 30, 2026 amounts to AED 843 thousand (September 30, 2025: AED 370 thousand).

Furthermore, an impact resulting from foreign currency translation loss amounts to AED 38 thousand (September 30, 2025: exchange translation gain of AED 105 thousand).

4 DEVELOPMENT PROPERTY

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

During the nine-month period ended September 30, 2026, the Group incurred a development cost of AED 13,213 thousand (September 30, 2025: AED 3,384 thousand). In addition the development property include AED 21,111 thousand pertaining to cost of land acquired in Majan, Dubai.

5 INVESTMENT PROPERTY

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

The Investment property was initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

The investment property is fully depreciated and has a carrying value of nil as at September 30, 2026.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal.

The fair value of the investment property as at September 30, 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 September 30, 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 nine-month period ended September 30, 2026 and September 30, 2025, the Group did not enter into new lease agreements.

Depreciation charge on right-of-use assets for the nine-month period ended September 30, 2026 amounts to AED 1,163 thousand (September 30, 2025: AED 1,028 thousand).

Furthermore, an impact resulting from foreign currency translation loss of AED 7 thousand (September 30, 2025: exchange translation gain of AED 165 thousand).

7 TRADE AND OTHER RECEIVABLES

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Financial assets at amortised cost:		
Trade and retention receivables, gross	519,221	473,438
Less: allowance for expected credit losses	(417,110)	(424,330)
Trade and retention receivables, net	**102,111**	**49,108**
Balance held with a third-party licensed Market Maker (note 12)	25,519	25,380
Accrued interest	6,338	5,910
Other receivables, gross	43,660	32,945
Less: allowance for expected credit losses on other receivables	(7,773)	(7,773)
	169,855	**105,570**
Non-financial assets:		
Prepayments	3,144	1,793
Advance to suppliers	37,231	24,964
Advance to sub-contractors	40	37,316
VAT receivable	30,489	45,032
	240,759	**214,675**
Less: non-current portion of trade receivable	-	(22,875)
Less: non-current portion of retentions receivable	(21,957)	(13,119)
Trade and other receivables	**218,802**	**178,681**

Trade and retention receivables include AED 67.5 million, which, pursuant to a settlement agreement, is agreed to be settled through the issuance of Mandatory Convertible Sukuk (MCS). As at September 30, 2026, the issuance of the MCS was pending completion of the necessary regulatory and other applicable approvals. Management expects the issuance and settlement process to be completed by December 31, 2026, subject to fulfilment of the applicable conditions and approvals.

During the period ended September 30, 2026, the Group did not record an allowance for expected credit losses (September 30, 2025: AED 1,128 thousand).

During the period the Group write-off balance of long outstanding receivables amounting to AED 6,829 thousands Furthermore, an impact resulting from foreign currency translation gain of AED 391 thousand (September 30, 2025: exchange translation loss of AED 1,080 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, and AED 12 million receivable from sub-contractors arising from the settlement of advances previously paid to the subcontractor, and AED 7.8 million relating to proceeds from the sale of plots of land, which is fully provided for; and AED 6 million receivable in respect of the Ramtha Project Consortium.

8 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Investment in a real estate fund	**525**	**644**

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

8 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

During the period, the Group recognised a change in fair value loss of AED 119 thousand on the financial asset at fair value through profit or loss (September 30, 2025: 543 thousand). The fair value of the financial asset at fair value through profit or loss is assessed by the fund manager based on observable market data and is classified as Level 2 in the fair value hierarchy.

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.

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

Due from a related party	***September 30, 2026 (Unaudited) AED'000***	***December 31, 2025 (Audited) AED'000***
Campco Properties LLC – *Associate*	77,349	77,266
Less: allowance for expected credit losses	(77,349)	(52,198)
	-	**25,068**

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

	Three-month period ended September 30,		***Nine-month period ended September 30,***	
	2026 (Unaudited) AED'000	***2025 (Unaudited) AED'000***	***2026 (Unaudited) AED'000***	***2025 (Unaudited) AED'000***
Campco Properties LLC – Associate				
Salaries and other expense	**-**	**234**	**83**	**565**

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

Compensation of key management personnel

	Three-month period ended September 30,		***Nine-month period ended September 30,***	
	2026 (Unaudited) AED'000	***2025 (Unaudited) AED'000***	***2026 (Unaudited) AED'000***	***2025 (Unaudited) AED'000***
Short-term benefits	2,376	1,820	8,457	3,719
End of service benefits	*76*	40	238	117
Directors' fee (Note 21)	-	-	2,406	2,450
	2,452	**1,860**	**11,101**	**6,286**

10 CASH AND CASH EQUIVALENTS

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Bank balances	61,325	21,451
Fixed deposits*	128,442	227,616
Cash in hand	517	544
	190,284	**249,611**
Less: allowance for expected credit losses	(14,222)	(14,519)
Bank balances and deposits	**176,062**	**235,092**
Less: bank overdrafts (note 16)	-	(7,247)
Less: fixed deposits with original maturity of more than three months	(40,000)	(40,000)
Less: deposits under lien*	(23,702)	(35,892)
Cash and cash equivalents	**112,360**	**151,953**

*Fixed deposits include a deposit of AED 88,879 thousand as at September 30, 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 4,914 thousand (September 30, 2025: AED 4,748 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 23,702 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

	September 30, 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 AND SHARE DISCOUNT

12.1 TREASURY SHARES

This represents the acquisition cost of the Company's own shares traded by the Market Maker. As at September 30, 2026, the Market Maker held 6,523,725 (December 31, 2025: 13,939,207) of the Company's own shares on behalf of the Company at the acquisition cost of AED 0.266 as at September 30, 2026 on the closing of trading. As at September 30, 2026, the Company also held a balance amounting to AED 25,519 thousand (December 31, 2025: AED 25,380 thousand) with the Market Maker to be utilised for the acquisition of further treasury shares (note 7).

12.2 SHARE DISCOUNT

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
As at the beginning of the period/ year	1,358,069	1,356,204
Net realized loss on liquidity provider trading of own shares	2,222	1,865
As at the end of the period/ year	**1,360,291**	**1,358,069**

13 MANDATORY CONVERTIBLE SUKUKS ("MCSS")

As at September 30, 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:

	September 30, 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

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Provision for legal cases	25,079	32,066
Provision for bond encashment	31,471	56,622
Provision for late claims	16,584	19,720
	73,134	**108,408**

15 LEASE LIABILITIES

During the nine-month period ended September 30, 2026, the Group made payments of AED 1,388 thousand (September 30, 2025: AED 1,422 thousand). Interest charged on leases for the nine-month period ended September 30, 2026 amounts to AED 302 thousand (September 30, 2025: AED 230 thousand).

Furthermore, an impact resulting from foreign currency translation gain of AED 19 thousand (September 30, 2025: foreign currency translation loss of AED 189 thousand).

16 BANK BORROWINGS

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Bank overdrafts (note 10)	-	7,247
Bond encashment	-	2,612
	-	**9,859**

The bank overdraft and bond encashment were fully settled during the period ended September 30, 2026.

17 TRADE AND OTHER PAYABLES

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Financial liabilities at amortised cost:		
Trade payables*	54,471	72,282
Accrued expenses	24,423	28,847
Employee liabilities	24,663	30,942
	103,557	**132,071**
Non-financial liabilities		
Withholding tax payable	5,101	5,750
	108,658	**137,821**

*Includes an amount of AED 7,964 thousand as at September 30, 2026 (December 31, 2025: AED 9,020 thousand) payable to small creditors under approved restructuring settlement plan.

18 CONTINGENCIES AND COMMITMENTS

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Contingencies:		
Letters of guarantee	243,436	266,380
Performance bonds	213,709	233,661
	457,145	**500,041**
Commitments:		
Letters of credit	**740**	**-**

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:

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026 (Unaudited) AED'000	***2025 (Unaudited) AED'000***	***2026 (Unaudited) AED'000***	***2025 (Unaudited) AED'000***
Types of revenue				
Wastewater, water and sludge treatment projects	96,755	45,601	233,498	123,247
Contracting	19,404	11,415	36,840	11,671
	116,159	**57,016**	**270,338**	**134,918**
Geographical markets				
Kingdom of Jordan	20,454	912	61,823	4,470
Republic of India	8,176	30,240	42,267	78,611
United Arab Emirates	19,404	11,415	36,840	11,671
Kingdom of Saudi Arabia	55,605	1,169	91,543	2,538
Romania	3,412	7,415	13,177	16,165
Republic of Tunisia	8,728	5,447	21,658	19,517
Others	380	418	3,030	1,946
	116,159	**57,016**	**270,338**	**134,918**

All the Group's revenue is recognised over time.

Revenue for the nine-month period ended September 30, 2026 includes net transfer of AED 10,450 thousand (September 30, 2025: AED 645 thousand) from the contract liabilities balance at the beginning of the period.

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

	September 30, 2026 (Unaudited) AED'000	***December 31, 2025 (Audited) AED'000***
Contract balances		
Non-current		
Retentions receivable (note 7)	21,957	13,119
Trade receivables (note 7)	-	22,875
Current		
Trade receivable, net (note 7)	80,154	13,114
Contract assets, net (see below)	24,671	35,497
Contract liabilities (see below)	63,219	59,793

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

	September 30, 2026 (Unaudited) AED'000	***December 31, 2025 (Audited) AED'000***
Amount due from contracts with customers	198,725	209,883
Less: allowance for expected credit losses	(174,054)	(174,386)
	24,671	**35,497**

19 REVENUE FROM CONTRACT WITH CUSTOMERS (CONTINUED)

Contract liabilities	*September 30, 2026 (Unaudited) AED'000*	*December 31, 2025 (Audited) AED'000*
Due to customers for contract work	53,693	45,675
Short-term customer advances	9,526	14,118
	63,219	**59,793**

20 COST OF REVENUE

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026 (Unaudited) AED'000	*2025 (Unaudited) AED'000*	*2026 (Unaudited) AED'000*	*2025 (Unaudited) AED'000*
Material costs	60,905	25,778	119,982	72,960
Sub-contracting costs	24,797	18,676	89,920	35,056
Labour and staff cost	5,035	3,715	13,099	8,210
Depreciation of property and equipment (note 3)	73	147	432	179
Other costs	2,664	3,581	7,847	7,457
	93,474	**51,897**	**231,280**	**123,862**

21 GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026 (Unaudited) AED'000	*2025 (Unaudited) AED'000*	*2026 (Unaudited) AED'000*	*2025 (Unaudited) AED'000*
Salaries and other employee benefits	7,522	5,952	22,514	18,855
Legal and professional fees	1,313	2,292	4,125	6,457
Directors' Fees (note 9)	-	-	2,406	2,450
Depreciation of right-of-use assets (note 6)	394	396	1,163	1,028
Short-term leases	135	122	425	366
Business development	353	227	890	1,033
Office expenses	310	310	*849*	1,105
IT related expenses	167	189	477	545
Depreciation of property and equipment (note 3)	198	75	411	191
Transportation	67	88	179	216
Business travel	61	58	113	199
Bank charges	39	26	164	82
Others	2,497	431	3,814	2,147
	13,056	**10,166**	**37,530**	**34,674**

22 OTHER INCOME

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026	***2025***	***2026***	***2025***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Reversal of provision for bond encashment	-	-	25,151	-
Reversal of provision for legal cases	-	2,353	4,200	2,353
Reversal of provision related to additional MCSs claims	-	-	3,136	-
Liabilities written back*	155	3,279	6,240	25,389
Reversal of allowance for expected credit losses on bank balances	149	1,069	149	1,069
Rental income	411	335	1,072	996
Dividend income	-	391	-	1,731
Change in fair value of financial assets at FVTPL (note 8)	-	543	(119)	543
Others	353	78	708	2,304
	1,068	**8,048**	**40,537**	**34,385**

*****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.

The income tax expense in the interim condensed consolidated statement of profit loss is as follows:

	Three-month period ended September 30,		*Nine-month period ended September 30,*	
	2026	***2025***	***2026***	***2025***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Income tax expense reported in profit or loss	**(774)**	**(639)**	**(2,252)**	**(2,571)**

Deferred tax
The deferred tax relates to brought forward losses of Passavant Energy and Environment GmbH 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 September 30,		*Nine-month period ended September 30,*	
	2026 (Unaudited) AED'000	***2025 (Unaudited) AED'000***	***2026 (Unaudited) AED'000***	***2025 (Unaudited) AED'000***
Profit attributable to ordinary equity holders of the Parent:				
Continuing operations (AED'000)	10,095	4,515	19,493	11,173
Discontinued operations (AED'000)	245	-	(124)	(66)
Profit attributable to ordinary equity holders of the Parent for basic and diluted earnings (AED'000)	**10,340**	**4,515**	**19,369**	**11,107**
Weighted average number of ordinary shares for basic EPS	2,859,522	2,875,791	2,859,522	2,875,791
Add: effect of dilution from MCSs	1,554,375	1,554,375	1,554,375	1,554,375
Total weighted average number of ordinary shares adjusted for the effect of dilution	**4,413,897**	**4,430,166**	**4,413,897**	**4,430,166**
Earnings per share:				
Basic earnings per share (AED)				
From continuing operations	0.004	0.002	0.007	0.004
From discontinued operations	-	-	-	-
	0.004	**0.002**	**0.007**	**0.004**
Diluted earnings per share (AED)				
From continuing operations	0.002	0.001	0.004	0.003
From discontinued operations	-	-	-	-
	0.002	**0.001**	**0.004**	**0.003**

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

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 decisionmakers 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.

25 SEGMENT REPORTING (CONTINUED)

Business segments (continued)

During the nine-month period to September 30, 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 September 30 is as follows:

	2026 (Unaudited)				*2025 (Unaudited)*			
	Wastewater treatment and water sludge	***Infrastructure development work and MEP***	***Corporate***	***Total***	***Wastewater treatment and water sludge***	***Infrastructure development work and MEP***	***Corporate***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***
Revenue								
External customers	233,498	36,840	-	270,338	123,247	11,671	-	134,918
Expense								
Sub-contracting cost	(71,566)	(18,354)	-	(89,920)	(27,471)	(7,585)	-	(35,056)
Material costs	(119,731)	(251)	-	(119,982)	(72,960)	-	-	(72,960)
Other direct costs	(16,584)	(4,794)	-	(21,378)	(13,412)	(2,434)	-	(15,846)
General and administrative expenses	(14,687)	(5,657)	(17,186)	(37,530)	(12,429)	(5,288)	(16,957)	(34,674)
Operating income/ (loss)	**10,930**	**7,784**	**(17,186)**	**1,528**	**(3,025)**	**(3,636)**	**(16,957)**	**(23,618)**
Restructuring costs	-	-	(2,527)	(2,527)	-	-	(3,603)	(3,603)
(Loss)/ gain resulting from approved restructuring settlement plan	-	-	-	-	-	(385)	(1,955)	(2,340)
Allowance for expected credit losses	-	(25,151)	-	(25,151)	-	(1,128)	-	(1,128)
Impact of discounting of receivables	(1,819)	2,654	-	835	-	-	-	-
Other income	374	10,170	29,993	40,537	2,458	21,059	10,868	34,385
Finance income	506	3	6,835	7,344	666	6	10,380	11,052
Finance cost	(557)	(67)	(197)	(821)	(822)	(75)	(107)	(1,004)
Segment profit/ (loss) before tax	**9,434**	**(4,607)**	**16,918**	**21,745**	**(723)**	**15,841**	**(1,374)**	**13,744**

25 SEGMENT REPORTING (CONTINUED)

Reconciliation of assets and liabilities:

	Wastewater treatment and water sludge	*Infrastructure development work and MEP*	*Corporate*	*Elimination*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
As at September 30, 2026 (unaudited)					
Total assets	207,144	351,005	873,722	(921,842)	510,029
Total liabilities	188,585	272,400	175,822	(376,016)	260,791
As at Dec 31, 2025 (audited)					
Total assets	217,737	352,363	889,130	(895,124)	564,106
Total liabilities	205,090	270,021	207,580	(350,218)	332,473

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Segment assets	510,029	564,106
Assets held-for-sale (note 26)	46,674	46,703
Total assets in the interim consolidated statement of financial position	**556,703**	**610,809**
Segment liabilities	260,791	332,473
Liabilities directly associated with assets held-for-sale (note 26)	82,598	82,898
Total liabilities in the interim consolidated statement of financial position	**343,389**	**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)

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

26 DISCONTINUED OPERATIONS (CONTINUED)

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

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

State of Libya
- DS International FOR General Contracting

United Arab Emirates
- 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:

Statement of interim consolidated profit or loss	***Three-month period ended September 30,***		***Nine-month period ended September 30,***	
	2026	***2025***	***2026***	***2025***
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	***(Unaudited)***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Other income/ (expense)	245	-	(124)	(125)
Profit/ (loss) from discontinued operations	**245**	**-**	**(124)**	**(125)**

26 DISCONTINUED OPERATIONS (CONTINUED)

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

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Assets		
Property and equipment	30	30
Trade and other receivables	44,898	44,922
Cash and bank balances	1,746	1,751
	46,674	**46,703**
Liabilities		
Trade and other payables	**82,598**	**82,898**

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

	September 30, 2026 (Unaudited) AED'000	*December 31, 2025 (Audited) AED'000*
Cash and bank balances	**1,746**	**1,751**

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 September 30, 2026, the Group issued nil (December 31, 2025: AED 2,340 thousand) MCSs on account of late claims filed and accepted by the court expert.

28 EVENTS AFTER REPORTING PERIOD

Management has assessed events occurring after the reporting period up to the date of approval of the financial statements. Based on this assessment, no events have occurred that would require adjustment to, or disclosure in, these interim consolidated financial statements. Accordingly, there are no material subsequent events that could significantly affect the Group's financial position or results of operations as of the reporting date.

29 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements present fairly in all material respects the interim consolidated financial position, financial performance and cash flows of the Group.

The interim condensed consolidated financial statements of the Group for the period ended September 30, 2026 were approved by the Board of Directors and authorised for issue on November 11, 2026.